

August 1, 2024

Q1FY25 Result Update

Change in Estimates | Target | Reco

Change in Estimates

	Current		Previous	
	FY25E	FY26E	FY25E	FY26E
Rating	HOLD		REDUCE	
Target Price	1,601		1,100	
Sales (Rs. m)	44,456	57,088	44,456	57,088
% Chng.	-	-	-	-
EBITDA (Rs. m)	7,157	10,533	5,246	7,964
% Chng.	36.4	32.3	-	-
EPS (Rs.)	18.9	29.1	13.7	22.0
% Chng.	38.0	32.4	-	-

Key Financials - Standalone

Y/e Mar	FY23	FY24	FY25E	FY26E
Sales (Rs. m)	27,732	31,679	44,456	57,088
EBITDA (Rs. m)	1,016	3,190	7,157	10,533
Margin (%)	3.7	10.1	16.1	18.5
PAT (Rs. m)	(21)	1,811	4,833	7,453
EPS (Rs.)	(0.1)	7.1	18.9	29.1
Gr. (%)	NA	NA	166.9	54.2
DPS (Rs.)	-	1.8	5.7	8.7
Yield (%)	-	0.1	0.4	0.6
RoE (%)	NA	15.6	34.2	40.5
RoCE (%)	3.5	20.4	45.3	53.0
EV/Sales (x)	14.7	12.8	9.1	7.0
EV/EBITDA (x)	401.6	126.9	56.4	38.1
PE (x)	NA	224.2	84.0	54.5
P/BV (x)	37.8	32.7	25.7	19.3

Key Data

GETD.BO | GETD IN

52-W High / Low	Rs.1,762 / Rs.235
Sensex / Nifty	81,741 / 24,951
Market Cap	Rs.406bn / \$ 4,847m
Shares Outstanding	256m
3M Avg. Daily Value	Rs.188.88m

Shareholding Pattern (%)

Promoter's	75.00
Foreign	2.04
Domestic Institution	14.96
Public & Others	8.00
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	6.3	132.4	525.5
Relative	2.7	104.0	409.1

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Strong quarter; outlook remains robust

Quick Pointers:

- Margins rose sharply owing to better operating leverage and selective high margin order booking.
- Healthy order intake of Rs10.3bn led to robust order book of Rs63.4bn (1.9x TTM revenue).

We revise our FY25/26E EPS estimates by +38.0%/+32.4% factoring in better margin profile owing to operating leverage and upgrade the rating to 'Hold' from 'Reduce' with a revised TP of Rs1,601 (Rs1,100 earlier). GE T&D India (GETD) reported robust quarterly performance with 33.6% YoY revenue growth and EBITDA margin improvement of 1,193bps YoY to 19.0%. Grid integration and grid automation offerings along with components such as transformers are expected to sustain growth momentum driven by energy transition. HVDC will continue to remain focused growth driver with 2 projects to be awarded in next 12-18 months. Company's approach to selective high margin order booking and cost control initiatives are expected to yield better margins. Robust order book gives significant revenue visibility with further opportunities available in high growth sectors such as data centers.

We believe 1) healthy order pipeline in power market, 2) robust order book (Rs63.4bn), and 3) management's focus on margin improvement augurs well for strong revenue & profit growth. The stock is trading at a P/E of 84.0x/54.5x FY25/26E. We value the business at a PE of 55x on FY26E (50x FY26E earlier). Upgrade to 'Hold'.

Better operating leverage leading to better execution improves profitability:

Revenue rose 33.6% YoY to Rs9.6bn (PLe: Rs9.3bn) driven by strong growth across domestic (up 32.3% YoY to Rs6.6bn) and export sales (up 36.4% YoY to Rs3.0bn). Gross margin expanded by 860bps YoY to 40.3% (PLe: 35.5%). EBITDA jumped to Rs1.8bn vs Rs508mn in Q1FY24 (PLe: Rs.975mn). EBITDA margin increased by 1193bps YoY to 19.0% (PLe: 10.5%) led by gross margin expansion and employee cost leverage (down 262bps YoY as % of sales). Adj. PBT jumped to Rs1.8bn vs Rs386mn in Q1FY24 (PLe: Rs915mn). Adj. PAT came in at Rs1.3bn in Q1FY25 vs Rs282mn in Q1FY24 (PLe: Rs640mn), driven by the strong operating performance, lower interest costs at Rs20mn (vs Rs113mn in Q1FY24) and lower effective tax rate of 25.2% (vs 26.9% in Q1FY24).

Robust order book at record high of Rs63.4bn:

Q1FY25 order inflow came in at Rs10.3bn (vs Rs10.1bn in Q1FY24), driven by 7.0% YoY growth in domestic order intake of Rs8.4bn while export orders were down by 14.3% YoY to Rs1.9bn. Order book stands strong at Rs63.4bn (1.9x TTM revenue) with a mix of Private/State Utilities/Central Utilities at ~60%/9%/31%. Key orders bagged during the quarter includes, 1) Supply of 765kV shunt reactor from PGCIL, 2) 765kV & 400kV GIS Bay Extension at Khavda from Adani Energy, 3) Renovation & modernization of 4 substations in West Bengal from DVC.

Exhibit 1: Robust operating performance led to adj. PAT of Rs1.3bn (vs Rs282mn in Q1FY24).

Y/e March (Rs mn)	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	YoY gr. (%)	QoQ gr. (%)	FY24	FY23	YoY gr. (%)
Revenue	7,176	6,978	8,390	9,136	9,583	33.6	4.9	31,679	27,732	14.2
Total Revenues	7,176	6,978	8,390	9,136	9,583	33.6	4.9	31,679	27,732	14.2
Expenditure	6,668	6,371	7,424	8,026	7,761	16.4	(3.3)	28,489	26,716	6.6
<i>as % of sales</i>	<i>92.9</i>	<i>91.3</i>	<i>88.5</i>	<i>87.9</i>	<i>81.0</i>			<i>89.9</i>	<i>96.3</i>	
Consumption of RM	4,901	4,425	5,347	6,105	5,722	16.7	(6.3)	20,779	19,698	5.5
<i>as % of sales</i>	<i>68.3</i>	<i>63.4</i>	<i>63.7</i>	<i>66.8</i>	<i>59.7</i>			<i>65.6</i>	<i>71.0</i>	
Employee Cost	863	991	940	944	902	4.5	(4.4)	3,738	3,538	5.7
<i>as % of sales</i>	<i>12.0</i>	<i>14.2</i>	<i>11.2</i>	<i>10.3</i>	<i>9.4</i>	<i>(262)</i>		<i>11.8</i>	<i>12.8</i>	
Other expenditure	903	955	1,137	978	1,138	26.0	16.3	3,973	3,480	14.1
<i>as % of sales</i>	<i>12.6</i>	<i>13.7</i>	<i>13.6</i>	<i>10.7</i>	<i>11.9</i>	<i>(71)</i>		<i>12.5</i>	<i>12.5</i>	
EBITDA	508	606	965	1,110	1,822	258.5	64.2	3,190	1,016	214.0
Depreciation	128	126	124	123	121	(6.0)	(2.0)	502	554	(9.4)
EBIT	380	480	842	986	1,701	348.0	72.5	2,688	462	481.7
Other Income	120	91	(43)	57	118	(1.3)	106.7	226	339	(33.5)
Interest	113	69	70	32	20	(82.1)	(36.0)	283	420	(32.6)
Extra ordinary items	-	-	-	-	-	-	-	-	(114)	-
PBT	386	503	730	1,012	1,799	365.7	77.8	2,631	267	883.4
Total Tax	104	131	236	349	454	336.7	30.0	820	282	190.4
Reported PAT	282	372	493	663	1,345	376.4	103.0	1,811	(15)	-
Adj PAT	282	372	493	663	1,345	376.4	103.0	1,811	70	2,469.9
Adjusted EPS	1.1	1.5	1.9	2.6	5.3	376.4	103.0	7.1	0.3	2,469.9
Margins (%)						YoY bps	QoQ bps			YoY bps
Gross	31.7	36.6	36.3	33.2	40.3	860	712	34.4	29.0	544
EBITDA	7.1	8.7	11.5	12.1	19.0	1,193	687	10.1	3.7	641
EBIT	5.3	6.9	10.0	10.8	17.8	1,246	696	8.5	1.7	682
EBT	5.4	7.2	8.7	11.1	18.8	1,339	770	8.3	1.0	734
PAT	3.9	5.3	5.9	7.3	14.0	1,010	678	5.7	0.3	546
Effective Tax rate	26.9	26.1	32.4	34.5	25.2	(168)	(926)	31.2	105.6	21.6

Source: Company, PL

Conference Call Highlights

- Impact of general elections on order finalization led to slightly lower order booking growth in Q1FY25. However, with improving environment post-election, company has secured Rs13.0bn of orders in July 2024 comprising of Rs8.0bn order intake from group companies while Rs5.0bn orders are received from PGCIL.
- **EBITDA margin expansion of 1,193bps to 19.0%**, was driven by cost control measures, lean manufacturing, higher contribution of export sales, better execution and management's approach of selective order booking. Gross margin was positively impacted by better pricing while management strives to achieve further margin expansion in FY25.
- **Order book execution timeline:** Overall execution timeline of current order book of Rs63.4bn is 2-3 years. Products like AIS/GIS has lower execution time frame of 6-9 months while execution period for projects, transformer orders and exports are much higher.
- **Capex:** Company expects Rs400-500mn annual maintenance capex in FY25 with some additional capex for de-bottlenecking the existing capacity. Despite having high capacity utilization in key products, company do not have any expansion plans on the cards. GE T&D aims to service demand from wider export markets by improving capacity utilization of products like AIS/GIS.
- **HVDC:** GE T&D, with its advanced technological capabilities in both VSC and LCC technologies, is strategically focused on securing HVDC orders in India. The company is well-positioned for HVDC order intake, with the Khavda-Nagpur HVDC project expected to be awarded in FY25, followed by the Khavda-Olpad project in FY26.
- **Data center will continue to remain a key growth driver**, as India's data center capacity is projected to nearly double to 1,800 MW by FY26. The power requirements for these centers are expected to scale from 220kV to 400kV with the rapid adoption of AI. The company has secured various orders in the data center space.
- **Global Strategy:** Indian entity is a very important part of global strategy. GE T&D currently supplies to South-East Asia, Australia, Africa, Latin America and has started supplying to Europe as well. As customer acceptability for Indian factory continues to improve, opportunities are presented for higher margin group company and external exports.
- **Key executions during the quarter:**
 - Commissioned 400 kV line bays for UPPTCL in Sahupuri which helps to serve the area of Varanasi and neighboring cities.
 - Commissioning of 66 kV Bays Scope for TPDDL in Bhalswa, Delhi.
 - 23 Bays of 220 kV at various substations.
 - 500 MVA ICT for PowerGrid at Rampur

Financials

Income Statement (Rs m)

Y/e Mar	FY23	FY24	FY25E	FY26E
Net Revenues	27,732	31,679	44,456	57,088
YoY gr. (%)	(9.5)	14.2	40.3	28.4
Cost of Goods Sold	19,698	20,779	27,474	35,109
Gross Profit	8,034	10,901	16,982	21,979
Margin (%)	29.0	34.4	38.2	38.5
Employee Cost	3,538	3,738	4,134	4,225
Other Expenses	1,809	3,973	2,490	3,083
EBITDA	1,016	3,190	7,157	10,533
YoY gr. (%)	(193.3)	214.0	124.4	47.2
Margin (%)	3.7	10.1	16.1	18.5
Depreciation and Amortization	554	502	568	612
EBIT	462	2,688	6,590	9,920
Margin (%)	1.7	8.5	14.8	17.4
Net Interest	420	283	74	49
Other Income	339	226	489	657
Profit Before Tax	267	2,631	7,004	10,528
Margin (%)	1.0	8.3	15.8	18.4
Total Tax	282	820	2,171	3,074
Effective tax rate (%)	105.6	31.2	31.0	29.2
Profit after tax	(15)	1,811	4,833	7,453
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	(21)	1,811	4,833	7,453
YoY gr. (%)	(98.3)	(8,624.5)	166.9	54.2
Margin (%)	(0.1)	5.7	10.9	13.1
Extra Ord. Income / (Exp)	6	-	-	-
Reported PAT	(15)	1,811	4,833	7,453
YoY gr. (%)	(97.0)	(12,251.0)	166.9	54.2
Margin (%)	(0.1)	5.7	10.9	13.1
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	(15)	1,811	4,833	7,453
Equity Shares O/s (m)	256	256	256	256
EPS (Rs)	(0.1)	7.1	18.9	29.1

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY23	FY24	FY25E	FY26E
Non-Current Assets				
Gross Block	7,570	7,872	8,472	9,072
Tangibles	7,570	7,872	8,472	9,072
Intangibles	-	-	-	-
Acc: Dep / Amortization	3,440	3,942	4,509	5,122
Tangibles	3,440	3,942	4,509	5,122
Intangibles	-	-	-	-
Net fixed assets	4,130	3,930	3,962	3,950
Tangibles	4,130	3,930	3,962	3,950
Intangibles	-	-	-	-
Capital Work In Progress	93	111	112	113
Goodwill	-	-	-	-
Non-Current Investments	86	84	-	-
Net Deferred tax assets	1,340	-	-	-
Other Non-Current Assets	4,414	5,301	5,512	6,394
Current Assets				
Investments	76	76	79	83
Inventories	6,439	5,892	7,917	10,166
Trade receivables	15,510	14,375	19,487	24,868
Cash & Bank Balance	468	1,341	2,550	4,507
Other Current Assets	3,863	3,159	4,801	5,538
Total Assets	35,454	35,844	45,000	56,362
Equity				
Equity Share Capital	512	512	512	512
Other Equity	10,215	11,917	15,300	20,518
Total Networkth	10,727	12,429	15,812	21,030
Non-Current Liabilities				
Long Term borrowings	2,322	120	110	110
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	412	299	299	99
Trade payables	10,607	8,856	12,180	15,641
Other current liabilities	12,728	14,140	16,599	19,483
Total Equity & Liabilities	35,455	35,844	45,000	56,362

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY23	FY24	FY25E	FY26E
PBT	268	2,631	7,004	10,528
Add. Depreciation	554	502	568	612
Add. Interest	420	283	74	49
Less Financial Other Income	339	226	489	657
Add. Other	(72)	1,032	-	-
Op. profit before WC changes	1,169	4,447	7,646	11,189
Net Changes-WC	(1,258)	946	(1,745)	(4,135)
Direct tax	(285)	(209)	(2,171)	(3,074)
Net cash from Op. activities	(373)	5,184	3,730	3,981
Capital expenditures	(63)	(1,720)	(4)	(4)
Interest / Dividend Income	2	0	-	-
Others	91	(4)	(601)	(601)
Net Cash from Inv. activities	30	(1,724)	(605)	(605)
Issue of share cap. / premium	-	-	-	-
Debt changes	564	(2,194)	(391)	866
Dividend paid	(172)	(155)	(1,450)	(2,236)
Interest paid	(306)	(238)	(74)	(49)
Others	-	-	-	-
Net cash from Fin. activities	86	(2,587)	(1,915)	(1,419)
Net change in cash	(258)	873	1,209	1,957
Free Cash Flow	(373)	3,756	3,730	3,981

Source: Company Data, PL Research

Key Financial Metrics

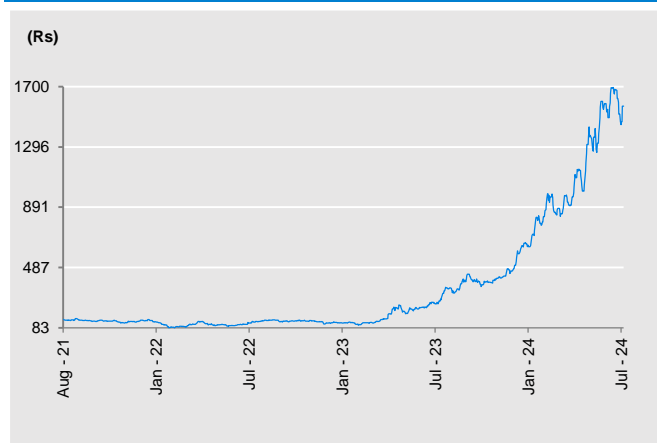
Y/e Mar	FY23	FY24	FY25E	FY26E
Per Share(Rs)				
EPS	(0.1)	7.1	18.9	29.1
CEPS	2.1	9.0	21.1	31.5
BVPS	41.9	48.5	61.8	82.1
FCF	(1.5)	14.7	14.6	15.5
DPS	-	1.8	5.7	8.7
Return Ratio(%)				
RoCE	3.5	20.4	45.3	53.0
ROIC	(0.2)	15.8	38.2	49.7
RoE	(0.2)	15.6	34.2	40.5
Balance Sheet				
Net Debt : Equity (x)	0.2	(0.1)	(0.1)	(0.2)
Net Working Capital (Days)	149	131	125	124
Valuation(x)				
PER	(19,108.8)	224.2	84.0	54.5
P/B	37.8	32.7	25.7	19.3
P/CEPS	762.1	175.5	75.1	50.3
EV/EBITDA	401.6	126.9	56.4	38.1
EV/Sales	14.7	12.8	9.1	7.0
Dividend Yield (%)	-	0.1	0.4	0.6

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q2FY24	Q3FY24	Q4FY24	Q1FY25
Net Revenue	6,978	8,390	9,136	9,583
YoY gr. (%)	(0.4)	8.0	29.9	33.6
Raw Material Expenses	4,425	5,347	6,105	5,722
Gross Profit	2,552	3,043	3,031	3,862
Margin (%)	36.6	36.3	33.2	40.3
EBITDA	606	965	1,110	1,822
YoY gr. (%)	1,014.7	110.6	297.6	258.5
Margin (%)	8.7	11.5	12.1	19.0
Depreciation / Depletion	126	124	123	121
EBIT	480	842	986	1,701
Margin (%)	6.9	10.0	10.8	17.8
Net Interest	69	70	32	20
Other Income	91	(43)	57	118
Profit before Tax	503	730	1,012	1,799
Margin (%)	7.2	8.7	11.1	18.8
Total Tax	131	236	349	454
Effective tax rate (%)	26.1	32.4	34.5	25.2
Profit after Tax	372	493	663	1,345
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	372	493	663	1,345
YoY gr. (%)	469.5	854.6	(708.7)	376.4
Margin (%)	5.3	5.9	7.3	14.0
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	372	493	663	1,345
YoY gr. (%)	1,246.7	941.1	(531.9)	376.4
Margin (%)	5.3	5.9	7.3	14.0
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	372	493	663	1,345
Avg. Shares O/s (m)	256	256	256	256
EPS (Rs)	1.5	1.9	2.6	5.3

Source: Company Data, PL Research

Price Chart
Recommendation History


No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Jul-24	Reduce	1,100	1,690
2	22-May-24	Reduce	1,100	1,430
3	12-Apr-24	UR	-	930
4	07-Feb-24	Reduce	631	736
5	09-Jan-24	UR	-	585
6	09-Nov-23	Hold	367	386
7	05-Oct-23	Hold	260	413
8	09-Aug-23	Hold	260	273

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	ABB India	Accumulate	8,400	8,679
2	Apar Industries	Accumulate	10,399	9,110
3	BEML	Hold	4,520	5,060
4	Bharat Electronics	Accumulate	341	321
5	BHEL	Reduce	264	316
6	Carborundum Universal	Accumulate	1,631	1,690
7	Cummins India	Hold	3,719	4,134
8	Engineers India	Hold	264	268
9	GE T&D India	Reduce	1,100	1,690
10	Grindwell Norton	Accumulate	2,749	2,650
11	Harsha Engineers International	Hold	436	572
12	Hindustan Aeronautics	Hold	4,515	5,552
13	Kalpataru Projects International	Accumulate	1,413	1,327
14	KEC International	Hold	880	874
15	Larsen & Toubro	BUY	4,130	3,519
16	Praj Industries	BUY	804	700
17	Siemens	Accumulate	7,030	7,884
18	Thermax	Reduce	3,923	5,605
19	Triveni Turbine	Hold	653	633
20	Voltamp Transformers	Accumulate	14,922	14,174

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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