

Expanding Horizons with Strategic JVs

CMP: INR 982

Rating: Buy

Target Price: INR 1,428

Stock Info

BSE	505714
NSE	GABRIEL
Bloomberg	GRV IN
Reuters	GRVL.BO
Sector	Automotive Industry
Face Value (INR)	1
Equity Capital (INR Mn)	144
Mkt Cap (INR Mn)	1,80,632
52w H/L (INR)	1,388/387
Avg Yearly Vol (in 000')	507

Shareholding Pattern %

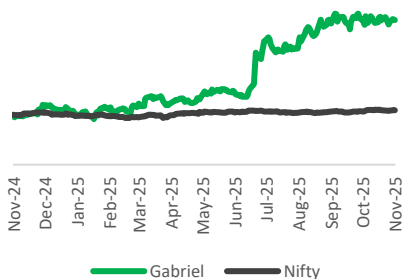
(As on Sept 2025)

Promoters	55.00
FII	6.50
DII	15.74
Public & Others	22.76

Stock Performance (%)

	1m	6m	12m
Gabriel	22.0	105.91	190.42
Nifty 50	4.31	3.00	9.06

Gabriel Vs Nifty 50



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We interacted with the management of Gabriel India and discussed the company's medium-term outlook, which remains constructive, with most of the impact from current customer engagements and new program discussions expected to reflect meaningfully in FY28. Active dialogues with multiple Indian and Japanese OEMs across both suspension and sunroof categories indicate a healthy pipeline, further supported by recently secured Maruti suspension programs an especially competitive win that enhances visibility for the next two to three years. Premiumization trends in both 2W and PV segments, including the shift toward inverted front forks, passive+ FSD systems, and upcoming semi-active technologies, offer strong ASP and margin accretion opportunities. In the sunroof business, despite losing the Creta platform, the company retains two confirmed programs with Hyundai and Kia and continues to pursue new OEMs without exclusivity constraints, keeping prospects intact. Margins remain stable despite temporary drag from the Marelli business, which is guided to turn PBT-positive by Q4 FY26, supporting the company's ambition to return to double-digit EBITDA margins. Overall, management remains confident that a richer product mix, premiumization-led growth, and steady new business wins will position the company well for sustained expansion through FY28 and beyond.

Investment rationale

Sunroof Business-Client Issue Likely to Impact in CY28-29: The sunroof JV continues to face subdued volumes as key Kia programs have underperformed, resulting in significant under-utilization of the recently commissioned second line. A more material setback is the loss of the high-volume new Creta ICE program, with the company retaining only the EV variant, which is expected to generate meaningfully lower volumes. This creates a potential demand gap from FY28 onward unless ongoing RFQ discussions with Indian and Japanese OEMs convert into firm orders. The company now anticipates a 1-2 year delay in achieving its earlier INR 1,000 cr revenue aspiration for the sunroof business. While current margins remain stable due to localization benefits, intensifying competition is likely to exert pressure on pricing and profitability for upcoming platforms. The financial impact of these developments is expected to become more visible in FY28-29. The company remains in active engagement with multiple OEMs for new sunroof and suspension programs, however, no firm LOIs have been finalized yet, though the inquiry pipeline remains healthy.

With an EBITDA margin of 16.5%, the JV is well-positioned to benefit once new platform orders materialize, with focus on building the order pipeline and improving localization over the next 2-3 years.

Suspension Business - Premium Focus & Strong OEM Franchise: Gabriel's suspension division continues to scale on the back of premiumization and stronger OEM positioning. Two-wheeler/three-wheeler suspension grew 15% YoY, while passenger vehicle suspension rose 13% YoY in Q2 FY26, supported by new platform wins and higher-value content. The company is gaining traction in premium components such as inverted front forks, mono-shocks, and advanced damping systems, with a notable new USD fork (USD) win from Yamaha and continued expansion with TVS. In passenger vehicles, Gabriel secured three new Maruti platforms, including Victoris, enabling a 4-5% MS uplift over the next few years. The EV 2W segment remains a stronghold, with Gabriel maintaining 50%+ targeted MS as it retains all major platforms across TVS, River, Ultraviolet, and others. Technology investments through its European tech center support next-gen passive and electronic suspension development, allowing Gabriel to deepen its presence with premium OEM clientele across 2W and PV categories.

Shock Absorber Premiumization: The suspension market is steadily shifting toward premium, high-performance products such as upside-down (USD) forks, mono-shocks, and gas-charged dampers. OEMs are upgrading models to improve ride comfort, stability, and handling especially in mid-premium motorcycles, feature-rich scooters, and global PV platforms. This trend boosts realizations and margins for suppliers, as premium dampers involve advanced engineering, better materials, and higher customization. Gabriel is benefiting from this transition through new wins in inverted front forks and advanced suspension platforms, supported by its European tech center and strong patent pipeline. Premiumization is also accelerating in EVs, where lighter and more responsive suspension is essential, helping Gabriel maintain a leadership share.

Outlook & Valuation

Gabriel India's outlook for FY26-28 remains positive, supported by healthy automotive demand, premiumization, and new platform wins across PV and 2W segments. MMAS will weigh on margins in the near term, but a planned turnaround should drive positive PBT by year-end, helping the company move back toward double-digit EBITDA. The sunroof business will stay flattish for now but holds strong long-term potential as new RFQs from Indian and Japanese OEMs progress. Exports should pick up from FY27 with CV, PV, e-bike, and solar opportunities. With upcoming contributions from the Dana, Inalfa, and SK Enmove JVs, Gabriel is well-positioned for sustained growth and gradual margin improvement over the next 2-3 years. **We expect Gabriel's revenue, EBITDA, and PAT to grow at a CAGR of 24.9%, 37.4%, and 39.8%, respectively, over FY26-FY28E. We used DCF model to arrive at a target price of INR 1,428 per share. Accordingly, we upgrade our rating to 'BUY' from 'Accumulate' earlier on the stock.**

Exhibit 1: Financial Performance

	FY25	FY26E	FY27E	FY28E
Net Sales	40,634	46,344	56,397	72,265
EBITDA	3,897	4,669	6,359	8,817
EBITDA Margin (%)	9.6	10.1	11.3	12.2
PAT	2,450	2,950	4,047	5,766
PAT Margin	6.0	6.4	7.2	8.0
EPS (INR)	17.1	16.3	22.4	31.9
EV/EBITDA	36.22	30.04	21.99	15.70
RoE	20.70%	21.63%	25.19%	29.53%

Source: Arihant Research, Company Filings

Exhibit 2: Quarterly Result

INR Mn (Consolidated)	Q2FY26	Q1FY26	Q2FY25	Q-o-Q	Y-o-Y
Net Sales	11803	10984	10271	7.5%	14.9%
Material Cost	8706	8042	7795	8.3%	11.7%
Change in Inventory	-1	-9	-192	-88.8%	-99.5%
Gross Profit	3098	2951	2668	5.0%	16.1%
<i>Gross Margin %</i>	26%	27%	26%	-61.65	27.65
Personnel	765	733	644	4.2%	18.7%
Manufacturing & Other Expenses	1205	1164	1036	3.5%	16.3%
EBITDA	1128	1053	987	7.2%	14.3%
<i>EBITDA margin %</i>	9.56%	9.59%	9.61%	-2.60	-5.07
Depreciation	251	250	194	0.2%	29.4%
EBIT	878	803	793	9.3%	10.6%
EBIT Margin %	7.44%	7.31%	7.72%	12.71	-28.77
Interest Expenses	28	29	20	-0.6%	43.8%
Non-operating income	61	40	48	52.0%	25.8%
PBT	910	814	822	11.8%	10.7%
Tax-Total	220	195	193	13.0%	14.1%
Tax Rate (%) - Total	0.24	0.24	0.23	1.1%	3.0%
Reported Net Profit	690	620	629	11.4%	9.7%
PAT Margin %	5.85%	5.64%	6.13%	20.62	-27.75
<i>Reported EPS (INR)</i>	4.81	4.32	4.38	11.4%	9.7%

Exhibit 3: Revenue mix

Segment wise Revenue	Q2FY26	Q1FY26	Q2FY25	Q-o-Q	Y-o-Y
2W/3W	7,554	6,810	6,676	10.92%	13.15%
PV	2,715	2,636	2,362	2.98%	14.92%
CVR	1,416	1,428	1,027	-0.81%	37.90%
Trading	118	110	205	7.46%	-42.54%
Channel wise revenue	Q2FY26	Q1FY26	Q2FY25	Q-o-Q	Y-o-Y
OEM	10,505	9,556	9,038	9.93%	16.22%
Replacement	1,062	989	1,027	7.46%	3.43%
Exports	236	439	205	-46.27%	14.92%
Aftermarket revenue	Q2FY26	Q1FY26	Q2FY25	Q-o-Q	Y-o-Y
2W/3W	5,193	5,162	4,519	0.60%	14.92%
PC	4,013	3,844	3,492	4.39%	14.92%
CVR	1,180	769	1,027	53.51%	14.92%
Trading	1,416	1,208	1,233	17.23%	14.92%

Source: Arianth Research, Company Filings

Gabriel India Ltd-Q2FY26 Concall KTAs

- **Outlook:** The company reiterated its long-term aspiration of achieving double-digit standalone EBITDA margins, despite the current drag from MMAS and headwinds in the sunroof business. This target appears achievable over the next two to three years, assuming normalization across new business verticals and continued benefits from an improving premium product mix. Management reiterated sustained demand momentum into H2FY26 supported by festive tailwinds, GST 2.0 benefits and improvement in rural sentiment.
- **MMAS Acquisition Still a Margin Drag:** Management confirmed that MMAS margins remain under pressure and continue to dilute consolidated EBITDA. The transformation plan remains on track with a targeted return to positive PBT by year-end, post which margin convergence to Gabriel's core margins is expected over the next few years.
- **Market Share:** Has secured three platforms from Maruti (including one newly launched model and two more coming over the next 2–3 years), enabling a 4–5% PV market share expansion starting FY27. In 2W, order wins from Yamaha (inverted front forks) and continued traction with TVS support further premiumization-led share gains
- **EV Strategy Solid:** Continues to maintain strong EV share (~60–70%) with supplies to River EV, Ultraviolette, and TVS Orbit. Management expects long-term EV share to stabilize above 50%, as competitive intensity rises.
- **Exports Still Lag:** Despite structural efforts (team additions, CV & PV RFQs), export contribution remains low (2–3%). Two opportunities are at advanced stages (one CV, one PV), while e-bike and solar product categories may provide medium-term export tailwinds.
- **Sunroof Business Faces Near-term Headwinds:** Weak performance of Kia Syros & Alcazar has resulted in low utilization of Line-2. Gabriel did not win the next-gen Creta ICE platform (starting FY28), though EV variant remains with Inalfa. The earlier INR 1,000 cr revenue target for FY30 is now delayed by 1–2 years, depending on success in current RFQs with Japanese and Indian OEMs.
- **SK Enmove JV:** In lubricants, targeting INR 500 cr revenue in 5–6 years. Business is competitive and margins to scale gradually and initial years may see slight negative profitability.
- **Dana JV:** No structural changes post-Dana's India recalibration. Tariffs have not impacted business materially; demand from global group entities is stable. Incremental new business pipeline remains intact.
- **Capital Allocation:** H1 included the MMAS asset acquisition. For FY26, capex remains guided at ₹150–180 cr, including upgrades and investments in new platforms. Sunroof capex is largely behind.
- **Technology:** Continues heavy tech investment European tech center working on passive & active suspension, electronic damping, and premium USD forks. Several PoCs with OEMs underway; patent filings continue. Premiumization remains a core growth lever for both 2W and PV.
- **CORE90 Program Sustains Margins Despite Cost Headwinds**
- Management continues to rely on the CORE90 cost excellence program to offset raw material volatility, power tariff hikes, and restructuring costs. Margins remain broadly stable despite expansion and integration challenges.

Story in charts

Exhibit 4: Revenue increased by 14.9% YoY driven by strong sales performance in all segments

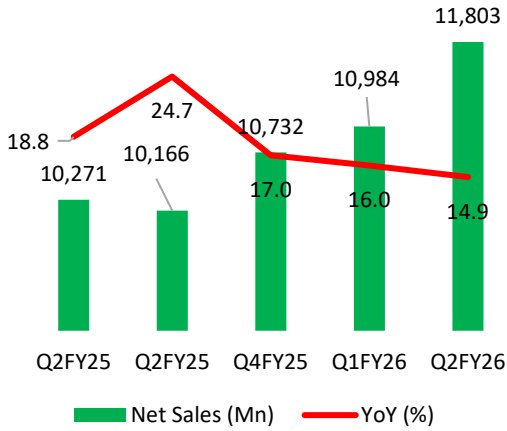


Exhibit 5: EBITDA & EBITDA Margin

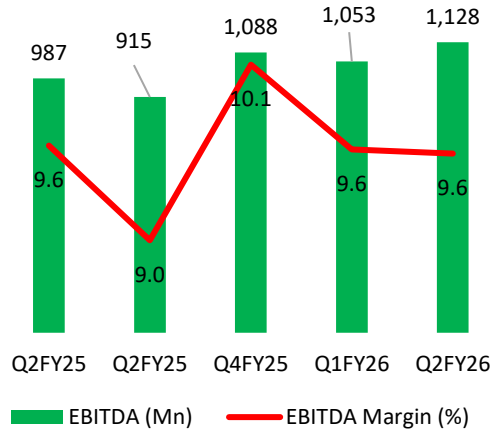


Exhibit 6 : Net Profit & Margin trend

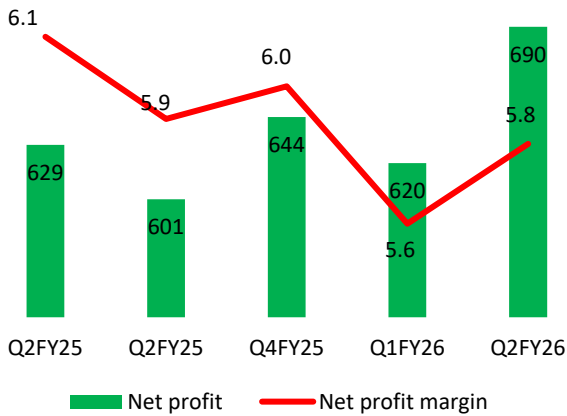


Exhibit 7: EPS Trend

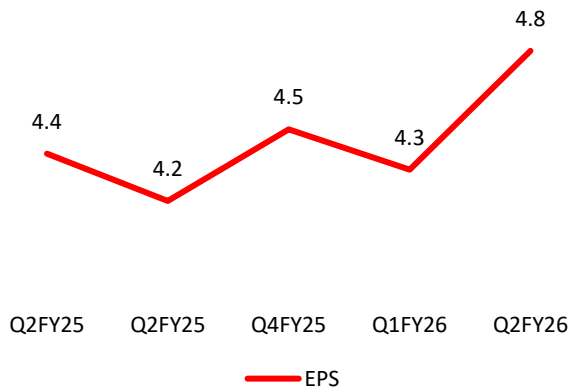
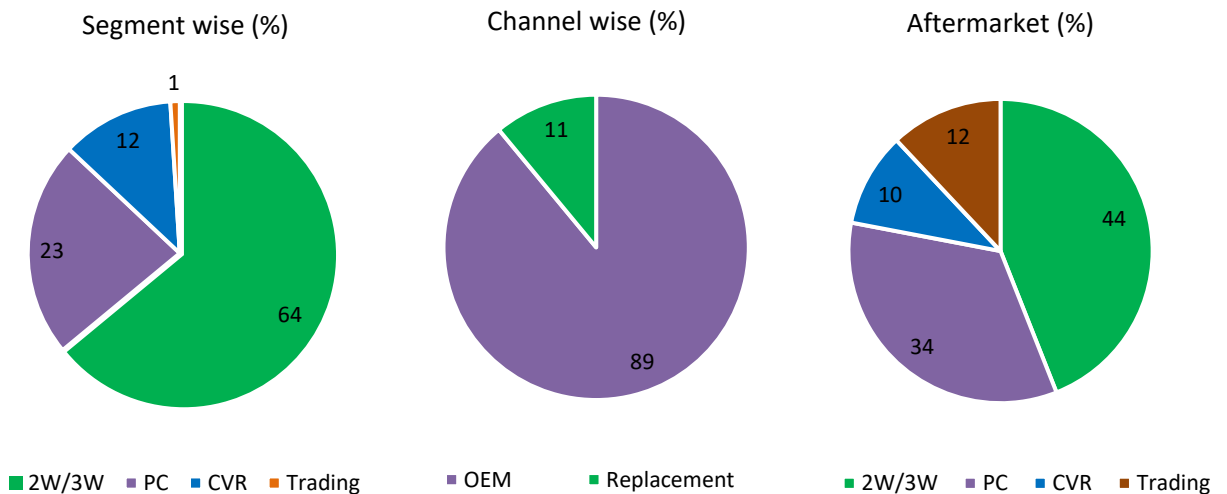


Exhibit 8: Diversified products segments with strong traction in 3W/2W segment and market share expansion



Source: Arianth Research, Company Filings

Income statement (INR Mn)

Year End-March	FY23	FY24	FY25	FY26E	FY27E	FY28E
Gross Sales	29,718	34,026	40,634	46,344	56,397	72,265
Net Sales	29,718	34,026	40,634	46,344	56,397	72,265
YoY (%)	27.3	14.5	19.4	14.1	21.7	28.1
Adjusted RMC	22,688	25,518	30,109	34,064	40,895	51,885
YoY (%)	27.0	12.5	18.0	13.1	20.1	26.9
Personnel/ Employee benefit expenses	1,831	2,123	2,528	2,866	3,456	4,389
YoY (%)	14.7	16.0	19.1	13.3	20.6	27.0
<i>Manufacturing & Other Expenses</i>	<i>3,061</i>	<i>3,455</i>	<i>4,099</i>	<i>4,746</i>	<i>5,687</i>	<i>7,174</i>
YoY (%)	27.6	12.8	18.7	15.8	19.8	26.1
Total Expenditure	27,580	31,096	36,737	41,675	50,038	63,448
YoY (%)	26.2	12.7	18.1	13.4	20.1	26.8
EBITDA	2,137	2,931	3,897	4,669	6,359	8,817
YoY (%)	44.7	37.1	33.0	19.8	36.2	38.7
EBITDA Margin (%)	7.2	8.6	9.6	10.1	11.3	12.2
Depreciation	510	599	813	845	984	1,174
% of Gross Block	7.8%	7.7%	9.1%	8.2%	15.3%	15.5%
EBIT	1,627	2,331	3,084	3,757	5,298	7,582
EBIT Margin (%)	5.5	6.9	7.6	8.1	9.4	10.5
Interest Expenses	46	82	102	107	112	118
Non-operating/ Other income	173	190	260	268	187	187
PBT	1,754	2,438	3,242	3,909	5,364	1,710
Tax-Total	448	651	792	959	1,317	1,875
Adj. Net Profit	1,306	1,787	2,450	2,950	4,047	5,766
PAT Margin	4.4	5.3	6.0	6.4	7.2	8.0
Shares o/s/ paid up equity sh capital	143.6	143.6	143.6	180.7	180.7	180.7
Adj EPS	9.1	12.4	17.1	16.3	22.4	31.9

Balance sheet

Year-end March	FY23	FY24	FY25	FY26E	FY27E	FY28E
Sources of Funds						
Equity Share Capital	144	144	144	181	181	181
Reserves & Surplus/ Other Equity	8,559	9,878	11,689	13,459	15,888	19,347
Networth	8,703	10,022	11,833	13,640	16,068	19,528
Unsecured Loans/ Borrowings/ Lease Liabilities	94	452	402	483	531	584
Total Debt	94	452	402	483	531	584
Total Liabilities	14,280	17,795	20,243	22,592	26,693	32,375
Application of Funds						
Gross block	4,258	5,598	6,752	6,972	7,949	9,418
Net Fixed Assets	4,258	5,598	6,752	6,972	7,949	9,418
Capital WIP	296	392	418	543	652	782
Investments/ Notes/ Fair value measurement	303	405	434	548	768	885
Current assets	9,423	11,401	12,639	14,530	17,324	21,289
Inventory	2,248	3,015	3,639	3,663	4,131	4,941
Debtors	3,837	4,914	6,002	6,320	7,139	8,029
Other Current Assets	2,259	2,701	2,599	3,191	4,223	5,000
Bank	676	165	16	55	74	134
Cash	398	599	378	1,297	1,753	3,180
Current Liabilities/Provisions	5,193	7,050	7,721	8,187	9,813	11,978
Creditors / Trade Payables	4,405	5,877	6,262	6,684	8,110	10,037
Liabilities	585	722	821	928	1,053	1,197
Provisions	204	197	368	256	274	299
Net Core Working Capital	4,230	4,350	4,918	6,342	7,511	9,311
Net Current Assets	9,423	11,401	12,639	14,530	17,324	21,289
Total Asset	14,280	17,795	20,243	22,592	26,693	32,375
Total Capital Employed	4,857	6,394	7,604	8,063	9,369	11,086

Cash Flow Statement

Year End-March	FY25	FY26E	FY27E	FY28E
Retained Earning	1,911	2,301	3,138	4,284
Adjustments: Add				
Depreciation and amortisation	813	845	984	1,166
Interest adjustment	(158)	(161)	(75)	(69)
Change in assets and liabilities	2,566	2,986	4,046	5,381
Inventories	(624)	(24)	(447)	(641)
Trade receivables	(1,088)	(318)	(783)	(627)
Trade payables	384	422	1,382	1,559
Other Liabilities and provisions	95	108	124	144
Other Assets	103	(592)	(1,032)	(777)
Taxes	(49)	23	(13)	(8)
Net cash from operating activities	757	3,022	4,072	5,543
Net Sale/(Purchase) of tangible and intangible assets, Capital work in progress	(1,995)	(1,151)	(2,021)	(2,631)
Net Sale/(Purchase) of investments	(4)	(104)	(203)	(105)
Others	264	225	136	125
Net cash (used) in investing activities	(1,087)	(1,400)	(2,825)	(3,054)
Interest expense	(477)	(1,244)	(1,540)	(2,143)
Other financing activities	(102)	(107)	(111)	(117)
Net cash (used) in financing activities	(40)	(665)	(766)	(980)
Closing Balance	394	1,351	1,833	3,342
FCF	(1,017)	2,186	2,389	3,317
Capex (% of sales)	1137.75	1390.32	1683.29	2226.10

Key Ratios

Year-end March	FY25	FY26E	FY27E	FY28E
Solvency Ratios				
Debt / Equity	0.03	0.04	0.03	0.03
Net Debt / Equity	0.00	-0.06	-0.08	-0.14
Debt / EBITDA	0.10	0.10	0.08	0.07
DuPont Analysis				
Sales/Assets	2.01	2.05	2.11	2.23
Assets/Equity	1.71	1.66	1.66	1.66
RoE	20.70%	21.63%	25.19%	29.53%
Per share ratios				
Reported EPS	17.06	16.33	22.40	31.91
Dividend per share	3.75	3.59	4.93	7.34
BV per share	82.38	75.49	88.93	108.08
Profitability ratios				
Net Profit Margin (PAT/Net sales)	6.03	6.37	7.18	7.98
Gross Profit / Net Sales	25.90	26.50	27.49	28.20
EBITDA / Net Sales	9.59	10.07	11.28	12.20
PAT / Net Sales	6.03	6.37	7.18	7.98
ROCE (%)	24.63%	26.08%	31.39%	37.17%
Activity ratios				
Inventory Days	40.33	39.25	36.87	34.76
Debtor Days	49.03	49.77	46.20	40.56
Creditor Days	72.08	71.57	71.57	69.52
Valuation ratios				
EV / EBITDA	36.22	30.04	21.99	15.70
EV / EBIT	45.77	37.33	26.39	18.25
EV / Net Sales	3.47	3.03	2.48	1.92
PE (x)	57.6	60.2	43.9	30.8

Source: Arianth Research, Company Filings

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Stock Rating Scale

BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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