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India | Equity Research | Q1FY25 results review

Genus Power Infrastructures

Capital Goods

Strong start to FY25

Genus Power (Genus) reported a healthy set of Q1FY25 numbers with its revenue growing to INR 4.1bn, up 60% YoY. Gross margins improved markedly to 44.4% (vs. 34.6% YoY) owing to stable raw material pricing. As a result, with significant growth in execution, EBITDA margin expanded to 15.3% (vs. 10.9% YoY) and EBITDA grew 2.3x YoY to INR 630mn. As a result, PAT more than doubled to INR 420m. Order book (OB) remains robust at INR 215bn and its pipeline for tenders remains strong at 90–100m meters over the next 1–2 years. As a result, we maintain our **BUY** rating on Genus with a revised target price of INR 445, valuing the stock at 35x FY26E EPS of INR 12.5/share (vs. 30x FY26E EPS of INR 11.5/share previously).

A strong start to the year

Revenue grew 60% YoY to INR 4.1bn in Q1FY25 and gross profits doubled to INR 1.8bn, as gross margin expanded to 44.4% (vs 34.6% YoY). Moreover, finance cost and other expenses stabilised after initial project execution costs. As a result, EBITDA grew 2.3x YoY to INR 632m as margins expanded 440bps YoY to 15.3%. As a result, PAT grew 2x YoY to INR 425m in Q1FY25.

Order book at INR 215bn; outlook remains healthy

Order inflows (OI) remained strong in FY24, and thus, the OB stands at INR 215bn; additionally, it sits as L1 in a tender worth INR 110bn, which is yet to be finalised. Moreover, Genus has started receiving inquiries from other AMISP peers for the supply of meters, which are not included in its OB. Overall, 150–160m meters are either decided, or under evaluation; thus, we expect tenders for another 90–100m meters in the next couple of years with an estimated cost INR 1.2trn.

Financial position remains healthy

Genus is net debt free, as of Jun-24, with a cash balance of INR 5–6bn. We expect the cash balance to fund equity infusion in the SPV platform.

Maintain BUY

We retain our **BUY** rating on Genus with a revised TP of INR 445, valuing the stock at 35x FY26E EPS of INR 12.5/share (vs. 30x FY26E EPS of INR 11.5/share).

Financial Summary

Y/E Mar-31 (INR mn)	FY23A	FY24A	FY25E	FY26E
Net Revenue	8,084	12,006	26,468	37,200
EBITDA	788	1,350	3,446	5,601
EBITDA Margin (%)	9.8	11.2	13.0	15.1
Net Profit	350	752	2,322	3,805
EPS (INR)	1.2	2.5	7.6	12.5
EPS % Chg YoY	0.4	0.8	2.1	0.6
P/E (x)	278.8	153.0	49.5	30.2
EV/EBITDA (x)	122.1	82.6	32.6	19.5
RoCE (%)	4.3	6.5	12.5	16.7
RoE (%)	3.6	5.9	13.8	19.2

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Market Data

Market Cap (INR)	115bn
Market Cap (USD)	1,375mn
Bloomberg Code	GPIN IN
Reuters Code	GEOE.BO
52-week Range (INR)	389 /172
Free Float (%)	33.0
ADTV-3M (mn) (USD)	4.6

Price Performance (%)	3m	6m	12m
Absolute	27.1	43.2	106.8
Relative to Sensex	17.3	29.2	83.9

Earnings Revisions (%)	FY25E	FY26E
Revenue	0%	0%
EBITDA	0%	7%
EPS	0%	8%

Previous Reports

31-05-2024: [Q4FY24 results review](#)

16-02-2024: [Q3FY24 results review](#)

Outlook and valuation

Revenue grew 60% YoY to INR 4.1bn in Q1FY25 and gross profits doubled to INR 1.8bn, as gross margin expanded to 44.4% (vs 34.6% YoY). Moreover, finance cost and other expenses stabilised after initial project execution costs. As a result, EBITDA grew 2.3x YoY to INR 632mn as margins expanded 440bps YoY to 15.3%. As a result, PAT grew 2x YoY to INR 425m in Q1FY25.

Genus had struck a marquee deal with GIC for an equity investment of INR 5.2bn for 15% stake in the company in Q1FY24. Also, it has also set up an SPV to bid for smart meter tenders in the future (Genus will be the sole supplier of smart meters to this SPV). GIC will hold 74% stake and Genus 26% in the SPV. Genus' equity contribution towards the SPV would be USD 210mn over the next 3-4 years. The SPV is targeting order inflow worth INR 300bn from smart metering tenders for which GIC has committed capital worth USD 2bn. The SPV will bid for projects and supply orders (60% of total order inflow) will be given to Genus. The SPV will pay Genus after execution of the order, thus, reducing the working capital requirement for Genus.

Genus, being a supplier of smart meters, is at a unique advantage to supply smart meters for the orders it has won on its own and also to other players who have won the order but have to source the meters from a third party.

We raise our EBITDA margin estimates for FY26E to 15.1% (vs 14.1% earlier) owing to expected improved raw material supply and stable pricing leading to improved gross margin and significant ramp up in execution leading to improved operating leverage. And thus raise the PAT by 8% YoY to INR 3.8bn for FY26E.

We maintain **BUY** rating on the stock with a revised target price of INR 445/share, valuing the stock at 35x FY26E EPS of INR 12.5/share (vs 30x FY26E EPS of INR 11.5/share earlier).

Key risks: 1) Delay in supply chain for key smart meter equipment, 2) lower than expected execution growth.

Exhibit 1: Earnings revision (INR mn)

INR mn	FY25E			FY26E		
	Earlier	Revised	Change (%)	Earlier	Revised	Change (%)
Revenue	26,468	26,468	0%	37,200	37,200	0%
EBITDA	3,446	3,446	0%	5,228	5,601	7%
PAT	2,322	2,322	0%	3,508	3,805	8%

Source: I-Sec research

Exhibit 2: Standalone financial highlights (INR mn)

Particulars	Q1FY25	Q1FY24	YoY %	Q4FY24	QoQ %
Order Book	214,580	82,000	161.7%	210,000	2.2%
Net sales	4,142	2,611	58.6%	4,201	-1.4%
Expenditure	3,510	2,325	50.9%	3,648	-3.8%
Cost of RM consumed	3,527	1,648	114.1%	3,139	12.3%
Change in inventory	(1,223)	60	-2135.0%	(728)	68.0%
Employee	562	357	57.3%	475	18.4%
other expenditure	645	260	147.6%	762	-15.4%
EBITDA	632	286	121.1%	554	14.1%
EBITDA margins	15.3%	10.9%	431	13.2%	207
Other income	199	153	29.5%	166	19.3%
Depreciation	60	47	27.2%	58	2.7%
Interest	206	121	70.2%	186	10.6%
PBT	565	271	108.3%	476	18.6%
Tax	141	79	79.4%	162	-13.1%
PAT	424	193	120.1%	314	35.1%
Exceptional item	-	-	-	-	-
Adjusted PAT	424	193	120.1%	314	35.1%

Source: I-Sec research

Exhibit 3: Shareholding pattern

%	Dec'23	Mar'24	Jun'24
Promoters	50.3	42.7	42.7
Institutional investors	7.7	21.9	22.6
MFs and others	5.3	4.6	4.4
FIs/Banks	0.2	0.3	0.3
Insurance	0.0	0.0	0.0
FIIIs	2.2	17.0	17.9
Others	42.0	35.4	34.7

Source: Bloomberg

Exhibit 4: Price chart

Source: Bloomberg

Financial Summary

Exhibit 5: Profit & Loss

(INR mn, year ending Mar-31)

	FY23A	FY24A	FY25E	FY26E
Net Sales	8,084	12,006	26,468	37,200
Operating Expenses	867	1,831	4,037	5,390
EBITDA	788	1,350	3,446	5,601
EBITDA Margin (%)	9.8	11.2	13.0	15.1
Depreciation & Amortization	187	213	255	268
EBIT	601	1,137	3,191	5,334
Interest expenditure	282	577	744	930
Other Non-operating Income	184	559	671	704
Recurring PBT	503	1,119	3,117	5,107
Profit / (Loss) from Associates	-	-	-	-
Less: Taxes	153	367	795	1,302
PAT	350	752	2,322	3,805
Less: Minority Interest	-	-	-	-
Extraordinaries (Net)	-	-	-	-
Net Income (Reported)	350	752	2,322	3,805
Net Income (Adjusted)	350	752	2,322	3,805

Source Company data, I-Sec research

Exhibit 6: Balance sheet

(INR mn, year ending Mar-31)

	FY23A	FY24A	FY25E	FY26E
Total Current Assets	9,973	21,525	27,451	34,532
of which cash & cash eqv.	1,365	6,704	6,710	10,403
Total Current Liabilities & Provisions	2,308	4,767	7,038	9,446
Net Current Assets	7,665	16,758	20,413	25,086
Investments	3,426	2,777	2,777	2,777
Net Fixed Assets	1,566	1,454	1,399	1,331
ROU Assets	-	-	-	-
Capital Work-in-Progress	73	146	146	146
Total Intangible Assets	-	-	-	-
Other assets	510	1,907	1,907	1,907
Deferred Tax Assets	-	-	-	-
Total Assets	14,357	24,031	27,153	31,758
Liabilities				
Borrowings	3,469	5,871	6,671	7,471
Deferred Tax Liability	1,016	2,501	2,501	2,501
provisions	-	-	-	-
other Liabilities	27	19	19	19
Equity Share Capital	258	304	304	304
Reserves & Surplus	9,588	15,336	17,658	21,463
Total Net Worth	9,846	15,640	17,962	21,767
Minority Interest	-	-	-	-
Total Liabilities	14,357	24,031	27,153	31,758

Source Company data, I-Sec research

Exhibit 7: Cashflow statement

(INR mn, year ending Mar-31)

	FY23A	FY24A	FY25E	FY26E
Operating Cashflow	193	(3,348)	(1,743)	2,390
Working Capital Changes	(206)	(3,754)	(3,650)	(979)
Capital Commitments	(152)	(173)	(200)	(200)
Free Cashflow	345	(3,175)	(1,543)	2,590
Other investing cashflow	86	1,208	671	704
Cashflow from Investing Activities	(66)	1,035	471	504
Issue of Share Capital	0	46	-	-
Interest Cost	(282)	(577)	(744)	(930)
Inc (Dec) in Borrowings	670	2,402	800	800
Dividend paid	(219)	(289)	(319)	(349)
Others	202	6,555	1,063	1,280
Cash flow from Financing Activities	371	8,137	800	800
Chg. in Cash & Bank balance	499	5,824	(472)	3,694
Closing cash & balance	1,366	7,189	6,232	10,403

Source Company data, I-Sec research

Exhibit 8: Key ratios

(Year ending Mar-31)

	FY23A	FY24A	FY25E	FY26E
Per Share Data (INR)				
Reported EPS	1.4	2.5	7.6	12.5
Adjusted EPS (Diluted)	1.2	2.5	7.6	12.5
Cash EPS	2.1	3.2	8.5	13.4
Dividend per share (DPS)	0.9	0.9	1.0	1.1
Book Value per share (BV)	38.2	51.5	59.1	71.7
Dividend Payout (%)	62.6	38.4	13.7	9.2
Growth (%)				
Net Sales	0.2	0.5	1.2	0.4
EBITDA	0.3	0.7	1.6	0.6
EPS (INR)	0.4	0.8	2.1	0.6
Valuation Ratios (x)				
P/E	278.8	153.0	49.5	30.2
P/CEPS	181.6	119.3	44.6	28.3
P/BV	9.9	7.4	6.4	5.3
EV / EBITDA	122.1	82.6	32.6	19.5
P / Sales	12.1	9.6	4.3	3.1
Dividend Yield (%)	0.2	0.3	0.3	0.3
Operating Ratios				
Gross Profit Margins (%)	20.5	26.5	28.3	29.5
EBITDA Margins (%)	9.8	11.2	13.0	15.1
Effective Tax Rate (%)	30.4	32.8	25.5	25.5
Net Profit Margins (%)	4.3	6.3	8.8	10.2
NWC / Total Assets (%)	6.1	6.6	6.8	-
Net Debt / Equity (x)	(13.4)	(23.1)	(15.7)	(26.2)
Net Debt / EBITDA (x)	(167.7)	(267.4)	(81.7)	(101.9)
Profitability Ratios				
RoCE (%)	4.3	6.5	12.5	16.7
RoE (%)	3.6	5.9	13.8	19.2
RoC (%)	4.3	6.5	12.5	16.7
Fixed Asset Turnover (x)	5.0	7.9	18.6	27.3
Inventory Turnover Days	140	176	121	88
Receivables Days	231	211	193	140
Payables Days	80	133	113	96

Source Company data, I-Sec research

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