"Gabriel India Limited
Q4 & FY25 Earnings Conference Call"

May 21, 2025

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MANAGEMENT:

- Mr. Rishi Luharuka – Chief Financial Officer – Gabriel India Limited
- Mr. Atul Jaggi – Managing Director – Gabriel India Limited
- Mr. Nilesh Jain – Company Secretary – Gabriel India Limited

Moderator: Ladies and gentlemen, good day, and welcome to the Gabriel India Limited Q4 FY '25 Earnings Conference Call. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinion and expectations of the company as on the date of this call. These statements are not the guarantees of future performance and 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 the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Atul Jaggi. Thank you, and over to you, sir.

Atul Jaggi: Yes. Thank you. Good morning, and very warm welcome to everybody present on the call. With me today, we have Mr. Rishi Luharuka, our CFO; Nilesh Jain, our Company Secretary; and SGA, our Investor Relations Advisor. We also have with us today, Mr. Mohit Srivastava, who will be taking over from Rishi starting 26th of May.

So we have uploaded our results and investor presentation for the quarter ended 31st of March '25 on the stock exchange and the company website. I hope each one of you had a chance to go through the same.

I'm pleased to announce that in line with our commitment to creating shareholder value, the Board of Directors has recommended a final dividend of INR2.95 per equity share on the face value of INR1, along with an interim dividend of INR1.75 per equity share declared earlier in this year, the annual payout translates to 32%. Now I'll provide a brief overview of the company's operations and key highlights of the auto industry.

So Gabriel is stepping into the solar damper space, recognizing the growing importance of solar energy in the global push for sustainability. One of the key components in this entire set-up is the solar tracker, a device that keeps the panel aligned with the sun to capture the maximum amount of energy and improve the overall efficiency. So that's where the dampers come in, and that's where we come in.

So they help control the motion and also reduce the damage to the trackers and ensure that the solar panels are more efficient. So solar dampers market is expected to reach around USD 326 million by calendar year '25. And the growth expected is around 15% annually till 2030. So as of now, Gabriel is working with 2 export clients and 1 domestic customer, where the production is expected to start in FY '26.

Now coming to Q4 FY '25 performance. Our stand-alone operating revenue rose by 8.4% year-on-year to INR931 crores, supported by higher volumes and strong sales performance in all our segment, with 2-wheeler growing by 10%, passenger vehicle segment growing by 6% and CV and railway combined by 3%. EBITDA grew by 13% Y-o-Y to INR87 crores with margin improvement to 9.3%.

We have achieved a 10.2% EBITDA margin in our consolidated business, fueled by Gabriel stand-alone performance and Inalfa. Our EBITDA margins have continuously been improving on the back of improved volumes and our Core 90 program.

Coming to the full year performance. The revenue from operations for the stand-alone business grew by 9% to INR3,643 crores. The 2-wheeler segment growth was 12%. Passenger vehicle was 5% and overall CV was in line with the market where a degrowth of 4% was there. EBITDA stood at INR324 crores with margins at 8.9%. PAT at INR212 crores, a 14% increase over INR185 crores reported in FY '24.

In FY '25, Inalfa Gabriel Sunroof Systems Private Limited reported revenue from operations of INR420 crores and PAT margins at 8.1%. The Sunroof business continues to experience strong demand, fueled by good performance of the UVs and new vehicle launches. So, our well-time entry has positioned us strategically, and we are now set to double our sunroof production capacity by second half of CY '25 to meet the growing demand. So on the consolidated basis, revenue stood at INR4,063 crore, which grew 19.4% Y-o-Y. EBITDA at INR392 crores with margin at 9.6%. PAT stood at INR245 crores.

Now coming to the industry. The 2-wheeler volumes have shown a upward trend in the quarter 4 period also, reflecting a 5.3% Y-o-Y growth, which was majorly backed by the strong scooter and the overall rural demand. In terms of passenger car, again, there was a growth of 4.1%, again, due to taking count to 13.5 lakhs for the quarter 4, and this was primarily led by the strong performance of the UVs, which again grew at impressive 11%.

In the last quarter, the commercial vehicle segment recovered, and we saw a growth of around 4.4%. We hope this trend continues. Coming to the EVs, the EV registration reached 2 million units in FY '25, up from 1.7 million in the previous period. So, we continue to strengthen our position in this particular segment, which has been a strong point for us and with a few more LOIs received in this particular quarter.

So on that note, I come to an end of my opening remarks. I now request the moderator to begin the question-and-answer session.

Moderator: The first question is from the line of Mumuksh Mandlesha from Anand Rathi Institutional Equities.

Mumuksh Mandlesha: Congratulation on the solid performance this quarter. Firstly, can you update on the orders for the sunroof and the solar damper, sir? Any new orders in sunroof? And what could be the size of the solar damper order size, sir?

Rishi Luharuka: So, Mumuksh. Good morning and thanks for asking that question. In the previous quarter, we have not won any new orders. So we already have a order pipeline for 2 lines in Chennai. And as MD already suggested that we are looking at doubling the capacity in Chennai by the second quarter of this year. We are in advanced discussions for various programs, including some in the western part of India, but we will appraise the community once we have that in place.

Atul Jaggi: So, yes, thanks, Mumuksh. On the solar dampers, as I just mentioned, I think we have already won couple of export orders and one order with the domestic customer. So we are in the process of now submitting the part, and we are expecting the mass production to start later this year. So there, we have 3 businesses which we have won.

Mumuksh Mandlesha: Is it possible to share what would be the size of this order and time line of the implementation, sir?

Atul Jaggi: So as I said, in sort of end of this calendar year, we are hoping to start the production and then obviously, the ramp-up will happen. see, these are like open orders. So sharing the size of the business at this moment is little difficult. But definitely, I think as I had mentioned in the previous call also, we are looking at this business being a sort of a INR200 crore plus business in the next 2 years. So definitely, at this moment, I can share this. And as -- and get sort of more POs and other things, we will be updating you.

Mumuksh Mandlesha: Rishi, sir, for this quarter, there was a good improvement of stand-alone margin across the cost elements. Can you explain what drove the margin, sir?

Rishi Luharuka: So, Mumuksh, one is, obviously, we are built for volumes, and that's what we have been consistently telling the market. This year, we had a Y-o-Y growth of 8.4% (in Q4 FY25). That's one that drives the margin upwards. Second is that at a contribution level also, we've improved through our consistent efforts on the Core 90 program. Some of these programs do take effect in the books of accounts in third and the fourth quarter, and that's what we are seeing here on.

Mumuksh Mandlesha: Sir, on the capex side for this year, FY '26 for the stand-alone suspension and MMAS, what could be capex for this year?

Rishi Luharuka: Including MMAS, we are looking at anywhere between INR100 crores to INR140 crores, and that's what consistently we have been sort of utilizing, though we may have commitments which are of a bigger value. But in terms of outlays, that's the number we are looking at.

Mumuksh Mandlesha: This would be including sunroof, right, sir?

Rishi Luharuka: No, excluding Sunroof. For Inalfa, it depends actually on the Western facility that we had announced previously. But broadly, we are talking about anywhere between INR50 crores to INR100.

Mumuksh Mandlesha: Okay. So this basically planning for the next facility in Western area. This is what basically that would depend the number?

Rishi Luharuka: That's right.

Atul Jaggi: Yes.

Mumuksh Mandlesha: Got it, sir. And just on the Sunroof side, currently, localization levels are around 30%, where currently we do more of assembly and the BU line. Going ahead, if our plan to increase the localization. So, I understand what kind of capex investment that would require to increase the localization level and which areas can be localized, sir?

Rishi Luharuka: So for FY '25-'26, we are not looking at significant change in the localization pattern. However, our endeavor is to move towards 50% to 60% of localization in 3 to 5 years of time. This will all depend upon what component we end up localizing. But as of now, we are not in a position to share the numbers, which are corresponding to the localization impact.

Mumuksh Mandlesha: Got it, sir. And then finally, sir, this year, the target remains for one more opportunity, M&A side, sir?

Atul Jaggi: Yes. So as we mentioned earlier also, I think there are some discussions going on. So definitely, the target is intact. And as of now, we are on track.

Moderator: Next question is from the line of Aditya Khetan from SMIFS Institutional Equities

Aditya Khetan: Sir, my first question is on the solar dampers. You have given this revenue potential of INR200 crores. So does this include the new facility which we are adding in the second half?

Atul Jaggi: No. So, no, we are not adding any facility for this. Obviously, for this, there is a line that would be added primarily to manufacture this, which will not be a very large capex. But a separate facility, we are not adding for this. This will be manufactured in one of our plants.

Rishi Luharuka: Sir, just to clarify, they are not getting any addition of new facility in Gabriel standalone.

Aditya Khetan: Got it. So, sir, this INR200 crores is from the first line only, which we have right now?

Rishi Luharuka: I think what we mentioned, just to clarify we are looking at this line of next 2 years (13:50), okay? This is what we had mentioned. Aditya, I think some confusion here. You are mixing Sunroof with solar damper. The first line that we mentioned is for the Sunroof. The line for the solar is yet to be put in place.

Aditya Khetan: Got it. And sir, any sort of volume guidance for the next 1 year in CV, PV and 2-wheelers?

Atul Jaggi: See, obviously, market, the projections are there. 2-wheeler is expected to grow at around say 6% to 7% . Monsoon predictions are quite positive. In terms of PV, again, we are looking at the number varies, but our expectation is 4% to 5% at least there. And CV has recovered. So we hope that trend continues. I think last quarter, finally, the CV was positive. So we are hopeful that at least that continues in [inaudible 0:15:04] best case scenario.

Aditya Khetan: Got it. Sir, on the 2-wheelers, so the Hero MotoCorp business will be added in this fiscal?

Atul Jaggi: I hope so.

Aditya Khetan: Okay. Okay. So sir, if suppose it is not added yet, so we are looking at a single-digit growth in volumes for 2-wheeler?

Atul Jaggi: See, that effort is going on in a positive direction. But in the case of 2-wheeler, for last many years, I think we have outgrown the market significantly. So with or without Hero, we believe the trend will continue.

Aditya Khetan: Got it. Sir, just one last question. Into the Sunroof business, sir, is it possible to share the FY '25 volume figure on the total capacity of 2 lakh?

Rishi Luharuka: So unfortunately, these are contractual obligations with the customers, so we are not in a position to do so. But you can take the vehicle population and use an estimate around it. We are a single source for Creta and for Alcazar at this point in time and for the Kia new car.

Aditya Khetan: Got it. And this new facility of Sunroof will be added in the later end of like FY '26? Or you think it will be added in the mid only?

Rishi Luharuka: At this point in time, it's difficult to comprehend when it will be happening. It is dependent on some discussions that are going along with the customer lines. So once that is clear, we'll let you know.

Moderator: Next question is from the line of Vatsal Desai from HDFC Mutual Fund.

Vatsal Desai: Congrats on a great set of numbers. Firstly, your voice was a little muffled when you answered the question for stand-alone capex. So could you please state that number…

Rishi Luharuka: Vatsal, sorry, your question, you are not very clearly audible. You need to probably come closer to the mic.

Vatsal Desai: So my question was, I missed the stand-alone capex figure, so can you please repeat that one?

Atul Jaggi: Yes, can you hear us? If we are audible, then I think Rishi said it is anywhere between INR100 crores and INR150 crores.

Vatsal Desai: Okay. Understood. And my second question is, on the European bicycle market. So could you please give the quantum of what the revenue and the margins will look like for the European bicycle, please?

Atul Jaggi: So Vatsal, while I think your voice was again cracking, but I think you were asking about the e-bike business, the European bicycle business. So, yes, I think we are in discussion. We are in advanced discussion with 3 to 4 customers there, OE customers, the manufacturers of the e-bikes, a few products now which are sort of already developed and being offered to the customer. So this is the current status there.

Now in terms of margins, obviously, the business has to get finalized and then only we can sort of commit on the margins. But yes, this product generally, globally has a reasonably good margin. So -- and it is an attractive product is what I can share with you today. But yes, once we have the firm LOIs in hand, I think we'll be better positioned to talk about the immediate top line and the bottom line, yes.

Moderator: Next question is from the line of Tushar Gupta from Sagun Capital.

Tushar Gupta: Sir, I want to know the revenue potential from the asset acquisition current year from Marelli, MMAS?

Rishi Luharuka: Okay. So, we had already advised the market for it. We are looking at anywhere between INR100 crores to INR200 crores of top line.

Tushar Gupta: This year, sir?

Atul Jaggi: Starting this year, this year.

Tushar Gupta: What are the margins we can expect from this segment?

Rishi Luharuka: We do not share margin profiles.

Moderator: We'll take the next question from the line of Viraj from SiMPL.

Viraj: Just 3 specific questions. First is on Sunroof. If you can just elaborate on the contingencies provisions which you have taken of INR15 crore, what does it pertain to? And going forward, what kind of a impact it would have on financials? And related question is margins, if you adjust for this INR15 crores, margins in the Sunroof business even in this quarter is close to 20%. So if you can just give some more perspective on the drivers of margin?

Rishi Luharuka: So Viraj, I'll take the first 2 questions. Regarding the provisions that we have taken on account of the classification issues with the imports that entity is doing. We are in discussions with our experts to understand whether the classification requires a change or not. As of now, we have provided for an amount, which is commensurate to the impact that we might have in a worst-case situation.

And this for one of the products was already understood by us that there might be some issue. So we were building on these numbers. As of now, we are sufficiently and adequately provided for the year '24-'25.

Your next question is with regards to going forward, well, this is something that we will be able to only appraise once we are clear on the outcome of the discussions and the analysis that we are doing on the adjacent classification. So once that is through, we will be in a position to tell the impact and how we will compensate the same. And that's also the reason why you see not a significant dip in the margin profile.

But as we have always been saying that the current margin profiles are higher on account of one of the programs getting localized. So that's a special price. Going forward, again, owing to competition, we have always suggested that anywhere between 10% to 14% is the margin profile at an EBITDA level for this entity.

Viraj: Okay. Just one follow-up on this. If I look at the consol minus stand-alone for the second half, we have something like around INR26 crores of operating expenses. And Q4 alone was INR16 crores. So this INR15 crores of provision is routed through P&L or, just trying to understand.

Rishi Luharuka: Yes, provision will be routed through P&L, and it's not an H2 phenomena. This has been being built up since inception.

Viraj: Okay. Got it. Just one last question. The acquisition of Marelli asset, if I have to look at going forward in '26, any perspective you can give in terms of scalability and profitability as well? Will it be a drag on the P&L going into '26?

Atul Jaggi: Yes. So as I think Rishi already mentioned, so with sort of immediate or a short-term view, we are looking at a top line of, say, INR100 crores to INR200 crores in between there. So whatever be the drag on the profitability will not be too significant anyway considering the top line.

Now as I think we have been mentioning earlier also, we see a good potential, both in the gas dampers and obviously, with the current customers on the regular products, the strut and the shock absorber. So we have already started working with some customers there. we sort of took over the operations from April. So it is only 45 days that have gone. So we are also getting a good hold of the operations and other things and the challenges.

So yes, we have started interacting with the customers to see how we can improve the top line there and also working on improving the bottom line. So we have already started on both the activity. Hopefully, I think in the coming quarters, we'll have some better orders in that segment also or that location also.

Moderator: Next question is from the line of Abhishek Jain from AlfAccurate Advisors Private Limited.

Abhishek Jain: Congrats for a strong set of numbers. Sir, mix in the 2-wheeler segment is including for the inverted forks & traditional forks (27:00) -- so, how do you see the revenue growth over there the next two years?

Atul Jaggi: Yes, as you rightly said, and I think we discussed it earlier also, the market has started moving towards the inverted forks where the sort of the price realization is definitely better. We have also started getting more orders from different customers on that and this is a fast-growing sub-segment for us.

I think as we mentioned, we started supplying for TVS Apache and there's another LOI that we have received from TVS. We are working on couple of other projects with another OEMs. And then I think recently, we have won 2 more orders with one of the EV customers who want to use the inverted front forks there. So definitely, the growth here would support the overall 2-wheeler growth. And as I said, the price realization is definitely better. So that will be an additional support.

Abhishek Jain: And how much the difference in the price realization?

Atul Jaggi: It is very difficult to say because the front forks works on sizes, and there are like -- there are at least 10 to 12 sizes and the price can vary significantly. But on a apple-to-apple basis, it can be, say, 2x, 2.5x. In certain cases, on a very top premium level, it can sometimes be also 3x. But that is not very common. Generally, it is around 2, 2.5x.

Abhishek Jain: And my last question on the -- you are going to add 2 products, solar damper and EV front forks. So what would be the incremental revenue for these 2 products in next 2 years?

Atul Jaggi: So yes, I think solar damper, we discussed -- this question was asked earlier also because since we have started getting the firm orders from the customer. So I think we are looking at a revenue around INR200 crores in next couple of years.

On the e-bikes, as I mentioned, I think we are in advanced discussions because right now, the focus was more on the development of the product and sort of creating a basket. Now we are in discussion with a few OE customers in Europe. So I think once some progress happens, I'll be in a better position to talk about the expected revenues.

Moderator: Next question is from the line of Shashank Kanodia from ICICI Securities. The participant's line seems to have disconnected.

The next question is from the line of Amit Hiranandani from PhillipCapital.

Amit Hiranandani: Congrats for the good set of performance. Just a small 2 questions. Sir, stand-alone revenue on Q-on-Q basis was flat, but EBITDA margin improvement was about 73 basis points. So any one-offs here? And secondly, how do you see the margin after merging Marelli Motherson, starting Q1 FY26?

Rishi Luharuka: I will take the first question, we have always been stating CORE90 is a program that sort of embodies the whole profit improvement plan and some of these impacts obviously start coming in the later part of the year. Having said that, your question is regarding one-off. So there are no one-offs in this.

Atul Jaggi: Yes, and maybe on the second question, as I mentioned, I think there will be impact, but it is not going to be very significant looking at the stand-alone overall top line and the revenues that in the short-term, we are expecting from the entity. So yes and we have already started working on the margin improvement there also. So, there will be a little drag, but it will not be very significant is what we are expecting.

Amit Hiranandani: Sir purely, if we exclude the Marelli Motherson, so are we on track to achieve the double-digit level for the stand-alone by Q4?

Atul Jaggi: So I think we are moving in that direction is what I can say. The project in hand, the Core 90 sort of program, the revamped Core 90 is definitely supporting, and we are on track to sort of meet whatever we have committed on the margin. Yes, we have been consistently improving, which is a good sign, and we want to move in that particular direction.

Amit Hiranandani: Right. Just last one question, sir. Can Hero MotoCorp will be Gabriel' top 3 customer in the first year itself?

Atul Jaggi: No, not. Anyway, see, we don't have -- while we are discussing a few things there, but we don't have a firm LOI, I just want to clarify. The expectation from all of you and all of us is that Hero should become a customer and our efforts are towards that. Becoming top 3 customer in the first year is not practically not possible because obviously, the acquisition is there, then the development time is there, lead time is there. And obviously, you will start a business with one model. So it is always a gradual thought.

Moderator: Next question is from the line of Shashank Kanodia from ICICI Securities.

Shashank Kanodia: Congratulations for superlative performance. Sir, just wanted to check what will be the structure of Inalfa JV going forward, right? So right now, we are -- consolidation roughly 100% of the PAT to our consol numbers. So prudently, how do we project? So should we be building 49% of the PAT of the JV going forward? And what's the progress on that JV formation?

Rishi Luharuka: So, Shashank, thank you for asking that question. I can share what we can, which is that we are in advanced discussions to formalize the approach for the PN3 reapplication. It has got certain elements, which obviously because of confidentiality, we are not in a position to share. Once we have applied the same and have some guidance around it, we will be able to answer your pointed question in terms of 49%. But unfortunately, sorry, we will not be able to share that at this point in time.

hashank Kanodia: And secondly, sir, in your presentation, you mentioned this JV reaching INR1,000 crores of revenue potential by 2030, right? And it's been an import substitution product and your ramp-up on the first bit has been excellent. So is it a conservative guidance? Or is it possible that we attain this INR1,000 crores in FY '28 itself?

Atul Jaggi: Would desire and wish, but it has too many moving parts, including the new competition that we are seeing in the market. If you ask me FY '28, it is very aggressive to take that number.

Shashank Kanodia: Okay. And sir, lastly, if you can help us pinpoint the opportunity serving of this e-bike business, sir. So I think what's the number of units sold in that particular market, the ASPs of the product? Some sort of flavor if you can give it, sir.

Atul Jaggi: So see, globally, it is a very large market. Obviously, the global size of that market would be -- and just to clarify, you're talking of the e-bike business, correct?

Shashank Kanodia: Yes, yes.

Atul Jaggi: Okay. Yes. So see, globally, it is a very, very large business, both it is a B2B and B2C business. The global market would be more than a sort of $1 billion kind of a market or beyond that size. What we are targeting is currently a part of that market where we are working with few OEMs. So the focus for us is B2B and the product development is happening accordingly.

We are also working with one of the OEMs to sort of co-create a product, which will be a very unique product for the market. In terms of the price realization, again, it all depends upon the kind of bike that is there. So very difficult to mention because the price may vary from, say, $30 to maybe $200 or EUR 200 or even sometimes more than that. But generally, it is anywhere between 30 to 70 is something where the majority of the market lies, this is for fork, I'm talking about.

Shashank Kanodia: Right. Okay. And sir lastly...

Atul Jaggi: Margins generally are reasonably good. But obviously, we will have to sign the LOIs to exactly pinpoint on what is the margin. But generally, the margins are attractive, the price I said, 30 to 70 is something which is the mass market.

Shashank Kanodia: Right, sir. And sir, lastly, you have been aspiring to become a top 5 shock absorber place globally, which eventually meant that company clocking $1 billion of sales. Initial target was obviously 2025. But now, sir, how do you foresee that time line? And is that the same aspiration till date also?

Atul Jaggi: So, the, yes, the aspiration to be one of the global top 5 is definitely there. Yes, in terms of the time line, as you rightly said, I think the difference between, say, 7 and 5 is our difference than the $1 billion, okay? So how do we bridge that is something which we are working on. Obviously, there is a strategic plan in place to support that. But yes, we need to -- obviously, we need to look beyond India to achieve that number. So putting an immediate time line on this may not be possible. But yes, there is a plan to move -- continuously move towards that.

Moderator: Next question is from the line of Mahesh Bendre from LIC Mutual Fund.

Mahesh Bendre: Sir, if I look at a company level, I mean, the last 2 years has been phenomenal for us. We added multiple businesses. Sunroof is a one business. Then we did acquisition. Now we are talking of the e-bike. And in one of the interviews, our Chairman has also mentioned that adding more businesses probably this year and next year. So any view on this in terms of addition of new business over the next 2, 3 years?

Rishi Luharuka: So, see there are 2 aspects to it. One is the product line, which we sort of keep you posted like the solar or the e-bikes or the gas damper part, we have been updating you. On adding the new sort of product, yes, as I mentioned earlier, there are some discussions that are going on. We have shared in the past also that we would like to add at least one product this year. And as of now, I can share that we are on track. But sharing more details at this moment may not be possible.

Mahesh Bendre: So will this be organically? I mean, organic addition?

Rishi Luharuka: So, this -- adding new product would be inorganic.

Mahesh Bendre: Inorganic?

Rishi Luharuka: Yes. Organic is the product line that we have been talking about. This is something which we have been doing it, and we would continue to do and explore more opportunities like that. But this new product would be inorganic.

Mahesh Bendre: Okay. Okay. And sir, Anand Group has set a time line for achieving 20 -- I think, INR30,000 crores of revenue by 2030 and Gabriel being a main company within the Anand Group. So what is our role in terms of achieving the group's target?

Rishi Luharuka: So a small correction. The group vision is to be INR50,000 crore by 2030, and that is what I think the group Chairperson and the group CEO had mentioned. So obviously, if the group has to grow more than double, then Gabriel also has to grow more than double. So being a flagship company, we -- our target also remains the same.

Moderator: Next question is from the line of Mrunmayee Jogalekar from Asit C Mehta Investment Interrmediates.

Mrunmayee Jogalekar: Sir, my question was related to the Sunroof business. So this quarter, we have seen a uptick. Would that largely be aided by Creta EV and Kia Syros?

Rishi Luharuka: So, Mrunmayee, the uptake was in line with the new program on -- for the Kia platform.

Mrunmayee Jogalekar: Okay. All right. And would it be fair to assume that the Sunroof business was almost close to, say, 90%, 95% utilization in the quarter?

Rishi Luharuka: Well, for the first line that we have as an installed capacity, the answer is yes. It's close to 75%, 78% utilization.

Mrunmayee Jogalekar: Okay. For the quarter?

Rishi Luharuka: Yes, for the quarter.

Mrunmayee Jogalekar: Okay. And the second line that we are planning to commercialize by end of this calendar, you mentioned. So you had mentioned previously that there are more modules in the pipeline, which will start contributing to the volume. So will that also align with the similar time line?

Rishi Luharuka: No, the line comes 8 months to 12 months before because then a lot of samplings and other things needs to happen. So by '28, '27-'28, we are expecting that line to get also utilized.

Mrunmayee Jogalekar: Okay. And sir, if I look at the difference between consol and stand-alone, this quarter, the employee costs were very low and depreciation cost went up significantly. So what kind of base should we look at for these 2 line items?

Rishi Luharuka: Depreciation largely is owing to some reclassification that we have done with Inalfa. So for the quarter, you can take that as a reflection and take it for forward-looking guidance. And for the employee cost, my suggestion would be to look at the annualized numbers.

Moderator: Next question is from the line of Palak from MIV Investment Management.

Palak: Sir, what is the composition of Sunroof product this quarter?

Rishi Luharuka: Composition of Sunroof?

Palak: Yes, revenue composition.

Rishi Luharuka: We are only manufacturing currently the BLTA Sunroof, which is the panoramic sunroof. So 100% of what we are producing is panoramic.

Moderator: Next question is from the line of Amit Agicha from HG Hawa.

Amit Agicha: Congratulations for good set of numbers, sir. Sir, in your presentation on Slide #46, the ambition is like the company aims to achieve 50% of energy needs, which are met by renewable sources by 2025. And the status shows that 17% is already achieved. So can I like, what are the major roadblocks to achieving 50% target?

Rishi Luharuka: So a couple of them, I'll help you understand, Amit. One is, obviously, there are some regulatory frameworks in couple of states, which do not allow us for a group captive that can significantly change the percentage. The other is that we are looking at some opportunities in terms of enhancing our rooftop solar as well and some energy changes in terms of the change in LPG to PNG.

Amit Agicha: And sir, may I know the total employee headcount at the consolidated?

Rishi Luharuka: I would suggest to wait for some while, while we release the annual report, we'll share the numbers there.

Moderator: Next question is from the line of Jayesh Gandhi from Harshad H. Gandhi Securities Private Limited.

Jayesh Gandhi: Yes. Sir, I have a question on damper only. You have given the market size of solar damper. . Is it not possible to provide a market size of damper then?

Rishi Luharuka: Only damper market size.

Jayesh Gandhi: Or maybe you can just let us know...

Atul Jaggi: We will let you know.

Jayesh Gandhi: The cost of a damper in a tracker.

Atul Jaggi: See the cost of the damper, again, it is exactly the same challenge like what I have been mentioning about, say, the front forks and all. See the cost of the damper, just to again share with you, the cost can vary, say, from, say, $10 number to a $60, $70 number, okay?

Jayesh Gandhi: And what would be that as a percentage of the damper? I mean sorry tracker.

Atul Jaggi: Talking on the damper cost in the -- obviously, the solar tracker cost, I will have to check the -- because it also depends upon lot of other factor in the entire solar tracker, but I'm talking of the damper cost. So the damper cost can vary between $10 to at least $60, $70.

Jayesh Gandhi: Okay. And though you don't share product-wise margin, but is this product going to -- I mean is it going to be a similar kind of a margin as the company is enjoying or is it going to be superior or inferior what you can say?

Rishi Luharuka: Our aspiration is to -- in this product to have a better margin than what the conventional products have.

Jayesh Gandhi: Okay. And one last thing. Sir, do you think this product can also be kind of INR1,000 crore kind of a product in, say, 5, 7 years?

Atul Jaggi: No. We -- as of now, we are not expecting that. We are working with very limited customers. We are in the process of developing good technologies for this and then we would like to ramp up. And as I mentioned, I think the first target that we have taken is to sort of take it to INR200-plus crores, anywhere between INR200 crores, INR300 crores in the next say 3 years' time. And then by the time we will also understand the product, the market, the technology in more detail.

Moderator: Next question is from the line of Vignesh Iyer from Sequent Investments.

Vignesh Iyer: Congratulations on a great set of numbers. Sir two question from my side, firstly, Firstly, I want to know, our net working capital base is around 29 days, which seems to be highest in the last five years.. So could you help us understand, I mean, how it would be going forward? And my second question is wanted to know what would be the capex size in FY '26 and the breakup of growth capex and maintenance?

Rishi Luharuka: So, Vignesh, well, the first question is with regards to -- I'll take the second one. The capex, we've already given guidance of INR100 crores to INR150 crores, roughly INR40-odd crores remains as maintenance capex, rest of that could be either R&D or capacity announcement.

Vignesh Iyer: Working capital?

Rishi Luharuka: Working capital is basically an impact owing to the change in the SAP. We've upgraded from ECC to SAP rise and owing to having some blackout days because of this migration, we had built up some inventory. And there were some other impacts on the current liability as well. So it was a quarter phenomena, to my understanding and best expectation, it should normalize in the first quarter itself.

Vignesh Iyer: Sir, can you share the mix of inventory receivable and payable?

Rishi Luharuka: We've released the balance sheet. So broad numbers are there effectively from that.

Moderator: Next question is from the line of Sanket Kelaskar from Ashika Stock Broking Limited.

Sanket Kelaskar: Congratulations on good set of numbers. Sir, my first question is on gas spring. So what is the revenue potential in gas spring going ahead? And what is the time line when we can fully utilize our gas spring capacity?

Rishi Luharuka: Yes. So on the gas spring, see, currently, there are actually 2 players in the Indian market. One is the sort of the acquired entity that is now the Gabriel plant, where the market share is 5% and the competitor has 95% share. So if you ask me the opportunity, there's a tremendous opportunity that is available to take this number from 5% to a much higher number.

So this is the opportunity that is there. And in terms of the capacity, the current capacity utilization is around 68% to 70%. So we have some capacities available. But yes, if we have to significantly change the market share, which we would like to do, then some capacities have to be added in the gas dampers.

Sanket Kelaskar: Okay, sir. Sir, my second question is on aftermarket. How do you plan to expand in aftermarket? Do you plan to increase your number of offerings? Or just your view on aftermarket, like how much contribution do you expect from it?

Rishi Luharuka: Yes, aftermarket is a very important lever for us, both in terms of bottom line, in terms of top line. So -- and I think we have been growing year-on-year in the aftermarket space. So again, in terms of the focus areas there, continuous addition of the new products, like as an example, we are now launching because of the MMAS acquisition, we have been able to add lot of these gas dampers and a few other products which are not in our portfolio.

So obviously, continuous launching of the new products, continuous focus on NPD in the aftermarket and also the new product lines in the aftermarket. In addition to that, we are also looking at some geographies like Latin America, etc, to focus on the exports, pure aftermarket exports. So yes, it continues to be a very significant lever for us moving forward.

Moderator: Next question is from the line of Shubham Sehgal from Skill Ventures.

Shubham Sehgal: Yes. My question was on our Sunroof subsidiary. So what are the revised terms in terms of the tech license fee and royalty? And any revisit on the JV structure or it's done and dusted?

Rishi Luharuka: So, Shubham, as of now, 5% is shared by both the partners, which is Inalfa and Gabriel. Till we apply for the P&C and we have further update on that, that will continue. On the JV, we've already stated our position. We are in advanced discussions to formulate a way forward and do the reapplication. Once we have some more information to share, we'll happy to discuss.

Shubham Sehgal: So any time lines do we have for that?

Rishi Luharuka: Well, we were targeting, as we had mentioned last time March, but we want to be doubly sure of the approach that we are taking. So hopefully by end of this quarter, we should be in a position to reapply.

Moderator: As there are no further questions from the participants, I now hand the conference over to Mr. Atul Jaggi for closing comments.

Atul Jaggi: Yes. Thank you. So I take this opportunity to thank everyone for joining the call. I hope we have been able to address all your queries. For any further information, please get in touch with us or SGA, our Investor Relations Advisor. Thank you so much. Have a good day.

Rishi Luharuka: Thank you, everybody, for the support you guys have shown us. I hope that the same will continue going forward.

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