

**GABRIEL INDIA LTD.**

Sector

July 11, 2022

Buy at CMP: Rs 136 | Target: Rs 163 (20%) | SL: Rs 124

Automobile &amp; Ancillaries

**GABRIEL**

## Script Details

BSE Group	A
BSE Code	505714
NSE Code	GABRIEL
Bloomberg Code	GABR IN
Market Cap (INR Cr.)	1,951
Free Float (%)	45.0%
52wk Low/High	168/102
Beta (1yr Nifty 50)	0.84
Face Value (INR)/ D. Yield (%)	1/1.1
Total paid Up Shares (Mn.)	143.6

## Share Holding Pattern (%)

Promoters	Public	Others
55.0%	45.0%	-

## Share Price Relative Performance



Gabriel India Ltd is a producer and supplier of high quality Ride Control Products for the Indian Automotive Industry participating in all segments i.e. Passenger Cars, Utility Vehicles, Commercial Vehicles and Two Wheelers. The company has overseas markets at Europe, Africa, Middle East, Asia Pacific, China, Russia and Far East.

**Investment Rationale**

- ◆ **Market Leader with 25% Market Share in 2W/3W:** Gabriel India Holds leading market share of 25% in 2/3W (including Aftermarket), The segment accounted for 66% of the total sales for FY22. Company's recently launch of Raider and Jupiter 125 by TVS Motors, R107 and CNG models by Bajaj Auto and various programs by EV customers and OLA Electric have helped the company improve its performance. The company received a new order for new motorcycles codenamed Y4, Y5 and J201 from Mahindra.
- ◆ **New Product Orders Win aided to Gain Market Share:** Company's market share in Passenger vehicle segment improved to 23% (FY22) as compared to 20% earlier. Apart from the Maruti Jimny order which the company won earlier, It also won orders for product upgrades of the new Brezza and new Alto. The company also has new technology offerings on M&M's XUV 700.
- ◆ **Robust Business Outlook Ahead amid Cooled off Metal Prices:** Company hold 50% market share in manufacturing shock absorbers EV segment which received traction in recent times. The top line is likely to post growth in the near term, driven by strong demand across the business segments, new product launches, and strong performance in CV, Exports and aftermarket segments. The softening of raw material costs post H1FY23E is likely to aid in the company's margins in the medium term as management aiming double digit EBITDA margin by FY23.
- ◆ **Outlook and Valuations:** We estimate a 6% CAGR in Topline over FY22-25E, which implies a forward PE (x) of 16.7 for FY 25E. Company to benefit from stable auto sales no. and rising market share in EV segment. We apply a earnings multiple of 20x to FY25 earnings estimate which result per share value of Rs 163. We recommend BUY on GABRIEL at CMP of Rs. 136 with Target price of Rs. 163 (20%).

◆ **Financial Snapshot:**

Year	Revenue	EBITDA	PAT	PE Ratio (x)	EV/EBITDA (x)
FY22	2,334	148	90	21.8	11.0
FY23E	2,474	161	104	18.8	11.8
FY24E	2,622	170	110	17.7	11.1
FY25E	2,780	181	117	16.7	10.5

Source: Company Data, Ace Equity, GEPL Research

## TECHNICAL VIEW

### Observation

- On Weekly charts, GABRIEL prices showed a bounce back from 50% Fibonacci retracement level of its prior advance from 39.5 level (March 2020) till 168 level (October 2021).
- Prior to one week, the stock has given a breakout of Double Bottom price pattern with volume confirmation on the weekly charts.
- On the daily chart, the prices have given a breakout above its 200 Day SMA and moved up after retesting the 200 Day SMA which indicates strong positive undertone of the stock for the short to medium term.
- RSI on daily and weekly charts are above 50 mark and rising indicating strong momentum in the prices.



TradingView

### Inference & Expectations

- The price action and evidence provide by the indicators we can infer that the breakout has happened with strong momentum on the upside.
- Going ahead we expect the stock to move higher towards 150 level.
- The level of 124 will act as a major support on the downside.



Name	Designation	Email	Contact
Mr. Vidnyan Sawant	Assistant Vice President (AVP), Technical Desk	vidnyan@geplcapital.com	+91 (22) 66182687
Mr. Harshad Gadekar	Research Analyst, Fundamental Desk	harshadgadekar@geplcapital.com	+91 (22) 66142685

We, Research Analyst of GEPL Capital, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We, also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

#### Disclosure :-

This document has been prepared by Research Department of GEPL Capital Pvt. Ltd. (hereinafter referred to as GEPL) and this report is for personal information of the selected recipient/s and does not construe to be any investment, recommendation, prospectus, offering circular or legal or taxation advice to you. This research report does not constitute an offer, invitation or inducement to invest in securities or other investments and GEPL is not soliciting any action based upon it. This report is not for public distribution and has been furnished to you solely for your general information and should not be reproduced or redistributed to any other person in any form. This report does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Before acting on any advice or recommendation in this material, investors should consider whether it is suitable for their particular circumstances and, if necessary, seek professional advice. The price and value of the investments referred to in this material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance, future returns are not guaranteed and a loss of original capital may occur. GEPL makes no representation or warranty, express or implied, as to, and does not accept any responsibility or liability or obligation with respect to, the fairness, accuracy, completeness or correctness of any information or update information or opinions contained herein. All investments including Future and Options are involving risks and investor should exercise prudence in making their investment decisions. The report should not be regarded by the recipients as a substitute for the exercise of their own judgment. Any opinions expressed in this report are subject to change without notice and may differ or be contrary to opinions expressed by other business areas or GEPL as a result of using different assumptions and criteria. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument mentioned in this report. The information contained in this report has been obtained from sources that are considered to be reliable. However, GEPL has not independently verified the accuracy or completeness of the same. Neither GEPL nor any of its affiliates, its directors or its employees accepts any responsibility of whatsoever nature for the information, statements and opinion given, made available or expressed herein or for any omission therein. GEPL and its affiliates and/or their officers, directors and employees may have similar position in any securities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such securities (or investment. GEPL specifically prohibits the redistribution of this material in whole or in part without the written permission of GEPL and GEPL accepts no liability whatsoever for the actions of third parties in this regard. GEPL or its director or its research analysts or its associates or his relatives and/or its affiliates and/or employees do not have actual/beneficial ownership of one per cent or more securities of the subject company at the end of the month immediately preceding the date of publication of the research report.

Our sales people, traders, and other professionals or affiliates may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

#### Disclaimers in respect of jurisdiction:

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident or located in any locality, state, country or other jurisdiction where such Distribution, publication, reproduction, availability or use would be contrary to law or regulation or what would subject GEPL its affiliates to any registration or licensing requirement within such jurisdiction. If this report is inadvertently send or has reached any individual the same may be ignored and brought to the attention of the sender. This document may not be reproduced, distributed or published for any purposes without prior written approval of GEPL.

#### Analyst Certification:

The views expressed in this research report reflect the personal views of the analyst(s) about the subject securities or issues. Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Research Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months.

GEPL Capital Private Limited is a SEBI registered Research Analyst entity bearing SEBI Reg. No. "INH000000081" under SEBI (Research Analysts)

Regulations, 2014.