Management Discussion

Mahendra K. Goyal - Group President and Chief Executive Officer, Gabriel India Limited
Good morning, everyone. Hope you can hear me clearly and loudly. As part of Gabriel's ongoing organic growth journey and commitment to building scale, technology leadership and future-ready capabilities, we are pleased to share that the b oard of directors yesterday approved two 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 one share equity in HL Klemove India for a total cash consideration of USD98.44 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 industry and enforce 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 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 the 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 initiative marks a significant milestone in our journey and has 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 and strengthening our competitive position and driving sustainable long-term growth. The progress we have achieved to reinforce our confidence in direction of our strategy and 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 Anand -- Mando Anand India Private Limited and HL Klemove India Private Limited, further strengthening its position as the 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 two strategic investments, starting with the HL Mando Anand India Limited. HL Mando Anand India Limited is a leading automotive components company engaged in braking, steering system and part of suspension business for the passenger vehicles. The investment will strengthen Gabriel's presence 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 the scale, this company has turnover 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 INR1.44 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 investment in HL Mando Anand under Gabriel India , aligning this highly quality business with listed automobile components platform and enabling both the companies 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 investment or a new joint venture, and which is primarily in the business of ADAS. W e have entered into a joint venture agreement with HL Klemove India , creating a significant opportunity for, again, Gabriel to participate in high-value technology segment, including advanced driving assistance system and automotive electronics. Importantly, this partnership provides access to the advanced capabilities, the technology that would have taken considerably longer to build originally.

HL Klemove India reported revenue of INR1,000 crores plus and profit after tax of INR123 crores in financial year 2026. As part of the transaction, Gabriel India will acquire 30% minus one equity share in HL Klemove India for a total consideration of USD98.44 million. The investment will be completed in two tranches. W e'll be paying USD73.83 million on or before 15 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 further details are available on Slide 17, 18 and 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 positioning Gabriel India as Anand's primary growth vehicle and business consolidation platform for the automotive component 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 investment to our portfolio. We are taking the next step in Gabriel India's transformation, building a stronger, more technology-driven and future-ready enterprise supported by world-class partnerships and positioned to capitalize on the evolving opportunities within the automotive industry.

So thank you so much. And now I'll hand over to Mr. Atul Jaggi for operational and financial update for the quarter. Yeah, Jaggi.

Unidentified Participant
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. Two-wheeler production expanded by 23% year- on- year during quarter one FY '27. Scooters were the strongest contributor, recording growth of 32%, while motorcycle production increased by 18%. In the passenger vehicles, 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 vehicles, production increased by 15% in the quarter one FY '27. LCVs delivered very strong growth of 21% and M&HCV 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 their potential impact on the input cost, vehicle ownership economics and customer sentiments.

Coming to the quarter one FY '27 performance, before taking you through the financial performance, I would like to briefly explain the reporting structure following the completion of the restructuring. The financial results for quarter one FY '27 reflect the expanded business portfolio of Gabriel India . To facilitate a meaningful comparison, the corresponding quarter one 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 also on a like-to-like basis.

Coming to the standalone performance, revenue from operations grew by 19% Y-o-Y to INR1,274 crores in quarter one 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. Standalone EBITDA increased by 7% to INR107 crores compared with INR100 crores in quarter one FY '26. The EBITDA margin stood at 8.4% in quarter one FY '27.

Moving to our consolidated performance, revenue from operations stood at INR1,426 crores in quarter one FY '27, a growth of 15.5% Y-o-Y. Consolidated EBITDA for the quarter stood at INR124 crores, reflecting a growth of 2.3% Y-o-Y. The EBITDA margin stood at 8.7% in the first quarter. The share of profit before tax in equity accounted in invested 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 one FY '26 to INR43 crores in quarter one FY '27. PBT stood at INR133 crores, a growth of 6% year- on- year, with margin standing 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 have 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.

Questions & Answers

Operator
Thank you. [Operator Instructions] The first question comes from the line of Mumuksh Mandlesha with Anand Rathi Institutional Equities. Please go ahead.

Atul Jaggi - Managing Director, Gabriel India Limited
Yeah. Thank you, sir, for the opportunity, and congrats on bringing the HL Mando into listed and attractive valuation and the one which was not expected to come soon, and also an acquisition in the high-growth area, ADAS technology areas. So firstly, on the relationship, sir, you're building with particular large Korean entities like HL Group, which is expanding the relationship for Gabriel in the 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 opportunity for the Gabriel?

Mahendra K. Goyal - Group President and Chief Executive Officer, Gabriel India Limited
So only one question, yeah? Okay. So I think our relationship with the HL Mando Group goes back to 1996. So it has been a journey of almost 30 years now and started with the single product, started with brakes. And of course, from time to time, we have been adding, expanding this relationship as the trust between the partners increasing. I think we have added multiple products. We added the braking -- started with braking, we added suspension and we like later added the steering products actually . 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 crores plus, I think very close to the INR6,000 crores if you see the result of 2026. So of course, this 25 years, 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, Mando, HL Mando Group has been consistently working on the ADAS products for last seven, eight years. T hey have brought special focus on this business by creating a separate entity which was part of the consolidated entity earlier in Korea. So that is one. O f course, as you know that most of the people they want to do business in India, they look for partner 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 will join hand in together and happy to take this company up together now I think. So that is what all the story behind this.

Atul Jaggi - Managing Director, Gabriel India Limited
Got it, sir. Thank you for this answer. S econdly, 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 path for this entity. With some background, if you 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 two years have been 23% CAGR. If you can guide us how to look at the medium-term opportunity for this entity?

Mahendra K. Goyal - Group President and Chief Executive Officer, Gabriel India Limited
Okay. So I think it's very difficult to share the overall numbers, but yes, as we look at this business and 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. T he business pipeline is very strong. T he 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 thing.

And just to share a small thing on this that the Mahindra new vehicle which they have launched in last two- wheelers, this company has a business similarly with Tata Motors. I think the growth opportunities are enormous from this business because 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 see that in our journey of INR50,000 crores in 2030, this company will make significant difference actually.

Atul Jaggi - Managing Director, Gabriel India Limited
Got it, sir. Got it. Thank you. Thank you for the opportunity. I'll come back again in the queue. Thank you.

Operator
The next question comes from the line of Jay Kale with Elara Capital. Please go ahead.

Mumuksh Mandlesha - Analyst, Anand Rathi Shares and Stock Brokers Ltd.
Yeah. Good morning. Thanks for taking my question and congratulations team for the transactions. So my first question was on the two entities. I just wanted to check with you, one of the things that the local OEMs are also struggling with in adopting these kind of technologies is a 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? H ow are we versus peers in India who are offering this? And are there any significant players who have already set up capacities over here? So just from a cost competitiveness and peer set, wanted to check whether we have opportunities in other OEMs apart from Korean OEMs and Mahindra and Tata that you mentioned?

Mahendra K. Goyal - Group President and Chief Executive Officer, Gabriel India Limited
Yeah. Thank you. 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 a fair level of the localization has already reached. And from the business perspective, this company was depending on Korean customers. V ery 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 are with Tata Motors, we are with Mahindra, we are with Maruti Suzuki as well actually. So I think the HL Mando is well poised from that point of view.

And when you 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 are 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 primarily the only one customer is left, Maruti Suzuki. And of course, that is something as they appropriately adopt this ADAS technology also, we will have opportunities with them as well. I mean, so far, they have not reached to a level where they are adopting a proper level of the ADAS. So I think those opportunities will emerge as the OEM will have the plans actually.

Mumuksh Mandlesha - Analyst, Anand Rathi Shares and Stock Brokers Ltd.
Understood. That's heartening to know. And secondly, I thought to just look at your FY '30 targets, of course ambitious targets of INR50,000 crores. That entails a lot of inorganic opportunity as well. And it's heartening to know that we've started with a decent size inorganic opportunity apart from the earlier two 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 your relationships with the Koreans? And is there any conscious effort to diversify further maybe into CVs and two-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-autos in your FY '30 targets?

Mahendra K. Goyal - Group President and Chief Executive Officer, Gabriel India Limited
Okay. So I think I look at it overall group perspective. So we are INR50,000 crores and we'll 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, 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 two-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 Enmove [Phonetic], which we started some time back. So that is still progressing actually. So we have reached to a matured level, but it's still progressing actually, basically. So in nutshell, I think we are not favorite to any segment and we are not adverse any segment, but yes, we will stay with the automotive segment actually from the growth perspective.

Operator
Thank you. The next question comes from the line of Viraj with SiMPL. Please go ahead.

Viraj Kacharia - Analyst, Securities Investment Management Private Limited
Yeah, hi. T hanks for the opportunity. Just a couple of questions. First is, can you just call out if there are any restructuring or merger-related charges on FY ' 26? And also, on an annualized basis, what would that be ? So that is one.

Second is on the JVs 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 two, three years? And do you see any major tailwinds for the business? So I think you talked about HL Klemove. T here's an 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, into the profitability, you've seen a degrowth in the FY '26. So what has really happened there? And how do you see those two entities going forward?

Mohit Srivastava - Chief Financial Officer, Gabriel India Limited
Yeah. One second actually. Shall I answer?

Mahendra K. Goyal - Group President and Chief Executive Officer, Gabriel India Limited
Yeah, yeah.

Mohit Srivastava - Chief Financial Officer, Gabriel India Limited
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 advisors whom we have worked to ensure the high level of governance, and their advisory fees have been incorporated in last year profit and loss and whatever we will be paying for this year has also been incorporated. So the number which you see for the profitability after considering both costs, at the overall level, we do not see that that cost has any significance with respect to our profitability.

On the later part of the question with respect to the two entities?

Unidentified Participant - Managing Director
One was the question on the regulatory events related to this transaction.

Mahendra K. Goyal - Group President and Chief Executive Officer, Gabriel India Limited
I think regulatory events is primarily -- is already approved by the board of directors, so that is done. And therefore, we place both the transactions...

Viraj Kacharia - Analyst, Securities Investment Management Private Limited
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 braking, 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 K. Goyal - Group President and Chief Executive Officer, Gabriel India Limited
Yeah. I think if you look at both the products are to dealt with the safety. And you can see from the safety perspective, the regulatory changes which may emerge in future is definitely going to help both the products actually when you look at from the steering point of view or from the 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 levels of the 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 dealt with safety. So we see the positive impact in future of all those changes as far as the business is concerned. And one more thing which is also very important to understand that the 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 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 Kacharia - Analyst, Securities Investment Management Private Limited
On the two JVs, sir? Y ou've seen not a great performance in '26 and profitability is also degrowing.

Mahendra K. Goyal - Group President and Chief Executive Officer, Gabriel India Limited
I think one of the things was with respect to the sunroof business. That is primarily -- I'm sure you must have heard that there was some issue, the operating issue at one of the suppliers of Hyundai, Mobis, and where Hyundai was not able to produce the vehicles a ctually. 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 it from the customer perspective, they say that they should be able to recover the production which they lost in the first quarter.

Viraj Kacharia - Analyst, Securities Investment Management Private Limited
I meant about Henkel and CY Myutec JVs for FY '26. W e have seen a profit degrowth.

Mahendra K. Goyal - Group President and Chief Executive Officer, Gabriel India Limited
Henkel, a gain, 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.

Operator
Thank you. The next question comes from the line of Amit Hiranandani with PhillipCapital . Please go ahead.

Amit Hiranandani - Analyst, PhillipCapital (India) Private Limited
Yes. Congratulations to the team for two 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 K. Goyal - Group President and Chief Executive Officer, Gabriel India Limited
Yes, the content per vehicle will always depend actually, but I think in my view, it can go -- I think my estimate is maybe 20,000 to 60,000, 70,000 per vehicle. All will depend what kind of a level our OEMs would like to target in their vehicle. But I think the content can go as high as 60,000 and as low maybe 20,000 or slightly less actually . So that is one part of information. And I think there are fair localization plan. 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 there are fair localization plan in this direction as well.

Amit Hiranandani - Analyst, PhillipCapital (India) Private Limited
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 - Chief Financial Officer, Gabriel India Limited
Yeah. We have about INR250 crores of cash at the end of quarter one. And so far we have been funding our working capital and capexes from the internal accruals, 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. T he total debt we will be putting up for the shareholders' approval is about INR1,600 crores. However, on the short and mid-term basis, we feel that we will be having a debt of INR1,000 crores.

Operator
Thank you. The next question comes from the line of Rakesh Jain with Axis AMC. Please go ahead.

Rakeshkumar Jain - Analyst, Axis Mutual Fund
Yeah, hi. C ongratulations, Mahendra and Jaggiji for another set of companies consolidating. So I have two questions. My first question is mainly on the HL Mando's revenue. If you can dissect this, what percentage of the revenue comes from exports today? With this INR5,500 crores, given their affiliation with two Korean OEMs, it seems that there is 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 the 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? F rom a capability point of view, if you can tell us, how

does our ADAS stands today? Thank you.

Mahendra K. Goyal - Group President and Chief Executive Officer, Gabriel India Limited
Yeah, thanks. I think from the exports perspective, right now we do maybe 7% to 8% of the current business size 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 India become a manufacturing sector for supporting their businesses out of India actually. So 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 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 an 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 has to do everything with braking or the steering actually . So if you look at this concept, we become one of the unique suppliers 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.

Rakeshkumar Jain - Analyst, Axis Mutual Fund
Sure. And just one follow-up. For the ADAS, the software piece of the business, does it come as a part of our integration or that sits with the global entity?

Mahendra K. Goyal - Group President and Chief Executive Officer, Gabriel India Limited
No, 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 the engineering centers and that becomes part of our business. But we are not participating in any business which is outside of India actually.

Rakeshkumar Jain - Analyst, Axis Mutual Fund
This is helpful, sir. Thank you so much. All the best.

Operator
The next question comes from the line of Aditya Khetan with SMIFS Institutional Equities . Please go ahead.

Aditya Khetan - Analyst, Smifs Capital Markets Ltd
Thank you, sir, for the opportunity. Just a couple of questions. Sir, onto the standalone business, we have seen a decent dip of 80 to 100 basis points on margins. If you can quantify any sort of cost pressures we have seen over there?

Second, sir, onto the sunroof side, you mentioned that there was production loss from one of your customers, Hyundai Creta. Any numbers, sir, if you can throw like what was the revenue and EBITDA? And how much loss we have taken during this quarter? And sir, what sort of volume numbers we are looking for FY '27, and update on the second phase of the sunroof?

Unidentified Participant - Managing Director
Yeah, okay. So coming to the first question on the margins, on the standalone business. Y es, 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 that 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 you are spending in a 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, etc. And basis that only we take it as a part of. So yes, whatever, there is a delay in the recovery. We are looking forward to the next quarters to make the recovery. T hat 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. I think the overall number when you look at the quarter, they're around I think -- somewhere around 15,000 to 20,000 numbers that could have been produced more. The good thing is that the customer is -- has started pulling those numbers. They are very confident of making up those gaps in this quarter and the next quarter. S o from the budget point of view, we are not looking at any shortfall coming in because it is a timing issue, definitely, for something which is completely beyond the control of whether the OEM or all the suppliers. But we are not looking at any shortfall coming in.

Aditya Khetan - Analyst, Smifs Capital Markets Ltd
Got it. Sir, on to the passenger vehicles, when we look, sir, during the quarter, 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%. A ny change, sir? Like, are we focusing more onto 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.

Unidentified Participant - Managing Director
So I think if you look at the smaller cars, the growth is significantly higher than the market growth, but the gap is only 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 biggest customers' overall wallet share has been coming down. So that is also impacting because we are very strong there. So it is a model mix issue I think for the quarter which is leading to this change.

Aditya Khetan - Analyst, Smifs Capital Markets Ltd
So will this improve, sir, going ahead, like it's coming back to the normal range or like this will continue?

Unidentified Participant - Managing Director
Again, see, these things, they purely depend upon the models 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.

Operator
Thank you. The next question comes from the line of Radha with Motilal Oswal. Please go ahead.

Radha Agarwalla - Analyst, Motilal Oswal Financial Services
Congratulations team and thank you for the opportunity. Sir, my first question is, you mentioned that M&M and Tata are top customers from HL Mando ex of Hyundai and Kia. So wanted to understand whether M ando 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 standalone versus the suspension business of HL Mando ? And in terms of technology, do they have all the passive, passive plus and the active suspension technology as well?

Unidentified Participant - Managing Director
Can you be a little clear? I think either you are on a speaker or you are at a place where it is -- your voice is echoing. I think maybe you can speak a little slowly and don't use the speaker. It will be helpful, please.

Radha Agarwalla - Analyst, Motilal Oswal Financial Services
Yes, sir. Is this better?

Atul Jaggi - Managing Director, Gabriel India Limited
No, no.

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

Radha Agarwalla - Analyst, Motilal Oswal Financial Services
Yeah. Hello? Is this better?

Operator
Yes, much better. Please go ahead.

Radha Agarwalla - Analyst, Motilal Oswal Financial Services
So as mentioned that -- sir, 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 standalone and the suspension business of HL Mando ? And in terms of technology, do they have passive and semi-active suspension technology as well?

Mahendra K. Goyal - Group President and Chief Executive Officer, Gabriel India Limited
Yeah. I think from the business perspective, we don't see right now Tata having business with HL Mando. W hatever we talked about, it was related to the steering products from the HL Mando side. And Tata, 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 per 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 Tata Motors -- with Mando, HL Mando or with Gabriel , finally it becomes part of the Gabriel actually as this consolidation actually. So that is in fact helping us to integrating the technology directly or indirectly and also the business into our fold.

Radha Agarwalla - Analyst, Motilal Oswal Financial Services
Understood, sir. The 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 for Gabriel from this point of view?

Mahendra K. Goyal - Group President and Chief Executive Officer, Gabriel India Limited
It's too early to comment actually. The transaction is just announced. It is not even closed actually. S o 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 these discussion may take place. But right now, our joint venture has been doing very, very good, this business. And when we do look at any integration solution in future, maybe we have to see whether it is right for us or not to go with the Eaton actually, considering our -- the way we -- the business is performing currently actually. So I think those analysis will take place later, but it's too early right now.

Operator
Thank you. The next question comes from the line of Pratit Vajani with Union AMC. Please go ahead. Pratit, please unmute your line in case if you're on mute and go ahead with your question.

Pratit Vajani - Analyst, Union Mutual Fund
Am I audible?

Operator
No, Pratit, your voice is very feeble. Could you please use your phone on the handset mode, please?

Pratit Vajani - Analyst, Union Mutual Fund
Am I audible?

Operator
Yes. Could you be a little louder? Yeah, you can be a little louder and go ahead with your question. Thank you.

Pratit Vajani - Analyst, Union Mutual Fund
Yeah. So thank you for the opportunity and congratulations on the transaction. Just a couple of questions. Firstly, on the consolidation part, what are the white spaces which 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 which the management is looking for? That is one.

And second is, 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-odd crores 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 two questions.

Unidentified Participant - Managing Director
I think the reference that you are taking is predominantly on the, I would say, the suspension part of

the business of standalone business, where 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 expansion because we are expanding the plant in Khandsa, which is Gurgaon, we are also making expansions in our Sanand plant. So I think it was a combination of all the expansions and the new investments, including the technology investments 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 auto shock absorber side and also on the solar and e- bike side. So I think basis the combination of all three, w e had set up a target of 10% exports in the coming time line. So this is to answer your questions.

Operator
Thank you. The next question comes from the line of Shashank Kanodia with ICICI Securities. Please go ahead.

Shashank Kanodia - Analyst, ICICI Securities Ltd
Yeah. Good morning, sir, and congratulations on a good set of acquisitions, especially, protecting the interest of minority shareholders and the acquisition of becoming EPA accretive from day one. I have just one question, sir. So as you mentioned, that post Mando in our KT , we now account for 70% of 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 you could assign any time line to it or this is something which is difficult to consolidate?

Mahendra K. Goyal - Group President and Chief Executive Officer, Gabriel India Limited
I think if you see, as we have been talking last one year, whole Project Rise that 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 and also, as appropriately fitting, bringing existing business into the Gabriel fold from Asia actually or from Anand. So we made significant progress. As you can see, that with Project Rise, we reached up to the 58% of the group sale, and with now Project Jupiter, which is Mando, which I said the largest business which we are bringing into the Gabriel fold, so we'll be reaching almost 70%. So the balance 30% is left. I think that appropriate time, as we have seen in past. So those efforts will be there as they are appropriately fitting from the strategy point of view or from the partner's perspective also. So we don't deny that those will not come, but yes, time line we have to see as it is appropriate actually.

Shashank Kanodia - Analyst, ICICI Securities Ltd
Understood. Thank you, sir, and wish you all the best.

Operator
Thank you. The next question comes from the line of Jayesh Gandhi with Harshad Gandhi Securities. Please go ahead. Jayesh, please go ahead with your question and unmute your line in case if you are on mute.

Jayesh Gandhi - Analyst, Harshad H Gandhi Securities Private Limited
Am I audible?

Operator
Yes, Jayesh, go ahead, please.

Jayesh Gandhi - Analyst, Harshad H Gandhi Securities Private Limited
Okay. So first of all, congratulations for the acquisitions. I have two questions. First is, does this agreement on JV give us an opportunity to increase our holding in future also?

Mahendra K. Goyal - Group President and Chief Executive Officer, Gabriel India Limited
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 for an opportunity 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. E verything can be discussed and decided, whatever is not written in the agreements.

Jayesh Gandhi - Analyst, Harshad H Gandhi Securities Private Limited
Okay. And so 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 K. Goyal - Group President and Chief Executive Officer, Gabriel India Limited
I think 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 audits. 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.

Unidentified Participant - Managing Director
So you can refer Slide 13 and 17, which will give you the details of both the entities. I think all the expected answers are there on these two slides.

Operator
Thank you. The next question comes from the line of Viraj Sanghvi with Ambit Capital. Please go ahead.

Viraj Sanghvi - Analyst, Ambit Capital Private Limited
Hi, sir. Thank you for taking my questions. Congratulations on the transactions. I have two questions surrounding HL Klemove. First one is that HL Mando Group 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 to those solutions. 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? Thanks.

Mahendra K. Goyal - Group President and Chief Executive Officer, Gabriel India Limited
I think the company started with supporting HL Mando in India. And so therefore, 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 ECU, 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. And the product side also, I shared almost INR50,000 crores to INR60,000 crores 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 two places. B ut the primary objective is to grow independently business on the other side as far as HL Klemove is concerned actually. G ood thing for us that we are partnering both. So if there were any transaction happening within these companies, it is helping us overall.

Viraj Sanghvi - Analyst, Ambit Capital Private Limited
Sure. And on the first question, sir, about robotics, actuators and humanoids?

Mahendra K. Goyal - Group President and Chief Executive Officer, Gabriel India Limited
Sorry, can you say again what was it?

Atul Jaggi - Managing Director, Gabriel India Limited
Question was that there are other products like actuators and robotics. So I think as Mr. Goyal explained, even if you look at the HL Mando Group also, I think we started with one product. Over a period of time, we continued to add the product. Similarly, so that happens in any joint venture. Once the relationship is there, the trust is there, which is there for the last 30 years. Obviously, this has just I think signed off now. And obviously, at the appropriate time, we will also look at the opportunities, 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 K. Goyal - Group President and Chief Executive Officer, Gabriel India Limited
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.

Operator
Thank you. The next question comes from the line of Naman with Shanghvi Family Office . Please go ahead. Naman, please go ahead with your question.

Naman Maheshwari - Analyst, Shanghvi Family Office
Hello?

Operator
Naman, please -- yes, now please go ahead. Yes, you're audible now. Thank you.

Naman Maheshwari - Analyst, Shanghvi Family Office
Right. Sir, my understanding from the business update presentation that now majorly after these re 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 K. Goyal - Group President and Chief Executive Officer, Gabriel India Limited
I think we already answered that. Same thing that we started this 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 the Gabriel . The 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, basically.

Naman Maheshwari - Analyst, Shanghvi Family Office
Okay, okay. Thank you.

Operator
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 - Analyst, Arihant Capital Markets Ltd
Thank you so much, sir, for the opportunity. Hope I'm audible?

Unidentified Participant - Managing Director
Yeah, go ahead.

Shweta Sharma - Analyst, Arihant Capital Markets Ltd
So sir, my question is regarding fundraising via QIP. So given the Gabriel 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 the Gabriel , some debt amount transferred to the company. So w hat is the debt equity outlook for FY '27? And what are the expected annual interest cost implications? This was my first question.

Unidentified Speaker
So this is Manish from Anand. W e have no plans to work on QIP right now, as Mohit explained earlier. We are looking at funding these both transactions as 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. T his is where we are. And what was your other question? On the debt equity. S o 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 - Analyst, Arihant Capital Markets Ltd
And what will be the annual interest cost implications?

Mohit Srivastava - Chief Financial Officer, Gabriel India Limited
See, 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 for Q1 into -- 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 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.

Operator
Thank you. 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 K. Goyal - Group President and Chief Executive Officer, Gabriel India Limited
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 Group Advisor, our Investor Relations Advisors. T hank you once again for your participation. Thank you so much. Have a good day.

Operator
[Operator Closing Remarks]