GEE Ltd (GEE)

CMP: ₹119 | Target ₹ 170 (43%) | Target Period: 12 months | BUY

November 17, 2026

Capacity expansion & product premiumisation to drive earning growth ...

About the stock: GEE Limited is a leading manufacturer of welding consumables, with a diversified product portfolio spanning electrodes, MIG/TIG wires, submerged arc welding (SAW) wires and fluxes, and specialised welding consumables.

- GEE operates manufacturing facilities in Maharashtra and West Bengal, with an installed capacity of 59,075 MTPA, and is expanding its product portfolio into SAW and flux-cored wires to capture emerging opportunities in specialised welding applications.

Q2FY27 performance: GEE Limited reported consolidated revenue growth of 18.6% YoY to ₹101.3 crore in Q2FY27 compared to ₹85.5 crore in Q2FY26. Gross margin contracted marginally by 39 bps YoY to 26.3% from 26.7%. However, operating EBITDA declined 11.9% YoY to ₹7.9 crore from ₹9.0 crore, with operating EBITDA margin contracting sharply by 271 bps to 7.8% from 10.5%. The disproportionate increase in employee expenses (+30.7% YoY) and other expenses (+37.9% YoY), both outpacing revenue growth, weighed on operating profitability. Consequently, PAT declined 6.4% YoY to ₹3.9 crore from ₹4.2 crore.

Investment Rationale:

- **Capacity expansion and operating leverage to drive earnings growth:** GEE is well positioned to benefit from improving capacity utilisation and expansion of its manufacturing footprint. The company plans to increase its installed capacity from around 59,000 MT to 71,000 MT, with utilisation targeted at over 90% by FY29–30. The planned capex of ₹35–40 crore over the next two years will primarily be directed towards expanding MIG wire capacity from 12,000 MT to 24,000 MT and scaling flux-cored wire capacity of around 250 MT per month to be operationalise by Q3FY27 and plans to scale it to 1,000 MT per month by FY28. Further, the existing capacity has the potential to support incremental revenue of around ₹300 crore over the FY26 revenue base of approximately ₹370 crore, with limited additional investment towards process streamlining. Higher utilisation is expected to drive economies of scale and reduce per-tonne operating costs, supporting margin expansion.
- **Premium product mix and expanding end-market opportunities to support sustainable growth:** GEE is focusing on increasing the share of specialized and value-added welding consumables, which currently account for around 27% of its product basket, to 35–40% over the coming year. Specialized products such as silver brazing alloy wires, nickel wires and specialized GTIG series command significantly higher realizations of ₹275–1,500/kg compared with ₹100–125/kg for conventional consumables, providing scope for improved product realization and profitability. Management targets 25–30% annual revenue growth and revenue of ₹1,000 crore by FY30, while targeting EBITDA margins of 12–13% over the next 3–4 years, driven by product-mix improvement, pricing premium and operating leverage.

Rating and Target Price: We expect Revenue and PAT to grow at **29% and 66% CAGR over FY26-FY28E**. We maintain **BUY** on **GEE** with a Target Price of **₹170 (based on 25x on FY28E EPS)**

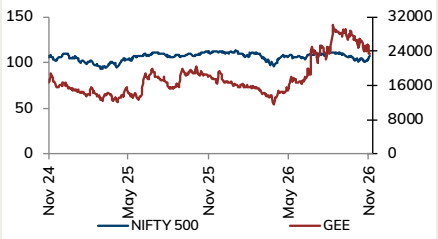
Particulars

	Rs. (in crore)
Market Capitalisation	587
Gross Debt (FY26)	61
Cash (FY26)	1
EV (₹crore)	647
52-week H/L	143/54
Equity capital	10
Face value	2

Shareholding pattern

Particular	Dec-25	Mar-26	Jun-26	Sep-26
Promoter	63.9	63.9	63.5	63.6
FII	1.3	1.3	1.1	1.2
DII	0	0	0	0.0
Others	34.6	34.6	35.2	35.2

Price Chart



Key risks

(i) Steep increase in raw material cost can impact margins;

(ii)) Increase in competitive intensity from domestic players.

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Key Financial Summary

Key Financials (₹ Crore)	FY24	FY25	FY26	2-year CAGR (FY24-26)	FY27E	FY28E	2-year CAGR (FY26-28E)
Revenues	369	334	369	0.0	493	614	28.9
EBITDA	29.5	0.8	33.4	6.4	43.4	61.4	35.5
EBITDA margin (%)	8.0	0.3	9.0		8.8	10.0	
Net Profit	12.9	-9.2	13.0	0.6	22.8	35.9	66.2
EPS (Rs)	2.5	-1.8	2.5		4.4	6.9	
P/E (x)	48.1	NA	47.6		27.1	17.2	
P/B (x)	3.0	3.2	2.9		2.6	2.3	
RoCE (%)	8.9	-1.2	10.7		12.7	16.6	
RoE (%)	6.2	-4.8	6.0		9.6	13.1	

Source: Company, ICICI Direct Research.

Result Update

ICICI Securities – Retail Equity Research

Q2FY27 key results highlights

- **Financial Performance**:
  - GEE Limited reported consolidated revenue growth of 18.6% YoY to ₹101.3 crore in Q2FY27 compared to ₹85.5 crore in Q2FY26. Gross margin contracted marginally by 39 bps YoY to 26.3% from 26.7%.
  - However, operating EBITDA declined 11.9% YoY to ₹7.9 crore from ₹9.0 crore, with operating EBITDA margin contracting sharply by 271 bps to 7.8% from 10.5%. The disproportionate increase in employee expenses (+30.7% YoY) and other expenses (+37.9% YoY), both outpacing revenue growth, weighed on operating profitability. Consequently, PAT declined 6.4% YoY to ₹3.9 crore from ₹4.2 crore.
  - Management attributed the pressure on profitability to higher raw-material costs, particularly steel, amid geopolitical tensions and elevated oil and metal prices.
- **Specialised & Value-Added Products**:
  - Specialised and niche products currently contribute approximately 27% of the product basket, with management targeting an increase to 35–40% over the coming year.
  - Conventional welding consumables typically command realisations of approximately ₹100–125/kg, whereas specialised products such as silver brazing alloy wires & nickel wires can command realisations ranging from ₹275/kg to ₹1,500/kg, depending on technical specifications and raw-material content.
  - Management expects a higher share of specialised products to improve overall realisations and profitability. The company is also focusing on developing products for critical applications where quality, technical expertise and certifications are key differentiators.
- **Capacity Expansion & Capex**:
  - The company is planning to increase its installed capacity from approximately 59,000 MT to 71,000 MT, with the objective of utilising more than 90% of the expanded capacity by FY29–FY30.
  - Management has outlined a capex of approximately ₹35–40 crore over the next two years, primarily towards new product verticals and capacity expansion.
  - MIG wire capacity is currently around 12,000 MT and is operating at 100% utilisation. The company plans to double this capacity to 24,000 MT by adding another 12,000 MT.
  - Flux-cored wire capacity is expected to increase from approximately 250 MT currently to 12,000 MT. One production line has already been installed, with commercial production expected to commence by the last week of November 2026.
  - Management indicated that existing facilities can support incremental revenue of approximately ₹300 crore over the previous year's revenue base of around ₹370 crore, although some additional spending will be required to streamline processes and improve utilisation.
- **Management commentary:**
  - Management is targeting revenue growth of 25–30% YoY, supported by higher capacity utilisation, market-share gains, expansion into new geographies and increasing contribution from specialised products.

- Key growth drivers include defence, shipbuilding, power and energy, nuclear power, solar, railways, steel and infrastructure. Management expects the domestic welding consumables market to benefit from India's infrastructure and manufacturing investment cycle.
- GEE currently has approximately 6–6.5% share of the organised domestic market. Management sees scope to increase this to around 10–12% as revenue scales towards ₹1,000 crore.
- A significant opportunity exists in the unorganised segment, which management estimates accounts for approximately 45–50% of the overall domestic market. The shift towards organised suppliers, import substitution and increasing quality requirements could support market-share gains.

- **Margin Outlook & Profitability:**
  - Management is targeting sustainable EBITDA margins of 12–13% over the next 3–4 years, compared with the current level of approximately 8–9%.
  - Margin improvement is expected to be driven by three key levers: increasing the share of specialised products, improving price realisation through stronger brand positioning and approvals, and higher capacity utilisation leading to economies of scale.
  - Management expects EBITDA margins to improve by approximately 50 bps in FY27, followed by a further 50–100 bps improvement in FY28. It expects the company to achieve double-digit EBITDA margins in FY28, with further improvement in FY29.
  - Management is targeting exports to contribute approximately 15–20% of revenue over the next 2–3 years, compared with the current contribution.

Financial summary

Exhibit 1: Profit and loss statement ₹ crore

(Year-end March)	FY25	FY26	FY27E	FY28E
Revenue	**334**	**369**	**493**	**614**
% Growth	(9.6)	10.6	33.5	24.6
Other income	0	1	2	2
Total Revenue	334	370	495	616
% Growth	(9.7)	10.8	33.6	24.5
Raw Material Costs	263	271	362	445
Employee Expenses	24	21	27	34
Other expenses	46	44	60	74
Total Operating Exp.	333	336	449	552
EBITDA	**1**	**33**	**43**	**61**
% Growth	(97.2)	NA	29.8	41.6
Interest	9	8	9	9
PBDT	(8)	26	36	54
Depreciation	4	4	5	6
PBT before Expl. Items	**(12)**	**22**	**31**	**49**
Total Tax	(3)	6	8	13
PAT before MI	(9)	16	23	36
PAT	**(9)**	**13**	**23**	**36**
% Growth	(171.7)	(240.9)	75.5	57.4
EPS	**(2)**	**3**	**4**	**7**

Source: Company, ICICI Direct Research

Exhibit 2: Cash flow statement ₹ crore

(Year-end March)	FY25	FY26	FY27E	FY28E
Profit after Tax	(9)	13	23	36
Depreciation	4	4	5	6
Interest	9	8	9	9
Cash Flow before WC changes	6	34	45	63
Net Increase in Current Assets	9	(37)	(29)	(36)
Net Inc in Current Liabilities	2	(2)	10	8
Net CF from Operating activities	**14**	**(8)**	**18**	**22**
(Purchase)/Sale of Fixed Assets	(2)	(9)	(7)	(10)
Other investing cash flows	(3)	31	-	-
Net CF from Investing activities	**(5)**	**22**	**(7)**	**(10)**
Issue of Equity	-	-	-	-
Inc/(Dec) in loans	(0)	(15)	-	-
Others	(9)	1	(8)	(8)
Net CF from Financing Activities	**(9)**	**(13)**	**(8)**	**(8)**
Net Cash flow	(0)	0	4	5
Opening Cash/Cash Equivalent	0	0	1	5
Closing Cash/ Cash Equivalent	**0**	**1**	**5**	**9**

Source: Company, ICICI Direct Research

Exhibit 3: Balance sheet ₹ crore

(Year-end March)	FY25	FY26	FY27E	FY28E
Equity Capital	5	10	10	10
Reserve and Surplus	188	206	229	265
Total Shareholders' funds	**194**	**216**	**239**	**275**
Total Debt	**75**	**61**	**61**	**61**
Total Liabilities	**269**	**277**	**300**	**336**
Gross Block	196	172	179	189
Acc: Depreciation	53	57	63	68
Net Block	143	115	117	121
Capital WIP	0	2	2	2
Total Fixed Assets	**143**	**117**	**118**	**123**
Non-Current Assets	22	28	21	19
Inventory	80	90	114	137
Debtors	44	55	70	82
Other Current Assets	16	25	15	16
Cash	4	1	5	9
Total Current Assets	**144**	**171**	**204**	**244**
Current Liabilities	34	32	42	50
Provisions	0	0	0	0
Total Current Liabilities	**34**	**33**	**43**	**51**
Net Current Assets	110	138	161	194
Total Assets	**275**	**283**	**300**	**336**

Source: Company, ICICI Direct Research

Exhibit 4: Key ratios

(Year-end March)	FY25	FY26	FY27E	FY28E
Per Share Data (₹)				
EPS	(1.8)	2.5	4.4	6.9
Cash per Share	(1.0)	3.2	5.4	8.0
DPS	-	-	-	-
BV	37.2	41.4	45.8	52.7
Operating Ratios (%)				
EBITDA Margin	0.3	9.0	8.8	10.0
PAT Margin	(2.8)	3.5	4.6	5.9
Asset Turnover (x)	1.2	1.3	1.6	1.8
Return Ratios (%)				
RoE	(4.8)	6.0	9.6	13.1
RoCE	(1.2)	10.7	12.7	16.6
Valuation Ratios (x)				
EV / EBITDA	825.9	20.3	15.6	10.9
P/E	(67.0)	47.6	27.1	17.2
EV / Net Sales	2.1	1.8	1.4	1.1
Sales / Equity	1.7	1.7	2.1	2.2
Market Cap / Sales	1.9	1.7	1.3	1.0
Price to Book Value	3.2	2.9	2.6	2.3
Working Capital Management Ratios				
Inventory Days	87.1	88.7	84.5	81.2
Debtor Days	47.8	54.4	52.0	49.0
Creditor Days	26.4	22.5	24.3	23.9
Solvency Ratios				
Debt / Equity	0.4	0.28	0.3	0.2
Current Ratio	4.2	5.2	4.8	4.8
Quick Ratio	1.9	2.5	2.1	2.1

Source: Company, ICICI Direct Research

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