

5 January 2026

## Gabion Technologies India Limited - Neutral

### Company Overview

Gabion Technologies India Limited (GTIL) is a specialized civil engineering and infrastructure company. The company was established on February 18, 2008, by promoter Mr. Madhusudan Sarda. The GTIL operates in the niche segment of geotechnical engineering, manufacturing and installing Gabion structures, rockfall protection systems, and geosynthetic materials.

### Investment Rationale

- GTIL demonstrates strong financial performance as revenue grows at a CAGR of 12.9% from Rs. 7,876 Lacs in FY23 to Rs. 10,036 Lacs in FY25. The PAT growth is even more remarkable, as it increased at a CAGR of 39.3% from Rs. 341 Lacs to Rs. 662 Lacs during the same period.
- It has a current order book of Rs. 17,247 Lacs, which is 1.7 times its FY25 revenue. The company has a track record of proven execution, having successfully completed 76 contracts worth Rs. 12,761 Lacs.
- The firm is vertically integrated model where it manufactures products and then uses them in its own construction contracts, thus ensuring quality control and cost optimization.
- The Indian infra sector is set to grow at a strong 9.5% CAGR from USD 224 Bn in 2025 to USD 353 Bn by 2030. On top of this, the Indian gabion market is anticipated to grow at an even faster pace of 11.2% CAGR from FY25 to FY32.
- Government initiatives, such as the Bharatmala Pariyojna for road development, the ambitious target of expanding national highways to 2 Lac km, PM Gati Shakti for multimodal connectivity, and the increasing focus on landslide mitigation in the Himalayan and Western Ghat regions, are providing strong tailwinds.
- The company has a proven track record of achievement in various infrastructure sectors, with a portfolio comprising 36 road projects, 12 railway projects, 9 energy sector projects, 3 defense installations, 3 airport developments, 3 mining operations, and 2 water resources projects.

### Valuation

GTIL operates in a niche segment with strong fundamentals and a healthy order book. The company is well placed to benefit from infra boom and ecofriendly construction trends. On the other hand, the IP litigation risk, high leverage, and negative operating cash flows are reasons for caution. IPO price at Rs. 81 per share, implies an attractive P/E of 12.2x on FY25 EPS of Rs. 6.64, valuation appears fairly valued. Currently, we have a **NEUTRAL** stance for this company.

IPO Details	
Industry	Civil Construction
Issue Open Date	06-Jan-26
Issue Close Date	08-Jan-26
Price Band (Rs.)	Rs. 76 – Rs. 81
Issue Size*	Rs. 2,916 Lac
Issue Size (Shares)	36,00,000
Bid Lot	1,600 Shares
Listing Exchanges	BSE SME
Face Value (Rs.)	Rs. 10/-

\* \*At highest price band

Issue Details	
Fresh Issue*	Rs. 2,916 Lac
Issue Type	Book Building
Lead Manager	GYR Capital Advisors
Registrar	Kfin Technologies
Issue structure	Market Maker: 5.02% QIB: 47.38% NII: 14.27% Retail: 33.33%
Allotment	09-Jan-26
Credit of Shares	12-Jan-26
Listing Date	13-Jan-26

Objective of Issue	
Particular	Estimated Amt (Rs Lac.)
Working Capital	2,211
Capex Requirements	106
Corporate Purpose	-

Shareholding Pattern		
Shareholding (%)	Pre(%)	Post(%)
Promoter	100	73.48
Public & Others		26.51

## Business Highlights

### Business Model – Three Verticals:

- Manufacturing Division:** Produces double twisted hexagonal steel wire mesh gabions, defense gabions, PP rope gabions, rockfall protection nettings, and high strength flexible geogrids at their Himachal Pradesh facility.
- Design & Construction Services:** Provides turnkey execution for gabion structures, slope stabilization via anchor-mesh systems, ground improvement solutions, and ash pond formation
- Trading Division:** Supplies auxiliary products including woven/non-woven geotextiles, geocells, PET geogrids, 3D geocomposite drain sheets, and concrete geomats.

### Major Active/Recent Contracts:

- Afcons Infrastructure** – Kosi Bridge RSS/RE Wall (Bihar): Rs. 2,511.02 Lacs
- Vedanta Limited** – Ash Pond Upgrading (Jharkhand): Rs. 1,458.68 Lacs
- HCC** – Imphal-Kangchup Road (Manipur): Rs. 1,772.09 Lacs
- Dilip Buildcon** – Slope Protection (Chhattisgarh): Rs. 1,043.00 Lacs
- Vishwas Enterprises** – Eco Embankment Imphal River: Rs. 1,000 Lacs
- Chief Engineer Project Shivalik** – Landslide Treatment (Uttarakhand): Rs. 990.00 Lacs
- South Western Railway** – Land Slip Rebuilding: Rs. 802.62 Lacs
- Bharat Constructions** – NH-20 Rehabilitation: Rs. 600.00 Lacs

## Financials

### Financial Performance:

Particulars	FY23	FY24	FY25	Nov25 (8M)	CAGR (FY23-FY25)
<b>Revenue from Operations</b>	7,875.79	10,476.44	10,036.38	6,042.40	12.9%
<b>EBITDA</b>	637.99	1,314.05	1,493.89	1,071.16	53.0%
<b>EBITDA Margin (%)</b>	<b>8.10%</b>	<b>12.54%</b>	<b>14.89%</b>	<b>17.73%</b>	
<b>PAT</b>	341.25	576.37	661.97	429.91	39.3%
<b>PAT Margin (%)</b>	<b>4.33%</b>	<b>5.50%</b>	<b>6.60%</b>	<b>7.11%</b>	

### Key Observation:

- Consistent revenue growth with improving profitability
- EBITDA margin expanded 670 bps from FY23 to FY25
- PAT margin improved 227 bps over the same period
- 8 month FY26 performance shows strong momentum

### Balance Sheet:

Particulars	FY23	FY24	FY25	Nov25
<b>Total Assets</b>	5,176.58	7,012.33	8,751.92	10,058.14
<b>Net Worth</b>	963.07	1,537.35	2,199.49	2,629.10
<b>Total Borrowings</b>	2,945.81	3,636.63	4,671.07	5,205.06
<b>D/E Ratio</b>	3.06	2.37	2.12	1.98

### Key Observations:

- High debt levels but improving D/E ratio from 3.06 to 1.98.
- Net worth has grown 2.7x from FY23 to Nov 2025.
- Asset base growing with business expansion.

**Key Ratios:**

Ratio	FY23	FY24	FY25	Nov 25
<b>RoNW (%)</b>	35.37%	37.40%	30.05%	16.33%
<b>RoE (%)</b>	35.37%	37.40%	30.05%	-
<b>EPS (Rs.)</b>	3.42	5.78	6.64	4.31
<b>NAV per Share (Rs.)</b>	9.65	15.42	22.08	26.39

**Working Capital:**

Metric	FY23	FY24	FY25	Nov25
<b>Inventory Days</b>	30	47	90	156
<b>Debtor Days</b>	50	58	84	110
<b>Creditor Days</b>	23	27	38	56
<b>Cash Conversion Cycle</b>	57	78	137	210
<b>Net Working Capital</b>	1,231.70	2,426.47	3,695.17	4,723.97

**Key Observations:**

Increasing working capital cycle from 57 to 210 days due to:

- Advance stocking for large upcoming projects
- Government payment cycles 70-90 days credit period
- Business scaling requiring higher inventory

**Cash Flow:**

Particulars	FY23	FY24	FY25
<b>Operating Cash Flow</b>	103.13	(649.12)	(362.56)
<b>Investing Cash Flow</b>	(169.03)	(181.83)	(221.12)
<b>Financing Cash Flow</b>	71.94	838.08	590.18

**Key Observations:**

- Negative operating cash flows in FY24-25 due to working capital expansion
- Financed through debt and equity infusion
- IPO proceeds will reduce dependence on debt financing

**Peer Comparison**

Metrics (FY25)	Gabion Technologies	SRM Contractors
<b>Revenue</b>	10,036.38	52,812.93
<b>EBITDA</b>	1,493.89	9,535.79
<b>PAT</b>	661.97	5,500.28
<b>EPS (Rs.)</b>	6.64	23.97
<b>RONW</b>	30.05%	19.96%
<b>NAV (Rs.)</b>	22.08	120.09
<b>P/E Ratio</b>	12.2	22.4

**Risk & Concern**

- Intellectual Property Litigation:** Ongoing patent infringement suit by Officine Maccaferri seeks Rs. 150 lacs damages.
- High Debt Burden:** D/E ratio is 1.98, total borrowings is Rs. 5,205 Lacs.
- Negative Operating Cash Flows:** FY25 Rs. -362 Lacs and FY24 Rs. -649 Lacs.
- Geographic Concentration:** 66.23% revenue from North & East India.
- Supplier Dependency:** 53.29% raw material purchases from Himachal Pradesh suppliers.
- Government Contract Dependency:** 21.70% revenue from government tenders.
- High Employee Attrition:** FY25 rate of 55%, improved to 26.19% by Nov 2025.
- Increasing Working Capital Cycle:** Cash conversion cycle stretched to 210 days and inventory at 156 days.
- Customer Quality Disputes:** Swatik Polyvinyls suit Rs. 30 lacs claim for alleged defective products, Reputational risk.
- Auditor Change:** Shift from S Lohia & Associates to SVJ & Company in Jan 2025 requires monitoring for audit continuity.

Name	Designation
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