

06 February 2025

India | Equity Research | Results update

GE Vernova T&D India

Capital Goods

Growth momentum continues; orderbook remains solid

GE Vernova T&D (GE) has again delivered a strong performance (in Q3FY25) post Q2, with revenue up 28% YoY to INR 10.7bn and EBITDA soaring 86% YoY to INR 1.7bn, driven by a sharp margin expansion to 16.7% (+520bps YoY). That powered PAT to INR 1.4bn—almost triple to last year's figure led by better product mix and improved utilisation. Orderbook remains solid, with Q3 inflows at INR 20.7bn, taking 9MFY25 inflows to INR 78bn (+175% YoY). Domestic orders accounted for 85% of Q3's intake, pushing the total backlog to INR 109bn (+87% YoY) and strengthening the book-to-sales ratio to 2.7x. Going ahead, India's ~INR 1.4trn transmission project award in the past 18 months is set to fuel fresh demand, benefitting players like GE. With strong execution and favourable industry backdrop, we maintain **BUY** with TP of INR 2,100.

Growth momentum continues

For Q3FY25, revenue grew by 28% YoY to INR 10.7bn, while EBITDA grew by 86% YoY to INR 1.7bn owing to a sharp improvement in operating margin to 16.7% (+520bps YoY). As a result, PAT grew to INR 1.4bn (vs INR 493mn YoY). The continued growth YoY for FY25 so far has been on the back of better product mix and higher utilisation. The company generated cash of INR 6.4bn for 9MFY25 before dividend payment.

Orderbook remains robust

Order inflow for the quarter came in at INR 20.7bn, taking the total order inflow for 9MFY25 to INR 78bn (+175% YoY). OI in Q3 was driven by domestic segment which saw influx to the tune of INR 17.5bn (85% of order inflow was domestic for Q3). The resultant orderbook stands at INR 109bn (+87% YoY), translating to an increased book-to-sales ratio of 2.7 (vs 2 in Q3FY24).

Domestic T&D equipment orders to kick in

India has finalised transmission projects worth INR 1.4trn in the last 18 months. As a result, we expect order inflow to improve sharply for companies such as GE. The company is also well positioned to execute these orders as the company has not yet reached full capacity utilisation, except for one product line, and will invest in capex as needed based on market requirements.

Maintain BUY with TP of INR 2,100

We maintain **BUY** on the stock with an unchanged TP of **INR 2,100**.

Financial Summary

Y/E March (INR mn)	FY24A	FY25E	FY26E	FY27E
Net Revenue	31,679	46,471	59,610	69,924
EBITDA	3,190	8,435	10,380	12,506
EBITDA Margin (%)	10.1	18.2	17.4	17.9
Net Profit	1,811	5,913	7,401	9,037
EPS (INR)	7.1	23.1	28.9	35.3
EPS % Chg YoY	751.2	226.6	25.2	22.1
P/E (x)	232.9	71.3	57.0	46.7
EV/EBITDA (x)	135.5	50.7	40.9	33.5
RoCE (%)	14.6	39.2	34.8	31.0
RoE (%)	15.6	39.2	35.0	31.5

Mohit Kumar

kumar.mohit@icicisecurities.com
+91 22 6807 7419

Abhijeet Singh

abhijeet.singh@icicisecurities.com

Mahesh Patil

mahesh.patil@icicisecurities.com

Abhinav Nalawade

abhinav.nalawade@icicisecurities.com

Nidhi Shah

nidhi.shah@icicisecurities.com

Market Data

Market Cap (INR)	422bn
Market Cap (USD)	4,844mn
Bloomberg Code	GVTD IN
Reuters Code	GETD BO
52-week Range (INR)	2,243 /674
Free Float (%)	40.0
ADTV-3M (mn) (USD)	10.3

Price Performance (%)	3m	6m	12m
Absolute	(7.0)	(5.8)	132.2
Relative to Sensex	(6.8)	(2.8)	123.1

ESG Score	2023	2024	Change
ESG score	NA	NA	NA
Environment	NA	NA	NA
Social	NA	NA	NA
Governance	NA	NA	NA

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

Previous Reports

11-11-2024: [Q2FY25 results review](#)

01-08-2024: [Q1FY25 results review](#)

Outlook and valuation

We have maintained our FY25/26 estimates with revenues being INR 46bn (up 47% YoY) and 59bn (up 28% YoY), respectively. EBITDA being INR 8.4bn (FY25E) and INR 10.3bn (FY26E) with EBITDA margin of 18% and 17%, respectively, owing to better product mix guidance and execution from the company. We have assigned a P/E multiple of 60x FY27E EPS on account of robust pipeline and improving margins outlook. We maintain **BUY** on the stock with an unchanged TP of **INR 2,100**.

Key risks: 1) Supply-chain issues to critical transformer components; and 2) slower order inflow growth going forward.

Exhibit 1: Valued at INR 2,100 with 60x FY27E PAT

Particulars	PAT/No.SH/EPS	Method	Valuation/NoSH/TP
FY27E (INR mn)	9,037	60x FY27E	5,37,700
No. of shares (mn)	256		256
Per Share (INR)	35.3		2,100

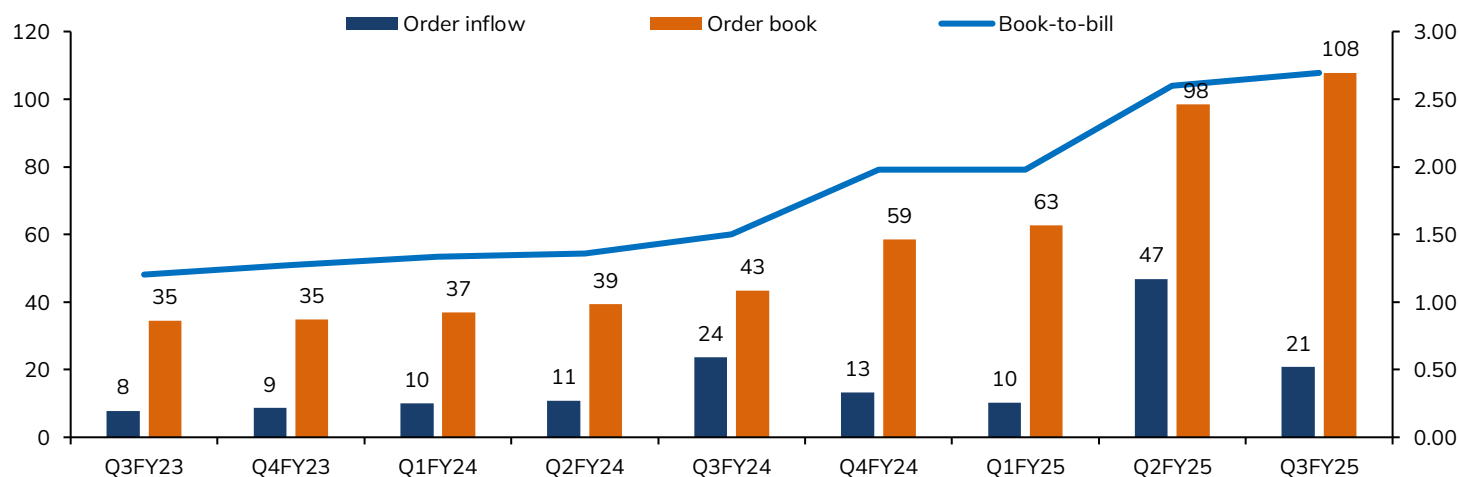
Source: I-Sec research

Exhibit 2: Quarterly result highlights

INR Mn	Q3FY25	Q3FY24	YoY(%)	Q2FY25	QoQ(%)	FY24	FY23	YoY(%)
Net Sales	10,737	8,390	28.0	11,078	(3.1)	31,679	27,732	14.2
EBITDA	1,797	965	86.1	2,047	(12.2)	3,190	1,016	214.0
Margin	16.7	11.5	523bps	18.5	-174bps	10.1	3.7	641bps
Depreciation	117	124	(5.4)	121	(2.8)	502	554	(9.4)
Finance Cost	39	70	(44.2)	28	41.1	283	420	(32.6)
Other Income	258	(43)	(705.6)	39	564.9	226	339	(33.5)
PBT	1,899	730	160.3	1,938	(2.0)	2,631	267	883.4
Tax	472	236	100.0	491	(3.9)	820	282	190.4
Tax rate	0.2	0.3	-7bps	0.3	0bps	0.3	1.1	-74bps
Reported PAT	1,427	493	189.1	1,446	(1)	1,811	(15)	(12,251.0)
Adjusted PAT	1,427	493	189.1	1,446	(1)	1,811	70	2,469.9
Margin(%)	13.3	5.9	741bps	13.1	23bps	5.7	0.3	546bps
EPS	5.6	1.9	189.1	5.6	(1.3)	7.1	0.3	2,469.9

Source: I-Sec research, Company data

Exhibit 3: Order inflow, order backlog and book-to-bill ratio (INR bn)



Source: I-Sec research, Company data

Q3FY25 conference call highlights

- Secured order from Sterlite Grid, one of India's leading private power transmission companies for 765 kV power transformers, shunt reactors and gas insulated switchgear (GIS) to be supplied, installed, and commissioned for renewable energy evacuation from REZ in Gujarat.
- Secured order from a renewable power generation company of Jindal Group for construction of 400/33kV AIS substation for 1.4 GW solar plant.
- Secured order from India's leading EPC group for 765 kV Live Tank Circuit Breakers, 765 kV Current Transformers for installation in substation for renewable energy evacuation. Secured order from India's leading EPC group for 220 kV GIS to be installed in a substation for powering up a data centre in Mumbai.
- Secured order from an EPC group for 400 kV GIS to be installed in a substation for power transmission in Uttarakhand.
- Secured order from BHEL for supply of HVS products for various 765 kV PGCIL projects. Secured export order for supply of HVS products to Portugal.
- Secured export order for supply of 220 kV GIS to Spain.
- Successfully commissioned 765 kV transformers for PGCIL at Sikar II and Banaskantha substations.
- Successfully commissioned 765 kV shunt reactors for PGCIL at Sikar II and Bhadla II substations.
- Successfully commissioned 765 kV generator transformers for Doosan at Jawaharpur
- Successfully commissioned 400 kV GIS and transformers for Indigrid at Patran
- Successfully commissioned 400 kV and 220 kV GIS Substation for Reliance Industries at Jamnagar, Gujarat.
- Successfully commissioned 400 kV GIS bays for Adani at Khavda, Gujarat.
- Successfully commissioned 220 kV AIS bays and 150 MVA transformers for Power Grid, Lohardanga.
- Successfully commissioned 400 kV (GIS) / 220 kV (AIS) substation along with 400 kV transformer and shunt reactors for SJVN Arun -3 in Dhalkebar, Nepal.

Capex Plans

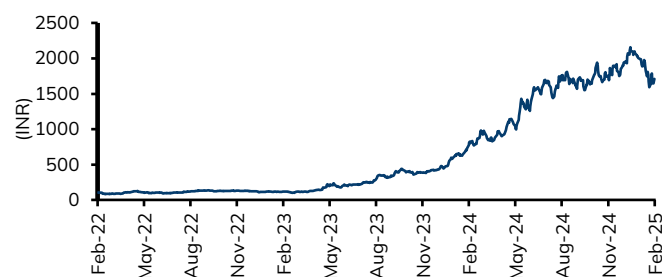
- The company generated cash of INR 6.4bn for 9MFY25 before dividend payment.
- The company plans to spend USD 8mn to USD 10mn (approximately INR 800mn) on capex in the near term.
- The company has not yet reached full capacity utilisation, except for one product line, and will invest in capex as needed based on market requirements.

Exhibit 4: Shareholding pattern

%	Jun'24	Sep'24	Dec'24
Promoters	75.0	59.4	51.0
Institutional investors	17.0	32.5	40.5
MFs and others	13.7	22.3	24.4
FIs/Banks	0.0	0.0	0.0
Insurance	0.7	2.2	2.7
FIIIs	2.6	8.0	13.4
Others	8.0	8.1	8.5

Source: Bloomberg, I-Sec research

Exhibit 5: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 6: Profit & Loss

(INR mn, year ending March)

	FY24A	FY25E	FY26E	FY27E
Net Sales	31,679	46,471	59,610	69,924
Operating Expenses	7,711	9,688	11,676	13,366
EBITDA	3,190	8,435	10,380	12,506
EBITDA Margin (%)	10.1	18.2	17.4	17.9
Depreciation & Amortization	502	509	523	538
EBIT	2,688	7,926	9,856	11,968
Interest expenditure	283	291	300	309
Other Non-operating Income	-	-	-	-
Recurring PBT	2,631	7,906	9,894	12,082
Profit / (Loss) from Associates	-	-	-	-
Less: Taxes	820	1,992	2,493	3,045
PAT	1,811	5,913	7,401	9,037
Less: Minority Interest	-	-	-	-
Extraordinaries (Net)	-	-	-	-
Net Income (Reported)	1,811	5,913	7,401	9,037
Net Income (Adjusted)	1,811	5,913	7,401	9,037

Source Company data, I-Sec research

Exhibit 7: Balance sheet

(INR mn, year ending March)

	FY24A	FY25E	FY26E	FY27E
Total Current Assets	26,343	41,280	53,561	66,269
of which cash & cash eqv.	1,319	6,158	9,479	15,176
Total Current Liabilities & Provisions	22,505	31,787	36,909	40,808
Net Current Assets	3,837	9,493	16,652	25,460
Investments	76	76	76	76
Net Fixed Assets	3,544	3,235	2,912	2,574
ROU Assets	-	-	-	-
Capital Work-in-Progress	111	111	111	111
Total Intangible Assets	386	386	386	386
Other assets	4,284	4,284	4,284	4,284
Deferred Tax Assets	1,018	1,018	1,018	1,018
Total Assets	13,338	18,686	25,521	33,992
Liabilities				
Borrowings	4	54	104	154
Deferred Tax Liability	-	-	-	-
provisions	606	606	606	606
other Liabilities	299	299	299	299
Equity Share Capital	512	512	512	512
Reserves & Surplus	11,917	17,215	24,000	32,420
Total Net Worth	12,429	17,727	24,512	32,933
Minority Interest	-	-	-	-
Total Liabilities	13,339	18,686	25,521	33,992

Source Company data, I-Sec research

Exhibit 8: Cashflow statement

(INR mn, year ending March)

	FY24A	FY25E	FY26E	FY27E
Operating Cashflow	3,945	5,626	4,049	6,349
Working Capital Changes	1,253	(817)	(3,837)	(3,112)
Capital Commitments	(435)	(200)	(200)	(200)
Free Cashflow	4,380	5,826	4,249	6,549
Other investing cashflow	359	271	338	423
Cashflow from Investing Activities	(76)	71	138	223
Issue of Share Capital	(2,718)	2,718	-	-
Interest Cost	(283)	(291)	(300)	(309)
Inc (Dec) in Borrowings	(2,194)	50	50	50
Dividend paid	-	(512)	(512)	(512)
Others	2,198	(2,822)	(104)	(104)
Cash flow from Financing Activities	(2,997)	(858)	(866)	(875)
Chg. in Cash & Bank balance	873	4,839	3,321	5,697
Closing cash & balance	1,319	6,158	9,479	15,176

Source Company data, I-Sec research

Exhibit 9: Key ratios

(Year ending March)

	FY24A	FY25E	FY26E	FY27E
Per Share Data (INR)				
Reported EPS	7.1	23.1	28.9	35.3
Adjusted EPS (Diluted)	7.1	23.1	28.9	35.3
Cash EPS	9.0	25.1	30.9	37.4
Dividend per share (DPS)	-	2.0	2.0	2.0
Book Value per share (BV)	48.5	69.2	95.7	128.6
Dividend Payout (%)	-	8.7	6.9	5.7
Growth (%)				
Net Sales	14.2	46.7	28.3	17.3
EBITDA	214.0	164.5	23.1	20.5
EPS (INR)	751.2	226.6	25.2	22.1
Valuation Ratios (x)				
P/E	232.9	71.3	57.0	46.7
P/CEPS	182.4	65.7	53.2	44.0
P/BV	33.9	23.8	17.2	12.8
EV / EBITDA	135.5	50.7	40.9	33.5
P / Sales	13.7	9.3	7.3	6.2
Dividend Yield (%)	-	0.1	0.1	0.1
Operating Ratios				
Gross Profit Margins (%)	34.4	39.0	37.0	37.0
EBITDA Margins (%)	10.1	18.2	17.4	17.9
Effective Tax Rate (%)	31.2	25.2	25.2	25.2
Net Profit Margins (%)	5.7	12.7	12.4	12.9
NWC / Total Assets (%)	18.9	17.8	28.1	30.3
Net Debt / Equity (x)	(0.1)	(0.3)	(0.4)	(0.5)
Net Debt / EBITDA (x)	(0.4)	(0.7)	(0.9)	(1.2)
Profitability Ratios				
RoCE (%)	14.6	39.2	34.8	31.0
RoE (%)	15.6	39.2	35.0	31.5
RoIC (%)	14.6	39.2	34.8	31.0
Fixed Asset Turnover (x)	8.8	13.7	19.4	25.5
Inventory Turnover Days	72	81	76	73
Receivables Days	177	197	186	179
Payables Days	109	160	146	135

Source Company data, I-Sec research

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Name of the Compliance officer (Research Analyst): Mr. Atul Agrawal, Contact number: 022-40701000, E-mail Address : complianceofficer@icicisecurities.com

For any queries or grievances: Mr. Bhavesh Soni Email address: headservicequality@icicidirect.com Contact Number: 18601231122
