Q1FY27 - Result Update
24th July 2026

# Gabriel India Ltd.

Next Growth Phase via Project Jupiter

**CMP: INR 1,378**

**Rating: Buy**

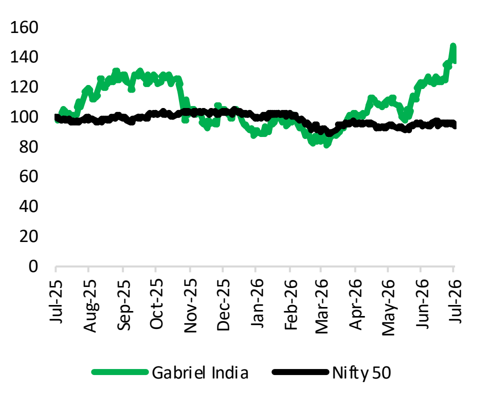
**Target Price: INR 1,674**

| 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) | 199,766 |
| 52w H/L (INR) | 1,520/796 |
| Avg Yearly Vol (in 000') | 524 |

| Shareholding Pattern % (As on June 2026) | |
|---|---|
| Promoters | 63.55 |
| FII | 6.35 |
| DII | 12.92 |
| Public & Others | 17.17 |

| Stock Performance (%) | 1m | 6m | 12m |
|---|---|---|---|
| Gabriel | 10.93 | 52.96 | 37.04 |
| Nifty 50 | -0.97 | -4.71 | -5.35 |

**Gabriel Vs Nifty 50**





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**Gabriel India Ltd reported its Q1FY27 numbers. The company has given restructuring effect under Ind AS 103 – "Business Combinations and restated its financials accordingly. Consolidated revenue at INR 14,257 Mn (3.25% QoQ/15.50% YoY), above our estimates of INR 12,946 Mn. Consolidated Gross profit for the quarter was INR 3,662 Mn, up by 2.52%QoQ/9.27% YoY, against our estimate of INR 3,392 Mn. GP margin stood at 25.7% against our estimate of 26.2%, contracted by 18 bps QoQ and 146 bps YoY in Q1FY26. EBITDA for the quarter was INR 1,242 Mn, down by 6.79% QoQ/ up by 5.02% YoY, above our estimate of INR 1,158 Mn. EBITDA margin contracted by 94 bps QoQ to 8.7%, down by 87 bps YoY, and slightly below our estimate of 8.9%. Margins are impacted by higher RM cost and commodity prices. Consolidated PAT for the quarter was INR 1,081 Mn, down by 9.17% QoQ/ up by 2.53% YoY, beats our estimates. Net Share of profit in equity accounted investees stood at INR 427 Mn.**

## Investment rationale

**Entry into ADAS offers a high-growth technology opportunity :** The HL Klemove partnership gives Gabriel access to the fast-growing ADAS and automotive electronics segment, with high content per vehicle and strong growth potential as OEMs increasingly adopt safety technologies and regulatory requirements become stricter. The company believes the ADAS opportunity could be significant because of the high potential content per vehicle, with a broad potential range of ~INR 20,000–70,000 per vehicle, depending on the level of technology adopted by OEMs. While the ADAS business is still at an early stage in India and localisation is yet to develop fully, Gabriel's partnership with HL Klemove gives it access to established technology and engineering capabilities.

**Project Jupiter to be a key growth catalyst :** The acquisition of 28.99% stake in HL Mando Anand India for INR 22,310 Mn and investment in HL Klemove India will significantly broaden Gabriel's product portfolio across braking, steering, suspension and ADAS, strengthening its position as the Anand Group's key automotive growth platform. Management expects Gabriel to become the key growth vehicle for the Anand Group, with ~70% of group revenues expected to be represented by Gabriel following the transaction.

**Diversification across customers and products to improve growth visibility :** 40% of HL Mando Anand's business now comes from non-Korean customers, with relationships across Tata Motors, Mahindra, Hyundai and Maruti Suzuki, compared with its earlier higher dependence on Korean customers. On the standalone side, Gabriel is also targeting a gradual increase in exports, with opportunities across areas such as cotton socket drivers, polar and e-bike applications, while continuing to invest in its core suspension business. The company has set a target of reaching around 10% exports over the coming period. In our view, the combination of customer diversification, localisation and export opportunities can improve Gabriel's revenue visibility.

## Outlook & Valuation

The Gabriel India is entering a strong growth phase, supported by the successful completion of Project RISE and the newly announced Project Jupiter, which will significantly expand its product portfolio and technology capabilities. The acquisition of a 28.99% stake in HL Mando Anand India will strengthen its presence in braking, steering and suspension, while the proposed investment in HL Klemove will give the company exposure to the fast-growing ADAS and automotive electronics opportunity. Management sees a strong business pipeline for ADAS, with Mahindra and Tata Motors already secured as customers, and expects increasing localization and adoption of safety technologies to support growth. Recovery is also expected in the Sunroof business as the production loss at supplier side is recovered over the next 2 quarters, while commodity-cost recovery should help margins improve in the coming quarters. Gabriel is targeting 10% exports over the coming period and plans to expand across 2W, CV and off-highway segments, while continuing to develop its EV vertical. At the group level, management remains focused on its ambitious INR 500,000 Mn revenue target by 2030, with Gabriel expected to be the key growth and consolidation platform. **We expect Gabriel's revenue, EBITDA, and PAT to grow at a CAGR of 20.7%, 30.7%, and 34.3%, respectively, over FY27E-FY29E. We used SOTP model to arrive at a target price. Accordingly, we maintain our Buy rating on the stock with a revised target price of INR 1,674 per share, an upside of 21.47%.**

**Exhibit 1: Financial Performance**

| Year-end March (INR Mn) | FY24 | FY25 | FY26 | FY27E | FY28E | FY29E |
|---|---|---|---|---|---|---|
| Net Sales | 34,026 | 40,634 | 52,452 | 59,108 | 70,968 | 86,052 |
| EBITDA | 2,931 | 3,897 | 5,021 | 5,406 | 6,901 | 9,229 |
| EBITDA Margin (%) | 8.6 | 9.6 | 9.6 | 9.1 | 9.7 | 10.7 |
| PAT | 1,787 | 2,450 | 4,321 | 5,084 | 6,759 | 9,164 |
| PAT Margin | 5.3 | 6.0 | 8.2 | 8.6 | 9.5 | 10.6 |
| EPS (INR) | 12.4 | 12.8 | 30.1 | 26.5 | 35.3 | 47.8 |
| EV/EBITDA | 67.45 | 50.81 | 39.15 | 36.31 | 28.21 | 20.91 |
| RoE | 17.84% | 20.70% | 20.82% | 16.30% | 18.90% | 21.83% |

*Source: Arihant Research, Company Filings*

## HL Mando Anand Acquisition

HL Mando Anand is a joint venture between HL Mando Corporation, Korea and Asia Investments Private Limited (AIPL), the holding company of Gabriel India, established in 1997. The JV currently has a 71.1% stake held by HL Mando Corporation and 28.9% held by AIPL. Gabriel India is now proposing to acquire AIPL's entire 28.9% stake, thereby bringing HL Mando Anand directly under Gabriel India's ownership structure.

HL Mando Anand is one of India's leading manufacturers of steering systems, braking systems and suspension products, with a particularly strong presence in the PV segment. The company has established relationships with leading domestic and global automobile OEMs and operates 3 manufacturing plants near Chennai, supported by an R&D centre and a workforce of more than 4,600 employees.

The transaction consideration of ~INR 22,310 Mn represents the acquisition of a 28.9% stake in a business valued at ~INR 76,950 Mn on an equity value basis. The transaction will be funded primarily through a share swap of ~INR 18,810 Mn, with the remaining ~INR 3,500 Mn paid in cash to AIPL. Swap ratio would be 355 shares of Gabriel India for every 1,000 shares of HL Mando Anand.

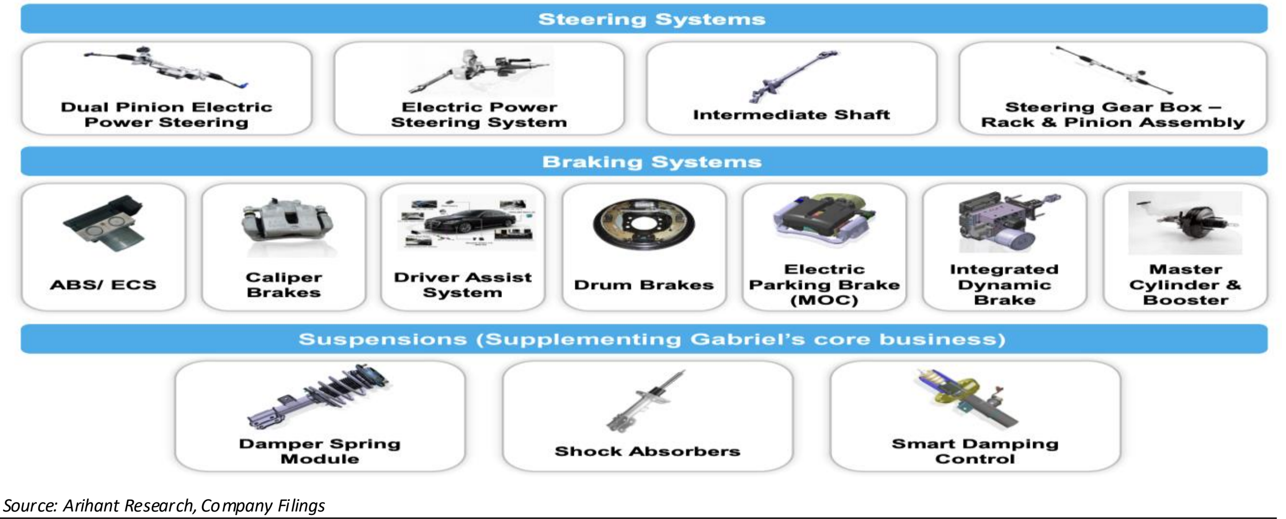
Gabriel has historically been strongly positioned in ride-control products, particularly shock absorbers and suspension-related products. HL Mando Anand brings capabilities in steering, braking and suspension, thereby significantly expanding Gabriel's addressable product portfolio. This creates an opportunity for Gabriel to evolve from a single-product or limited-product automotive supplier into a broader chassis and vehicle safety solutions provider. It should also allow Gabriel to increase its wallet share with domestic and global OEMs.

Steering, braking and suspension are largely powertrain agnostic. This is strategically important because the automotive industry is undergoing a transition from ICE vehicles towards hybrids and EVs. While some traditional powertrain-related components may face structural changes, steering, braking and suspension remain essential across ICE, hybrid and electric vehicles. Therefore, the acquisition helps Gabriel increase exposure to businesses that should remain relevant regardless of the eventual powertrain mix.

**Exhibit: Financial Performance of HL Mando Anand**

| INR (Mn) | FY23 | FY24 | FY25 | FY26 |
|---|---|---|---|---|
| **Revenue** | 48,380 | 51,880 | 54,250 | 58,860 |
| **EBITDA** | 5,170 | 5,960 | 6,280 | 5,880 |
| **EBITDA Margin (%)** | 10.7 | 11.5 | 11.6 | 10.5 |
| **Adj. EBITDA** | 5,170 | 5,960 | 6,280 | 6,390 |
| **Adj. EBITDA Margin (%)** | 10.7 | 11.5 | 11.6 | 10.9 |
| **PAT** | 3,170 | 3,380 | 3,880 | 3,580 |
| **PAT Margin (%)** | 6.6 | 6.5 | 7.1 | 6.1 |
| **ROCE (%)** | 25.7 | 26.6 | 27.3 | 25.7 |
| **ROE (%)** | 28.8 | 24.8 | 24.0 | 19.5 |

**Exhibit: HL Mando Anand's Product Portfolio**




*Source: Arihant Research, Company Filings*

## JV with HL Klemove India

Gabriel India's proposed investment in HL Klemove India gives Gabriel an entry into Advanced Driver Assistance Systems (ADAS) and automotive electronics, two of the fastest-growing technology segments in the global automotive industry. HL Klemove India is a subsidiary of HL Klemove Corporation, which is part of the South Korean HL Group and has expertise in automotive electronics and autonomous driving technologies. Through the proposed transaction, Gabriel will acquire 29.99% stake (30% less one equity share) in HL Klemove India for ~INR 9,350 Mn. The transaction is expected to be funded through a combination of internal accruals and debt.

This provides Gabriel with exposure to a structurally high-growth segment and creates an opportunity to participate in the increasing technology content per vehicle. HL Klemove India has a strong portfolio covering ADAS and automotive electronics. Its products include front camera modules, mid-range radar, short-range radar, steering ECUs, park-by-brake ECUs, brake ECUs, 2W ABS ECUs, torque-angle sensors, wheel-speed sensors and Acoustic Vehicle Alert Systems (AVAS).

**Exhibit: Product Portfolio of HL Klemove**


HL Klemove India operates a manufacturing facility near Chennai and has established what Gabriel describes as India's first localized ADAS radar production line and first localized ADAS smart camera production line. This local manufacturing capability should help the company participate in the growing localization of advanced automotive technologies in India, while potentially reducing dependence on imported components and improving its ability to supply Indian OEMs. The transaction therefore represents a faster route for Gabriel to enter a high-value technology category. The company expects ~90% of light vehicles produced globally could adopt L2+ or lower autonomous driving technologies by 2030, highlighting the long-term growth opportunity in ADAS.

The company reported provisional FY26 revenue of approximately INR 10,490 Mn and adjusted EBITDA of around INR 1,290 Mn, with the EBITDA figure adjusted for an ~INR 540 Mn foreign exchange loss. While the business is currently much smaller than HL Mando Anand, its strategic value lies in its exposure to high-growth technology segments that could scale meaningfully as ADAS adoption increases in India.

The proposed transaction values HL Klemove India at an equity valuation of ~USD 328.13 Mn or INR 31,170 Mn, based on the exchange rate of INR 95/USD. Gabriel will acquire 29.99% stake for total consideration of ~USD 98.44 Mn or INR 9,350 Mn. The transaction is structured in 2 tranches, with 75% of the consideration, or ~INR 7,010 Mn, payable upfront and the remaining 25%, or ~INR 2,340 Mn, payable as deferred consideration.

**Exhibit: Shareholding Pattern**

| Particulars | Current | Post Jupiter | Change |
|---|---|---|---|
| | % of Shareholding | % of Shareholding | % |
| **Promoters** | 63.55 | 66.29 | +2.74 |
| **Public** | 36.45 | 33.71 | -2.74 |
| **Total** | 100 | 100 | |

*Source: Arihant Research, Company Filings*

## Business Portfolio and Market Positioning

| Segment / Entity | Gabriel's stake | Core products | Key clients | Revenue (INR Mn) | EBITDA margin (%) | Market Share |
|---|---|---|---|---|---|---|
| Standalone 2W/3W | 100% | Shock absorbers | TVS, Suzuki, HMSI, Bajaj, Yamaha, Hero MotoCorp, Ather, Ola | 45,773 (FY26 Standalone) | 9.2%- Standalone | 32% |
| Standalone – Passenger Vehicles | 100% | Shock absorbers | Maruti Suzuki, M&M, Tata Motors, Toyota, Stellantis | | | 23% |
| Standalone – CV & Railways | 100% | Shock absorbers / suspension products | Tata Motors, Ashok Leyland, M&M, VECV | | | 88% |
| Standalone – Trading & Others | 100% | Trading products | - | | | - |
| Gabriel–Inalfa (IGSS) | 100% | Sunroofs | Hyundai & Kia; expanding to other anchor OEMs | 4,201 (FY25) | 15.38% | - |
| Anand CY Myutec (ACYM) | 76.1% | Synchronizer rings and aluminium forgings | Maruti Suzuki, Hyundai, M&M, Tata Motors, VECV, etc | 2,350 | 10.21% | Leader – Auto synchronizer rings |
| Jinhap Gabriel Auto India (JGAIPL) | 51% | Automotive fasteners & precision forged products | Hyundai & Kia; targeting other OEMs | - | - | - |
| SK Enmove Gabriel India | 49% | Auto & industrial lubricants and specialty fluids | To approach OEMs and established aftermarket network | - | - | - |
| HL Klemove India | 29.99% | ADAS, sensors, controllers and automotive electronics | Hyundai, Kia, M&M, Tata Motors | - | - | Emerging Player |
| Dana Anand India (DAIPL) | 25.1% | Axles, e-axles, driveshafts, gears for CVs, PVs, off-highway vehicles | Ashok Leyland, Tata Motors, Daimler, Maruti Suzuki, etc. | 29,870 | 16.1% | - |
| Henkel Anand India (HAIPL) | 49% | BIW and NVH products & solutions; adhesives, sealants, coatings, foams, structural products | Tata Motors, Maruti Suzuki, M&M, Hyundai, Kia, etc. | 9,560 | 21.4% | - |
| Anchemco India | 100% | DEF/AdBlue, brake fluid, radiator coolants, 2W/3W/PV/CV/PU/PV lubricants and adhesives | ZF, Bosch, TVS, Mahle, Tata, Daimler, M&M, etc | - | - | - |
| HL Mando Anand India | 28.99% | Hydraulic brakes, electric power steering systems, shock absorbers and struts | Hyundai, Kia, Maruti, M&M, MG, among others | 58,860 | 10.5% | Shock absorbers: 18–20% |

**Our View:** The acquisition of 28.9% stake in HL Mando Anand is strategically more important as it provides the company with a sizeable and profitable business across steering, braking and suspension, while the parallel HL Klemove investment adds exposure to ADAS and automotive electronics. Together, the two transactions provide Gabriel with a broader product portfolio, higher OEM wallet share potential, stronger technology partnerships and access to future mobility trends.
The key positive is that HL Mando Anand is already a mature, cash-generating business, with FY26 adjusted EBITDA of INR 6,390 Mn and PAT of INR 3,580 Mn, and the transaction is expected to result in ~13% proforma EPS accretion. The equity-heavy funding structure also limits immediate balance-sheet stress. However, the transaction's success will ultimately depend on maintaining margins, extracting cross-selling benefits and effectively integrating HL Mando Anand within the company’s broader platform. Overall, we view the transaction positively from a long-term strategic perspective, as it strengthens Gabriel's positioning across the automotive value chain and could support a sustained re-rating.

Also the investment in HL Klemove India can be seen as a strategically important long-term move for Gabriel India. The transaction provides an early entry into ADAS and automotive electronics, areas that are expected to see increasing technology content and adoption over the coming years. More importantly, the investment complements the proposed HL Mando Anand acquisition, allowing Gabriel to build a broader portfolio spanning ride control, suspension, steering, braking, vehicle safety, ADAS and automotive electronics. While the near-term financial contribution from HL Klemove may be modest compared with HL Mando Anand, the investment provides Gabriel with significant technology optionality and exposure to future mobility trends. If the company can successfully leverage HL Klemove's global technology capabilities with Gabriel's and Anand Group's established OEM relationships, the business could become a meaningful growth driver and support a potential re-rating of Gabriel's valuation multiple over the medium to long term.

*Source: Arihant Research, Company Filings*

## Exhibit 2: Quarterly Result

| INR Mn (Consolidated) | Q1FY27 | Q4FY26 | Q1FY26 | *Q-o-Q* | *Y-o-Y* |
|---|---|---|---|---|---|
| Net Sales | 14257 | 13808 | 12344 | 3.3% | 15.5% |
| Material Cost | 10644 | 10132 | 9007 | 5.1% | 18.2% |
| Change in Inventory | -49 | 104 | -15 | -147.1% | 236.2% |
| Gross Profit | 3662 | 3572 | 3351 | 2.5% | 9.3% |
| *Gross Margin %* | 26% | 26% | 27% | -18.45 | -146.36 |
| Personnel | 856 | 783 | 815 | 9.3% | 5.0% |
| Manufacturing & Other Expenses | 1564 | 1457 | 1354 | 7.4% | 15.5% |
| EBITDA | 1242 | 1332 | 1182 | -6.8% | 5.0% |
| *EBITDA margin %* | 8.71% | 9.65% | 9.58% | -93.84 | -86.89 |
| Depreciation | 323 | 306 | 307 | 5.6% | 5.4% |
| EBIT | 919 | 1026 | 876 | -10.5% | 4.9% |
| EBIT Margin % | 6.44% | 7.43% | 7.09% | -98.91 | -65.11 |
| Interest Expenses | 60 | 84 | 50 | -29.1% | 20.0% |
| Non-operating income | 46 | 104 | 45 | -55.5% | 3.7% |
| PBT | 905 | 1046 | 871 | -13.5% | 4.0% |
| Tax-Total | 251 | 284 | 203 | -11.5% | 23.7% |
| Tax Rate (%) - Total | 0.23 | 0.27 | 0.23 | -14.0% | 0.0% |
| Reported Net Profit | 1081 | 1190 | 1055 | -9.2% | 2.5% |
| PAT Margin % | 7.58% | 8.62% | 8.54% | -103.71 | -95.90 |
| *Reported EPS (INR)* | 6.10 | 8.29 | 7.34 | -26.4% | -16.9% |

## Exhibit 3: Revenue mix (Consolidated)

| Segment wise Revenue | Q1FY27 | Q4FY26 | Q1FY26 | Q-o-Q | Y-o-Y |
|---|---|---|---|---|---|
| 2W/3W | 8,269 | 7,732 | 7,036 | 6.94% | 17.53% |
| PV | 2,994 | 3,176 | 2,716 | -5.73% | 10.25% |
| CVR | 2,851 | 2,762 | 2469 | 3.25% | 15.50% |
| Trading | 143 | 138 | 123 | 3.25% | 15.50% |
| **Channel wise revenue** | **Q1FY27** | **Q4FY26** | **Q1FY26** | **Q-o-Q** | **Y-o-Y** |
| OE | 12,546 | 12,427 | 10,739 | 0.96% | 16.83% |
| Replacement | 1,711 | 1,381 | 1,111 | 23.90% | 54.00% |
| **Aftermarket revenue** | **Q1FY27** | **Q4FY26** | **Q1FY26** | **Q-o-Q** | **Y-o-Y** |
| 2W/3W | 5,275 | 5,523 | 5,061 | -4.49% | 4.23% |
| PC | 4,134 | 4,280 | 3,703 | -3.41% | 11.65% |
| CVR | 2,851 | 2,485 | 2,345 | 14.72% | 21.58% |
| Trading | 1,996 | 1,519 | 1,234 | 31.41% | 61.70% |

*Source: Arihant Research, Company Filings*

**SOTP Valuation**

| | Method | EBITDA | Multiple | EV |
|---|---|---|---|---|
| | | | | |
| Dana Anand (Drive train , Ev ) (25.10%) | EV/EBITDA | 12,770 | 14.0 | 44,873.6 |
| Henkel Anand ( 49%) | EV/EBITDA | 4,162 | 14.0 | 28,550.6 |
| HL Mando Anand (28.99%) | Equity Value | | | 22,307.8 |
| HL Klemove India (29.99%) | Equity Value | | | 9347.883 |
| **Implied Valuation** | | | | 1,05,079.9 |
| Debt | | | | 10,665.1 |
| Cash | | | | 5,802.5 |
| Market Cap | | | | 1,00,217.4 |
| No. of share | | | | 191.6 |
| TP | | | | **523.0** |
| Gabriel Standlone + Subsidiaries* | P/E | 31.11 | 37.0 | 1,150.9 |
| Total TP | | | | 1674 |
| CMP | | | | **1378** |
| Upside | | | | 21.47% |
| | | | | |

*For Gabriel Standalone + Subsidiaries, we have used a blended FY27E/FY28E EPS of INR 31.11

**Gabriel India Ltd-Q1FY27 Concall KTAs**

**Project Jupiter**

Under Project Jupiter, the company will acquire a 28.99% stake in HL Mando Anand India Pvt. Ltd. for INR 22,310 Mn, comprising INR 18,810 Mn through the issue of 1.44 crore equity shares at INR 1,305.89/share and INR 3,500 Mn in cash.

The company will also acquire 30% minus one share in HL Klemove India Pvt. Ltd. for USD 98.44 Mn, with USD 73.83 Mn payable by Sept 15, 2026 and the balance USD 24.61 Mn within 18 months; the transaction is expected to be completed within 2 months.

HL Mando Anand revenue stood at ~INR 58,860 Mn and INR 358 crore PAT in FY26, with a net worth of INR 19,240 Mn, while HL Klemove India revenue stood over INR 10,000 Mn and ~INR 1,430 Mn PAT in FY26.

The company expects the acquisitions to strengthen its product portfolio, technology capabilities and long-term growth.

**Business Consolidation**

Project RISE has been successfully completed the restructuring has already contributed to an acceleration in EPS.

Following Project RISE and Project Jupiter, Gabriel is expected to account for ~70% of the Anand Group's revenues, up from ~58% after Project RISE.

The remaining 30% of group revenue could potentially be brought into Gabriel over time, depending on strategic fit and partner considerations, although no specific timeline has been provided.

**Industry Environment**

The domestic automotive industry remained healthy in Q1FY27, with 2W production increasing 23% YoY, driven by 32% growth in scooters and 18% growth in motorcycles.

PV production increased 17% YoY, led by 21% growth in utility vehicles, while CV production grew 15% YoY, including 21% growth in LCVs and 6% growth in MHCVs.

Crude oil and commodity price volatility and geopolitical developments as key factors to monitor due to their potential impact on input costs, vehicle ownership economics and consumer sentiment.

**HL Mando Anand**

Diversified its customer base, with ~40% of business now coming from non-Korean customers, reducing its earlier dependence on Korean OEMs.

The company has business relationships with Hyundai, Kia, Tata Motors, Mahindra & Mahindra and Maruti Suzuki, providing a broader customer base and potential for further growth.

The business has a high level of localization and expects further localization to improve cost competitiveness and create additional opportunities with Indian OEMs.

HL Mando Anand is expected to benefit from the increasing adoption of braking, steering and suspension technologies, while Gabriel's consolidation of the business is expected to create complementary technology and customer opportunities.

**ADAS Opportunity – HL Klemove India**

High expectations from the HL Klemove India investment; strong business pipeline and existing business with Mahindra & Mahindra and Tata Motors, in addition to Korean customers.

The content opportunity could range from ~INR 20,000 to INR 60,000-70,000 per vehicle, depending on the level of technology adopted by OEMs.

ADAS adoption is to increase as Indian OEMs gradually move towards higher levels of vehicle safety technology, while regulatory changes related to safety are expected to act as a positive catalyst for braking, steering and ADAS businesses.

Gabriel can potentially offer a unique integrated solution combining braking, steering and ADAS, supported by engineering capabilities in both India and Korea.

The company plans to increase localization for the ADAS business and expects opportunities to expand beyond Korean OEMs as Indian OEMs increasingly adopt ADAS technologies.

**PV Business & Model Mix**

The performance gap is expected to normalize over time as new vehicle launches and model cycles change, although the timing remains dependent on the platforms where the company has content.

**Margin and Commodity Cost Recovery**

Standalone EBITDA margin declined to 8.4% in Q1FY27 due to commodity inflation and a timing lag in passing higher input costs to customers.

The cost recoveries are being aligned with customers, with some already settled and others under discussion, and expects the margin impact from delayed recoveries to improve in the coming quarters.

The company does not expect restructuring and advisory costs related to Project RISE and Project Jupiter to have a significant impact on overall profitability.

**Sunroof Business**

The Sunroof business was affected by production disruption due to supplier issue and resulted in an estimated 15,000-20,000 units of lost production during the quarter; expects the customer to recover the lost production in Q1 and Q2, and therefore does not anticipate any shortfall versus the full-year budget.

The production recovery should support the Sunroof business in the next 2 quarters, although the timing of recovery remains dependent on the OEM's production schedule.

**Export**

Target to increase exports to 10% of business over the coming period.

The company is evaluating export opportunities across areas such as shock absorbers, two-wheelers and e-bikes, which could provide incremental growth beyond the domestic market.

**Capex & Expansion**

INR 1,800 Mn expansion relates to a combination of capacity expansion, new investments and technology investments, primarily focused on the suspension business.

The company intends to fund its strategic transactions through a combination of debt and equity, with ~INR 260 crore of cash available at the end of Q1FY27.

**Balance sheet positions**

~INR 2,600 Mn of cash at the end of Q1FY27 and has historically funded working capital and capex through internal accruals.

The company is evaluating funding options and expects to raise ~INR 800 crore of debt, while total debt funding considered for the transaction approval process could be ~INR 15,000 Mn.

In the short to medium term, management expects debt to be ~INR 10,000 Mn, while the equity-to-debt position could move closer to 1:1 after completion of the transactions, compared with the current level of less than 0.1-0.2x.

| Income statement (INR mn) | | | | | | |
|---|---|---|---|---|---|---|
| **Year End-March** | **FY24** | **FY25** | **FY26** | **FY27E** | **FY28E** | **FY29E** |
| Gross Sales | 34,026 | 40,634 | 52,452 | 59,108 | 70,968 | 86,052 |
| **Net Sales** | 34,026 | 40,634 | 52,452 | 59,108 | 70,968 | 86,052 |
| YoY (%) | 14.5 | 19.4 | 29.1 | 12.7 | 20.1 | 21.3 |
| **Adjusted RMC** | **25,518** | **30,109** | **38,520** | **43,785** | **52,321** | **62,939** |
| YoY (%) | 12.5 | 18.0 | 27.9 | 13.7 | 19.5 | 20.3 |
| **Personnel/ Employee benefit expenses** | 2,123 | 2,528 | 3,250 | 3,576 | 4,217 | 4,731 |
| YoY (%) | 16.0 | 19.1 | 28.5 | 10.0 | 17.9 | 12.2 |
| *Manufacturing & Other Expenses* | 3,455 | 4,099 | 5,661 | 6,342 | 7,530 | 8,974 |
| YoY (%) | 12.8 | 18.7 | 38.1 | 12.0 | 18.7 | 19.2 |
| **Total Expenditure** | **31,096** | **36,737** | **47,431** | **53,703** | **64,068** | **76,643** |
| YoY (%) | 12.7 | 18.1 | 29.1 | 13.2 | 19.3 | 19.6 |
| **EBITDA** | **2,931** | **3,897** | **5,021** | **5,406** | **6,901** | **9,229** |
| *YoY (%)* | 37.1 | 33.0 | 28.9 | 7.7 | 27.7 | 33.7 |
| ***EBITDA Margin (%)*** | 8.6 | 9.6 | 9.6 | 9.1 | 9.7 | 10.7 |
| Depreciation | 599 | 813 | 1,236 | 1,266 | 1,455 | 1,659 |
| % of Gross Block | 7.7% | 8.7% | 10.8% | 17.3% | 18.5% | 19.8% |
| **EBIT** | **2,331** | **3,084** | **3,785** | **4,259** | **5,726** | **8,025** |
| EBIT Margin (%) | 6.9 | 7.6 | 7.2 | 7.2 | 8.1 | 9.3 |
| Interest Expenses | 82 | 102 | 264 | 928 | 942 | 960 |
| Non-operating/ Other income | 190 | 260 | 286 | 336 | 404 | 489 |
| **PBT** | **2,438** | **3,242** | **3,808** | **3,667** | **5,188** | **7,554** |
| Tax-Total | 651 | 792 | 910 | 893 | 1,206 | 1,755 |
| **Net Profit** | **1,787** | **2,450** | **4,321** | **5,084** | **6,759** | **9,164** |
| PAT Margin | 5.3 | 6.0 | 8.2 | 8.6 | 9.5 | 10.6 |
| Shares o/s/ paid up equity sh capital | 143.6 | 143.6 | 143.6 | 191.6 | 191.6 | 191.6 |
| Reported EPS | 12.4 | 12.8 | 30.1 | 26.5 | 35.3 | 47.8 |

| Balance sheet | | | | | | |
|---|---|---|---|---|---|---|
| **Year-end March** | **FY24** | **FY25** | **FY26** | **FY27E** | **FY28E** | **FY29E** |
| **Sources of Funds** | | | | | | |
| Equity Share Capital | 144 | 144 | 144 | 192 | 192 | 192 |
| Reserves & Surplus/ Other Equity | 9,878 | 11,689 | 13,775 | 16,825 | 20,880 | 26,379 |
| **Networth** | **10,022** | **11,833** | **13,918** | **17,017** | **21,072** | **26,570** |
| Unsecured Loans/ Borrowings/ Lease Liabilities | 452 | 402 | 548 | 603 | 663 | 729 |
| **Total Debt** | **252** | **239** | **815** | **10,315** | **10,465** | **10,665** |
| **Total Liabilities** | **17,795** | **20,243** | **24,296** | **38,587** | **44,696** | **52,747** |
| **Application of Funds** | | | | | | |
| **Net Fixed Assets** | **5,598** | **6,752** | **8,425** | **9,585** | **10,585** | **11,647** |
| Capital WIP | 392 | 418 | 383 | 459 | 551 | 662 |
| Investments/ Notes/ Fair value measurement | 405 | 434 | 499 | 10,024 | 10,201 | 11,256 |
| **Current assets** | **11,401** | **12,639** | **14,842** | **18,372** | **23,212** | **29,036** |
| Inventory | 3,015 | 3,639 | 4,094 | 4,865 | 5,813 | 6,993 |
| Debtors | 4,914 | 6,002 | 6,765 | 7,988 | 9,462 | 11,323 |
| Other Current Assets | 2,701 | 2,599 | 1,951 | 3,128 | 3,913 | 4,912 |
| Bank | 165 | 16 | 891 | 1,049 | 1,767 | 2,551 |
| Cash | 599 | 378 | 1,136 | 1,337 | 2,251 | 3,251 |
| **Current Liabilities/Provisions** | **7,050** | **7,721** | **8,922** | **12,057** | **14,047** | **16,529** |
| Creditors / Trade Payables | 5,877 | 6,262 | 7,361 | 8,911 | 10,654 | 12,824 |
| Liabilities | 722 | 821 | 759 | 843 | 941 | 1,053 |
| Provisions | 197 | 368 | 422 | 422 | 422 | 422 |
| **Net Core Working Capital** | 4,350 | 4,918 | 5,920 | 6,315 | 9,165 | 12,507 |
| **Net Current Assets** | **11,401** | **12,639** | **14,842** | **18,372** | **23,212** | **29,036** |
| **Total Asset** | **17,795** | **20,243** | **24,296** | **38,587** | **44,696** | **52,747** |
| **Total Capital Employed** | **6,394** | **7,604** | **9,454** | **20,215** | **21,484** | **23,711** |

*Source: Arihant Research, Company Filings*

| Cash Flow Statement | | | | | | |
|---|---|---|---|---|---|---|
| **Year End-March** | **FY24** | **FY25** | **FY26** | **FY27E** | **FY28E** | **FY29E** |
| | | | | | | |
| **Retained Earning** | **1,334** | **2,046** | **3,844** | **4,474** | **5,843** | **7,772** |
| **Adjustments: Add** | | | | | | |
| Depreciation and amortisation | 599 | 813 | 1,236 | 1,266 | 1,455 | 1,659 |
| Interest adjustment | (107) | (158) | (23) | 592 | 538 | 471 |
| **Change in assets and liabilities** | 1,826 | 2,701 | 5,057 | 6,332 | 7,836 | 9,903 |
| Inventories | (767) | (624) | (455) | (771) | (949) | (1,180) |
| Trade receivables | (1,077) | (1,088) | (763) | (1,223) | (1,475) | (1,860) |
| Trade payables | 1,473 | 384 | 1,099 | 1,550 | 1,743 | 2,170 |
| Other Liabilities and provisions | 109 | 95 | (130) | 85 | 97 | 112 |
| Other Assets | (442) | 103 | 648 | (1,177) | (785) | (999) |
| Taxes | (42) | (49) | 92 | (2) | (2) | (3) |
| **Net cash from operating activities** | **1,565** | **892** | **6,327** | **7,334** | **7,239** | **9,153** |
| Net Sale/(Purchase) of tangible and intangible assets, Capital work in progress | (2,036) | (1,995) | (2,867) | (2,475) | (2,509) | (2,777) |
| Net Sale/(Purchase) of investments | 2 | (4) | (12) | (9,484) | (133) | (1,011) |
| Others | 106 | 264 | 188 | 271 | 326 | 396 |
| **Net cash (used) in investing activities** | **(2,160)** | **(1,087)** | **(3,507)** | **(12,727)** | **(2,940)** | **(4,203)** |
| Interest expense | (86) | (477) | (1,879) | (1,980) | (2,645) | (3,602) |
| Other financing activities | (82) | (102) | (264) | (928) | (942) | (960) |
| **Net cash (used) in financing activities** | **285** | **(175)** | **(1,188)** | **5,753** | **(2,668)** | **(3,166)** |
| **Closing Balance** | **765** | **394** | **2,027** | **2,386** | **4,018** | **5,803** |
| | | | | | | |
| **FCF** | **145** | **(882)** | **4,262** | **5,293** | **5,252** | **7,002** |
| Capex | 1420 | 1774 | 2065 | 1891 | 1987 | 2151 |

| Key Ratios | | | | | | |
|---|---|---|---|---|---|---|
| **Year-end March** | **FY24** | **FY25** | **FY26** | **FY27E** | **FY28E** | **FY29E** |
| **Solvency Ratios** | | | | | | |
| Debt / Equity | 0.03 | 0.02 | 0.06 | 0.61 | 0.50 | 0.40 |
| Net Debt / Equity | -0.03 | 0.00 | -0.10 | -0.10 | -0.15 | -0.19 |
| Debt / EBITDA | 0.15 | 0.10 | 0.11 | 0.11 | 0.10 | 0.08 |
| **DuPont Analysis** | | | | | | |
| Sales/Assets | 1.91 | 2.01 | 2.16 | 1.53 | 1.59 | 1.63 |
| Assets/Equity | 1.78 | 1.71 | 1.75 | 2.27 | 2.12 | 1.99 |
| RoE | 17.84% | 20.70% | 20.82% | 16.30% | 18.90% | 21.83% |
| **Per share ratios** | | | | | | |
| Reported EPS | 12.44 | 17.06 | 30.08 | 26.53 | 35.27 | 47.82 |
| Dividend per share | 3.16 | 2.81 | 3.33 | 3.19 | 4.78 | 7.26 |
| BV per share | 69.77 | 82.38 | 96.90 | 88.80 | 109.96 | 138.65 |
| **Profitability ratios** | | | | | | |
| Net Profit Margin (PAT/Net sales) | 5.25 | 6.03 | 5.52 | 4.69 | 5.61 | 6.74 |
| Gross Profit / Net Sales | 25.01 | 25.90 | 26.56 | 25.92 | 26.28 | 26.86 |
| EBITDA / Net Sales | 8.61 | 9.59 | 9.57 | 9.15 | 9.72 | 10.72 |
| PAT / Net Sales | 5.25 | 6.03 | 8.24 | 8.60 | 9.52 | 10.65 |
| ROCE (%) | 21.69% | 24.63% | 24.62% | 16.05% | 18.68% | 22.16% |
| **Activity ratios** | | | | | | |
| Inventory Days | 37.64 | 40.33 | 36.64 | 40.56 | 40.56 | 40.56 |
| Debtor Days | 46.94 | 49.03 | 44.42 | 49.32 | 48.67 | 48.03 |
| Creditor Days | 71.39 | 72.08 | 63.79 | 73.00 | 73.00 | 73.00 |
| **Valuation ratios** | | | | | | |
| EV / EBITDA | 67.45 | 50.81 | 39.15 | 36.31 | 28.21 | 20.91 |
| EV / EBIT | 84.80 | 64.20 | 51.93 | 46.08 | 34.00 | 24.05 |
| EV / Net Sales | 5.81 | 4.87 | 3.75 | 3.32 | 2.74 | 2.24 |
| PE (x) | 110.7 | 80.8 | 68.3 | 95.2 | 66.3 | 45.5 |

*Source: Arihant Research, Company Filings*

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| **Stock Rating Scale** | **Absolute Return** |
|---|---|
| BUY | >20% |
| ACCUMULATE | 12% to 20% |
| HOLD | 5% to 12% |
| NEUTRAL | -5% to 5% |
| REDUCE | -5% to -12% |
| SELL | <-12% |

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