"Gabriel India Limited
Q1 FY27 Earnings Conference Call"
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MANAGEMENT:-

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Moderator: Ladies and gentlemen, good day, and welcome to the Gabriel India Limited Q1 FY '27 Earnings Conference Call. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on the date of this call. These statements do not guarantee the future performance of the company, and it may involve risks and uncertainties that are difficult to predict.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

Joining us from the management team today are Mr. Mahendra Goyal, Group CEO and Managing Director; Mr. Atul Jaggi, Managing Director (Ride Control) and Senior Management team from Anand Group and Gabriel India Limited, along with SGA, the Investor Relations Advisor to the company.

I now hand the conference over to Mr. Mahendra Goyal, Group CEO and Managing Director, for the opening remarks. Thank you, and over to you, sir.

Mahendra Goyal: Good morning, everyone. As part of Gabriel's ongoing inorganic growth journey and commitment to building scale, technology, leadership and future-ready capabilities, we are pleased to share that the Board of Directors yesterday approved 2 strategic transactions.

One is related to acquisition of 28.99% equity stake in HL Mando Anand India Private Limited from Asia Investment Private Limited for a total consideration of INR2,231 crores. And we also acquired 30% minus 1 equity share stake in HL Klemove India Private Limited for a total cash consideration of USD 98.44 million as part of a proposed joint venture with HL Klemove.

These investments represent an important milestone in the Anand Group’s long-term automotive strategy and reinforce our commitment to creating a simpler, more integrated and future-ready enterprise. They build on successful execution of Project Rise, which is under listing approval from the stock exchange under which Gabriel acquired equity stakes in a few of the businesses - Dana Anand & Henkel Anand, and these are bringing the drivetrain products and, of course, adhesive structural and NVH solutions.

We further diversified our product offering through the acquisition of 76.1% stake in Anand CY Myutec and the merger of Anchemco, India's high-performance automotive chemical and fluid business into Gabriel. We are pleased to report that Project Rise has been completed successfully. As I said, we are just waiting for the approval from the stock exchange for the listing. The successful execution of the important strategic initiatives are a significant milestone in our journey, and it already contributed in acceleration in EPS.

This has been a central objective of the strategic action undertaken by the Anand Group with a clear focus on enhancing value creation, strengthening our competitive position and driving sustainable long-term growth. The progress we have achieved reinforces our confidence in the direction of our strategy on the opportunities that lie ahead.

Building on this momentum, the Board has now approved Project Jupiter. Through this initiative, Gabriel India will acquire strategic minority stake in HL Mando Anand India Private Limited and HL Klemove India Private Limited further strengthening its position as a group automotive component platform. We have also uploaded a detailed business update presentation, which is self-explanatory and has all the relevant details on both transactions under Project Jupiter.

Before I hand over to Mr. Jaggi for the operational and financial update for the quarter, let me briefly outline these 2 strategic investments starting with HL Mando Anand India Private Limited. HL Mando Anand India Private Limited is a leading automotive components company engaged in braking, steering system and part of suspension business for the passenger vehicles. This investment will strengthen Gabriel's progress across key automotive component segments, definitely broadening our product portfolio and which is creating long-term value through operational, technological and business synergies.

To provide a sense of scale, this company has a turnover of around INR5,886 crores, the largest company of the Anand Group. And profit after tax of INR358 crores in the financial year '25-'26. The company had a net worth of INR1,924 crores. Gabriel India will acquire 28.99% stake from Asia Investment Private Limited, a promoter of Gabriel India. The acquisition will be funded through a combination of equity and cash consideration.

Under the transaction Gabriel India will allot 1.44 crores equity shares to Asia Investment at an issue price of INR1,305.89 per share aggregating to INR1,881 crores and balance INR350 crores will be paid in cash taking the total transaction consideration to INR2,231 crores. Additional information on HL Mando Anand is available on Slide 13, 14, 15 of the business update presentation.

The strategic rationale is clear: to consolidate the group’s investment in HL Mando Anand under Gabriel India, aligning this high-quality business with our listed automotive components platform and enabling both the company and its public shareholders to participate directly in the future value creation.

Another transaction was with respect to the HL Klemove, which is a new joint venture, which is primarily in the business of ADAS. We have entered into a joint venture agreement with HL Klemove India, creating a significant opportunity for Gabriel to participate in high-value technology segment, including Advanced Driver Assistance system and automotive electronics. Importantly, this partnership provides access to the advanced capabilities and technology that would have taken considerably longer to build organically.

HL Klemove India reported revenue of INR1,000 crores plus and adjusted EBITDA of INR129 crores in financial year 2026. As part of the transaction, Gabriel India will acquire 30% minus 1 equity share in HL Klemove India for a total consideration of INR98.44 million. The investment will be completed in 2 tranches. We will be paying USD 73.83 million on or before 15th

September 2026, balance USD 24.61 million within 18 months of signing the definitive agreements. The acquisition will be funded through a combination of internal accruals and debt.

Further details are available on Slide 17, 18, 19 of the business update presentation. The objective of this investment and joint venture is to establish meaningful presence in India's fast-growing ADAS business through a strong partnership with HL Klemove. Together, these strategic initiatives positions Gabriel India as Anand Group's primary growth vehicle and business consolidation platform for the automotive components sector. They strengthen our portfolio, deepen our technology capabilities, expand our addressable market and enhance our ability to create sustainable long-term value for all stakeholders.

With Project Jupiter, we are not simply adding new investments to our portfolio. We are taking the next step in Gabriel India's transformation - building a stronger, more technology driven and a future-ready enterprise, supported by world-class partnerships and positioned to capitalize on the evolving opportunities within the automotive industry. Thank you so much.

And now I'll hand over to Mr. Atul Jaggi for operational and financial updates for the quarter.

Atul Jaggi: Thank you, Mr. Goyal. Good morning, everyone, and a warm welcome to everybody who has joined the call. I hope all of you are doing well. So the manufacturing activity in the automotive industry remained very positive during the first quarter of FY '27 with production increasing across all major vehicle categories. 2-wheeler production expanded by 23% year-on-year during the quarter 1 FY '27, scooters was the strongest contributor, recording growth of 32%, while motorcycle production increased by 18%.

In the passenger vehicle, the industry production rose by 17% year-on-year during the quarter. Utility vehicles continue to lead the segment with production increasing by 21%, reflecting the continued shift in customer preference towards SUVs and crossovers.

Coming to the commercial vehicle, production increased by 15% in the quarter 1 FY '27. LCVs delivered a very strong growth of 21% and MHCV production was higher by 6%. At the same time, crude oil and commodity price volatility, along with the other geopolitical developments in the West Asia remained important factors to monitor because of the potential impact on the input cost, vehicle ownership economics and customer sentiments.

Coming to the quarter 1 FY '27 performance. Before taking you through the financial performance, I would like to deeply explain the reporting structure following the completion of the restructuring. The financial results for quarter 1 FY '27 reflect the expanded business portfolio of Gabriel India. To facilitate a meaningful comparison, the corresponding quarter 1 FY '26 figures have also been presented after incorporating the financial performance of the businesses covered under the restructuring. Therefore, the year-on-year comparison discussed today are on a like-to-like basis.

Coming to the stand-alone performance, revenue from operations grew by 19% Y-o-Y to INR1,274 crores in quarter 1 FY '27. The performance was supported by healthy demand across the core suspension business, continued growth in aftermarket and contribution from the Anchemco business added through the restructuring. Stand-alone EBITDA increased by 7% to

INR107 crores compared with INR100 crores in quarter 1 FY '26. The EBITDA margin stood at 8.4% in quarter 1 FY '27.

Moving to our consolidated performance. Revenue from operations stood at INR1,426 crores in quarter 1 FY '27, a growth of 15.5% Y-o-Y. Consolidated EBITDA for the quarter stood at INR124 crores, reflecting a growth of 2% Y-o-Y. The EBITDA margin stood at 8.7% in the first quarter.

The share of profit before tax in equity accounted investees companies, Dana Anand India Private Limited, Henkel Anand India Private Limited and SK Enmove Gabriel India Private Limited has increased by 10% Y-o-Y. This is from INR39 crores in quarter 1 FY '26 to INR43 crores in quarter 1 FY '27. The PBT stood at INR133 crores, a growth of 6% year-on-year with margins trending at 9.3%.

The consolidated performance reflects the contribution from our subsidiaries together with the company's share of earnings from joint ventures and associates under the expanded business structure. We've also presented the FY '26 financial performance by incorporating the businesses covered under the restructuring in both the reported financials and the presentation.

On that note, we come to the end of our opening remarks. I now request the moderator to begin the question-and-answer session. Thank you so much.

Moderator: Thank you. The first question comes from the line of Mumuksh Mandlesha with Anand Rathi Institutional Equities. Please go ahead.

Mumuksh Mandlesha: Congrats on bringing the HL Mando into listed entity at attractive valuation and the one which was expected to come soon and also an acquisition in the high-growth area of ADAS technology areas. Sir, firstly, on the relationship, sir, you're building with particular large Korean entities like HL Group, which expands the relationship for Gabriel in area of ADAS technology. Can you share more background story, what is driving such relationships? And how are you seeing such relationship with HL Group, earlier with SK Innovation for the future growth opportunities for Gabriel?

Mahendra Goyal: So I think our relationships with the HL Mando Group goes back to 1996. So it has been a journey of almost 30 years now and started with single product, started with brakes. And of course, from time to time, we have been expanding this relationship as the trust between the partners increases, I mean we have added multiple products. We started with braking, we added suspension, and we later added steering products.

So happy to share that in 30 years' time, of course, we had many other businesses also within Anand Group, but this company has grown the most. I think this company has reached to almost INR5,500 plus crores, very close to the INR6,000 crores if you see the result of 2026. So of course, this 30 years relationship has built a lot of confidence. They have seen us.

We have seen their manufacturing capabilities and of course, what they are doing on the new technologies actually. So this is -- overall, on the HL Mando and of course, we are increasing our relationship with HL Mando again with HL Klemove, the same group. And of course, as an overall expansion plan in Korea, HL Mando Group has been consistently working on the ADAS projects for the last 7, 8 years.

They have brought a special focus on this business by creating a separate entity, which was part of the consolidated entity earlier in Korea. So that is one, of course, as you know, that most of the people, they want to do business in India, they look for partners as well. I think since we have a very strong relationship, and we also trusted many things, not only from the people point of view, but also from management capabilities, their strength in Korea, their succession plan.

I think we are very, very confident that we can expand our relationship with the group. And therefore, I think based on our current relationship, we became also the very trusted partner for them in India. And so we joined hands together and happy to take this company up together now. I think -- so that is what all the story is behind this.

Mumuksh Mandlesha: Got it, sir. Secondly, just on the new HL Klemove JV acquisition on the ADAS area. If you can guide us how to look at the medium-term growth part for this entity with some background, if we can share what are the some new orders they are working. Some of the key customer mix. Which are the key customers they are working with? And any targets to share, obviously, last 2 years had seen 23% CAGR. If you can guide us how to look at the medium-term opportunity for this entity?

Mahendra Goyal: Okay. So I think it's very difficult to share the overall numbers. But yes, as we look at this business, and I would like to just answer maybe what is built up in the pricing also of this transaction. I think we have a great hope from this business. The business pipeline is very strong. The company has been working with the -- good thing is not only with Korean customers, this company has been working with Mahindra and with Tata Motors actually. So that is one of the important things.

And just to share a small thing on this, that the Mahindra new vehicle, which they have launched in last 2-years, this company has a business similarly with Tata Motors. I think the growth opportunities are enormous from this business. The product cost itself is very large, actually. The per vehicle cost becomes very, very large, which help us to take turnover very significantly high in very few years actually. So I think we have a very high expectation. And I see that in our journey of INR50,000 crores in 2030, this company will make significant difference actually.

Moderator: The next question comes from the line of Jay Kale with Elara Capital.

Jay Kale: Congratulations team for the transactions. So my first question was on the 2 entities. Just wanted to check with you one of the things that the local OEMs are also struggling with adopting these kind of technologies, the localization effort. So just wanted to check from your perspective in these entities, are we significantly high in terms of localization and hence cost competitiveness?

How are we versus peers in India who are offering this? And are there any similar players who've already set up capacities over here? So just from cost competitiveness and peer set, wanted to check whether we have opportunity in other OEMs apart from Korean OEMs and Mahindra and Tata that you mentioned?

Mahendra Goyal: I think localization point of view, if we look at the first transaction, which is with respect to the HL Mando Anand. I think there is fair level of localization already reached. And from the business perspective, this company was depending on Korean customers. Very pleased to share that the dependence has significantly reduced now almost, I think, say, 40% of the business is coming from non-Korean companies with respect to HL Mando actually.

So we have opened door with all the customers. We started with Hyundai, of course. When Kia came in, so we had a business with Kia. Now we have with Tata Motors. We have with Mahindra. We have with Maruti Suzuki as well actually. So I think HL Mando is well poised from that point of view. And when I look at the other transaction on the HL Klemove side, the localization will start. I think we are -- as the industry will move. I think there is a fair plan to further localize.

And as I said already from the business perspective, other than Korean customers, we are there with Mahindra, we are there with Tata. I think that primarily the only 1 customer is left, Maruti Suzuki, and of course, that is something as they appropriately adopt with ADAS technology also, we will have opportunities with them as well. I mean, so far, they have not reached to a level we are adopting, a proper level of the ADAS. So I think those opportunity will emerge, the OEM will have the plans actually.

Jay Kale: Understood. That's heartening to know. And secondly, I have to just look at FY '30 targets, of course, ambitious targets of INR50,000 crores. That entails a lot of inorganic opportunity as well. And it is heartening to know that we've started with a decent size inorganic opportunity apart from the earlier 2 ones announced last year.

Any targets or any direction that you can give that how should we see the mix in FY '30 from a segment perspective? Is it that incrementally passenger vehicles will be a larger component going ahead given the relationships with the Koreans? And is there any conscious effort to diversify further maybe into CVs and 2-wheelers also? Any direction you can give from that perspective? And also is non-auto anywhere in the scheme of things, any segment of the non-auto in your FY '30 targets?

Mahendra Goyal: Okay. So I think I look at it overall group perspective. So INR50,000 crores, we will be targeting in 2030. That is what our plan is. And when we look at it, Gabriel becomes definitely the key entity for bringing these growth opportunities. So right now, we are focusing on automotive components group businesses. What we intend to bring to Gabriel India, and yes, I'm not limiting ourselves to the passenger car. I think there's no such strategy that we will be only limiting to the passenger car. Our growth is around commercial vehicle.

We have a lot of focus on the 2-wheeler side, actually, the business -- that is another segment which is growing. And we also intend to bring focus on the off-highway segment, that is also going to be our priority as one of the growth area. So these are some of the initiatives.

On the EV side, yes, we have a separate vertical already, which is there in the name of Anevolve, which we started some time back. So that is still progressing actually. So we have reached to a matured level, but which is progressing actually basically. So in nutshell, I think we are not favorite to any segment, and we are not averse to any segment. But yes, we will stay with the automotive segment actually from a growth perspective.

Moderator: The next question comes from the line of Viraj with SIMPL.

Viraj: Just a couple of questions. First is, can you just call out the -- is there any restructuring or merger-related charges on FY '26 -- so on an annualized basis, what would that be? So that is one. Second is on the JV and the new businesses. Can you give some color in terms of what are the regulatory -- major regulatory events you expect playing out in '27 and next 2, 3 years?

And do you see any major tailwinds for the business. So I think you talked HL Klemove. There's autonomous emergency braking standard which is going to be implemented. So any color you can give on that? And third is, again, on the JV. See, if you look at Henkel or Myutec, the year gone by, you've seen a very subdued growth vis-a-vis what the end industry has done. And similarly in terms of profitability you've seen a degrowth in FY '26. So what has really happened there? And how do you see those 2 entities going forward?

Mohit Srivastava: Restructuring cost question which you mentioned Viraj. So I think in the Project RISE earlier and now in the Project Jupiter, we have transparently declared all the advisers whom we have worked to ensure the high level of governance and their advisory fees have been incorporated in last year's profit and loss and whatever we will be paying for this year also be incorporated. So the number which you see for the profitability is after considering those costs. At the overall level, we do not see that cost has any significance with respect to our profitability. The later part of the question with respect to the 2 entities...

Atul Jaggi: This one was the question on the regulatory events related to this transaction.

Mahendra Goyal: I think regulatory events is primarily is already approved by the Board of Directors. So that is done. And therefore, we…...

Viraj: Sir sorry to interrupt what I meant from a regulatory is, say, you have CAFE norms and then you have industry standards in terms of autonomous emergency breaking, which might probably impact positively the HL Klemove, right? So similarly, do you see any other regulatory norms, which would positively or negatively affect our various businesses?

Mahendra Goyal: I think if you look at both the products are dealt with the safety. And you can see from the safety perspective, the regulatory changes, which may emerge in the future, it's definitely going to help both the products actually when you look at from the steering point of view or from a braking point of view, which is part of HL Mando. And if you look at the HL Klemove, which is primarily again to deal with ADAS products actually.

And you can see what is happening now. The ADAS regulations are being effective. I think there are different level of ADAS technology. I see this is happening in commercial vehicle at a lower level. And of course, the things are moving in the passenger car as well. So looking from the future perspective, the regulatory will only help growing these businesses, whether it is braking or it is steering or it is ADAS, because all deals with safety.

So we see the positive impact in the future of all those changes as far as the business is concerned. And one more thing which is also very important to understand that ADAS is to deal with braking and steering actually. So it's a very integrated solution, which we should be able to provide from the technology point of view, which I'm not sure that is very easy that someone else will try to bring it to the customer actually. So I think it should all help in the growth of the business.

Viraj: On the 2 JV, sir, you've seen not a great performance in '26 and profitability is also degrown?

Mahendra Goyal: I think one of the thing was with respect to sunroof business, that is primarily -- I'm sure you must have heard that they had some operating issue at one of the supplier of Hyundai Mobis and where the Hyundai was not able to produce the vehicles actually, almost our business was down because of the Hyundai was not able to produce the Creta, and that impacted the business, especially in the sunroof. So that is creating some impact in the current quarter actually. But I think as we look at from the customer perspective, they say that they should be able to recover the production which they lost in the first quarter.

Viraj: I meant about Henkel and CY Myutec JVs for FY '26. You've seen a profit degrowth?

Mahendra Goyal: Henkel, again, I think it's an issue with respect to some of the commodity changes, which we started with the Middle East situation. So that has impacted -- and we account for these recoveries on the actual basis, I think these impacts will come in future in their profitability, actually.

Moderator: The next question comes from the line of Amit Hiranandani with PhillipCapital.

Amit Hiranandani: Yes. Congratulations to the team for 2 strong acquisitions. Sir, just on the HL Klemove, I just wanted to understand how much is the content per vehicle and the localization plans you have on this thing?

Mahendra Goyal: Yes, the content per vehicle will always depend actually. But I think in my view, it can go, I think my estimate is maybe INR20,000 to INR60,000, INR70,000 per vehicle, all will depend what kind of a level that our OEMs would like to target in their vehicle. But I think the content can go as high INR60,000 and as low as maybe INR20,000 or slightly less actually.

So that is -- that is one part of information. And I think there are fair localization plans. So those details, we will continue to share with you but as we look at, we are entering into the joint venture as we examine the business plan, I think their fair localization plan in this direction as well.

Amit Hiranandani: Right. And sir, how much gross debt and cash we have as on 30 June? And how much amount are we planning to raise for HL Klemove?

Mohit Srivastava: Yes. We have about INR250 crores of cash at the end of quarter 1 and so far, we have been funding our working capital and capex from the internal approvals, which we can avail the short-term facility, which should take care of the first tranche of transaction, which we intend to discharge in -- by September. The total debt we will be putting up for the shareholders' approval is about INR1,600 crores. However, on the short and midterm basis, we feel that we will be requiring a debt of INR1,000 crores.

Moderator: The next question comes from the line of Rakesh Jain with Axis AMC.

Rakesh Jain: Congratulations, Mahendra and Jaggi Ji for another set of companies consolidating. So I have 2 questions. My first question is mainly on the HL Mando's revenue. If you can dissect what percentage of the revenue come from exports today? Because INR5,500 crores, given their affiliation with 2 Korean OEMs, it seems that there's a sizable portion of export revenue, which is sitting. And how should one think about it?

Because for HL Mando globally, we are about almost 10% to 12% of their global revenue. So we are fourth largest. Is that something one should keep in mind when looking at the revenue trajectory going forward in terms of the export opportunity because -- and how does the export opportunity size the group thinks about from this transaction?

And second question I have on the ADAS journey. So we do see that the HL Group talking about software-defined vehicles, ADAS picking up. Do you think that we are on the inflection point where these OEMs are going to translate into the journey of ADAS and software-defined vehicles in India? And how do we transpire that across OEMs? From a capability point of view, if you can tell us how does our ADAS stands today.

Mahendra Goyal: Yes. So thanks. I think from the exports perspective, right now, we do maybe 7% to 8% of the current business size in exports. And I can't guide you any number in future, but I would like to generally relate with the overall business outlook, what most of our partners are looking, including HL Mando, I think what generally the direction is that how the India become a manufacturing sector for supporting their businesses out of India, actually.

So that is -- that is the theory, that is the objective, which will drive further exports as we move ahead in future years. So that is something which we are very confident that the exports opportunities will emerge with this direction of our partners, actually. That is one part. And second is with respect to ADAS. I think, as I mentioned that I think all new vehicles, you see this configuration is there on the software point of view of ADAS I think let's say it's a need, in my view, and it's an additional feature, which OEMs are building into their vehicle.

So that is something which I would say that there will be overall focus from the OEM point of view and what we can bring to the table. I mentioned already that we will be the unique player, which are bringing braking, steering and ADAS together actually to the OEM. And one can understand that ADAS is to do everything with braking or the steering actually.

So if you look at this concept, we become one of the unique supplier in India to provide an integrated solution to the OEMs actually. And as far as our capabilities are concerned, we have a huge number of people who are in India and who are also in Korea working in engineering centers, and those facilities are definitely helping us to grow the technology actually.

Rakesh Jain: Sure. And just 1 follow-up. For the ADAS, the software piece of the business, does it come as a part of our integration or that fits with the global entity?

Mahendra Goyal: So it is -- so whatever is required for the vehicle software for the business, which we will be targeting in India. So that will -- services will be availed from engineering centers, and that become part of our business, but we are not participating in any business, which is outside of India actually.

Moderator: The next question comes from the line of Aditya Khetan with SMIFS Institutional Equities.

Aditya Khetan: Just a couple of questions. Sir, on to the stand-alone business, we have seen a decent dip of 80 to 100 basis points on margins. Could you quantify any sort of cost pressures we are seeing over there? Second, sir, on to the sunroof side, you mentioned that there was production loss from one of the customers Hyundai Creta. Any number, sir, if you can throw like -- so what was the revenue and EBITDA? How much loss we have taken during this quarter? And sir, what sort of volume numbers you are looking for FY '27 and update on the second phase of sunroof?

Atul Jaggi: Okay. So I mean to the first question on the margin on the stand-alone business. Yes, if you look at the details of the number, there has been in this quarter, there has been pressure on the material cost due to the commodity inflation that has happened. So it is a combination of impact that comes on a mathematical level, because even if the recovery is there, there is always a denominator impact that comes in.

And secondly, there is -- sometimes there is also a little lag in the recovery. What we are spending in the month doesn't get recovered in the same month there. So -- the recoveries are sort of getting aligned with the customers. Some of them already settled, some of them in the discussion. But sometimes it can take some time to release the purchase orders, et cetera. And basis that only we take it as a part of.

So, yes, whatever, there is a delay in the recovery, we are looking for the next quarters to make the recovery. That is on the margin part. Secondly, on the sunroof business, I think Mr. Goyal already mentioned, there was some challenges with one of the suppliers, leading to the lower production. The -- I think the overall numbers when we look at the quarter, there around, I think, somewhere around 15,000, 20,000 numbers that could have been produced more.

The good thing is that the customer has started pulling those numbers. They are very confident of making up those gaps in this quarter and the next quarter. And I think -- so from the budget point of view, we are not looking at any shortfall coming in. It is a timing issue definitely for something which is completely beyond the control of whether the OEM or the suppliers, but we are not looking at any shortfall coming in.

Aditya Khetan: Got it. Sir, on to the passenger vehicles, when we look -- so during the quarter, like we have grown by some 5.5% versus the passenger vehicle market growing by 15%. Clearly, we have underperformed over here. And our share also in the total top line mix has came down from 24% to 20%. Any change, sir, like are we focusing more on to the smaller cars like you mentioned in the presentation, like earlier, we were present into the SUV side. Has that mix gone down more towards smaller car, which is why the growth is slowing. Any thoughts on that sir.

Atul Jaggi: So I think if you look at the smaller cars, the growth is significantly higher than the market growth, but the gap is primarily on account of the UVs there. Some of the models, I think that have performed really well. We are not there on those platforms and some of the -- the biggest customers overall wallet share has been coming down. So that is also impacting because we are very strong there. So it was a model mix issue, I think, for the quarter, which is leading to this change.

Aditya Khetan: So will this improve sir going ahead? Like it's coming back to the normal range or this will continue?

Atul Jaggi: Again, see these things, they are purely dependent upon the model where we are present and how the model -- the new launches will perform. So obviously, given a choice, I would like all our models to do exceedingly well.

Let us keep the fingers crossed. But yes, the model mix issue has sometimes been very supportive also and sometimes it can be a challenge. But yes, I think generally, it averages out over a period of time.

Moderator: The next question comes from the line of Radha with Motilal Oswal.

Radha: Congratulations team. Sir my first question is you mentioned that M&M and Tata type customers from HL Mando. So I wanted to understand whether Mando is supplying shock absorbers to M&M and Tata as well? And if yes, then how will this be differentiated between the suspension business of Gabriel stand-alone versus the suspension business of HL Mando? And in terms of technology, do they have all the passive, active, plus semi-active suspension technology as well?

Atul Jaggi: Can you be a little clear. I think either you're on a speaker or you are at a place where it is -- your voice is echoing. Yes. I think maybe you can speak a little slowly, and don't use the speaker, it will be helpful, please.

Radha: Yes, sir. Is this better?

Atul Jaggi: No.

Moderator: Radha, could you please use your phone on the handset mode?

Radha: Yes. Hello. Is this better?

Moderator: Yes, much better, please go ahead.

Radha: So it was mentioned that -- since you mentioned that M&M and Tata are top customers from HL Mando. So wanted to understand whether HL is supplying shock absorbers to M&M and Tata as well? And if yes, then how will this be differentiated from the suspension business of Gabriel stand-alone and the suspension business of HL Mando. And in terms of technology, do they have passive and semi-active suspension technology as well.

Mahendra Goyal: I think from a business perspective, we don't see right now, Tata having business with HL Mando. It's whatever we talked about related to the steering products from the HL Mando side. We don't have any business with Tata Motors and that is what it is. I think from the technology point of view, they are well ahead as for the market.

So we don't see any issue. And in fact, with this transaction, it becomes complementary actually for us, whether the business is in HL Mando or with Gabriel, finally it becomes part of Gabriel actually as per this consolidation. So that is in fact helping us to integrate the technology directly or indirectly and also the business into our fold.

Radha: Understood sir. And second question is Dana parent entity in U.S.A. has merged with Eaton Mobility, and that significantly expands the product portfolio of Dana. So is there any conversation around how the Eaton Mobility plants in India are going to operate? Whether there can be synergies that can be beneficial from -- for Gabriel from this point of view?

Mahendra Goyal: It's too early to comment. Actually, the transaction we just announced, it is not even closed actually. So I think these discussions will fall in place maybe once the transaction is also closed. So as you would see that it was announced last month, I think the process has to close from the process point of view.

And then I think this discussion may take place. But right now, our joint venture has been doing very, very good for this business. And when we do look at any integration solution in the future, maybe we have to see whether it is right for us or not to go with the Eaton actually, considering the way the business is performing currently actually. So I think those analysis will take place later but it's too early right now.

Moderator: The next question comes from the line of Pratit Vajani with Union AMC.

Pratit Vajani: Congratulations on the transaction. Just a couple of questions. Firstly, on the consolidation part. What are the white spaces the management is now incrementally looking to address considering that the balance of the entities would be consolidated someday in the future. So in order to reach to that INR50,000 crores mark, what are the white spaces that the management is looking for? That is one.

And the second, if the management can also address on the newer capex and the capacity expansion target which the company has given. So one part was the INR180 crores odd expansion, which was called out in the media a couple of days back. What was that related to as in which all entities are they trying to address considering a host of entities are already present in Hosur?

And also on the export target, the 10% export target. What is the trajectory they would want to -- which all entities they are targeting to ramp up on the exports part. So those would be my 2 questions.

Atul Jaggi: I think the reference that you are taking is predominantly on the, I would say, the suspension part of the stand-alone business. There I think a couple of points were discussed. One was the capex part, the extensions that we are doing in various locations, including the one in the largest plant around Hosur, but it is not only limited to Hosur it is also across certain other expansions because we are expanding the plant in Khandsa, which is Gurgaon. We are also making expansions in our Sanand plant.

I think it was a combination of all the expansion and new investments, including the technology investment that we are making on the suspension business. On the export part, I think we discussed predominantly on the way forward on the export opportunities that we are looking at potential opportunities on the shock absorber side and also on the solar and the e-bike side. So I think this is the combination of all 3, we had set up a target of 10% exports in the coming timeline. So this is to answer your question.

Moderator: The next question comes from the line of Shashank Kanodia with ICICI Securities.

Shashank Kanodia: Congratulations on your good set of acquisitions, especially protecting the interest of minority shareholders and the acquisition becoming EPS accretive from day 1. I have just 1 question, sir. So as you mentioned that post Mando in our kitty, we now account for 70% group revenues. So what's the outlook on the rest 30% of the pie? So is it something which gets consolidated in the due course of time? And if we could assign any timeline to it? Or this is something which is difficult to consolidate.

Mahendra Goyal: I think if you see, as we have been talking last 1 year through Project Rise that the Gabriel is our growth engine, and that's what we have been talking and -- our idea is to also look at bringing new businesses into Gabriel also as appropriately fit in, bringing the existing business into the Gabriel fold from Anand. So we made significant progress. As you can see that the Project Rise, we reached up to the 58% of the group sale, and we now Project Jupiter, which is Mando, which I said, the largest business, which we are bringing into the Gabriel fold.

So we will be reaching almost 70%, so the balance 30% is left. I think that appropriate time as we -- as we have seen in past. So those efforts will be there, and they are appropriately fit in from a strategy point of view or from the partner's perspective also. So we don't deny that those will not come. But yes, timeline we have to see as it is appropriate, actually.

Moderator: The next question comes from the line of Jayesh Gandhi with Harshad Gandhi Securities.

Jayesh Gandhi: So first congratulations for the acquisitions. I have 2 questions. First is does this agreement on JV, give us an opportunity to increase our holding in future also?

Mahendra Goyal: Okay. There is no option right now, but it doesn't mean that we can't do that. I think if I look at overall the global scenario, mostly the people will look to give us opportunity to increase our share because they also need cash and as Indian market is doing good, definitely, our desire will be to increase our stake actually basically. So if it is not in agreement, it doesn't mean that it is not possible. Everything can be discussed and decided whatever is not written in the agreements.

Jayesh Gandhi: Okay. And sir, another question is for HL Klemove. Can you just provide an opportunity size and competitive landscape, which is there currently in India? And I guess you haven't provided any color on the margins which the company is doing currently?

Mahendra Goyal: We have already shared our information, which is there in the investor deck, which is uploaded already. I think if we look at the 2026 results, we are talking around INR1,000 crores of the company. In the current year, financial year '26, which is right now unaudited results, but yes, very close to the audit.

And we are looking for adjusted EBITDA of around INR129 crores from this business actually. That is again unaudited, but very close to the audit. This is something which is there. And as far as the facilities are concerned, the facilities are there, manufacturing in Chennai, which is also very much given in our investor deck actually.

Atul Jaggi: So you can refer to Slide 13 and 17, which will give you the details of both the entities, I think all the expected answers are there on these 2 slides.

Moderator: The next question comes from the line of Viraj Sanghvi with Ambit Capital.

Viraj Sanghvi: Congratulations on the transaction. I have 2 questions surrounding HL Klemove. First one is that HL Mando growth globally has been vocal about its prospects on robotics, humanoids and actuators and HL Klemove India seems to be in a line of business which is similar growth solution. So if they plan to bring those products to India, would they be housed in this HL Klemove India entity?

And secondly, HL Klemove India seems to be doing primarily business with HL Mando Anand and -- which means you are providing an integrated solution. So would that be something which will continue going forward? Or would there be more third-party sales also happening from HL Klemove India?

Mahendra Goyal: I think the company started with supporting HL Mando in India. And so therefore, that whatever -- as a supplier, they are working that continue to work. So it means that if HL Mando is growing business, and the products, which are primarily related to the issue and those will continue. But from the HL Klemove independently, I think that is not the strategy that they will only depend on HL Mando, our primary aim, not only aim, it's already started actually.

So we have good business with Mahindra secured. We have good business with Tata secured already. Those are in their upcoming vehicle, which are already on the road. The product size also I shared, almost INR50,000 to INR60,000 per vehicle set. So we have all good future for HL Klemove. But certainly, our target is just to support for HL Mando that continues.

Because there's no point in replicating the facilities at 2 places. But the primary objective to grow independently the business on the ADAS side as far as HL Klemove is concerned actually. But good thing for us that we are partnering both. So any transaction happening within this company that is helping us overall.

Viraj Sanghvi: Sure. And on the first question, sir, about robotics, actuators, and humanoid.

Mahendra Goyal: Sorry, can you say again what was it?

Atul Jaggi: There are other products like actuators and robots. So I think as Mr. Goyal explained, even if you look at the HL Mando group also, I think we started with 1 product over a period of time, we will continue to add the product. Similarly, so that is -- that happens in any joint venture once the relationship is there. The trust is there, which is there probably in the last 30 years. Obviously, this has just been signed off now.

And obviously, at the appropriate time, we will also look at more opportunities coming in the Indian market, and we'll continue to explore expanding the portfolio. But giving a sort of a firm answer today on this, I think it is too early.

Mahendra Goyal: Only one thing is to understand that I think we are their partner in India. So anything Mando do globally, which they want to bring to India, I think we become the preferred partner for the businesses actually.

Moderator: The next question comes from the line of Naman with Sanghvi Family Office. Naman, please go ahead with your question.

Naman: So I understand from the business update presentation that now majorly after these structuring that has taken place, majority of the Anand Group's revenue will now kind of be reflected at Gabriel. Is that understanding correct? Or are there some other entities also that might be in another round for restructuring? So that's the only question.

Mahendra Goyal: I think we already answered that. Same thing that we started the journey with the Project Rise and now with the Project Jupiter. And we have been very openly talking to all of you that our aim is to bring new investment in Gabriel and also look at appropriate opportunity to transfer the existing business into Gabriel fold. A significant portion is already done with this transaction. And of course, as it is appropriate, we will also look at other businesses at the right time.

Moderator: Ladies and gentlemen, due to time constraints, we will take the last question from the line of Shweta Sharma with Arihant Capital. Please go ahead.

Shweta Sharma: Sir, my question is regarding fundraising via QIP. So given the Gabriel's historical cash or comfortable balance sheet position, is this capital tagged for inorganic acquisition or accelerated sunroof or EV capex or debt restructuring? Also as we see after the Anchemco consolidation in Gabriel, some debt amount transfer to the company. So what is the debt equity outlook for FY '27? And what are the expected annual interest cost implications? This was my first question.

Manish Mundra: So this is Manish, from Anand and we have no plans to work on QIP right now as Mohit explained earlier. We are looking at funding these both transactions in a combination of debt and equity. So that is the plan. And for that we will find out whether what kind of finance works out. This is where we are and what was your other question?

On the debt equity. So debt equity should be 1:1, once we close our transactions -- both these transactions, the debt equity from the '26-'27 perspective should be 1:1. Right now it is less than 0.1 to 0.2 and then it will be around 1:1.

Shweta Sharma: And what will be the annual interest cost implications?

Mohit Srivastava: Look, we still have to work it out, the various sources of funds which we are evaluating from the various instruments of debt and as Manish explained, we are at a very comfortable stage looking at the consolidated balance sheet and P&L which we have presented of Q1. Subject to approval, this size will go up.

So I think we are at a very comfortable stage of raising approximately INR800 crores of debt. We are evaluating as I already mentioned various instruments and we will work it out the cost and probably it will start reflecting from the next quarter. We will be in a better position to explain the cost of interest from next quarter onwards.

Moderator: Ladies and gentlemen, that ends the question-and-answer session. I would now like to hand the conference over to Mr. Mahendra Goyal for the closing remarks.

Mahendra Goyal: Thank you so much for participating in today's call, and we hope that we have been able to address all your queries. For any further information, kindly get in touch with any of us or Strategic Growth Advisor, our Investor Relations advisers. And thank you once again for your participation. Thank you so much. Have a good day.

Moderator: Thank you, sir. Ladies and gentlemen, on behalf of Gabriel India Limited, that concludes this conference call. Thank you for joining us, and you may now disconnect your lines.