

15 February 2025

India | Equity Research | Results update

Genus Power Infrastructures

Capital Goods

Strong quarter; execution expected to accelerate

Genus Power (Genus) has reported strong Q3FY25 earnings with standalone revenue of INR 6bn (2.3x YoY), EBITDA of INR 1.2bn (4.1x YoY) and PAT of INR 682mn (5x YoY). EBITDA margin significantly improved to 19.3% (+830bps YoY). Its orderbook (OB), as of Dec'24, also surged to INR 313bn (+55% YoY); however, it remained flat QoQ. Of the OB, we estimate smart meter supply and installation to be ~INR 180bn – leading to high visibility over the next four years. Note that a number of smart meter tenders are yet to be finalised. As a result, we expect new opportunities from smart meters to be healthy in FY26E/FY27E. The stock is currently trading at 18x FY27E earnings. Maintain **BUY** with a revised TP of **INR 376** (INR 481 earlier), as we roll forward to FY27E.

Strong quarter; profitability surprises positively

Genus reported strong results with revenue at INR 6bn (2.3x YoY), EBITDA at INR 1.2bn (4.1x YoY) and PAT at INR 682mn (5x YoY). EBITDA margins positively surprised in Q3FY25 and stood at 19.3% (+830bps YoY). Please note that margins depend on the type of order executed and can vary from quarter to quarter. However, annual EBITDA margin is expected to be at 15–16% in FY25 (vs. 11.4% in FY24).

FY25 guidance maintained

The company has maintained its revenue guidance of INR 25bn for FY25; it expects 30–40% revenue growth in FY26. It has also maintained its guidance of 15–16% EBITDA margin in FY25/FY26. Note that 9MFY25 revenue stood at INR 15bn with EBITDA margin of 17.4%; it expects strong execution in Q4FY25.

Robust OB; execution expected to accelerate

OB remains robust at INR 313bn (+55% YoY), of which we estimate smart meter supply and installation to be ~INR 180bn – leading to high visibility over the next four years. Though execution is slower than earlier estimated, it is expected to accelerate over the next few quarters. Note that a number of smart meter tenders are yet to be finalised. We expect tendering activity for smart meters to be healthy in FY26E/FY27E.

Maintain BUY; TP revised to INR 376 (INR 481 earlier)

Maintain **BUY**; TP revised to **INR 376**, valuing the stock at 25x FY27E PAT.

Financial Summary

Y/E Mar-31 (INR mn)	FY24A	FY25E	FY26E	FY27E
Net Revenue	12,006	24,008	34,800	48,138
EBITDA	1,350	3,813	5,297	7,332
EBITDA Margin (%)	11.2	15.9	15.2	15.2
Net Profit	752	2,460	3,353	4,567
EPS (INR)	2.5	8.1	11.0	15.0
EPS % Chg YoY	82.2	227.0	36.3	36.2
P/E (x)	108.2	33.1	24.3	17.8
EV/EBITDA (x)	57.6	20.3	14.2	10.2
RoCE (%)	6.5	14.0	16.2	18.6
RoE (%)	5.9	14.6	17.0	19.2

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Market Data

Market Cap (INR)	81bn
Market Cap (USD)	938mn
Bloomberg Code	GPIN IN
Reuters Code	GEOE.BO
52-week Range (INR)	486 /205
Free Float (%)	36.0
ADTV-3M (mn) (USD)	3.8

Price Performance (%)	3m	6m	12m
Absolute	(34.0)	(30.3)	1.4
Relative to Sensex	(31.8)	(26.3)	(4.3)

ESG Score	2022	2023	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

31-10-2024: [Q2FY25 results review](#)

02-08-2024: [Q1FY25 results review](#)

Q3FY25 conference call highlights

Financials and guidance

- Other expenses at consolidated level have gone up significantly YoY, mainly due to mark-to-market (MTM) losses associated with shares of Genus Paper & Boards Limited
- Genus maintained its guidance for revenue and EBITDA margins for FY25 at INR 25bn and 15–16%, respectively
- The company expects 30–40% revenue growth in FY26 (over FY25 guidance) with EBITDA margin of 15–16%

Orderbook

- Current OB is healthy and the company is focusing on ramping up execution
- There are no major tenders expected in this quarter; tendering activity is expected to pick up in FY26

Update on projects

- Four projects in Assam have achieved operational go-live
- Two projects in Chattisgarh are expected to achieve operational go-live by 23 Feb'25

Others

- New smart meter manufacturing facility started commercial operations in Dec'25
- Smart meters have both prepaid and postpaid options; but, as per current norms, it has to be prepaid meters
- Genus is not facing any challenges in availability of components for meters
- The company has a hedging policy for forex exposure

Outlook and valuation

Genus' OB, as of Dec'24, surged to INR 313bn. Of the OB, we estimate smart meter supply and installation to be INR 180bn – leading to high visibility over the next four years. It reported healthy revenue growth of 50% YoY in FY24 and 93% YoY in 9MFY25.

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 is setting up an SPV to bid for smart meter tenders in the future (Genus shall be the sole supplier of smart meters to this SPV). GIC would hold 74% stake and Genus 26% in the SPV. Genus' equity contribution towards the SPV would be USD 200-210mn over the next 3–4 years. GIC has committed capital worth USD 2bn. The SPV shall bid for projects, and supply orders (60% of total order inflow) would be given to Genus. The SPV would 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 maintain our **BUY** rating on the stock with a revised target price of **INR 376/share**, as we roll forward to FY27E, valuing the stock at 25x FY27E PAT (vs 35x FY26E PAT earlier).

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

Exhibit 1: Standalone financial highlights (INR mn)

Particulars	Q3FY25	Q3FY24	YoY %	Q2FY25	QoQ %
Order Book	3,13,020	2,01,630	55.2%	3,17,755	-1.5%
Net sales	6,042	2,598	132.6%	4,869	24.1%
Expenditure	4,874	2,311	110.9%	4,055	20.2%
Cost of RM consumed	3,834	1,834	109.1%	3,596	6.6%
Change in inventory	(479)	(394)		(897)	
Employee	657	417	57.7%	632	4.0%
other expenditure	861	455	89.5%	725	18.9%
EBITDA	1,168	287	306.9%	814	43.5%
EBITDA margins	19.3%	11.1%	828 bps	16.7%	262 bps
Other income	129	121	5.8%	314	-59.1%
Depreciation	67	57	16.7%	63	5.8%
Interest	270	135	100.7%	285	-5.3%
PBT	959	217	343.1%	779	23.1%
Tax	277	81	241.1%	197	40.9%
PAT	682	135	404.4%	583	17.1%
Exceptional item	-	-		-	
Adjusted PAT	682	135	404.4%	583	17.1%

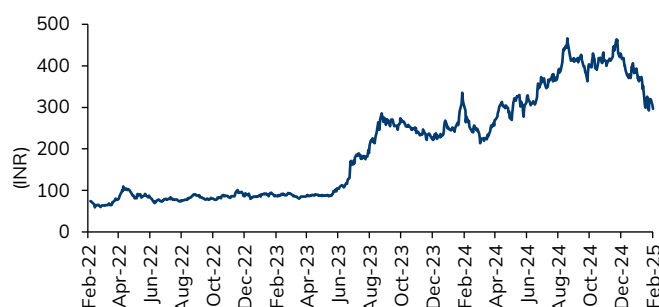
Source: Company data

Exhibit 2: Shareholding pattern

%	Jun'24	Sep'24	Dec'24
Promoters	42.7	39.3	39.4
Institutional investors	22.6	26.1	26.4
MFs and others	4.4	3.3	3.2
FIs/Banks	0.3	0.3	0.4
Insurance	0.0	0.0	0.0
FIIIs	17.9	22.5	22.8
Others	34.7	34.6	34.2

Source: Bloomberg

Exhibit 3: Price chart



Source: Bloomberg

Financial Summary

Exhibit 4: Profit & Loss

(INR mn, year ending Mar-31)

	FY24A	FY25E	FY26E	FY27E
Net Sales	12,006	24,008	34,800	48,138
Operating Expenses	1,831	3,112	4,376	5,993
EBITDA	1,350	3,813	5,297	7,332
EBITDA Margin (%)	11.2	15.9	15.2	15.2
Depreciation & Amortization	213	255	268	281
EBIT	1,137	3,558	5,029	7,051
Interest expenditure	577	1,038	1,350	1,755
Other Non-operating Income	559	782	821	835
Recurring PBT	1,119	3,302	4,501	6,131
Profit / (Loss) from Associates	-	-	-	-
Less: Taxes	367	842	1,148	1,563
PAT	752	2,460	3,353	4,567
Less: Minority Interest	-	-	-	-
Extraordinaries (Net)	-	-	-	-
Net Income (Reported)	752	2,460	3,353	4,567
Net Income (Adjusted)	752	2,460	3,353	4,567

Source Company data, I-Sec research

Exhibit 5: Balance sheet

(INR mn, year ending Mar-31)

	FY24A	FY25E	FY26E	FY27E
Total Current Assets	22,003	26,823	33,617	42,155
of which cash & cash eqv.	6,704	7,849	10,832	12,133
Total Current Liabilities & Provisions	4,767	6,273	8,846	11,935
Net Current Assets	17,236	20,550	24,771	30,220
Investments	2,777	2,777	2,777	2,777
Net Fixed Assets	1,454	1,399	1,331	1,250
ROU Assets	-	-	-	-
Capital Work-in-Progress	146	146	146	146
Total Intangible Assets	-	-	-	-
Other assets	1,907	1,907	1,907	1,907
Deferred Tax Assets	-	-	-	-
Total Assets	24,031	27,290	31,443	36,811
Liabilities				
Borrowings	5,871	6,671	7,471	8,271
Deferred Tax Liability	2,501	2,501	2,501	2,501
provisions	-	-	-	-
other Liabilities	19	19	19	19
Equity Share Capital	304	304	304	304
Reserves & Surplus	15,336	17,795	21,148	25,716
Total Net Worth	15,640	18,099	21,452	26,020
Minority Interest	-	-	-	-
Total Liabilities	24,031	27,290	31,443	36,811

Source Company data, I-Sec research

Exhibit 6: Cashflow statement

(INR mn, year ending Mar-31)

	FY24A	FY25E	FY26E	FY27E
Operating Cashflow	(3,348)	(715)	1,561	(134)
Working Capital Changes	(3,754)	(2,647)	(1,239)	(4,147)
Capital Commitments	(173)	(200)	(200)	(200)
Free Cashflow	(3,175)	(515)	1,761	66
Other investing cashflow	1,208	782	821	835
Cashflow from Investing Activities	1,035	582	621	635
Issue of Share Capital	46	0	-	-
Interest Cost	(577)	(1,038)	(1,350)	(1,755)
Inc (Dec) in Borrowings	2,402	800	800	800
Dividend paid	(289)	(319)	(349)	(380)
Others	6,070	1,835	1,699	2,135
Cash flow from Financing Activities	7,652	1,278	800	800
Chg. in Cash & Bank balance	5,339	1,145	2,982	1,301
Closing cash & balance	6,704	7,849	10,832	12,133

Source Company data, I-Sec research

Exhibit 7: Key ratios

(Year ending Mar-31)

	FY24A	FY25E	FY26E	FY27E
Per Share Data (INR)				
Reported EPS	2.5	8.1	11.0	15.0
Adjusted EPS (Diluted)	2.5	8.1	11.0	15.0
Cash EPS	3.2	8.9	11.9	16.0
Dividend per share (DPS)	0.9	1.0	1.1	1.3
Book Value per share (BV)	51.5	59.6	70.6	85.6
Dividend Payout (%)	38.4	13.0	10.4	8.3
Growth (%)				
Net Sales	48.5	100.0	44.9	38.3
EBITDA	71.2	182.4	38.9	38.4
EPS (INR)	82.2	227.0	36.3	36.2
Valuation Ratios (x)				
P/E	108.2	33.1	24.3	17.8
P/CEPS	84.4	30.0	22.5	16.8
P/BV	5.2	4.5	3.8	3.1
EV / EBITDA	57.6	20.3	14.2	10.2
P / Sales	6.8	3.4	2.3	1.7
Dividend Yield (%)	0.4	0.4	0.4	0.5
Operating Ratios				
Gross Profit Margins (%)	26.5	28.8	27.8	27.7
EBITDA Margins (%)	11.2	15.9	15.2	15.2
Effective Tax Rate (%)	32.8	25.5	25.5	25.5
Net Profit Margins (%)	6.3	10.2	9.6	9.5
NWC / Total Assets (%)	6.6	6.8	-	-
Net Debt / Equity (x)	(23.1)	(21.9)	(28.6)	(25.5)
Net Debt / EBITDA (x)	(267.4)	(103.7)	(115.9)	(90.5)
Profitability Ratios				
RoCE (%)	6.5	14.0	16.2	18.6
RoE (%)	5.9	14.6	17.0	19.2
RoIC (%)	6.5	14.0	16.2	18.6
Fixed Asset Turnover (x)	7.9	16.8	25.5	37.3
Inventory Turnover Days	176	113	89	88
Receivables Days	211	187	142	139
Payables Days	133	105	96	95

Source Company data, I-Sec research

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