

November 9, 2023

## Q2FY24 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

### Change in Estimates

	Current		Previous	
	FY24E	FY25E	FY24E	FY25E
Rating	HOLD		HOLD	
Target Price	367		260	
Sales (Rs.m)	34,406	41,679	34,406	41,495
% Chng.	-	0.4		
EBITDA (Rs.m)	3,097	4,210	2,580	3,631
% Chng.	20.0	15.9		
EPS (Rs.)	7.1	10.6	5.6	8.7
% Chng.	26.5	21.8		

### Key Financials - Standalone

Y/e Mar	FY23	FY24E	FY25E	FY26E
Sales (Rs. m)	27,732	34,406	41,679	51,220
EBITDA (Rs. m)	1,016	3,097	4,210	5,404
Margin (%)	3.7	9.0	10.1	10.6
PAT (Rs. m)	(21)	1,810	2,703	3,566
EPS (Rs.)	(0.1)	7.1	10.6	13.9
Gr. (%)	(98.3)	(8,624.5)	49.3	31.9
DPS (Rs.)	-	1.1	2.6	4.2
Yield (%)	-	0.3	0.7	1.1
RoE (%)	(0.2)	15.7	20.4	22.9
RoCE (%)	3.5	18.7	25.0	28.8
EV/Sales (x)	3.6	2.9	2.4	1.9
EV/EBITDA (x)	99.4	32.1	23.6	18.3
PE (x)	(4,653.5)	54.6	36.6	27.7
P/BV (x)	9.2	8.1	6.9	5.9

### Key Data

GETD.BO | GETD IN

52-W High / Low	Rs.450 / Rs.99
Sensex / Nifty	64,976 / 19,444
Market Cap	Rs.99bn / \$ 1,187m
Shares Outstanding	256m
3M Avg. Daily Value	Rs.62.05m

### Shareholding Pattern (%)

Promoter's	75.00
Foreign	0.59
Domestic Institution	16.19
Public & Others	8.23
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	(4.6)	74.2	200.3
Relative	(3.1)	65.6	182.8

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## Healthy Q2; focus on improving profitability

### Quick Pointers:

- Order inflow came in at Rs10.8bn up 122.6% YoY, driven by continued strong demand.
- Order prospects continue to remain strong for next couple of quarters from AIS, GIS substation, power transformers and grid automation.

**We revise our FY24/25E estimates upwards by 26.5/21.8%, factoring in EBITDA margin expansion and strong demand outlook. GE T&D (GETD) reported decent quarterly performance with revenue flat at Rs7bn and EBITDA margins coming in at 8.7% driven by focus on operational efficiencies, streamlining resource allocation and enhancing execution capabilities. Net debt has reduced sharply to Rs114mn vs Rs1.7bn in March 2023, driven by better cash flows and working capital situation. Going forward, management will be focusing on healthy profitable orders, better productivity, cost controls and working capital improvement. Management expects healthy order intake on the back of major traction in HVDC ordering in the medium term.**

**We believe healthy order pipeline, strong order book (Rs43.4n) and management's focus on margin improvement augers well for medium term revenue and profit growth. The stock is trading at PE of 54.6x/36.6x/27.7x FY24/25/26E. We roll forward to Sep'25E, and maintain 'Hold' rating on stock with TP of Rs367 (Rs260 earlier) valuing it at PE of 30x Sep'25E (30x FY25 earlier).**

**Gross margins expansion aids profitability:** Sales remained flat broadly at Rs7bn, (PLe 8.6bn), driven by continued traction in execution. EBITDA came in at Rs606mn, (PLe Rs662mn) with EBITDA margin coming at 8.7% vs 0.8% in Q2FY23, (PLe 7.7%), mainly due to better gross margins (36.6% vs 25.2% in Q2FY23- Low base). Adj. PAT came in at Rs372mn (vs Rs86mn in Q2FY23) (PLe of ~Rs376mn), mainly due to strong operating performance.

**Order book stands healthy at Rs43.4bn:** Order inflow during the quarter came in at Rs10.8bn up 122.6% YoY, driven by continued traction from, GIS substation, power transformer and grid automation. Key orders bagged during the quarter includes 1) Package for supply of 110 MVAR 765 kV Reactors and 125 MVAR 400 kV Reactors from Sterlite Power 2) Construction of 765/400 kV GIS Substation at Narendra & 765 kV Bay Extension at Pune including civil works from Adani Energy Solutions 3) Export order for supply of 225 kV GIS to Senegal 4) Turnkey Contract for 400 kV substation at Sholapur, Maharashtra from Renew Power, etc. Order book stands healthy at Rs43.4bn (1.5x TTM revenue) comprising of Private (75%), state utility (10%) and Central Utilities (15%).

**Exhibit 1: Gross margins expansion aids profitability:**

Ye/ March (Rs mn)	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	YoY gr. (%)	QoQ gr. (%)	H1FY24	H1FY23	YoY gr. (%)
<b>Revenue</b>	<b>7,006</b>	<b>7,766</b>	<b>7,031</b>	<b>7,176</b>	<b>6,978</b>	<b>(0.4)</b>	<b>(2.8)</b>	<b>14,153</b>	<b>12,936</b>	<b>9.4</b>
<b>Total Revenues</b>	<b>7,006</b>	<b>7,766</b>	<b>7,031</b>	<b>7,176</b>	<b>6,978</b>	<b>(0.4)</b>	<b>(2.8)</b>	<b>14,153</b>	<b>12,936</b>	<b>9.4</b>
Expenditure	6,951	7,308	6,751	6,668	6,371	(8.3)	(4.4)	13,039	12,657	3.0
as % of sales	99.2	94.1	96.0	92.9	91.3			92.1	97.8	
Consumption of RM	5,240	5,408	5,168	4,901	4,425	(15.5)	(9.7)	9,327	9,122	2.2
as % of sales	74.8	69.6	73.5	68.3	63.4			65.9	70.5	
Employee Cost	941	900	765	863	991	5.3	14.8	1,854	1,874	(1.0)
as % of sales	13.4	11.6	10.9	12.0	14.2			13.1	14.5	
Other expenditure	770	1,000	819	903	955	23.9	5.7	1,858	1,661	11.8
as % of sales	11.0	12.9	11.6	12.6	13.7			13.1	12.8	
<b>EBITDA</b>	<b>54</b>	<b>458</b>	<b>279</b>	<b>508</b>	<b>606</b>	<b>1,014.7</b>	<b>19.3</b>	<b>1,115</b>	<b>278</b>	<b>300.4</b>
Depreciation	139	139	146	128	126	(9.5)	(1.8)	255	269	(5.5)
<b>EBIT</b>	<b>(85)</b>	<b>320</b>	<b>133</b>	<b>380</b>	<b>480</b>	<b>(665.7)</b>	<b>26.5</b>	<b>860</b>	<b>9</b>	<b>9,456.7</b>
Other Income	283	(67)	37	120	91	(67.7)	(23.6)	211	369	(42.9)
Interest	97	118	127	113	69	(29.4)	(39.3)	182	175	3.8
Extra ordinary items	(58)	(11)	(45)	-	-	-	-	-	(58)	-
<b>PBT</b>	<b>43</b>	<b>124</b>	<b>(1)</b>	<b>386</b>	<b>503</b>	<b>1,083.5</b>	<b>30.2</b>	<b>889</b>	<b>145</b>	<b>512.5</b>
Total Tax	15	76	152	104	131	781.2	26.4	235	54	335.6
<b>Reported PAT</b>	<b>28</b>	<b>47</b>	<b>(154)</b>	<b>282</b>	<b>372</b>	<b>1,246.7</b>	<b>31.6</b>	<b>654</b>	<b>91</b>	<b>617.2</b>
<b>Adj PAT</b>	<b>65</b>	<b>59</b>	<b>(109)</b>	<b>282</b>	<b>372</b>	<b>469.5</b>	<b>31.6</b>	<b>654</b>	<b>129</b>	<b>407.6</b>
<b>Adjusted EPS</b>	<b>0.3</b>	<b>0.2</b>	<b>(0.4)</b>	<b>1.1</b>	<b>1.5</b>	<b>469.5</b>	<b>31.6</b>	<b>2.6</b>	<b>0.5</b>	<b>407.6</b>
<b>Margins (%)</b>						<b>bps</b>	<b>bps</b>			<b>bps</b>
EBITDA	0.8	5.9	4.0	7.1	8.7	791	161	7.9	2.2	572
EBIT	(1.2)	4.1	1.9	5.3	6.9	810	159	6.1	0.1	601
EBT	0.6	1.6	(0.0)	5.4	7.2	660	183	6.3	1.1	516
PAT	0.9	0.8	(1.5)	3.9	5.3	440	139	4.6	1.0	363
Effective Tax rate	35.1	61.6	(12,691.7)	26.9	26.1	(896)	(79)	26.4	37.2	(1,074)

Source: Company, PL

## Conference Call Highlights

- Order pipeline continues to remain healthy for next couple of quarters, driven by increasing tendering activity from green corridor projects.
- Order inflow growth of ~123% to Rs10.8bn was driven by continued demand for AIS, GIS substation, power transformers and grid automation products.
- Off the total order inflows, exports account for 24% in Q2FY24.
- **Order book stands at ~Rs43.4bn** comprising of Private (Rs32.6bn), State utilities (Rs4.1bn), and Central Utilities & PSU (Rs6.6bn).
- Gross margins were higher owing to focus on operational efficiencies, streamlining resources and enhancing execution capabilities.
- Net debt has reduced sharply to Rs114mn vs Rs1.7bn in March 2023, driven by better cash flows and working capital situation.
- Key orders bagged during the quarter include 1) Package for supply of 110 MVAR 765 kV Reactors and 125 MVAR 400 kV Reactors from Sterlite Power 2) Construction of 765/400 kV GIS Substation at Narendra & 765 kV Bay Extension at Pune including civil works from Adani Energy Solutions 3) Export order for supply of 225 kV GIS to Senegal 4) Turnkey Contract for 400 kV substation at Sholapur, Maharashtra from Renew Power.
- Going forward focus will be on healthy orders, productivity, cost controls and working capital improvement.
- Management expects announcement of at least one HVDC order per year for next couple of years.
- **Revenue Split:** Products account for 60-65% of revenue, Projects 20-25% and 12% from services. Domestic sales accounted for 71% of sales in Q2FY24.

## Financials

### Income Statement (Rs m)

Y/e Mar	FY23	FY24E	FY25E	FY26E
<b>Net Revenues</b>	<b>27,732</b>	<b>34,406</b>	<b>41,679</b>	<b>51,220</b>
YoY gr. (%)	(9.5)	24.1	21.1	22.9
Cost of Goods Sold	19,698	23,155	27,883	34,061
Gross Profit	8,034	11,251	13,796	17,159
Margin (%)	29.0	32.7	33.1	33.5
Employee Cost	3,538	3,544	4,168	5,122
Other Expenses	1,809	2,064	2,334	2,817
<b>EBITDA</b>	<b>1,016</b>	<b>3,097</b>	<b>4,210</b>	<b>5,404</b>
YoY gr. (%)	(193.3)	204.8	35.9	28.4
Margin (%)	3.7	9.0	10.1	10.6
Depreciation and Amortization	554	584	614	650
<b>EBIT</b>	<b>462</b>	<b>2,513</b>	<b>3,596</b>	<b>4,754</b>
Margin (%)	1.7	7.3	8.6	9.3
Net Interest	420	319	199	176
Other Income	339	430	521	589
<b>Profit Before Tax</b>	<b>267</b>	<b>2,624</b>	<b>3,918</b>	<b>5,168</b>
Margin (%)	1.0	7.6	9.4	10.1
Total Tax	282	813	1,215	1,602
Effective tax rate (%)	105.6	31.0	31.0	31.0
<b>Profit after tax</b>	<b>(15)</b>	<b>1,810</b>	<b>2,703</b>	<b>3,566</b>
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
<b>Adjusted PAT</b>	<b>(21)</b>	<b>1,810</b>	<b>2,703</b>	<b>3,566</b>
YoY gr. (%)	(98.3)	(8,624.5)	49.3	31.9
Margin (%)	(0.1)	5.3	6.5	7.0
Extra Ord. Income / (Exp)	6	-	-	-
<b>Reported PAT</b>	<b>(15)</b>	<b>1,810</b>	<b>2,703</b>	<b>3,566</b>
YoY gr. (%)	(97.0)	(12,250.9)	49.3	31.9
Margin (%)	(0.1)	5.3	6.5	7.0
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	(15)	1,810	2,703	3,566
<b>Equity Shares O/s (m)</b>	<b>256</b>	<b>256</b>	<b>256</b>	<b>256</b>
<b>EPS (Rs)</b>	<b>(0.1)</b>	<b>7.1</b>	<b>10.6</b>	<b>13.9</b>

Source: Company Data, PL Research

### Balance Sheet Abstract (Rs m)

Y/e Mar	FY23	FY24E	FY25E	FY26E
<b>Non-Current Assets</b>				
<b>Gross Block</b>	<b>7,570</b>	<b>8,070</b>	<b>8,570</b>	<b>9,070</b>
Tangibles	7,570	8,070	8,570	9,070
Intangibles	-	-	-	-
<b>Acc: Dep / Amortization</b>	<b>3,440</b>	<b>4,024</b>	<b>4,638</b>	<b>5,287</b>
Tangibles	3,440	4,024	4,638	5,287
Intangibles	-	-	-	-
<b>Net fixed assets</b>	<b>4,130</b>	<b>4,046</b>	<b>3,932</b>	<b>3,783</b>
Tangibles	4,130	4,046	3,932	3,783
Intangibles	-	-	-	-
Capital Work In Progress	93	94	95	96
Goodwill	-	-	-	-
Non-Current Investments	86	-	-	-
Net Deferred tax assets	1,340	1,340	1,340	1,340
Other Non-Current Assets	4,414	4,507	5,377	5,634
<b>Current Assets</b>				
Investments	76	88	92	97
Inventories	6,439	7,353	7,765	9,542
Trade receivables	15,510	18,476	21,696	26,382
Cash & Bank Balance	468	584	612	672
Other Current Assets	3,863	3,991	4,501	4,917
<b>Total Assets</b>	<b>35,454</b>	<b>39,516</b>	<b>44,611</b>	<b>51,789</b>
<b>Equity</b>				
Equity Share Capital	512	512	512	512
Other Equity	10,215	11,754	13,781	16,277
<b>Total Network</b>	<b>10,727</b>	<b>12,266</b>	<b>14,294</b>	<b>16,790</b>
<b>Non-Current Liabilities</b>				
Long Term borrowings	2,322	722	664	664
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
<b>Current Liabilities</b>				
ST Debt / Current of LT Debt	412	412	412	212
Trade payables	10,607	13,008	15,644	19,225
Other current liabilities	12,728	14,448	14,938	16,238
<b>Total Equity &amp; Liabilities</b>	<b>35,455</b>	<b>39,516</b>	<b>44,611</b>	<b>51,789</b>

Source: Company Data, PL Research



## Cash Flow (Rs m)

Y/e Mar	FY23	FY24E	FY25E	FY26E
PBT	268	2,624	3,918	5,168
Add. Depreciation	554	584	614	650
Add. Interest	420	319	199	176
Less Financial Other Income	339	430	521	589
Add. Other	(72)	-	-	-
Op. profit before WC changes	1,169	3,527	4,731	5,993
Net Changes-WC	(1,258)	(818)	(1,575)	(2,372)
Direct tax	(285)	(813)	(1,215)	(1,602)
<b>Net cash from Op. activities</b>	<b>(373)</b>	<b>1,895</b>	<b>1,941</b>	<b>2,019</b>
Capital expenditures	(63)	(11)	(4)	(5)
Interest / Dividend Income	2	-	-	-
Others	91	(501)	(501)	(501)
<b>Net Cash from Invt. activities</b>	<b>30</b>	<b>(512)</b>	<b>(505)</b>	<b>(506)</b>
Issue of share cap. / premium	-	-	-	-
Debt changes	564	(676)	(533)	(208)
Dividend paid	(172)	(272)	(676)	(1,070)
Interest paid	(306)	(319)	(199)	(176)
Others	-	-	-	-
<b>Net cash from Fin. activities</b>	<b>86</b>	<b>(1,267)</b>	<b>(1,408)</b>	<b>(1,453)</b>
<b>Net change in cash</b>	<b>(258)</b>	<b>115</b>	<b>28</b>	<b>60</b>
Free Cash Flow	(373)	1,895	1,941	2,019

Source: Company Data, PL Research

## Key Financial Metrics

Y/e Mar	FY23	FY24E	FY25E	FY26E
<b>Per Share(Rs)</b>				
EPS	(0.1)	7.1	10.6	13.9
CEPS	2.1	9.4	13.0	16.5
BVPS	41.9	47.9	55.8	65.6
FCF	(1.5)	7.4	7.6	7.9
DPS	-	1.1	2.6	4.2
<b>Return Ratio(%)</b>				
RoCE	3.5	18.7	25.0	28.8
ROIC	(0.2)	13.6	18.1	20.8
RoE	(0.2)	15.7	20.4	22.9
<b>Balance Sheet</b>				
Net Debt : Equity (x)	0.2	0.0	0.0	0.0
Net Working Capital (Days)	149	136	121	119
<b>Valuation(x)</b>				
PER	(4,653.5)	54.6	36.6	27.7
P/B	9.2	8.1	6.9	5.9
P/CEPS	185.6	41.3	29.8	23.4
EV/EBITDA	99.4	32.1	23.6	18.3
EV/Sales	3.6	2.9	2.4	1.9
Dividend Yield (%)	-	0.3	0.7	1.1

Source: Company Data, PL Research

## Quarterly Financials (Rs m)

Y/e Mar	Q3FY23	Q4FY23	Q1FY24	Q2FY24
<b>Net Revenue</b>	<b>7,766</b>	<b>7,031</b>	<b>7,176</b>	<b>6,978</b>
YoY gr. (%)	(15.0)	6.2	21.0	(0.4)
Raw Material Expenses	5,408	5,168	4,901	4,425
Gross Profit	2,359	1,862	2,274	2,552
Margin (%)	30.4	26.5	31.7	36.6
<b>EBITDA</b>	<b>458</b>	<b>279</b>	<b>508</b>	<b>606</b>
YoY gr. (%)	56.8	(117.5)	126.9	1,014.7
Margin (%)	5.9	4.0	7.1	8.7
Depreciation / Depletion	139	146	128	126
<b>EBIT</b>	<b>320</b>	<b>133</b>	<b>380</b>	<b>480</b>
Margin (%)	4.1	1.9	5.3	6.9
Net Interest	118	127	113	69
Other Income	(67)	37	120	91
<b>Profit before Tax</b>	<b>124</b>	<b>(1)</b>	<b>386</b>	<b>503</b>
Margin (%)	1.6	-	5.4	7.2
Total Tax	76	152	104	131
Effective tax rate (%)	61.6	(12,691.7)	26.9	26.1
<b>Profit after Tax</b>	<b>47</b>	<b>(154)</b>	<b>282</b>	<b>372</b>
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
<b>Adjusted PAT</b>	<b>52</b>	<b>(109)</b>	<b>282</b>	<b>372</b>
YoY gr. (%)	(5,269.9)	(88.8)	344.0	469.5
Margin (%)	0.7	(1.5)	3.9	5.3
Extra Ord. Income / (Exp)	(4)	(45)	-	-
<b>Reported PAT</b>	<b>47</b>	<b>(154)</b>	<b>282</b>	<b>372</b>
YoY gr. (%)	(4,840.0)	(31.9)	344.0	1,246.7
Margin (%)	0.6	(2.2)	3.9	5.3
Other Comprehensive Income	-	-	-	-
<b>Total Comprehensive Income</b>	<b>47</b>	<b>(154)</b>	<b>282</b>	<b>372</b>
Avg. Shares O/s (m)	256	256	256	256
<b>EPS (Rs)</b>	<b>0.2</b>	<b>(0.4)</b>	<b>1.1</b>	<b>1.5</b>

Source: Company Data, PL Research

## Price Chart

## Recommendation History



No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	05-Oct-23	Hold	260	413
2	09-Aug-23	Hold	260	273
3	06-Jul-23	Hold	184	216
4	26-May-23	Hold	184	188
5	11-Apr-23	UR	-	128
6	04-Jan-23	Hold	102	116

## Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	ABB India	Accumulate	5,013	4,068
2	Apar Industries	Accumulate	5,630	5,165
3	Bharat Electronics	Accumulate	143	133
4	BHEL	Reduce	67	127
5	Carborundum Universal	BUY	1,408	1,076
6	Cummins India	Hold	1,788	1,691
7	Engineers India	Accumulate	165	143
8	GE T&D India	Hold	260	413
9	Grindwell Norton	BUY	2,604	2,092
10	Harsha Engineers International	Accumulate	474	415
11	Hindustan Aeronautics	BUY	2,266	1,889
12	Kalpataru Projects International	BUY	740	636
13	KEC International	Hold	645	615
14	Larsen & Toubro	BUY	3,437	2,929
15	Praj Industries	Accumulate	611	534
16	Siemens	Accumulate	4,241	3,559
17	Thermax	Hold	2,771	2,895
18	Triveni Turbine	Accumulate	450	392
19	Voltamp Transformers	Hold	5,079	4,989

## PL's Recommendation Nomenclature (Absolute Performance)

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

## **ANALYST CERTIFICATION**

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We/I, Mr. Amit Anwani- MBA (Finance), Mr. Nilesh Soni- BCom, MBA (Finance) Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

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