Arihant Capital
Generating Wealth

Q3FY26 - Result Update
4th Feb 2026

Gabriel India Ltd.

Structural Growth with Expanding Margins and New-Age Optionality

CMP: INR 902

Rating: Buy

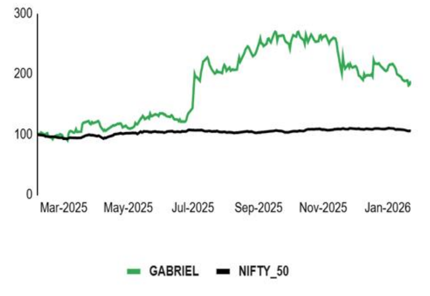
Target Price: INR 1,195

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 Bn)	129
52w H/L (INR)	1,388/438
Avg Yearly Vol (in 000')	551

Shareholding Pattern % *(As on Dec 2025)*	
Promoters	55.00
FII	6.49
DII	16.20
Public & Others	22.31

Stock Performance (%)	1m	6m	12m
Gabriel	-14.2	-9.9	84.98
Nifty 50	-2.2	4.7	10.1

Gabriel Vs Nifty 50



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Gabriel India Ltd reported its Q3FY26 results with Revenue and EBITDA met expectations, but PAT was impacted by one-off costs. Consolidated revenue at INR 11,787 Mn (-0.1% QoQ/15.9% YoY), above with our estimates of INR 11,428 Mn. Gross profit for the quarter was INR 3,075 Mn, flat QoQ/up 15.28% YoY. EBITDA for the quarter was INR 1,069 Mn, down by 5.3% QoQ/ 16.8% YoY, in line with our estimate of INR 1,085 Mn. EBITDA margin down by 5.1 bps QoQ to 9.1%, up by 0.8bps YoY, and in line with our estimate of 9.5%. PAT for the quarter was INR 547 Mn, down by 20.8% QoQ/ 9.1% YoY, below our estimate of INR 700 Mn due to one time exceptional of INR 133.17 Mn. Adj PAT stood at INR 680 Mn.

Investment rationale

Sunroof Business Emerges as a High-Margin Growth Engine: Alpha Gabriel Sunroof Systems reported INR 107 cr revenue in Q3FY26 with healthy 13.5% EBITDA margin, significantly above the core business margin. The company secured a major Hyundai order covering three variants, with expected annual revenue of ~INR 120 cr at peak and SOP targeted for Dec'27. Second sunroof line utilization is expected to improve to 60–70% as new models ramp up. Localization has already increased from ~26% to ~33%, with a clear target of ~60% by FY27 end, supporting margin resilience. Sunroof remains a key medium-term value driver.

New-Age Products Create Optionality Beyond Core Dampers: Gabriel continues to invest in adjacencies such as inverted front forks, e-bike suspension, and solar dampers. The company secured its first European e-bike development order, with SOP expected around Q3FY27. Solar damper products are currently under customer validation, with commercialization guided for FY27, and management remains optimistic on North America and Europe demand post tariff normalization. These products enhance content-per-vehicle and diversify revenue streams. While near-term contribution is modest, management sees meaningful scale over the medium term. Optionality from these products is not yet fully priced in.

Improving Export Outlook Supported by FTAs: India–EU FTA progress and reduction in US reciprocal tariffs (25% to ~18%) materially improve Gabriel's export competitiveness. Management highlighted increased customer engagement from Europe post-announcement, particularly for technology partnerships and sourcing. The company already operates a tech center in Europe, enabling faster localization and co-development. Exports provide margin-accretive growth and hedge domestic cyclicality. Solar dampers and advanced suspension products are key beneficiaries of this shift. Export contribution is expected to rise steadily over the next 2–3 years.

Outlook & Valuation

We expects industry-led double-digit growth momentum to continue into Q4 FY26. Sunroof utilization is guided to improve meaningfully over FY27, while localization is targeted at ~60% within 12–18 months, supporting margin stability. New product commercialization (solar dampers, e-bikes) is expected from FY27, adding incremental growth levers. EBITDA margins are expected to remain ~9%+ on a consolidated basis, with upside from mix improvement. Overall, Gabriel is positioned for sustainable earnings growth with improving business quality over the medium term. **We expect Gabriel's revenue, EBITDA, and PAT to grow at a CAGR of 24.8%, 37.4%, and 41.8%, respectively, over FY26E-FY28E. We used DCF model to arrive at a target price. Accordingly, we maintain our Buy rating on the stock with a revised target price of INR 1,195 per share, an upside of 32.4%.**

Exhibit 1: Financial Performance

Year-end March (INR Mn)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Net Sales	29,718	34,026	40,634	46,699	56,786	72,711
EBITDA	2,137	2,931	3,897	4,477	6,126	8,517
EBITDA Margin (%)	7.2	8.6	9.6	9.6	10.8	11.7
PAT	1,306	1,787	2,450	2,721	3,808	5,475
PAT Margin	4.4	5.3	6.0	5.5	6.7	7.5
EPS (INR)	9.1	12.4	17.1	18.9	26.5	38.1
EV/EBITDA	60.17	44.12	33.26	28.86	21.02	14.94
RoE	15.01%	17.84%	20.70%	20.33%	24.30%	28.88%

Source: Arihant Research, Company Filings

Exhibit 2: Quarterly Result

Particulars (INR mn)	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)
Revenue	11,787	10,166	15.9	11,803	-0.1
Operating costs	10,718	9,251	15.9	10,675	0.4
EBITDA	1,069	915	16.8	1,128	-5.3
EBITDA margin (%)	9.1	9.0	0.8	9.6	-5.1
Depn & amort.	255	194	31.2	251	1.7
EBIT	814	721	13.0	878	-7.3
EBIT margin (%)	6.91	7.09	-2.6	7.44	-7.1
Interest expense	32	30	7.0	28	12.9
Other Income	70	95	-25.5	61	16.0
Pretax profit	852	785	8.5	910	-6.3
Tax	173	184	-6.3	220	-21.5
Tax rate (%)	20%	23%	-13.7	24%	-16.2
Adjusted Net profit	680	601	13.1	690	-1.5
Exceptionals	133	-		-	
Reported Net Profit	547	601	-9.1	690	-20.8
PAT margin (%)	4.64	5.91	-21.6	5.85	-20.7
EPS (INR)	3.8	4.2	-9.1	4.8	-20.8
	Q3FY26	**Q3FY25**	**YoY (bps)**	**Q2FY26**	**QoQ (bps)**
RMC/Sales (%)	73.9	74.3	-42.9	73.8	15.6
Employee exp/Sales (%)	6.1	6.4	-33.9	6.5	-40.1
Other exp/Sales (%)	10.9	10.2	69.8	10.2	73.7

Exhibit 3: Revenue mix

Segment wise Revenue	Q3FY26	Q2FY26	Q3FY25	Q-o-Q	Y-o-Y
2W/3W	7,190	7,554	6,506	-4.82%	10.51%
PV	2,829	2,715	2,440	4.20%	15.94%
CVR	1,532	1,416	1017	8.18%	50.73%
Trading	236	118	203	99.72%	15.94%
Channel wise revenue	Q3FY26	Q2FY26	Q3FY25	Q-o-Q	Y-o-Y
OE	10,372	10,505	8,946	-1.26%	15.94%
Replacement	1,414	1,062	813	33.15%	73.92%
Exports	0	236	407	-100.00%	-100.00%
Aftermarket revenue	Q3FY26	Q2FY26	Q3FY25	Q-o-Q	Y-o-Y
2W/3W	4,950	5,193	4,473	-4.68%	10.67%
PC	4,125	4,013	3,456	2.80%	19.35%
CVR	1,179	1,180	1,017	-0.14%	15.94%
Trading	1,650	1,416	1,220	16.50%	35.27%

Source: Arihant Research, Company Filings

Gabriel India Ltd-Q3FY26 Concall KTAs

Outlook: Demand momentum is expected to remain healthy into Q4 FY26, supported by stable auto volumes. Ramp-up in sunroof utilisation to 60–70%, localisation improvement to 60%, SOPs for new customers in FY27, and margin support from operating leverage are expected to drive sustained double-digit revenue growth and gradual margin improvement over the medium term.

Exceptional
A one-time, non-cash labour code provision of INR 13 cr was booked during Q3 FY26. This is non-recurring and partly offset by prior salary restructuring actions.

Segment Mix
Growth was driven across two-wheelers, passenger vehicles, commercial vehicles, and sunroofs. Two-wheeler and PV growth was slightly lower than industry growth due to OEM-specific model mix.

Order Wins
New business wins were secured across CVs, two-wheelers, sunroofs, e-bikes, and solar dampers. Entry into Hero MotoCorp was confirmed, with SOP guided for end-Q1 or early Q2 FY27. Order book value was not quantified, but multiple additional models are under discussion.

Sunroofs
Alpha Gabriel Sunroof Systems reported INR 107 cr revenue in Q3 FY26 with 13.5% EBITDA margin. A Hyundai order covering three sunroof variants was secured, with expected volumes of approximately 130,000 units and annual revenue potential of around INR 120 cr. SOP is expected by December 2027.

Utilisation
The first sunroof production line is running at near-full utilisation. The second line is currently underutilised but is expected to reach 60–70% utilisation over time following recent order wins and conversion into a hybrid line.

Localisation
Sunroof localisation has increased to approximately 33% from 26% earlier. Management guided a target of 60% localisation within the next 12–18 months, which is expected to materially support margins and reduce forex exposure.

Technology
Incremental technical and engineering costs were incurred in Q3 FY26 to support localisation and new product development. These costs were described as partly one-time and partly recurring, though no specific cost quantum was disclosed.

New Segments
The company received its first development order for e-bike inverted front forks from a European OEM, with SOP guided for Q3 FY27. In solar dampers, three business wins were secured, currently under validation, with commercialisation expected in FY27.

Margin
Margin drivers highlighted include operating leverage from volume growth, localisation benefits in sunroofs, Core 90 productivity initiatives, improved capacity utilisation, and stabilising raw material costs. Competitive pressure in sunroofs is expected to be mitigated as localisation improves.

Exports
Recent developments related to the India–EU FTA and US–India tariff reductions are expected to enhance export competitiveness, particularly for solar dampers and advanced suspension products.

Capex
Management stated that major capex for the second sunroof line has already been incurred. Ongoing investments are focused on localisation, tooling, and new product development.

Story in charts

Exhibit 4: Strong revenue growth driven by strong sales performance in all segments

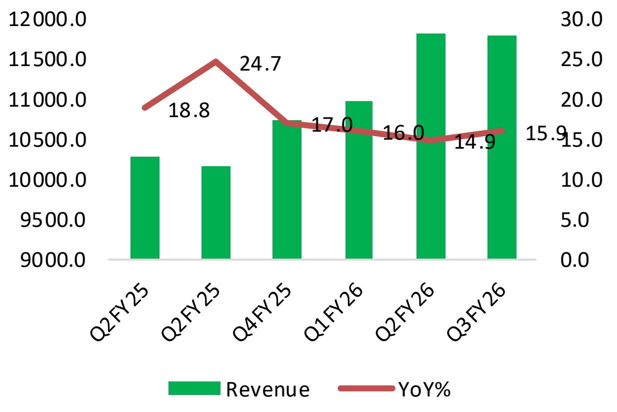


Exhibit 5: EBITDA & EBITDA Margin

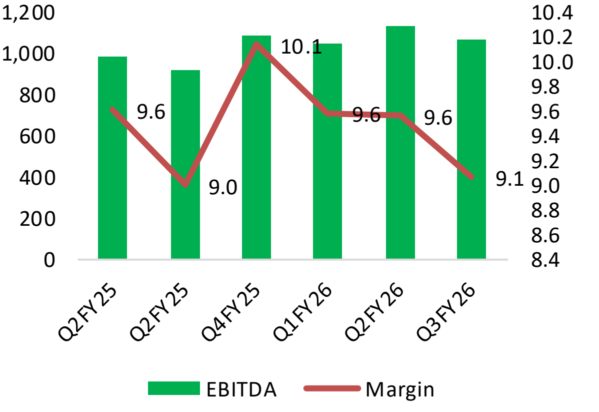


Exhibit 6 : Net Profit decline due to new labour code

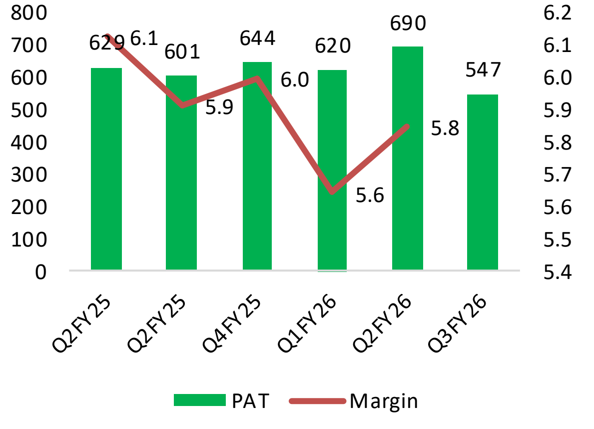


Exhibit 7: EPS decline due to exceptional one off

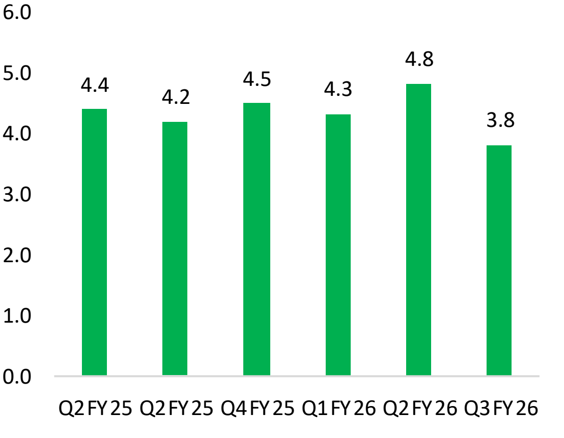
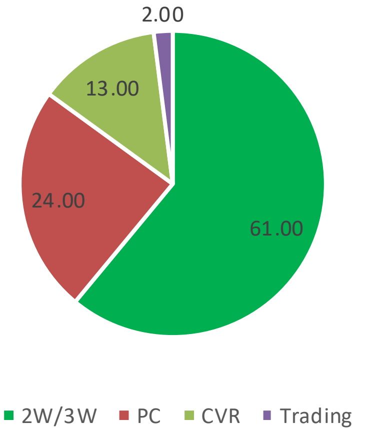
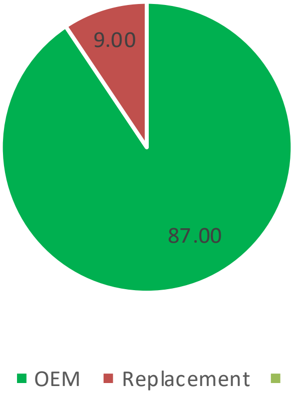
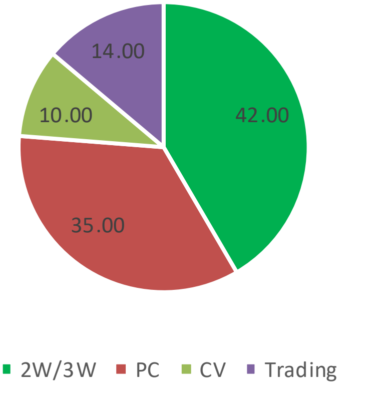


Exhibit 8: Diversified products segments with strong traction in 3W/2W segment and market share expansion







Source: Arihant Research, Company Filings

DCF

Valuation Assumptions	
g (World Economic Growth)	5%
Rf	7%
Rm	12%
Beta (2 Yr)	1.0
CMP (INR)	902

Valuation Data	
Total Debt (long term borrowings) (2025)	402
Cash & Cash Equivalents (2025)	394
Number of Diluted Shares (2025)	144
Tax Rate (2025)	24.0%
Interest Expense Rate (2025)	7.6%
MV of Equity	1,29,563
Total Debt	402
Total Capital	**1,29,966**

WACC	
We	99.7%
Wd	0.3%
Ke	11.9%
Kd	5.8%
WACC	**11.90%**

FCFF & Target Price

FCFF & Target Price	Explicit Forecast Period						Linear Decline Phase					Terminal Yr
Year	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**	**2034**	**2035**	**2036**	**2037**
EBIT * (1-Tax Rate)	2,630	3,761	5,435	7,586	10,214	13,248	16,528	19,804	22,750	25,012	26,262	27,576
Dep	1,016	1,178	1,399	3,258	3,258	4,225	5,272	6,316	7,256	7,978	8,377	8,795
Purchase of Assets	1,775	1,704	2,327	2,883	3,779	4,769	6,033	7,179	8,275	9,082	9,545	10,018
Changes in Working Capital	(26)	(12)	(104)	(145)	(195)	(253)	(316)	(378)	(435)	(478)	(502)	(527)
FCFF	1,898	3,247	4,611	8,106	9,888	12,957	16,083	19,320	22,166	24,385	25,596	26,880
% Growth in Post Tax EBIT		43.0%	44.5%	39.6%	34.6%	29.7%	24.8%	19.8%	14.9%	9.9%	5.0%	5.0%
As % of Post Tax EBIT												
Dep	38.6%	31.3%	25.7%	31.9%	31.9%	31.9%	31.9%	31.9%	31.9%	31.9%	31.9%	31.9%
Purchase of Assets	67.5%	45.3%	42.8%	38.0%	37.0%	36.0%	36.5%	36.3%	36.4%	36.3%	36.3%	36.3%
Changes in Working Capital	-1.0%	-0.3%	-1.9%	-1.9%	-1.9%	-1.9%	-1.9%	-1.9%	-1.9%	-1.9%	-1.9%	-1.9%
FCFF	1,898	3,247	4,611	8,106	9,888	12,957	16,083	19,320	22,166	24,385	25,596	26,880
Terminal Value												3,89,509
Total Cash Flow	**1,898**	**3,247**	**4,611**	**8,106**	**9,888**	**12,957**	**16,083**	**19,320**	**22,166**	**24,385**	**25,596**	**4,16,389**

Enterprise Value (EV)	**1,71,588**
Less: Debt	**402**
Add: Cash	**394**
Equity Value	**1,71,580**
Equity Value per share (INR)	**1,195**
% Returns	**32.4%**
Rating	**BUY**

WACC (%)	g(%)								
1,195	4.00%	4.25%	4.50%	4.75%	5.00%	5.25%	5.50%	5.75%	6.00%
10.90%	1263	1303	1346	1392	1442	1497	1556	1622	1694
11.15%	1209	1245	1284	1327	1372	1422	1476	1534	1599
11.40%	1158	1192	1228	1267	1308	1353	1402	1455	1513
11.65%	1111	1142	1176	**1211**	1249	1290	1335	1383	1435
11.90%	1068	1096	1127	1160	**1195**	1232	1272	1316	1363
12.15%	1027	1053	1081	1112	1144	**1178**	1215	1255	1298
12.40%	988	1013	1039	1067	1096	1128	1162	1199	1238
12.65%	952	975	999	1025	1052	1082	1113	1146	1182
12.90%	918	939	962	986	1011	1038	1067	1098	1131

Source: Company reports, Arihant Capital Research, Figures are in INR Mn. except share price and percentage data

Income statement (INR mn)						
Year End-March	**FY23**	**FY24**	**FY25**	**FY26E**	**FY27E**	**FY28E**
Gross Sales	29,718	34,026	40,634	46,699	56,786	72,711
Net Sales	29,718	34,026	40,634	46,699	56,786	72,711
YoY (%)	27.3	14.5	19.4	14.9	21.6	28.0
Adjusted RMC	**22,688**	**25,518**	**30,109**	**34,416**	**41,287**	**52,346**
YoY (%)	27.0	12.5	18.0	14.3	20.0	26.8
Personnel/ Employee benefit expenses	1,831	2,123	2,528	2,927	3,528	4,479
YoY (%)	14.7	16.0	19.1	15.8	20.6	26.9
Manufacturing & Other Expenses	3,061	3,455	4,099	4,880	5,844	7,369
YoY (%)	27.6	12.8	18.7	19.0	19.8	26.1
Total Expenditure	**27,580**	**31,096**	**36,737**	**42,222**	**50,660**	**64,194**
YoY (%)	26.2	12.7	18.1	14.9	20.0	26.7
EBITDA	**2,137**	**2,931**	**3,897**	**4,477**	**6,126**	**8,517**
YoY (%)	44.7	37.1	33.0	14.9	36.8	39.0
EBITDA Margin (%)	7.2	8.6	9.6	9.6	10.8	11.7
Depreciation	510	599	813	1,016	1,178	1,399
% of Gross Block	7.8%	7.7%	9.1%	9.5%	18.2%	18.9%
EBIT	**1,627**	**2,331**	**3,084**	**3,461**	**4,948**	**7,151**
EBIT Margin (%)	5.5	6.9	7.6	7.4	8.7	9.8
Interest Expenses	46	82	102	122	137	144
Non-operating/ Other income	173	190	260	232	187	187
PBT	**1,754**	**2,438**	**3,242**	**3,571**	**4,999**	**1,709**
Tax-Total	448	651	792	849	1,190	1,710
Adj. Net Profit	**1,306**	**1,787**	**2,450**	**2,721**	**3,808**	**5,475**
PAT Margin	4.4	5.3	6.0	5.5	6.7	7.5
Shares o/s/ paid up equity sh capital	143.6	143.6	143.6	143.6	143.6	143.6
Adj EPS	9.1	12.4	17.1	18.9	26.5	38.1

Balance sheet						
Year-end March	**FY23**	**FY24**	**FY25**	**FY26E**	**FY27E**	**FY28E**
Sources of Funds						
Equity Share Capital	144	144	144	144	144	144
Reserves & Surplus/ Other Equity	8,559	9,878	11,689	13,242	15,527	18,812
Networth	**8,703**	**10,022**	**11,833**	**13,386**	**15,671**	**18,956**
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**	**22,415**	**26,373**	**31,892**
Application of Funds						
Gross block	4,258	5,598	6,752	7,185	7,980	9,239
Net Fixed Assets	**4,258**	**5,598**	**6,752**	**7,185**	**7,980**	**9,239**
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**	**14,138**	**16,973**	**20,985**
Inventory	2,248	3,015	3,639	3,701	4,170	4,985
Debtors	3,837	4,914	6,002	6,368	7,188	8,079
Other Current Assets	2,259	2,701	2,599	3,191	4,223	5,000
Bank	676	165	16	35	56	118
Cash	398	599	378	838	1,330	2,798
Current Liabilities/Provisions	**5,193**	**7,050**	**7,721**	**8,264**	**9,890**	**12,067**
Creditors / Trade Payables	4,405	5,877	6,262	6,760	8,188	10,126
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	5,875	7,082	8,918
Net Current Assets	**9,423**	**11,401**	**12,639**	**14,138**	**16,973**	**20,985**
Total Asset	**14,280**	**17,795**	**20,243**	**22,415**	**26,373**	**31,892**
Total Capital Employed	**4,857**	**6,394**	**7,604**	**8,277**	**9,400**	**10,907**

Source: Arihant Research, Company Filings

Cash Flow Statement						
Year End-March	**FY23**	**FY24**	**FY25**	**FY26E**	**FY27E**	**FY28E**
Retained Earning	**1,069**	**1,334**	**1,911**	**1,990**	**2,970**	**4,216**
Adjustments: Add						
Depreciation and amortisation	510	599	813	1,016	1,178	1,399
Interest adjustment	-127	-107	-158	-110	-50	-44
Change in assets and liabilities	1,453	1,826	2,566	2,896	4,098	5,571
Inventories	-148	-767	-624	-62	-470	-815
Trade receivables	-13	-1,077	-1,088	-366	-820	-891
Trade payables	-327	1,473	384	499	1,427	1,938
Other Liabilities and provisions	14	109	95	108	124	144
Other Assets	341	-442	103	-592	-1,032	-777
Taxes	38	-42	-49	23	-13	-8
Net cash from operating activities	**1,310**	**1,565**	**757**	**2,922**	**4,110**	**5,675**
Net Sale/(Purchase) of tangible and intangible assets, Capital work in progress	-964	-2,036	-1,995	-1,536	-2,041	-2,732
Net Sale/(Purchase) of investments	-48	2	-4	-104	-203	-105
Others	252	106	264	189	136	125
Net cash (used) in investing activities	**-712**	**-2,160**	**-1,087**	**-1,820**	**-2,846**	**-3,154**
Interest expense	-260	-86	-477	-1,099	-1,454	-2,108
Other financing activities	-46	-82	-102	-122	-136	-143
Net cash (used) in financing activities	**-69**	**285**	**-40**	**-623**	**-752**	**-991**
Closing Balance	**1,075**	**765**	**394**	**874**	**1,386**	**2,916**
FCF	**533**	**145**	**-1,017**	**1,702**	**2,406**	**3,348**
Capex	776.37	1150.00	1137.75	1774.57	1703.59	2326.74

Key Ratios						
Year-end March	**FY23**	**FY24**	**FY25**	**FY26E**	**FY27E**	**FY28E**
Solvency Ratios						
Debt / Equity	0.01	0.05	0.03	0.04	0.03	0.03
Net Debt / Equity	-0.11	-0.03	0.00	-0.03	-0.05	-0.12
Debt / EBITDA	0.04	0.15	0.10	0.11	0.09	0.07
DuPont Analysis						
Sales/Assets	2.08	1.91	2.01	2.08	2.15	2.28
Assets/Equity	1.64	1.78	1.71	1.67	1.68	1.68
RoE	15.01%	17.84%	20.70%	20.33%	24.30%	28.88%
Per share ratios						
Reported EPS	9.10	12.44	17.06	18.02	26.51	38.12
Dividend per share	1.65	3.16	3.75	4.17	5.83	8.77
BV per share	60.59	69.77	82.38	93.19	109.10	131.97
Profitability ratios						
Net Profit Margin (PAT/Net sales)	4.40	5.25	6.03	5.83	6.71	7.53
Gross Profit / Net Sales	23.66	25.01	25.90	26.30	27.29	28.01
EBITDA / Net Sales	7.19	8.61	9.59	9.59	10.79	11.71
PAT / Net Sales	4.40	5.25	6.03	5.54	6.71	7.53
ROCE (%)	17.90%	21.69%	24.63%	24.46%	30.02%	36.07%
Activity ratios						
Inventory Days	34.97	37.64	40.33	39.25	36.87	34.76
Debtor Days	47.05	46.94	49.03	49.77	46.20	40.56
Creditor Days	73.01	71.39	72.08	71.57	71.57	69.52
Valuation ratios						
EV / EBITDA	60.17	44.12	33.26	28.86	21.02	14.94
EV / EBIT	79.04	55.47	42.03	37.34	26.02	17.80
EV / Net Sales	4.33	3.80	3.19	2.77	2.27	1.75
PE (x)	99.2	72.5	52.9	47.6	34.0	23.7

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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