Gabriel India (GABIND)

CMP: ₹ 975 | Target: ₹ 1,000 (3%) | Target Period: 12 months | HOLD

July 2, 2025

Transiting into a new orbit, most positives priced in...

About the stock: Gabriel India (GIL) is a global top-10 shock absorber manufacturer serving 2-W, 3-W, PV, CV, railway and aftermarket segments.

- FY25 revenue mix – ~63% 2-W/3-W, ~24% PV, ~11% CV & railways
- FY25 Channel mix – 88% OEM; 12% Replacement market.

Event update: Announced a scheme of arrangement where entities operating in auto domain and owned by parent, Anand group, are set to merge in Gabriel.

Strategic Scheme of Arrangement to unlock growth potential: Scheme includes business merger (100%) of Anchemco Ltd (operates into brake fluid, coolant, Ad-blue etc), 25% stake in Dana Anand Ltd (operated in axles and drivetrain components including EV), 49% stake in Henkel Anand (operates into body in white parts segments) and 76% stake in Anand CY Myotec (operated into synchronizer rings and Aluminium forgings). The merger is expected to be completed within 10–12 months, subject to regulatory approvals. The management expects the scheme to be EPS accretive by ₹7/share in FY25 (~41%) without any debt or cash outflow.

Value-Accretive deal with strong financial uplift: Anand group turnover in FY25 is pegged at ~₹ 20,000 crore which includes largely auto and some non-auto business as well. Gabriel India did sales of ~₹ 4,000 for the group which includes both shock absorber and sunroof businesses. With this present transaction effective Gabriel sales exposure will rise to ~₹ 8,000 crore (~40% of group), however since all is not 100% owned, actual sales addition will be limited to ~₹ 500 crore. Effective consolidated PAT accretion pursuant this transaction is pegged at ~₹ 180 crore for which company shall be issuing 3.36 crore shares of Gabriel India to the promoter entity (resulting in promoter shareholding rising from 55% to 63.5%). With effective acquisition price as ~₹ 2,350 crore (at ~₹ 700/share, prevailing price as on close of 30th June), this makes the acquisition extremely fair and lucrative for Gabriel India shareholders with effective P/E calculated as 2,350/180 = ~13x on FY25 basis.

Rating and Target Price

- This strategic realignment is a significant positive for Gabriel India, as it diversifies the company beyond its legacy shock absorber business and reduces product concentration risk. Gabriel India will now be the main growth engine for automotive business for the group amidst its overall ambition to take group turnover to ~₹50,000 crore by 2030.
- Consolidated PAT for Gabriel India post this merger is calculated at ~₹ 600 crore (FY27E) which post equity effective market cap of ~₹ 17,000 crore, implies a P/E of ~29x on FY27E basis, capping the upside potential in our view. The stock has already reacted very sharply to this development.
- Though we appreciate minority shareholder friendly transaction by the promoter group and possibility of potential such mergers in future as well, however as things stand today, we don't see further meaningful upsides.
- We henceforth assign **HOLD** rating on the stock with SoTP based target price of **₹ 1,000** valuing the combined entity at 30x PE on FY27E.

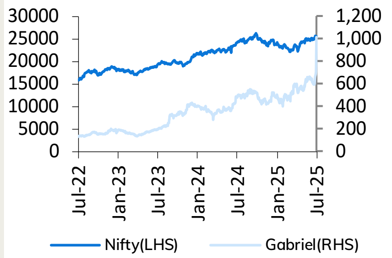
Particulars

Particulars	₹ crore
Market capitalisation	14,005
Total Debt (FY25)	7
Cash & Investment (FY25)	254
EV (₹ crore)	13,758
52 week H/L (₹)	1011 / 387
Equity capital (₹ crore)	14.4
Face value (₹)	1.0

Shareholding pattern

	Jun-24	Sep-24	Dec-24	Mar-25
Promoter	55.0	55.0	55.0	55.0
FII	4.9	5.5	5.3	5.2
DII	12.1	12.9	13.5	14.7
Other	28.0	26.6	26.2	25.1

Price Chart



Recent Event & Key risks

- Announces composite scheme of arrangement widening the scope for Gabriel India Ltd.
- Key Risk: (i) higher than anticipated ramp up in sales & integration benefits (ii) lower than expected improvement in EBITDA margins profile over FY25-27E

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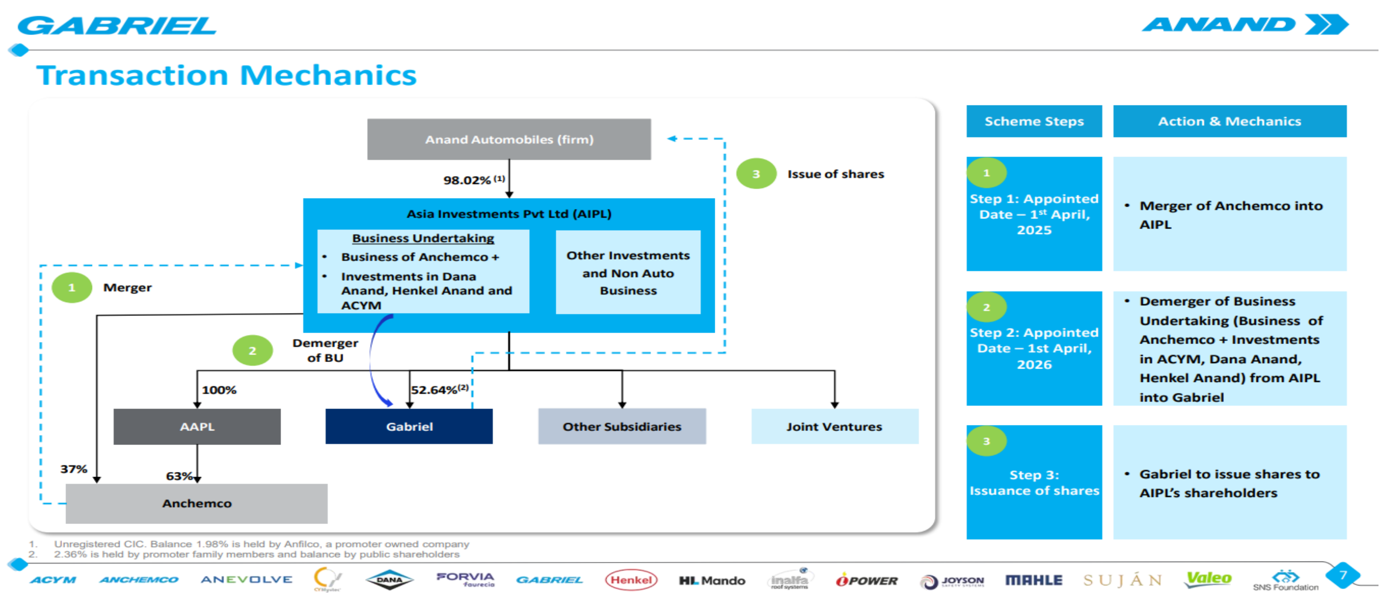
Key Financial Summary (Standalone)

Key Financials (₹ crore)	FY21	FY22	FY23	FY24	FY25P	5 year CAGR (FY20-25P)	FY26E	FY27E	2 year CAGR (FY25P-27E)
Net Sales	1,695	2,332	2,972	3,343	3,643	14.3%	4,354	4,882	15.8%
EBITDA	103	146	214	290	322	18.5%	414	488	23.1%
EBITDA Margins (%)	6.0	6.3	7.2	8.7	8.8		9.5	10.0	
Net Profit	60	90	132	185	212	20.1%	277	332	25.2%
EPS (₹)	4.2	6.2	9.2	12.9	14.7		19.3	23.1	
P/E	232.4	156.5	105.9	75.7	66.1		50.6	42.2	
RoNW (%)	8.7	11.7	15.2	18.4	18.3		20.5	21.1	
RoCE (%)	8.3	13.2	18.4	22.6	22.0		25.3	26.1	

Source: Company, ICICI Direct Research

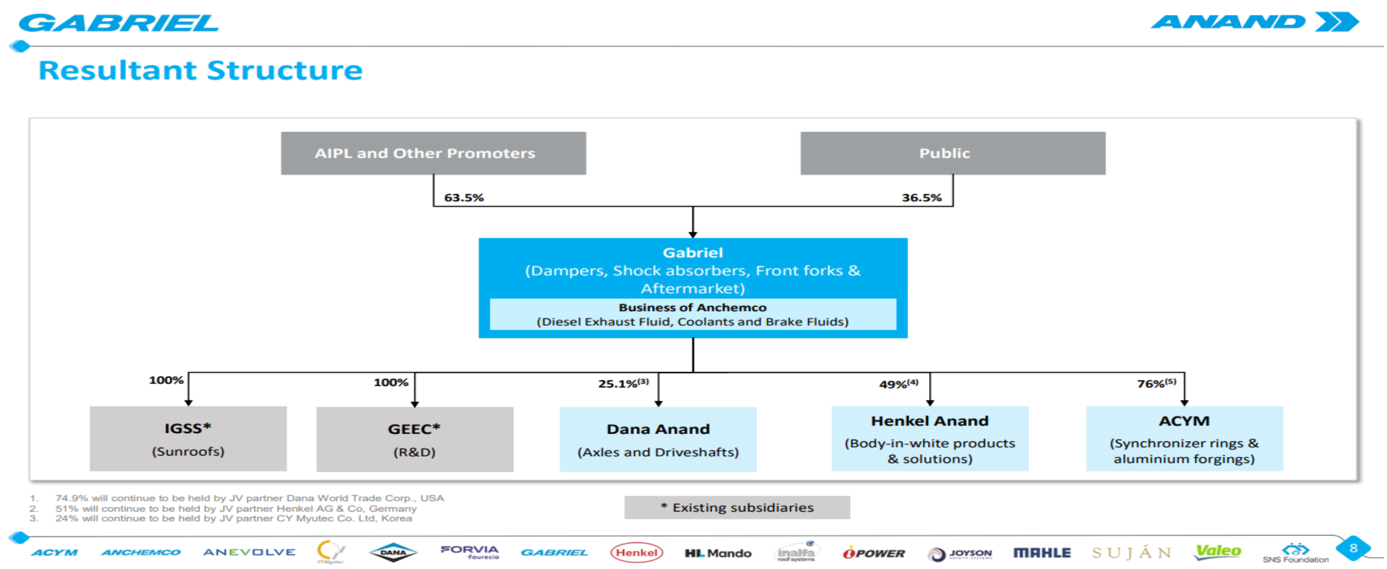
Key Charts from PPT

Exhibit 1: Gabriel India – Transaction mechanics of the Scheme



Source: Company, ICICI Direct Research

Exhibit 2: Gabriel India – Resultant Structure



Source: Company, ICICI Direct Research

Exhibit 3: Dana ANAND Financial snapshot – 25.1% stake

Figures in INR Crores	2023	2024	2025
Revenue from operations	2,312	2,590	2,670
EBITDA	326	402	428
EBITDA Margin	*14.1%*	*15.5%*	*16.0%*
PAT	228	319	319
PAT Margin	*9.9%*	*12.4%*	*12.0%*
Net Worth	724	878	1,001
Debt	111	86	9
Cash and cash equivalents	149	239	279
RoE	*34.4%*	*40.0%*	*34.0%*
RoCE	*34.9%*	*38.3%*	*36.4%*

Source: Company, ICICI Direct Research

Established in 1993, Dana Anand is a JV with Dana World Trade Corp USA. The company is involved in development and manufacturing drivetrain products including transmission for EVs and automotive OEMs of utility vehicles and commercial vehicles, off-highway and the related aftermarket segments. Key customers are Tata motors, VECV, Maruti Suzuki, M&M & Ashok Leyland.

Exhibit 4: Henkel ANAND Financial snapshot – 49% stake

Figures in INR Crores	2023	2024	2025
Revenue from operations	648	805	890
EBITDA	71	176	227
EBITDA Margin	11.0%	21.9%	*26.5%*
PAT	40	121	161
PAT Margin	6.2%	15.1%	*18.2%*
Net Worth	147	254	225
Debt	20	6	6
Cash and cash equivalents	8	123	91
RoE	*31.8%*	*60.4%*	*67.0%*
RoCE	*33.8%*	*75.0%*	*83.8%*

Source: Company, ICICI Direct Research

The company is a JV with Henkel KGaA, Germany and is a leading supplier of BIW (body in white) and NVH products and solutions to every major OEM in country. Henkel Anand India has a Technical License Agreement with Sunrise MSI Corporation Japan. Key customers are Tata motors, Maruti Suzuki, M&M, Hyundai & KIA.

Exhibit 5: ANAND CY Myutec Automotive Financial snapshot – 76% stake

Figures in INR Crores	2023	2024	2025
Revenue from operations	152	172	204
EBITDA	17	20	25
EBITDA Margin	11.4%	11.4%	12.0%
PAT	9	11	12
PAT Margin	6.1%	6.2%	5.8%
Net Worth	48	56	67
Debt	9	9	27
Cash and cash equivalents	10	6	0.2
RoE	21.4%	20.7%	19.3%
RoCE	22.8%	22.7%	22.2%

Source: Company, ICICI Direct Research

The company is established in 1992 as a JV with CY Myutec, South Korea. The company is primarily involved in manufacturing automotive synchronizer rings and aluminium forgings for passenger and commercial vehicle segments and 2 Wheelers. Key customers are Tata motors, Maruti Suzuki, M&M & VECV.

Exhibit 6: Anchemco India Financial snapshot – 100% business integration

Figures in INR Crores	2023	2024	2025
Revenue from operations	207	311	329
EBITDA	13	38	38
EBITDA Margin	6.1%	12.1%	11.6%
PAT	6	18	14
PAT Margin	2.7%	5.6%	4.3%
Net Worth	21	79	78[3]
Debt	18	73	126[3]
Cash and cash equivalents	1	7	1[3]

Source: Company, ICICI Direct Research

The company is incorporated in 2010 as a strategic business unit of ANAND group. It is engaged in the business of manufacturing and sale of automobile products such as brake fluid, radiator coolants, diesel exhaust fluid (DEF) / Ad-blue for 2W, 3W, 4W and truck applications and PU / PVC based adhesives. Key Customers are Tata motors, Daimler & M&M.

Exhibit 7: Gabriel India – Valuation Table – target price calculation

Particulars (FY27E)	Units	Amount
Base Shock Absorber Business, Standalone PAT (A)	₹ crore	332
Sunroof Business Apportioned PAT(Inalfa -JV, 49% stake, B)	₹ crore	29
Group Companies Apportioned PAT, current restructuring (C)	₹ crore	229
Total Consolidated PAT post restructuring (D= A+B+C)	₹ crore	**591**
Total No of Shares post current restructuring (E)	crore	17.72
New EPS (F = D/E)	₹/share	33.3
Assigned PE Multiple	x	30
Target Price	₹/share	**1,000**

Source: ICICI Direct Research

Financial Summary (Standalone)

Exhibit 8: Profit and loss statement ₹ crore

(Year-end March)	FY24	FY25P	FY26E	FY27E
Net Sales	3,343	3,643	4,354	4,882
Other Operating Income	-	-	-	-
Total Operating Income	3,343	3,643	4,354	4,882
Growth (%)	12.5	9.0	19.5	12.1
Raw Material Expenses	2,505	2,723	3,244	3,637
Employee Expenses	206	232	261	293
Other Operating Expense	341	366	435	464
Total Operating Expenditure	3,053	3,321	3,940	4,394
EBITDA	290	322	414	488
Growth (%)	35.6	11.2	28.4	18.0
Depreciation	57	63	68	75
Interest	5	4	4	3
Other Income	22	30	30	35
PBT	250	285	371	446
Exceptional Item	0	0	0	0
Total Tax	65	73	95	114
PAT	185	212	277	332
Growth (%)	39.9	14.5	30.5	20.1
EPS (₹)	12.9	14.7	19.2	23.1

Source: Company, ICICI Direct Research

Exhibit 9: Cash flow statement ₹ crore

(Year-end March)	FY24	FY25P	FY26E	FY27E
Profit after Tax	185	212	277	332
Add: Depreciation	57	63	68	75
(Inc)/dec in Current Assets	-111	-165	-172	-132
Inc/(dec) in CL and Provisions	49	30	150	92
Others	-28	-22	-26	-32
CF from operating activities	152	118	298	335
(Inc)/dec in Investments	-51	65	-100	-100
(Inc)/dec in Fixed Assets	-90	-128	-100	-100
Others	20	27	30	35
CF from investing activities	-121	-36	-170	-165
Issue/(Buy back) of Equity	0	0	0	0
Inc/(dec) in loan funds	-1	-1	-2	-2
Dividend paid & dividend tax	-63	-72	-90	-111
Inc/(dec) in Share Cap	0	0	0	0
Others	11	4	0	0
CF from financing activities	-53	-69	-92	-113
Net Cash flow	-22	13	36	58
Opening Cash	226	204	218	253
Closing Cash	204	218	253	311

Source: Company, ICICI Direct Research

Exhibit 10: Balance Sheet ₹crore

(Year-end March)	FY24	FY25P	FY26E	FY27E
Liabilities				
Equity Capital	14.4	14.4	14.4	14.4
Reserve and Surplus	994	1,142	1,333	1,557
Total Shareholders funds	1,009	1,157	1,347	1,571
Total Debt	9	7	5	3
Deferred Tax Liability	13	11	11	11
Minority Interest / Others	0	0	0	0
Total Liabilities	1,031	1,175	1,363	1,585
Assets				
Gross Block	1,061	1,185	1,306	1,406
Less: Acc Depreciation	609	672	741	815
Net Block	452	512	565	591
Capital WIP	37	42	20	20
Total Fixed Assets	489	554	585	611
Investments	143	78	178	278
Inventory	236	277	334	374
Debtors	453	527	620	695
Loans and Advances	60	110	131	147
Other Current Assets	0	0	0	0
Cash	204	218	253	311
Total Current Assets	953	1,131	1,339	1,528
Current Liabilities	548	574	716	802
Provisions	33	37	46	52
Current Liabilities & Prov	581	611	762	854
Net Current Assets	371	520	577	674
Others Assets	27	23	23	23
Application of Funds	1,031	1,175	1,363	1,585

Source: Company, ICICI Direct Research

Exhibit 11: Key ratios

(Year-end March)	FY24	FY25P	FY26E	FY27E
Per share data (₹)				
EPS	12.9	14.7	19.3	23.1
Cash EPS	16.8	19.2	24.0	28.3
BV	70.2	80.5	93.8	109.4
DPS	4.0	4.7	6.0	7.5
Cash Per Share (Incl Invst)	24.2	20.6	30.0	41.0
Operating Ratios (%)				
EBITDA Margin	8.7	8.8	9.5	10.0
PAT Margin	5.5	5.8	6.4	6.8
Inventory days	25.7	27.7	28.0	28.0
Debtor days	49.5	52.8	52.0	52.0
Creditor days	59.9	57.5	60.0	60.0
Return Ratios (%)				
RoE	18.4	18.3	20.5	21.1
RoCE	22.6	22.0	25.3	26.1
RoIC	33.9	29.5	34.4	37.0
Valuation Ratios (x)				
P/E	75.7	66.1	50.6	42.2
EV / EBITDA	47.3	42.7	33.0	27.8
EV / Net Sales	4.1	3.8	3.1	2.8
Market Cap / Sales	4.2	3.8	3.2	2.9
Price to Book Value	13.9	12.1	10.4	8.9
Solvency Ratios				
Debt/EBITDA	0.0	0.0	0.0	0.0
Debt / Equity	0.0	0.0	0.0	0.0
Current Ratio	1.3	1.5	1.4	1.4
Quick Ratio	0.9	1.0	1.0	1.0

Source: Company, ICICI Direct Research

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Sell: <-15%

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