

# SMART METERING SOLUTIONS

TRANSFORMING THE POWER SECTOR



**30 CAPITALS**

expertise you can trust

**Game Changer**

# GENUS POWER INFRASTRUCTURES LIMITED.

Date: 16<sup>th</sup> March 2023 | CMP: ₹86  
BSE:530343 | NSE:GENUSPOWER

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## Think BIG Picture :

- The implementation of the Revamped Distribution Sector Scheme (RDSS) will result in a radical transformation of the Indian metering industry, resulting in a projected multi-fold increase in annual industry size. This will also result in a shift in the Indian metering industry from conventional to smart meters, allowing for higher operating margins.
- The Indian metering industry will see strong order inflows, healthy topline growth, higher operating margins, and an improved working capital cycle beginning in FY24.

## Why Genus Power Now?

- There is robust near-term tendering visibility for GPII. They have participated in Rs 27,000 worth of tenders which are currently live, which include Rs 25,000 for AMISP projects under the RDSS scheme across several states, Rs 9500 Cr for conventional meters, Rs 1050 Cr for supply of smart meters to third party AMISP players and Rs 45 Cr for metering & billing related projects (without hardware installation). Further, Rs 49,000 Cr worth of tenders are likely to be floated in the near term under the RDSS scheme.
- Company has received a huge order inflow for installation of 29.49 lakh smart prepaid meters, which will give lot of visibility to their revenues for coming years. It also signals a strong start to order inflow for the industry. We anticipate a sharp revenue rebound in coming quarters on account of robust orderbook and healthy order inflow, and restoration of normalcy in the supply chain.

**The company has a strong market position, order book and industry outlook in which they have opportunity to grow multifold in upcoming years. It will be worth investing in the company for next 3-5 years.**

# Company Snapshot

- **Two Phase Buying Strategy = Buy 50% between INR 85-87 (CMP = 86 as on 16th Mar'23) and rest 50% between INR 60-65.**
- **Price Target = INR 135 in next 12 months & INR 350+ in next 5 years. It can deliver ~30% CAGR over the period of next 5 years.**

- Genus Power Infrastructures Limited, an ISO 9001 & 14001 certified **company is an integral part of the US \$400 million Kailash Group.** Genus has two business divisions offering highly innovative and sustainable solutions to the power sector.
- It is **engaged in manufacturing and providing Metering and Metering Solutions and undertaking 'Engineering, Construction, and Contracts' on a turnkey basis (core business division).** It also undertakes strategic investment activity.
- The company has four manufacturing facilities, one in Jaipur, two in Haridwar and one Assam, having a total manufacturing capability of **10 million meters per annum.**



Market Cap : 2,240 Cr.	Current Price : 86 ₹	52 weeks high/low : 113/58
ROE : 6.18%	Stock P/E : 36.4	Dividend Yield : 0.28%
ROCE : 8.43%	Debt to Equity : 0.25	Dividend Pay-out : 10%
Face Value : ₹1	Promoter Holding : 50.4%	Pledged Percentage : 0.00%
Sales growth (1Y) : 12.56%	Profit Growth (1Y) : -4%	Cash Conversion Cycle : 320
Market Cap to sales : 2.86	Asset Turnover : 0.48	Enterprise Value : 2367 Cr.
Debt : 245 Cr.	Book Value : ₹37.8	Price to book value : 2.30

- **At present, India loses around 30% of its power generated due to transmission, distribution, billing generation and collection inefficiencies.** Theft is the one of the main causes of the high losses. Theft occurs in several ways, viz: by tapping power lines and tempering / bypassing meter etc.
- **Meters play a vital role in reduction of AT&C Losses—**
  - Replacement of defective meters by tamper proof electronic meters / smart meters AMI /
  - Smart metering to the consumer for reduction of commercial losses and billing and collection ease
- **Smart meter has the following capabilities:---**
  - Smart Meters and AMI Meters have communication capability It can register real time or near real time consumption of electricity or export both.
  - Read the meter both locally or remotely
  - Remote connection or disconnection of electricity
  - Remote communication facilities through GSM / GPRS / RF etc.
- **India can save Rs. 9.5 lakh crore by investing Rs 1.25 lakh crore for replacing 25 crore conventional meters with smart meters.**
- Government has approved Rs.3.03 trillion power distribution company (DISCOM) reform scheme. About half of the total funds of the scheme i.e. about Rs.1.5 trillion are to be deployed for installation of smart meters.
- Allocation to the Revamped Distribution Sector Scheme (**RDSS**) **was doubled to Rs.12,000 crore in 2023-24 Union Budget.**
- GPL have been in the electricity metering business for over two decades and currently have the largest market share in India, accounting for approximately 27%. They hope to re-establish their leadership position in the smart metering industry by building on their inherent strengths. As the largest player in the Indian metering sector, they are well positioned to benefit from the industry's multi-fold expansion.



# Journey so far...

- Production of Electronic Energy Meters
- Established Single & Three Phase Electronic Energy Meters
- Multi-functional & Multi-tariff Meters launched

**1996 - 1999**

- AMR / Pre-payment Meter/ DT Meter launched
- Ventured into Power Distribution Management Projects
- Manufacturing facility at Haridwar commissioned

**2005 - 2009**

- Deployed Smart Metering Solution at Shapur (Junagarh) PGVCL – India's First Smart Village Project
- Implemented India's first End to End Smart Metering Solution at Kala Amb HPSEB's Smart Grid Pilot Project with Alstom

**2014 - 2016**

- India's First Narrowband - IOT setup for AMI with Vodafone Idea
- Among the Top 10 Global AMI Companies as per IHS Markit's Electricity Meters Report – Edition 2018
- Smart Meter Integrated line getting operational

**2018 - 2019**

**1992 - 1995**

- Company founded for manufacturing Thick Film Hybrid Microcircuits & SMT PCB Assemblies
- First Production facility set up in Sitapura, Jaipur

**2000 - 2004**

- R&D recognized by Government of India
- Lean Manufacturing with help of TBM consultants, USA
- Increased product range of electronic energy meters

**2010 - 2013**

- Launched meter with integrated APFC, Smart Meters, smart street light management system, Group Metering etc

**2017 - 2018**

- Intelligent Group Metering systems deployed at BSES
- Smart Meters order from EESL for supply of 13.5 lakh meters
- Only Indian company to receive BIS certification for Smart Meters
- Set up and Commenced production at Assam plant

**2020 - 2022**

- Became the First company in Asia Pacific to supply 1.5 million Smart Meters
- Indigenously developed Vending Software Agrim™ accredited with STS certification
- Only Indian company to receive BIS certification for Smart Gas Meters

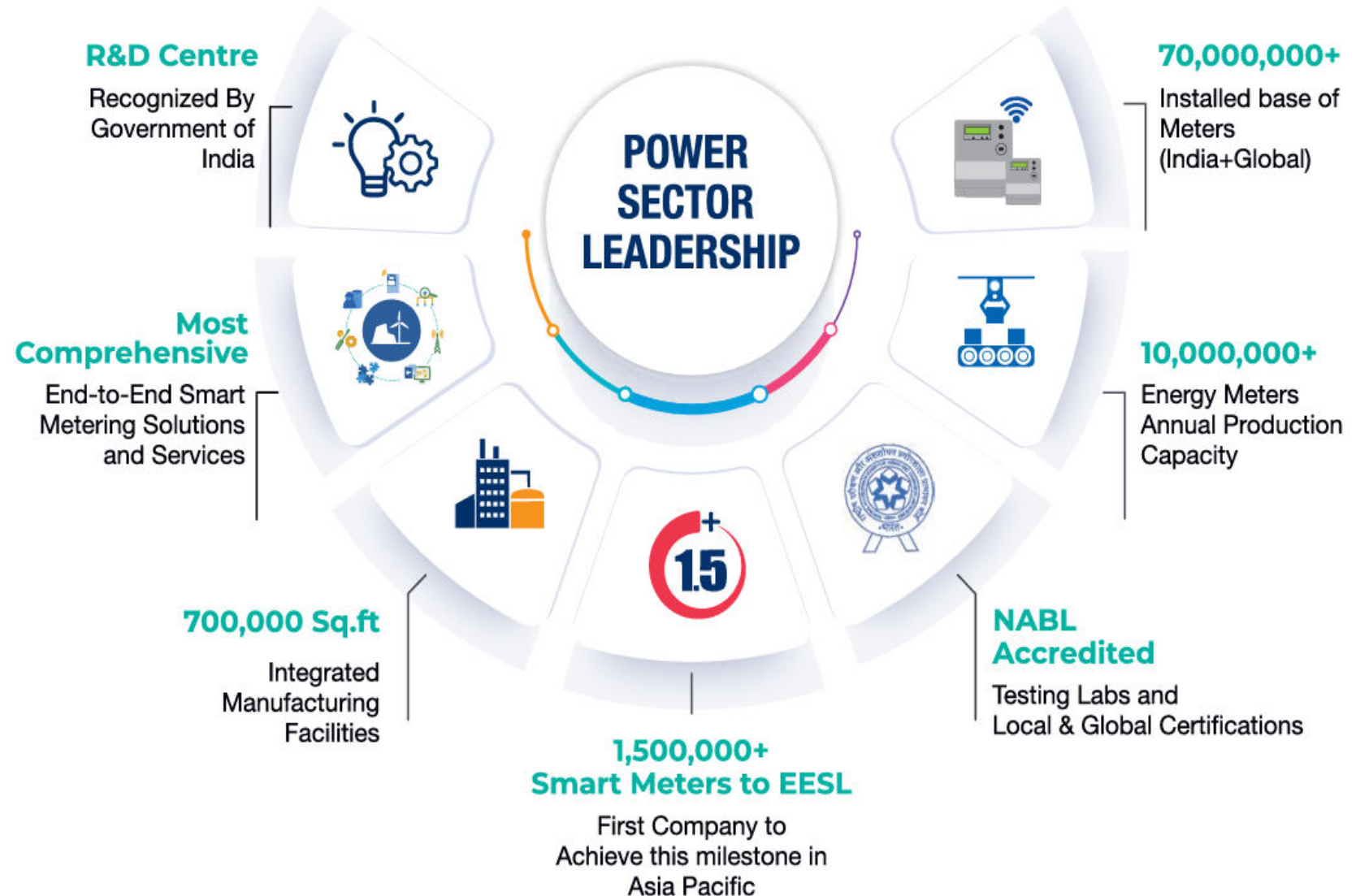
# Company Overview

Equipped with avant-grade manufacturing facilities, complete forward and backward integration from plastic parts to final products, automated SMT lines, Lean Assembly techniques and a team of highly qualified and experienced engineers, Genus is committed to develop innovative and customized solution at an affordable price.

The company have received **BIS license for Gas meter**, and thereby became the first in India to have this certification for the Gas Meter.

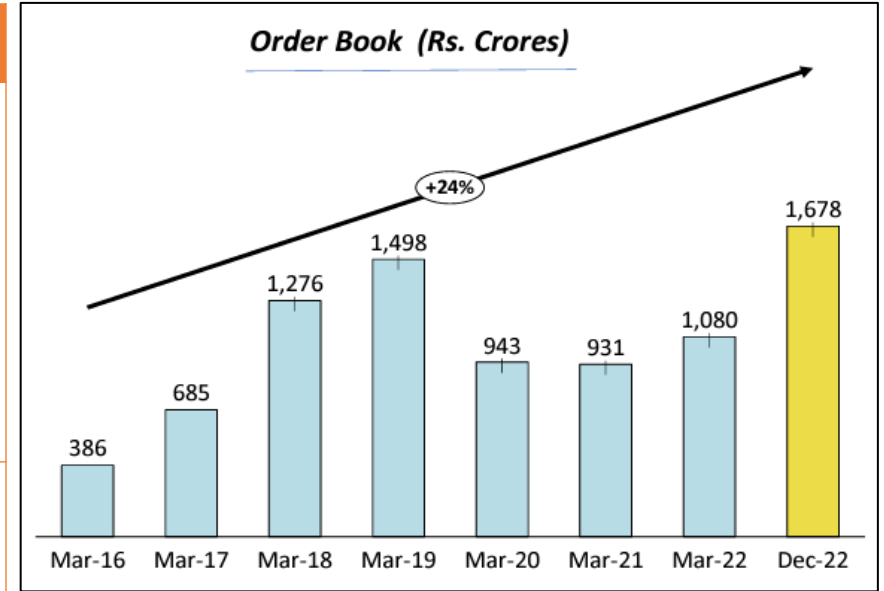
## Subsidiaries & Associate companies:

- Genus Power Solutions Private Limited (Wholly-Owned Subsidiary)
- M.K.J. Manufacturing Pvt. Ltd. (Associate)
- Greentech Mega Food Park Limited (Associate)
- Hop Electric Manufacturing Private Limited (Associate)

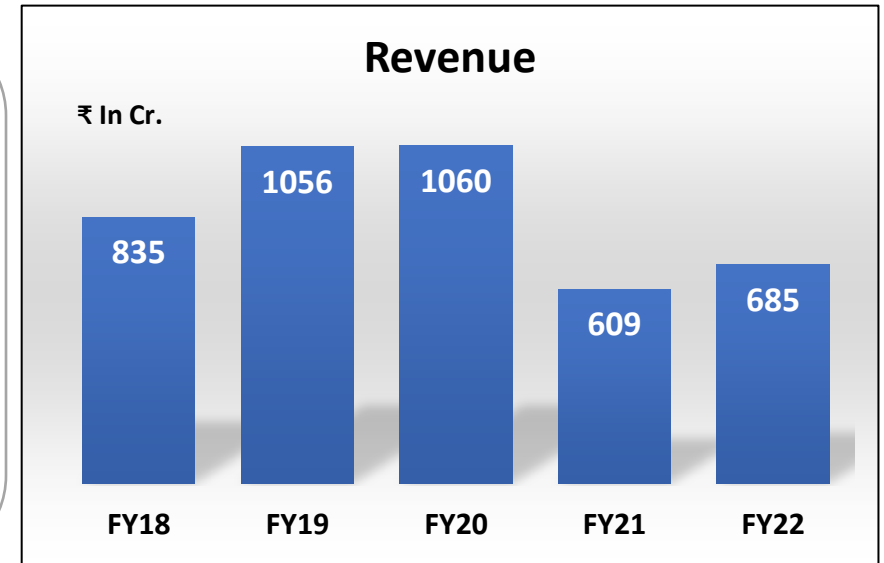


# Business Overview

Business Vertical	Products
<b>Smart Metering Solutions</b>	High End Multifunction Single Phase and Three Phase Meters, CT Operated Meters & HES (Head End System), ABT & Grid Meters, Distribution Transformer (DT Meters), Pre-payment Meters, Group Metering, Smart Street Light Management Solution, Net- Metering Solution for rooftop Solar, Data Concentrator, Energy Management solution for Building Management and DC Metering Solution, Gas Meter etc.
<b>Engineering, Constructions &amp; Contracts (ECC)</b>	Customized and turnkey (ECC) solutions to the Power Transmission and Distribution (T&D) sector.



- ~27% market share in Meter Industry.
- ~70% market share in Smart Meters.
- Genus became the first company in Asia Pacific to supply 15 million Smart Meters. The company have indigenously developed Software Agrim™ accredited with STS certification.
- Genus have recently received a huge order inflow for installation of 29.49 lakh smart prepaid meters, which will give lot of visibility to revenues for coming years.
- The total order book value, including LOA received subsequent to quarter ended December 31, 2022 is ₹ 4,099 Cr. (net of taxes)



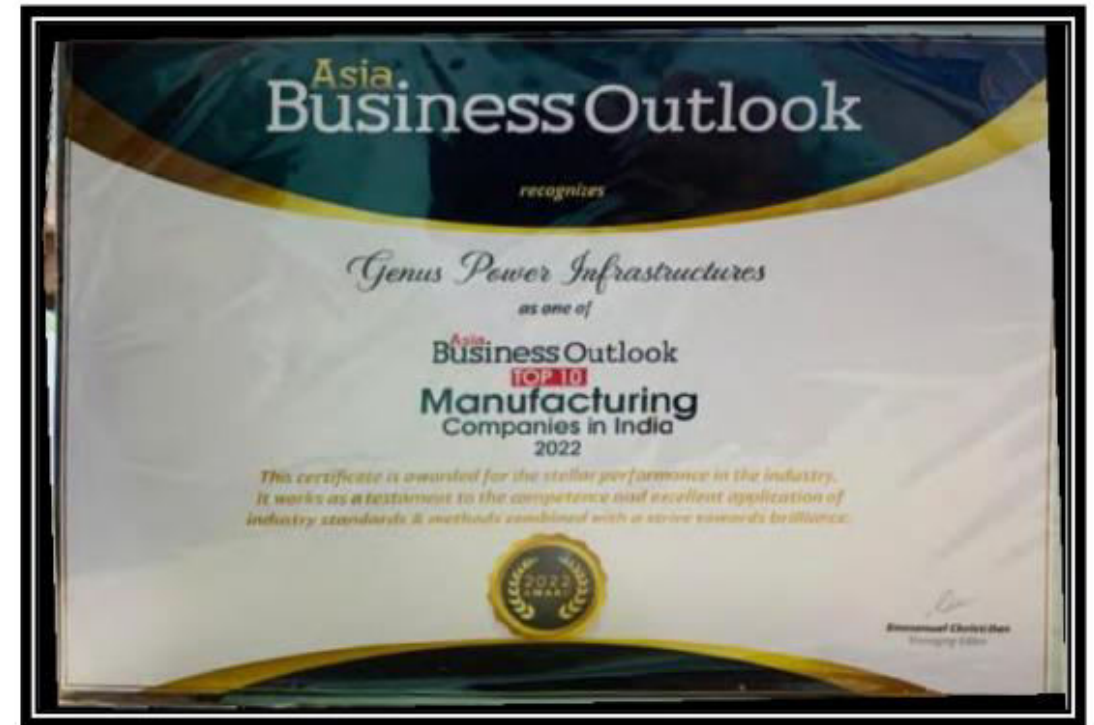


# Recent Awards and Recognitions

In June 2022, Genus Power won the prestigious “**The Economic Times Energy Leadership Award**” for contributions to the energy sector as an equipment manufacturer



Genus Power also won the “**Asia Business Outlook Top 10 Manufacturing Companies in India 2022**” as a testament to the competence and excellent application of industry standards



# Key Achievements

**2004:**

Rated among top 100 Electronic companies in India by EFY

**2011:**

Outstanding performance award by NDPL towards AT&C loss reduction

**2013:**

The prestigious EFY Reader's choice top 5 brands

**2015:**

Accorded Excellence in Quality by Golden Peacock National Quality Awards, 2015



**2015:**

"Silver Certificate of Merit" by Frost & Sullivan's India Manufacturing Excellence Awards 2015

**2018:**

The Global Center of Excellence at Jaipur for the successful testing & integration of Genus Smart Electricity Meter Solution in the Living Lab in Jaipur

Quality team won 7 Gold & 3 Silvers in 32nd National Convention Quality Circle Awards organised by "Quality Circle Forum of India" at Gwalior & Haridwar

**2019-20:**

"Best Innovation Award" and "Brand Ambassador 2020 Award" by Alleem Business Congress, UAE  
Ranked among "Top 25 Most Trusted Manufacturing Companies in India" by the CEO Magazine

**2019-20:**

Recognition from CESC for "Active Involvement in Development of Smart Meters"  
Our Multiple Team won 17 Awards (11 Gold ; 04 Silver; 02 Bronze) in Lucknow Center Convention, Haridwar Center Convention and Kaizen Competition on Quality Circle Forum of India

# Product Portfolio

Product	Type
Sampoorna	Distribution Transformer meter
Saksham 320	Distribution Transformer meter
HTCT meter	Industrial meter
Grid & Sub-Station Meter	Grid/open access meter
Single phase	Smart prepayment solution
3-phase	Smart prepayment solution
Prepaid vending software	Smart prepayment solution
3-Phase Four Wire LTCT	Residential and commercial meter
Shikhar Multifunction Single Phase	Residential and commercial meter
Shikhar Multifunction Three Phase	Residential and commercial meter
Shikhar Bi-Directional (Net) Metering	RE energy management
Grid & Sub-Station Meter	RE energy management
Smart city light management system	Smart city solution
Smart Group metering	Smart city solution
Dual prepayment meter	Smart city solution
Single phase	Smart meter
3-phase	Smart meter
Smart LT CT Saksham 320	Smart meter
DCU	Smart meter
Single phase	Telecom tower management solution
3-phase	Telecom tower management solution
Calibration equipment	
Samvaad +	Communication devices
GSM/GPRS Modem	Communication devices
Gas meters	



# Manufacturing Assets at a Glance



R&D Centre and Corporate Office, Sitapura, Jaipur



Ramchandrapura, Jaipur



Haridwar, Uttaranchal



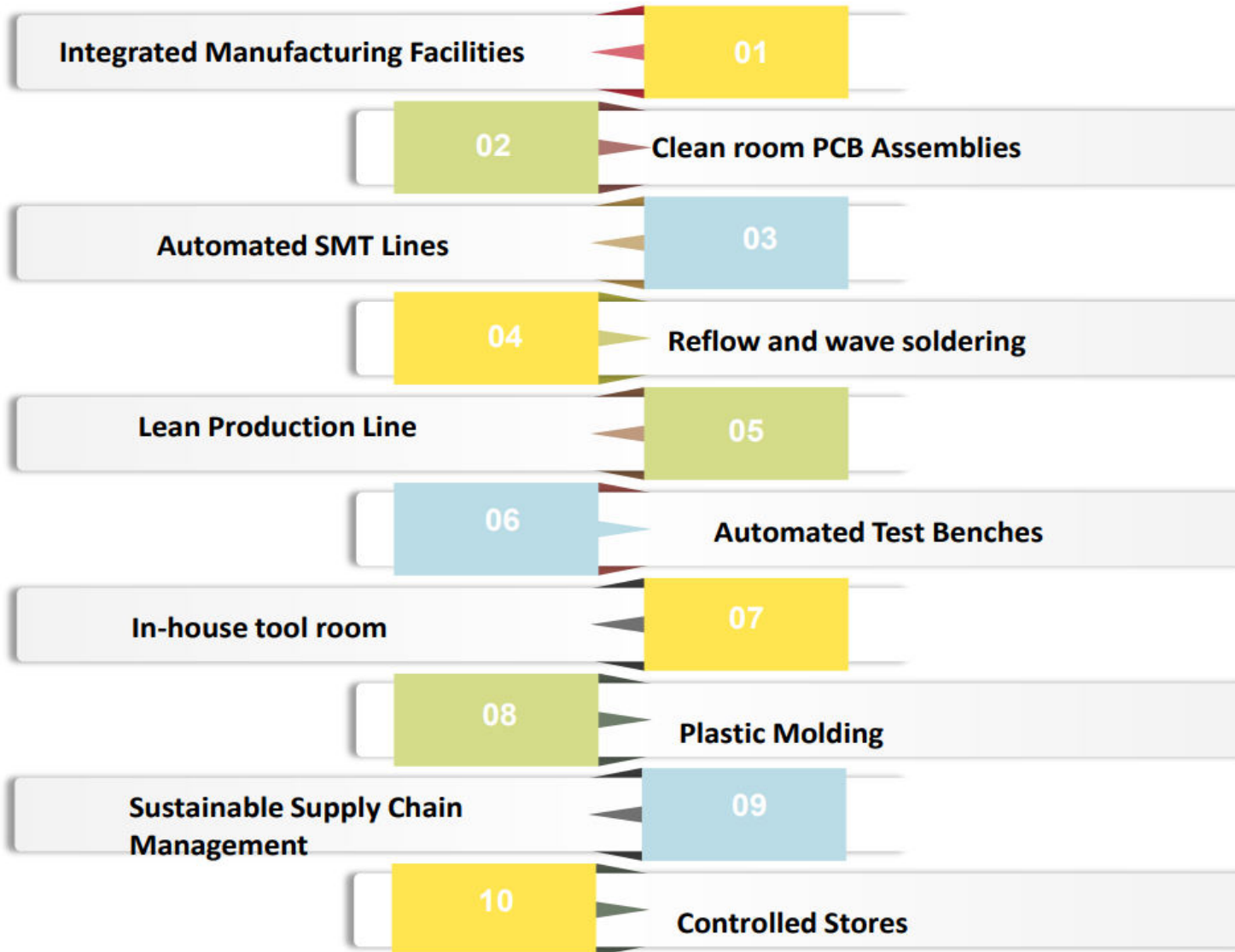
Haridwar, Uttaranchal



Guwahati, Assam

Total Installed capacity of over 10 million meters per annum

# Infrastructure & Testing Capabilities



*In-house Technology product since inception*

*Truly "Made in India"*



- *Quality Assurance*
- *Innovation & R&D*
- *In-House NABL Accredited Electronic Energy Meter Testing Laboratories*  
*(recognized by Ministry of Science & Technology, Govt. of India)*
- *Lean Manufacturing*



*Qualified & Capable to service the ever-growing power sector demand by adhering to stringent protocol*

# Investment Rationale

## Largest listed smart meter player in India with >25% market share

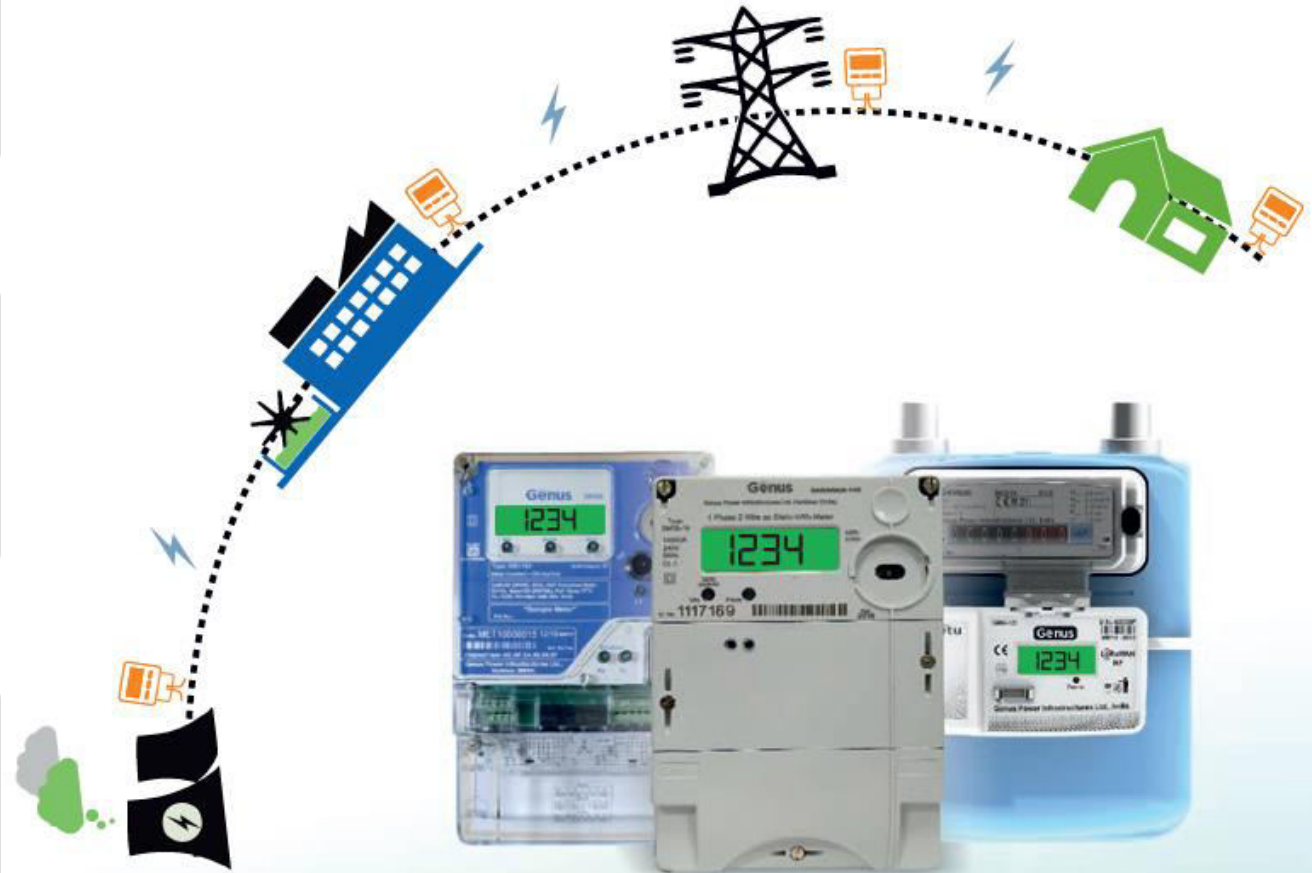
With a total meter manufacturing capacity of 10mn meters p.a., GPIL is a leading smart meter solutions provider in India. Its market share in electrical meters is >25% (both conventional and smart). Further, its market share among private discoms is >65%. Exports account for ~10% of its annual revenues, but has been hit due to covid. Orderbook as at Q1FY22-end was Rs9.8bn.

## Big upcoming domestic opportunity size for smart meters

Government has approved 3.03 trillion power distribution company (DISCOM) reform scheme. About half of the total funds of the scheme i.e. about 1.5 trillion are to be deployed for installation of smart meters. Scheme involves compulsory smart metering ecosystem including in about 250 million household. Allocation to RDSS was doubled to 12000 Cr. in 2023-24 Union budget.

## Focus on corporate governance with business restructuring and strengthening the Board of directors

GPIL is restructuring itself and demerging its non-core businesses to focus solely on providing metering products and solutions. Further, it has onboarded eminent personnel on its Board, including Subhash Garg (former finance secretary and power secretary of India) and Keith Torpy, a veteran in smart metering technology and product development.



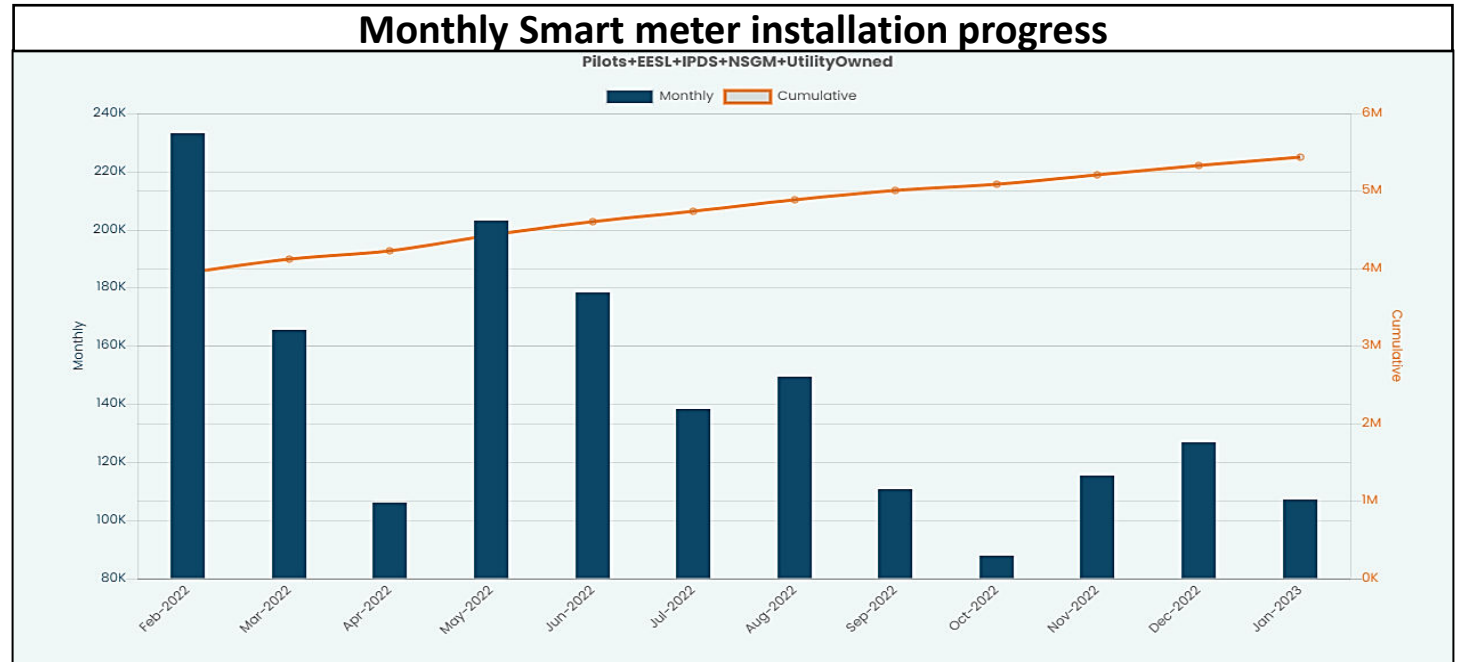
# GPII: >25% market share in meters in India

- Over the past few years, GPII has been able to maintain >25% market share in the metering industry.
- It is among the preferred vendors for private discoms, where it has >65% market share.**
- These include Tata Power, Torrent Power, BSES and CESC among others.** GPII has sold >70mn meters till FY22, conventional plus smart.
- As much as 60-70% of the total volumes of meters procured in the country in FY21 were conventional meters.
- Although smart meter market and market shares of companies are still evolving, till FY21-end, **GPII was the highest smart meter supplier to EESL, having supplied 1.5mn units cumulatively so far.**
- Of the total annual revenues, 65-70% is from domestic (government) segment, 10- 15% is from domestic private segment and 7-10% is from system integrators (LC based).
- Balance ~5% is from exports. The orderbook mix at FY21-end was composed as follows: 22% conventional meters, 47% smart meters, 18% FMS and 13% others. **As on March 31 2022, the Company's order book stood at Rs. 1,080 crore (net of tax).**

## Orderbook

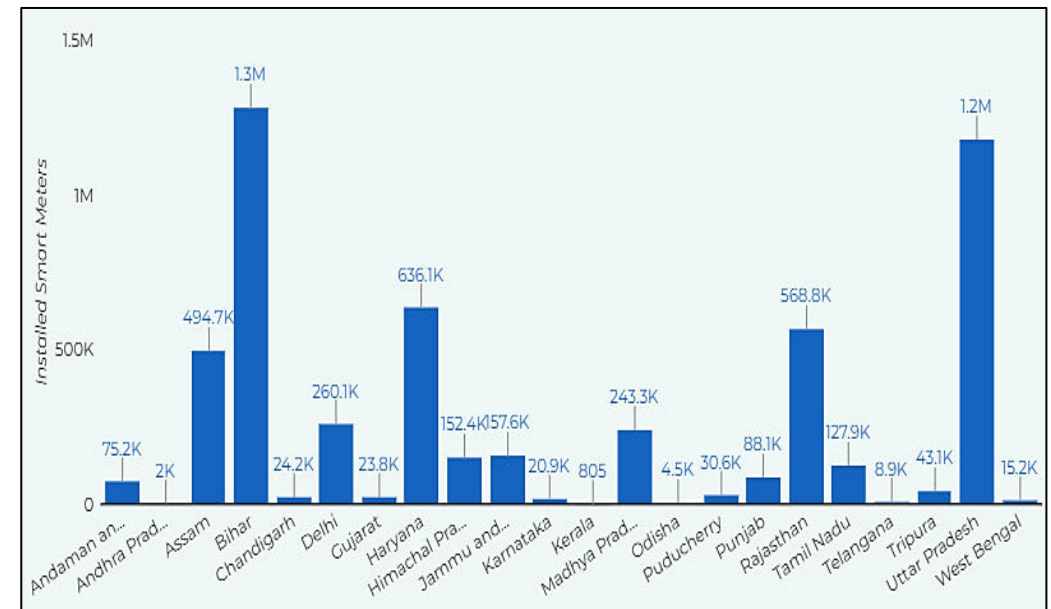
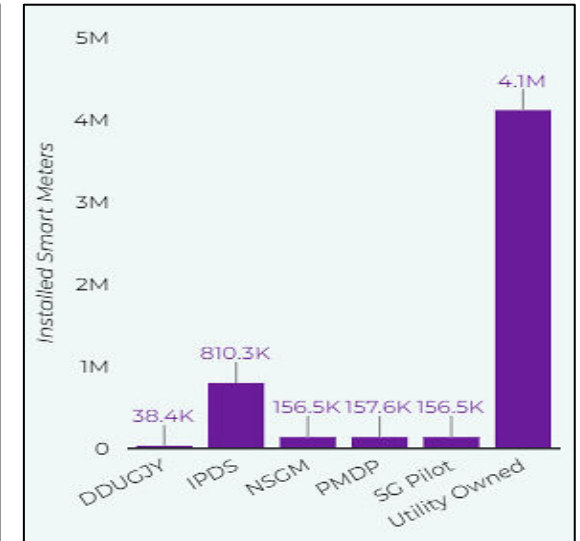
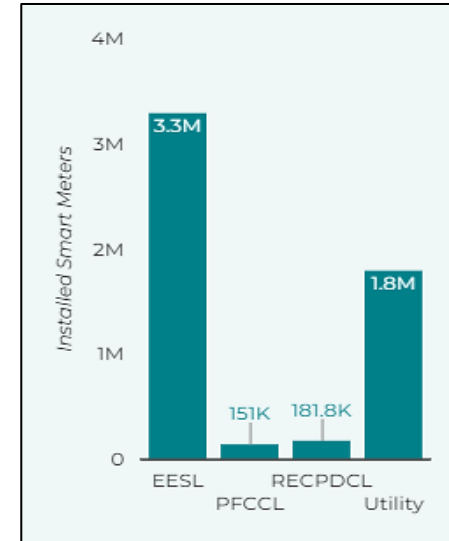
- Orderbook at Q2FY23-end stood at Rs17.6bn, which includes: 1) Rs2bn for supply of conventional electronic energy meters, 2) Rs7.5bn for supply of smart meters, 3) Rs1bn in export orders, and 4) balance related to FMS and AMI-SP (advanced metering infrastructure service provider) installations.
- GPII currently has 100% share in the supply of smart meters to Adani distribution areas.
- Orderbook at Q3FY23-end stood at Rs16.8bn; however, including LoA for the Assam AMI project, orderbook was Rs41bn.

## Monthly Smart meter installation progress



# Meters Manufactured & Capacity Utilisation Overview

- Between FY15-FY21, GPIL manufactured 38.4mn conventional meters and 2.4mn smart meters. Capacity utilization was high during the initial UDAY years, but declined to ~60% in FY20 as state discoms faced financial issues and deferred capex.
- Share of smart meters in the company's total production is increasing every year. In FY20-FY21, share of smart meters averaged 18% of the total meters manufactured.
- This is positive development for both topline and bottom-line of the company as average price for a single phase meter ranges between Rs800-2,500 vs Rs2,000-Rs4,500 for 3-phase meters (lower end being for conventional meters, and upper end for smart meters).
- Margins are higher in smart meters. Further, the company is also involved in Advanced Metering Infrastructure (AMI), where it implements end-to-end smart metering systems and the per meter cost is >Rs6,000, and Facility Management System (FMS) for AMI, where revenues are recurring and margins are higher.
- Even though the mix of conventional and smart meters in the current orderbook is 80:20 in volume terms and 50:50 in value terms, we expect the share of smart meters to increase in the coming quarters.
- The capacity utilization remained low at 42% 1QFY22 (FY21: 34%, FY20: 80.16%, FY19: 82.91%), owing to the Covid-19-led lockdowns and shortage of semiconductors.
- GPIL received LoA worth Rs24.2bn (net of taxes) from the state of Assam for the implementation of advanced metering infrastructure (AMI) for installation and operations of 2.949mn smart meters in Jan'23. The order takes the orderbook to Rs40.99bn (net of taxes) from Rs16.8bn at Q3FY23-end and provides good visibility for higher order execution in near-to-medium term. We expect margin improvement to continue as commodity costs ease further and semiconductor supply chains normalize.

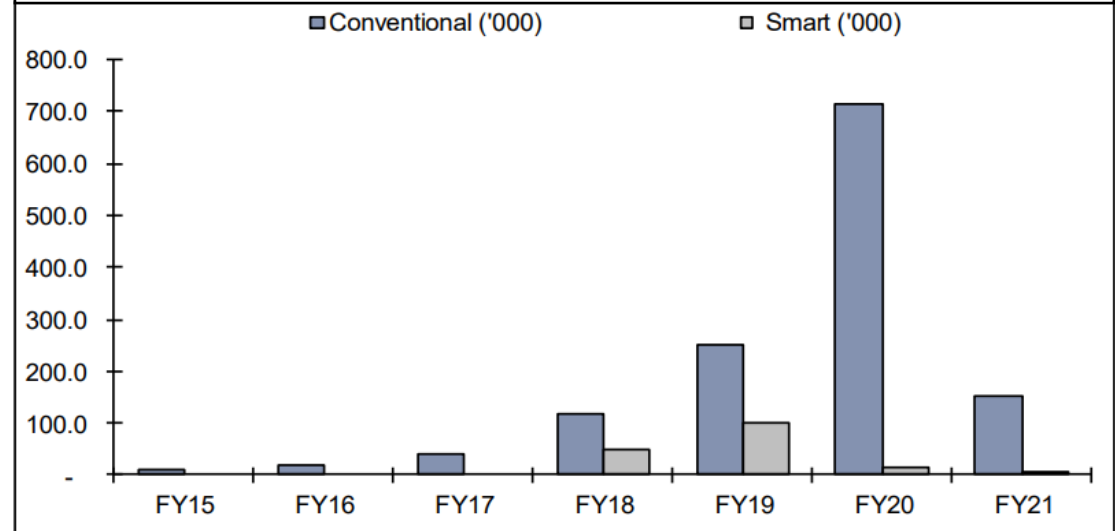




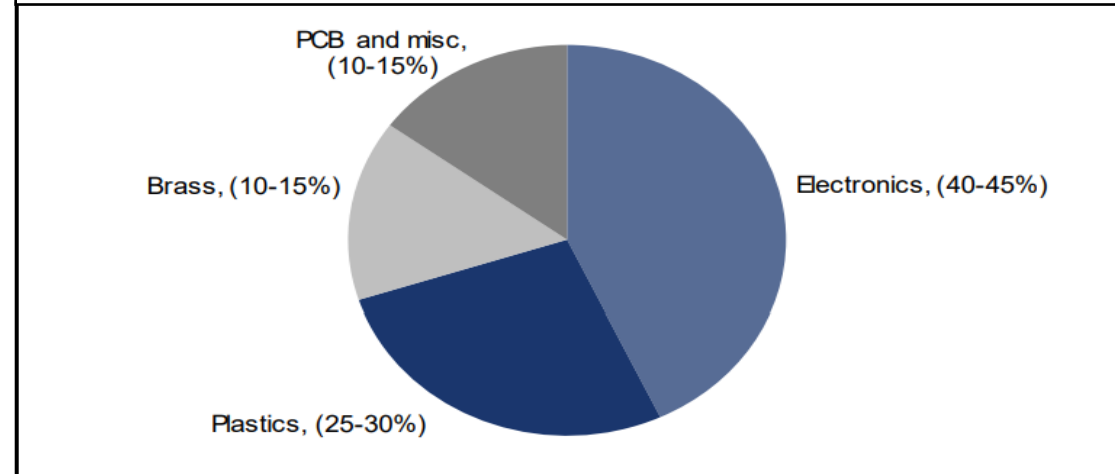
# Export Performance Overview

- Currently exports constitute 5% of the annual revenue which management is focusing to improve to pre covid level of 10% and have higher margins compared to domestic sales.
- GPIL supplies its products and solutions within India as well as **exports to countries including Nepal, Malaysia, Nigeria, Zanzibar (Tanzania), Chad, Afghanistan and Singapore**. In fact, the company has supplied 0.15mn out of the 0.3mn smart meters installed in Singapore (Singapore has a total of 1mn meters installed, conventional plus smart).
- **Exports suffered in FY21 due to covid disrupting EPC projects** and supply chains globally. While the company is looking towards new geographies and expanding its presence and offerings in its existing export markets, focus is to emerge again as a strong metering products and solutions exporter from India.
- **In terms of raw materials, the major component is electronics (40-45% of the total RM cost), plastics (25-30%), brass (10-15%), PCB and miscellaneous items (10-15%).**
- GPIL imports 40-45% of its total raw material requirement, which is primarily electronic components (microcontrollers, wafers, LCD, plastic, etc.). There has been a disruption in the global electronics supply chain due to which there is a shortage of semiconductor chips at present.
- The management expects margin improvement to continue as commodity costs ease further and semiconductor supply chains normalize.
- **Given the fixed-price nature of contracts, an increase in raw material price impacts the margins negatively.**

**GPIL – meters export trend (in thousands)**

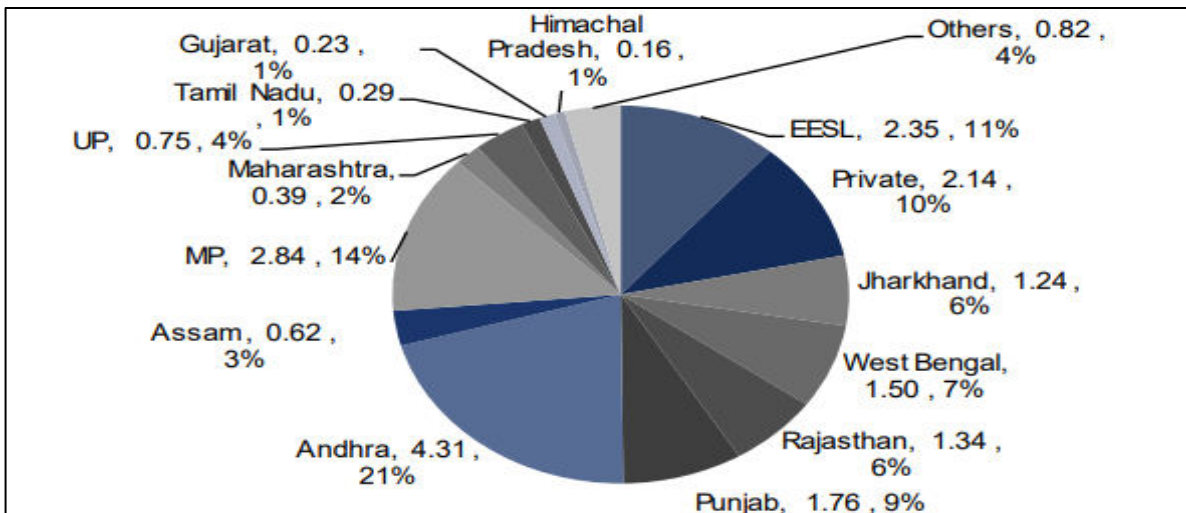


**Raw material cost breakup**

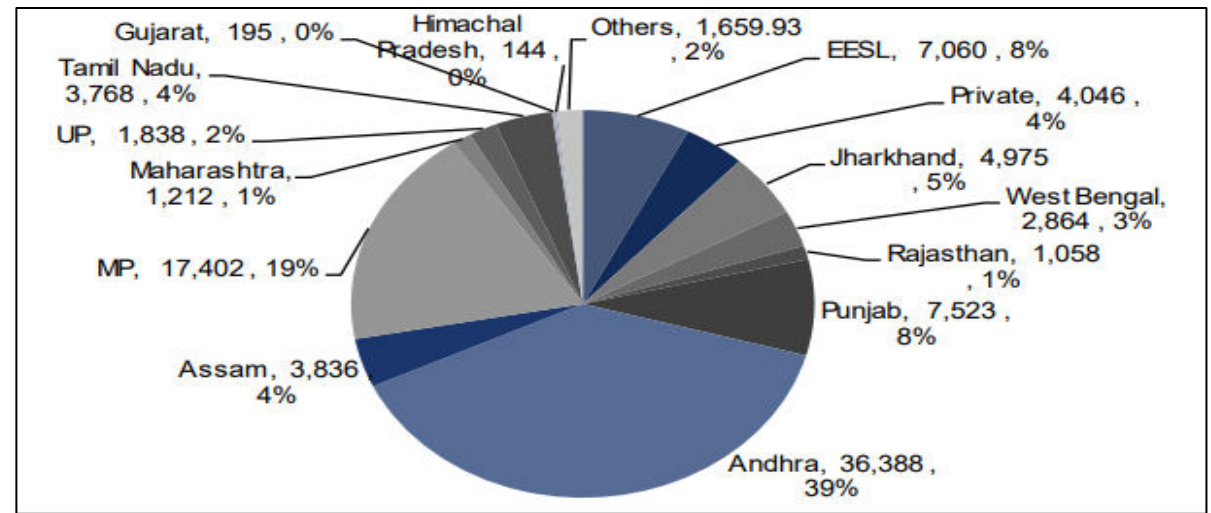


# Ongoing & Upcoming Tenders

- Q2FY23, Tenders worth a total of ~Rs667bn are currently open (live plus upcoming). Of this, tenders totaling Rs360bn are currently live and GPIL has bid as the sole system integrator (AMI-SP) for 30% of them. In the balance 70%, GPIL has participated as part of the AMI-SP collaboration and will supply smart meters to the project.** Company has participated in conventional meter tenders to the tune of Rs7.26bn and will participate in Rs10.45bn worth of upcoming conventional meter tenders. It has also participated in smart meter tenders worth Rs9.5bn. Several states have floated tenders for smart metering implementation, including UP, Gujarat (through PGCIL), Delhi (BRPL & BYPL), Tamil Nadu, Jharkhand and Puducherry. Additionally, Rs200bn worth of tenders under the TOTEX model are expected to be floated over the next 2-3 months from Madhya Pradesh, Maharashtra, Mizoram, West Bengal and Chhattisgarh among others.
- Q3FY23, GPIL has participated in Rs270bn worth of tenders which are currently live, which include Rs250bn for AMISP projects under the RDSS scheme across several states, Rs9.5bn for conventional meters, Rs10.5bn for supply of smart meters to third party AMISP players and Rs0.45bn for metering & billing related projects (without hardware installation). Further, Rs490bn worth of tenders are likely to be floated in the near term under the RDSS scheme.**



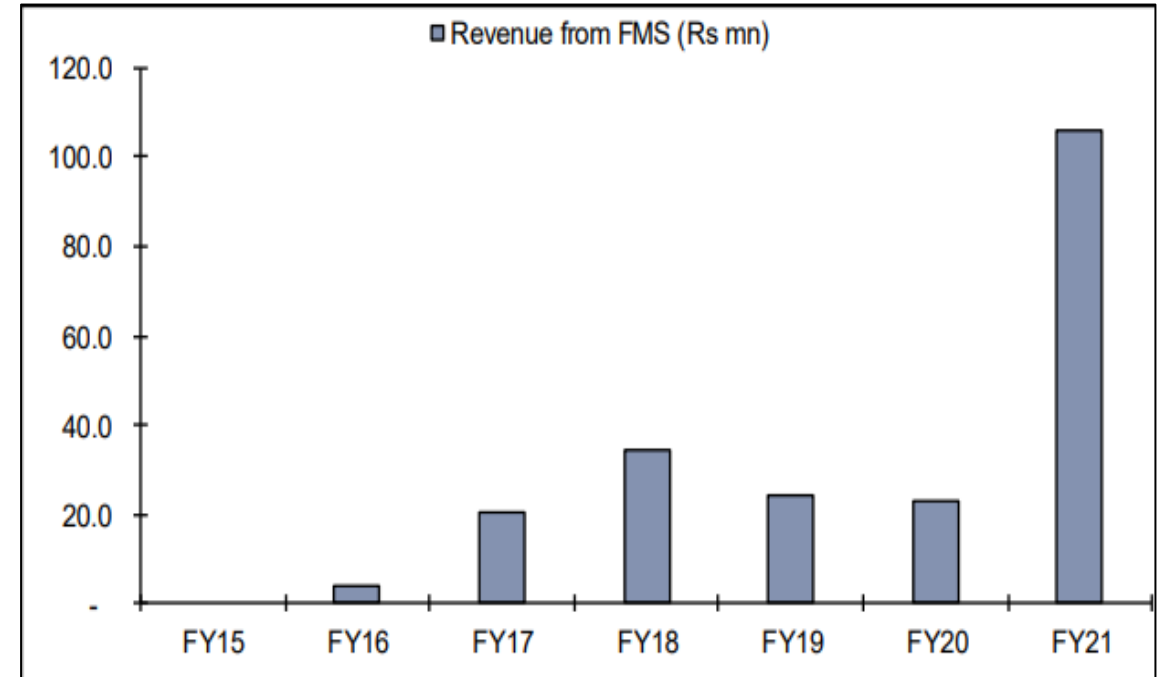
State-wise breakup of ongoing & upcoming tenders as at Aug'21 (units in mn)



State-wise breakup of ongoing & upcoming tenders as at Aug'21 (value in Rs mn)

# Potential Growth Sectors: FMS & Gas Meters

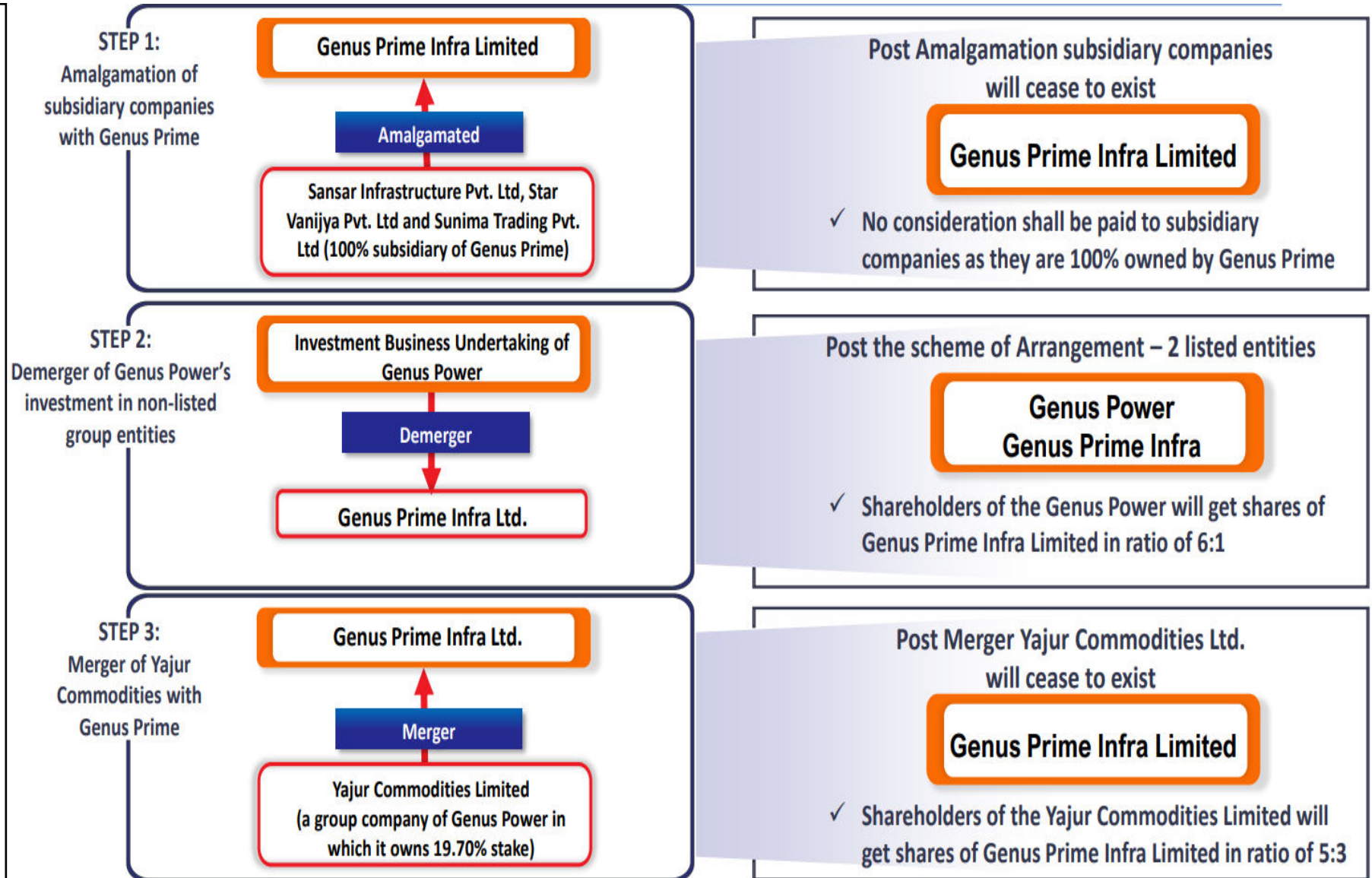
- **GPIL has ventured into Facility Management System (FMS) segment**, providing domain-related software to the utilities and in turn earning recurring revenues.
- Company offers prepaid vending software in addition to its online smart prepaid metering solutions, among other solutions asked for by the clients for their AMI.
- Company has set up a dedicated team and has been developing various solutions to expand its offerings.
- **We expect FMS business to contribute meaningfully (high-single digits in % terms) to GPIL's revenues in the next 2-3 years.**
- GPIL has also started manufacturing and supplying smart gas meters.
- **GPIL has also started manufacturing and supplying smart gas meters.**
- **It recently won an order for supplying 10,000 gas meters.** The opportunity size in gas meters is huge, with CGD being implemented in more cities.
- Company plans to leverage its connections with government authorities to gain market share in the gas metering business. Another business segment is engineering, construction and contracts for power T&D sector, where GPIL provides end-to-end turnkey solutions to discoms.
- **These include setting up of switchyard / substations (up to 400KV), transmission lines (up to 400KV), complete rural electrification, distribution lines & HVDS, industry plant electrification, restoration and upgradation of the existing T&D network.**
- Growth of this segment will be muted as the company aims to focus more on its metering business



**In April 2022, the Company received a letter of award (LOA) for appointment of Advanced Metering Infrastructure Service Provider (AMISP) including design of AMI system with supply, installation and commissioning of around 10 lakhs Smart Prepaid Meters, DT Meter level energy accounting and FMS of these around 10 lakhs smart meters from a state utility. This total order worth Rs. 828.57 crore (net of tax), is the single largest order finalized by any state utility in India for AMISP. We anticipate robust order inflow in the coming years.**

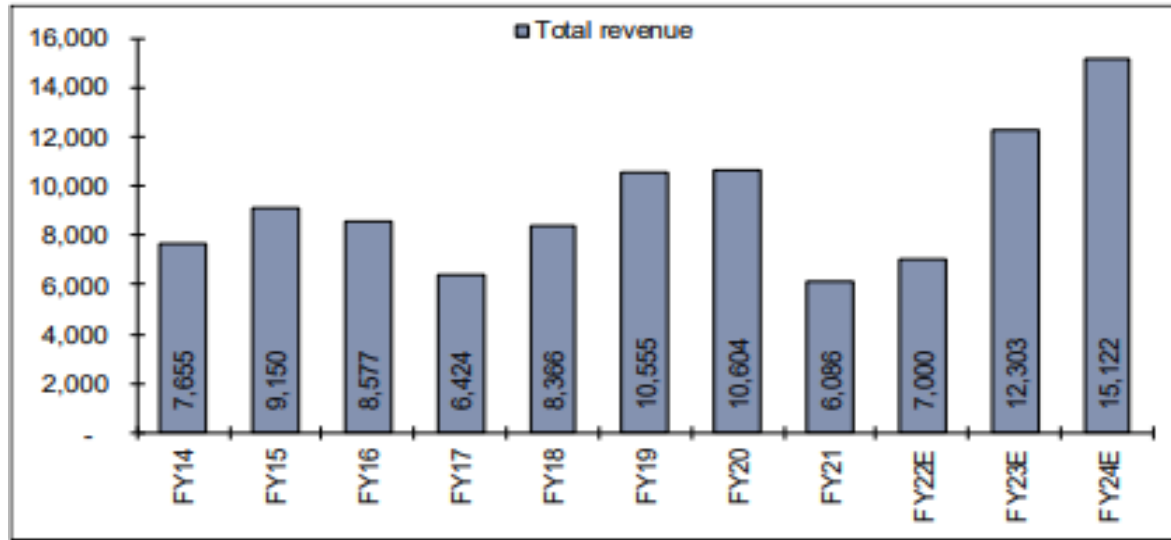
# Business Restructuring

- GPIL's Board of directors has approved a scheme of arrangement, which demerges the investment business division of the company into Genus Prime Infra.
- Post demerger, GPIL's shareholders will get shares of Genus Prime Infra in the ratio of 6:1, and Genus Prime Infra will be a separate listed entity.
- The scheme of arrangement is awaited approval from the National Company Law Tribunal and expected to be completed by March 2022.
- Post restructuring, GPIL's focus will be solely on its core business activities of metering products and solutions.

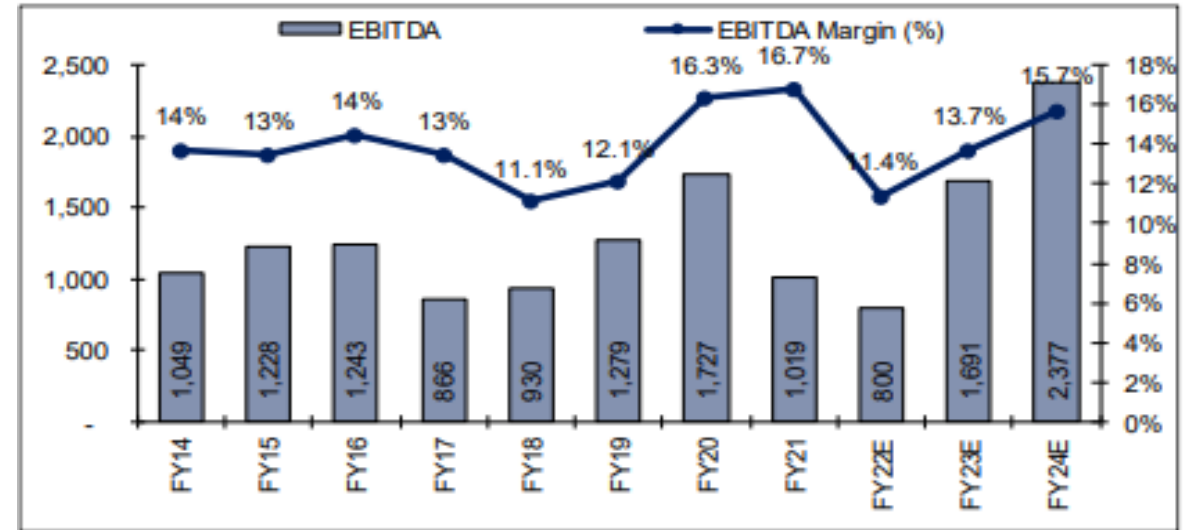


# Key Financial Trends

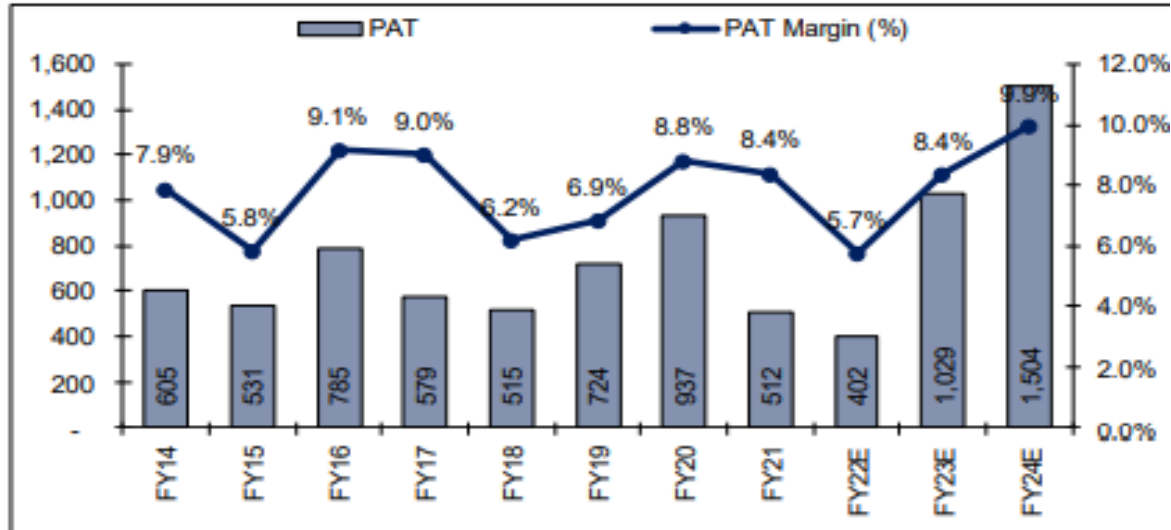
Revenues to grow at a CAGR of 35.4% over FY21-FY24E



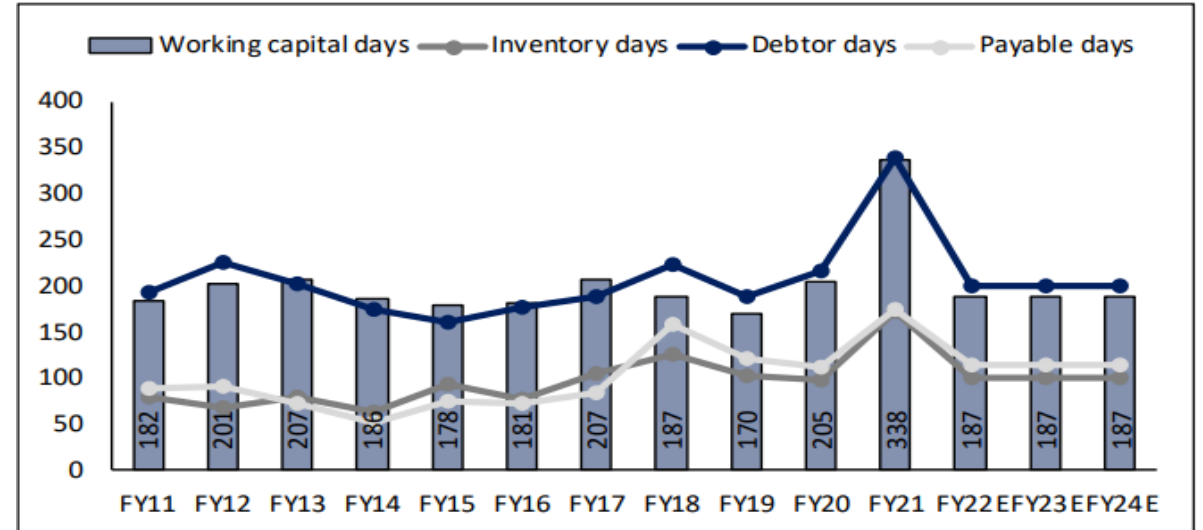
EBITDA to grow at a CAGR of 32.6% over FY21-FY24E



PAT to grow at a CAGR of 43.3% over FY21- FY24E



Working capital overview



## Income Statement Analysis

	FY18	FY19	FY20	FY21	FY22
<b>Operating Income (Sales)</b>	<b>8,366</b>	<b>10,555</b>	<b>10,604</b>	<b>6,086</b>	<b>6,851</b>
<b>Operating Expenses</b>	<b>7,435</b>	<b>9,275</b>	<b>8,877</b>	<b>5,067</b>	<b>6,254</b>
<b>EBITDA</b>	<b>930</b>	<b>1,279</b>	<b>1,727</b>	<b>1,019</b>	<b>596</b>
% margins	11.1	12.1	16.3	16.7	8.7
Depreciation & Amortisation	171	194	221	218	205
Gross Interest	228	339	327	245	257
Other Income	220	179	191	267	268
<b>Recurring PBT</b>	<b>751</b>	<b>925</b>	<b>1,370</b>	<b>824</b>	<b>403</b>
Add: Extraordinaries	-	-	-	-	-
Less: Taxes					
- Current tax	167	218	485	301	138
- Deferred tax	69	(17)	(52)	11	7
<b>Net Income (Reported)</b>	<b>515</b>	<b>724</b>	<b>937</b>	<b>512</b>	<b>258</b>

- Finance cost of the company is **increased due to increase in borrowings**.
- During FY 22, the profit of the Company was not adequate and reduced to significant level due to higher raw material prices coupled with **reduced capacity utilization on account of acute shortage of semiconductors** and other key electronic components attributable to global wide phenomenon of logistical and supply issues in the wake of continuing COVID-19 pandemic.
- Dividend of Re. 0.25 per equity share** is declared by board members.
- Genus Power Infrastructures' (GPIL) Q3FY23 revenue was Rs2bn** (+2.3% YoY, -8.3% QoQ) while EBITDA was Rs205mn (-2% YoY, +21.7% QoQ). **EBITDA margin improved to 10.2%** (from 7.7% in Q2FY23) on the back of commodity price moderation leading to improved gross margin. PAT at Rs116mn was up 41.6% YoY and 14% QoQ

- The company's sources of revenue are from sale of goods, from rendering services, from construction contracts, other operating revenue by scrap sale, etc.
- Approximately **95% of revenue comes from business in India and 5% of revenue comes from exports**.
- Company's **revenue grows by 13%** in FY22.
- Around 64% of the expenses is for material cost as its prices were high in FY22.
- OPM of the company is decreased to 9% and NPM is 8%**.
- Other income of the company includes return on fixed deposit and major portion is from gain on financial instruments.

## Balance Sheet Analysis

	FY18	FY19	FY20	FY21	FY22
<b>Assets</b>					
Total Current Assets	7,964	8,553	9,247	8,898	9,201
of which cash & cash eqv.	377	391	1,060	1,147	867
Total Current Liabilities & Provisions	3,102	2,810	2,476	2,055	2,241
<b>Net Current Assets</b>	<b>4,862</b>	<b>5,743</b>	<b>6,771</b>	<b>6,842</b>	<b>6,960</b>
<b>Investments</b>	<b>2,356</b>	<b>2,683</b>	<b>2,547</b>	<b>2,892</b>	<b>3,121</b>
of which					
Strategic/Group	1,109	1,443	1,521	1,545	1,654
Other Marketable	1,247	1,241	1,026	1,348	1,467
<b>Net Fixed Assets</b>	<b>1,686</b>	<b>1,796</b>	<b>1,741</b>	<b>1,627</b>	<b>1,575</b>
of which					
intangibles					
Capital Work-in-Progress	19	16	8	1	20
<b>Goodwill &amp; other long-term assets</b>	<b>1,212</b>	<b>993</b>	<b>858</b>	<b>540</b>	<b>1,207</b>
<b>Total Assets</b>	<b>10,116</b>	<b>11,216</b>	<b>11,917</b>	<b>11,902</b>	<b>12,863</b>
<b>Liabilities</b>					
Borrowings	2,396	2,759	2,556	2,068	2,799
Deferred Tax Liability and others	234	353	508	489	512
Equity Share Capital	257	257	257	257	258
Face Value per share (Rs)	1	1	1	1	1
Reserves & Surplus	7,228	7,848	8,595	9,088	9,294
<b>Net Worth</b>	<b>7,485</b>	<b>8,105</b>	<b>8,853</b>	<b>9,345</b>	<b>9,552</b>
<b>Total Liabilities</b>	<b>10,116</b>	<b>11,216</b>	<b>11,917</b>	<b>11,902</b>	<b>12,863</b>

- **Promoters hold 50.44% of shareholding in the company.**
- Major borrowings of the company is for short term as the company faces issues in receiving money from customers and it requires fund for working capital requirement.
- Trade receivables of the company remains high as it takes time to receive payment from govt. bodies. Plant & machinery of the company is increased which is expected for its increased capacity.
- The company's **non-current investment includes investment in equity shares of group companies of around 88.79 Cr.** current investments include investment in **mutual funds, corporate bonds and short-term equity capital of around 212 Cr.**
- **The inventory includes major portion of raw material as raw material prices were high in previous FY.**
- Company's cash equivalent is high as the company have fixed deposits with the bank maturing in short term.
- The company's increased trade payables amount is due to price fluctuations of raw material.
- The company have received 10 Cr. as advance from customers in FY22. It also has contract liability of 10 CR.

	FY18	FY19	FY20	FY21	FY22
<b>Operating Cashflow</b>	<b>944</b>	<b>1,250</b>	<b>1,762</b>	<b>1,033</b>	<b>606</b>
Working Capital Changes	(880)	(745)	(426)	49	(326)
Capital Commitments	(250)	(590)	(290)	(124)	(161)
<b>Free Cashflow</b>	<b>(186)</b>	<b>(85)</b>	<b>1,046</b>	<b>958</b>	<b>119</b>
<b>Cashflow from Investing Activities</b>	<b>(51)</b>	<b>(487)</b>	<b>(128)</b>	<b>(393)</b>	<b>(923)</b>
Issue of Share Capital	1	0	-	-	4
Buyback of shares					
Inc (Dec) in Borrowings	101	231	(351)	(251)	217
Dividend paid	(107)	(113)	(160)	(23)	(115)
<b>Extraordinary Items</b>					
<b>Chg. in Cash &amp; Bank balance</b>	<b>(221)</b>	<b>(201)</b>	<b>376</b>	<b>162</b>	<b>(951)</b>

- Due to increase in inventory, company's operating profit is decreased in FY22.
- Increase in trade payables indicates company's efforts for getting raw material on time.
- In FY22, the company have purchased fixed assets of 15 Cr. and also purchased investments of 18 Cr. this outflow has turned cash flow from investing activity negative.
- The company have increased investment in **fixed deposit and margin money, amount of 87.63 Cr.**
- **during the year** the company have received short term borrowed fund of 33 Cr. and paid interest of 25.65 Cr.
- The net **cash flow turned negative as revenue and profit margins of the company got affected.**



## Key Ratio Analysis

	FY18	FY19	FY20	FY21	FY22
<b>Per Share Data (Rs)</b>					
EPS(Basic Recurring)	2.0	2.8	3.6	2.0	1.0
Diluted Recurring EPS	2.0	2.8	3.6	2.0	1.0
Recurring Cash EPS	2.7	3.6	4.5	2.8	1.8
Dividend per share (DPS)	0.4	0.6	0.1	0.5	0.3
Book Value per share (BV)	29.1	31.5	34.4	36.3	37.1
<b>Growth Ratios (%)</b>					
Operating Income	30.2	26.2	0.5	(42.6)	12.6
EBITDA	7.4	37.5	35.0	(41.0)	(41.5)
Recurring Net Income	(11.0)	40.4	29.4	(45.4)	(49.5)
Diluted Recurring EPS	(11.0)	40.3	29.4	(45.4)	(49.6)
Diluted Recurring CEPS	(6.3)	33.5	26.2	(37.0)	(36.6)
<b>Valuation Ratios (x)</b>					
P/E	44.4	31.6	24.5	44.8	88.8
P/CEPS	33.3	25.0	19.8	31.4	49.5
P/BV	3.1	2.8	2.6	2.5	2.4
EV / EBITDA	26.8	19.8	14.1	23.4	41.7
EV / Operating Income	3.0	2.4	2.3	3.9	3.6
EV / Operating FCF	(133.8)	(297.7)	23.3	24.9	209.0
<b>Operating Ratios</b>					
SG&A cost / Revenue	9.9	10.6	10.8	11.3	12.2
Operating expenses / Revenue	88.9	87.9	83.7	83.3	91.3
Other Income / PBT (%)	29.3	19.4	14.0	32.4	66.5
Effective Tax Rate (%)	21.7	21.3	34.1	34.5	36.0
NWC / Total Assets (%)	44.3	47.7	47.9	47.9	47.4
Inventory Turnover (days)	124.2	102.3	98.4	171.5	166.9
Receivables (days)	221.8	187.0	216.6	339.1	297.2
Payables (days)	158.5	119.6	110.2	173.0	161.4
Net D/E Ratio (x)	0.1	0.1	0.1	(0.0)	0.0
<b>Return/Profitability Ratios (%)</b>					
Recurring Net Income Margins	6.2	6.9	8.8	8.4	3.8
RoCE	7.3	9.5	11.1	6.5	3.7
RoNW	7.1	9.3	11.0	5.6	2.7
Dividend Payout Ratio	20.5	20.6	2.7	25.2	24.9
Dividend Yield	0.5	0.7	0.1	0.6	0.3
EBITDA Margins	11.1	12.1	16.3	16.7	8.7

- Debtor days improved in FY22 as it is due to the company's revenue is also decreased.
- Cash conversion cycle remains high as it takes time to receive payment from clients.
- **ROCE is decrease to 8% as revenue of the company got affected.**
- **ROE of the company is 6.18%.**
- **D/E ratio is 0.25.**
- **Dividend payout ratio is increased to 24.9%**
- **For Q3FY23, GPIL's revenue came in at Rs2,004mn, up 2.3% YoY but down 8.3% QoQ. EBITDA at Rs205mn was 2% lower YoY but 21.7% higher QoQ, while EBITDA margin at 10.2% was 252bps higher QoQ but 45bps lower YoY. PAT at Rs116mn was up 41.6% YoY and 14% QoQ. Management expects semiconductor supplies to normalise in FY24 and commodity prices to ease further, leading to an increase in order execution as well as improvement in margins going forward.**

# Q3FY23 Performance Update

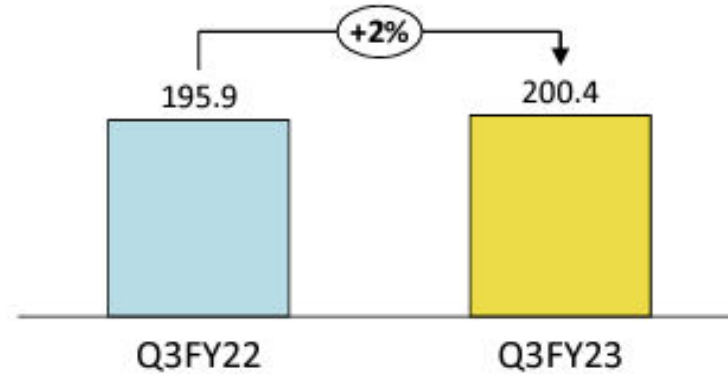
## Key Highlights

Continued low availability of semiconductors and other critical electronic components hampered revenue expansion and lowered capacity utilization

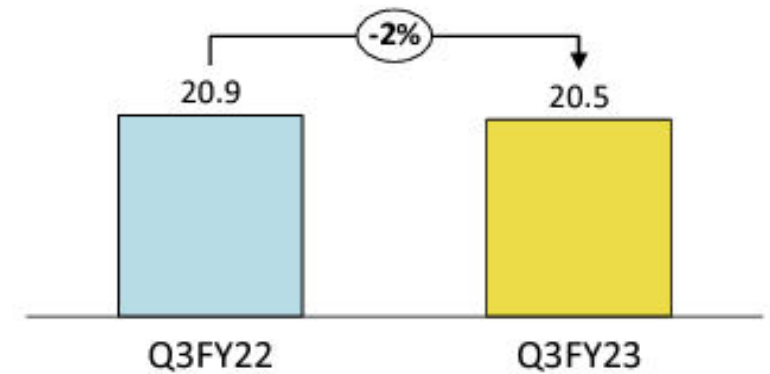
Operating margins have remained subdued on account of higher raw material costs and lower capacity utilization

- Became the First company in Asia Pacific to supply 15 million Smart Meters
- Indigenously developed Vending Software Agrim™ accredited with STS certification

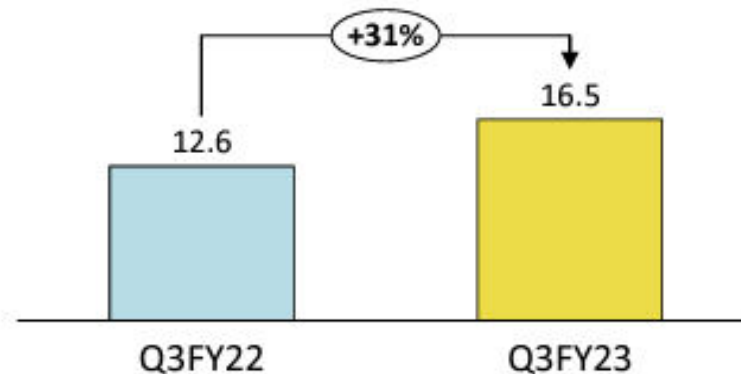
## Revenue (Rs. Crores)



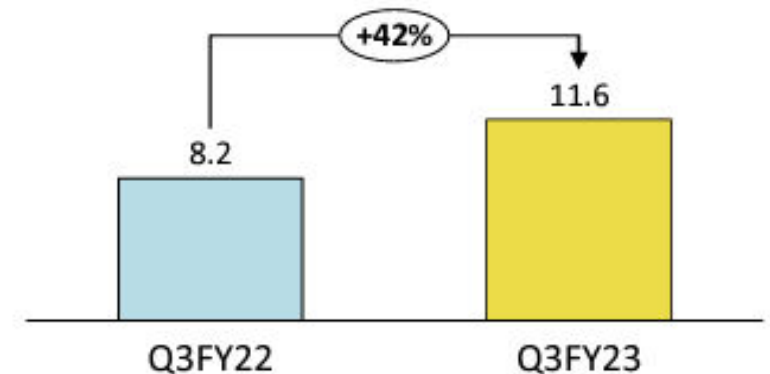
## EBITDA (Rs. Crores)



## PBT (Rs. Crores)



## PAT (Rs. Crores)



# Competitive Advantages

## Infrastructure

CAD, Dies and Mold designs, Molding, Automated SMT lines, Lean Assembly techniques and the state-of-the-art manufacturing facilities with complete forward and backward integration

## R&D

In-house R&D Centre, recognised by Ministry of Science and Technology, the Government of India and accredited by National Accreditation Body for Testing Labs

## Certifications

CMMI level 3 Company Accredited with - ISI, KEMA, SGS, STS, ZIGBEE, UL, DLMS etc., which is amongst the highest in Indian Metering Solutions Industry

## Workforce

Armed with long-term, highly-experienced and best-in-class technologist, engineers and executives

## Latching Switch

Smart meters will have a kill switch which will close off the utility supply. The kill switch will be operated via Internet. This will give power to utility providers to start and stop the supply at the click of a button

## Increased customer involvement

As all the data collected will be uploaded on the Internet the customers will be able to access it using their smart phones application. This will give them a clear idea about daily, hourly and even per-minute consumption, and how it is billed

## Prepaid Schemes

Customers will be able to recharge their meters to the amount of energy usage and consume only that much. As the meters are smart, they will remind the consumer when the balance is running low, or when a larger than normal chunk is being used. This will help consumers save money, and take the load of billing off the local body

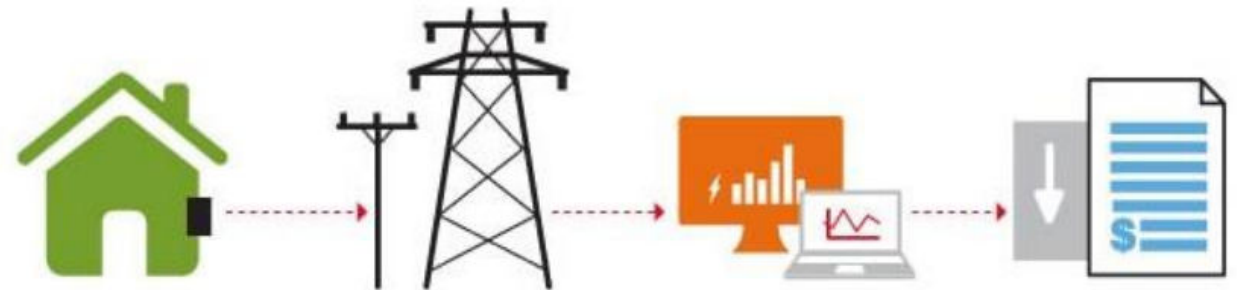
## Consumption Patterns

As consumers will be able to access the data on their mobile phones / tablets / PCs, they will be able to cut their expenses using simple strategies. For example not using water heaters or electric irons during peak hour

## What are Smart Meters ?

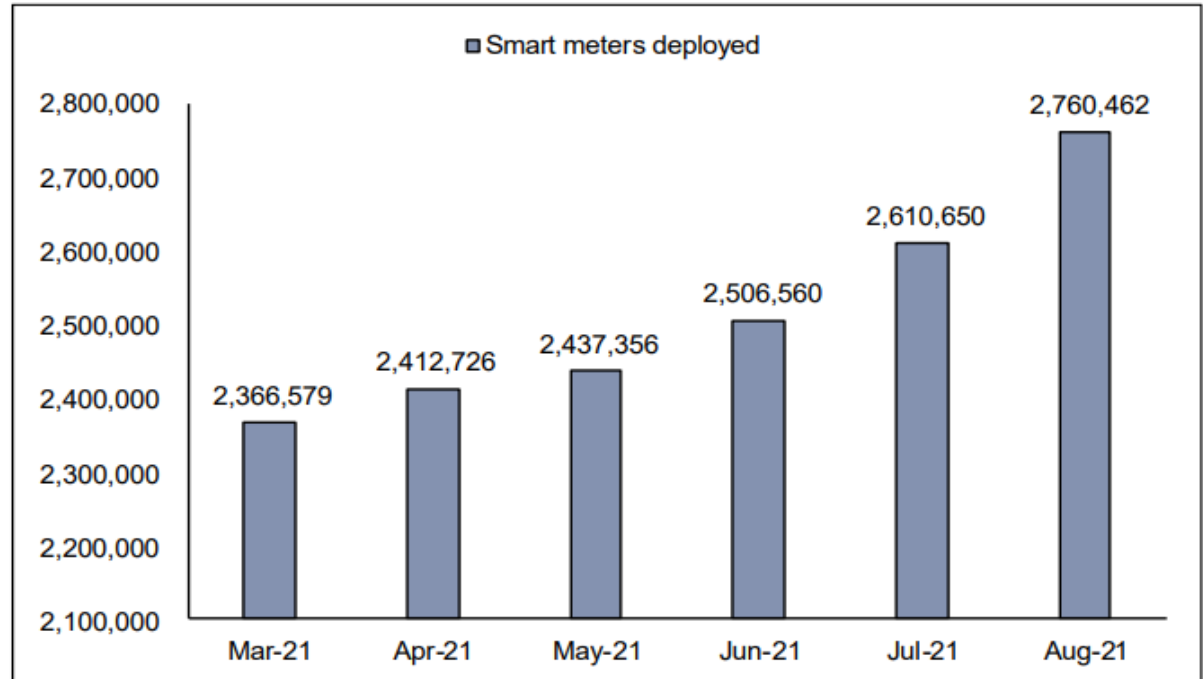
Smart meters are remarkably different from electronic meters. While electronic meters only measure the amount of utility used, a smart meter is used to measure the utility and then transmit the reading without any human intervention

- ✓ Allowing utilities to introduce different prices for different consumption during different season
- ✓ Control devices with two-way communication between the meter and the central system



# Domestic Smart Metering Scenario

- Currently, the penetration of smart metering in India is low. However, with the recent announcement of Gol scheme – Revamped, Reforms Based and Results Linked Distribution Sector Scheme for supporting discoms to undertake reforms and improve performance in a time-bound manner – there is a heavy impetus on target-based large scale installation of smart metering.
- **As per the scheme, the Gol targets installation of 100mn smart meters in identified areas by Dec'23, and 250mn smart meters by Mar'25, which will complete the replacement of all conventional meters with smart meters in the country.**
- As at 31st Jan'23, per the National Smart Grid Mission (NSGM), installation of 6498851 smart meters has been sanctioned, of which 3599119 have been deployed and 2899732 are under deployment through EESL, IPDS, NSGM, utility-owned and pilot projects.
- In addition, 0.28mn smart prepaid meters have also been installed, almost all by EESL. **Despite covid-related restrictions throughout the country, in the past few months 0.75mn smart meters have been installed.**
- **The pace has picked up significantly in the past four months with installation of 0.32mn smart meters.**



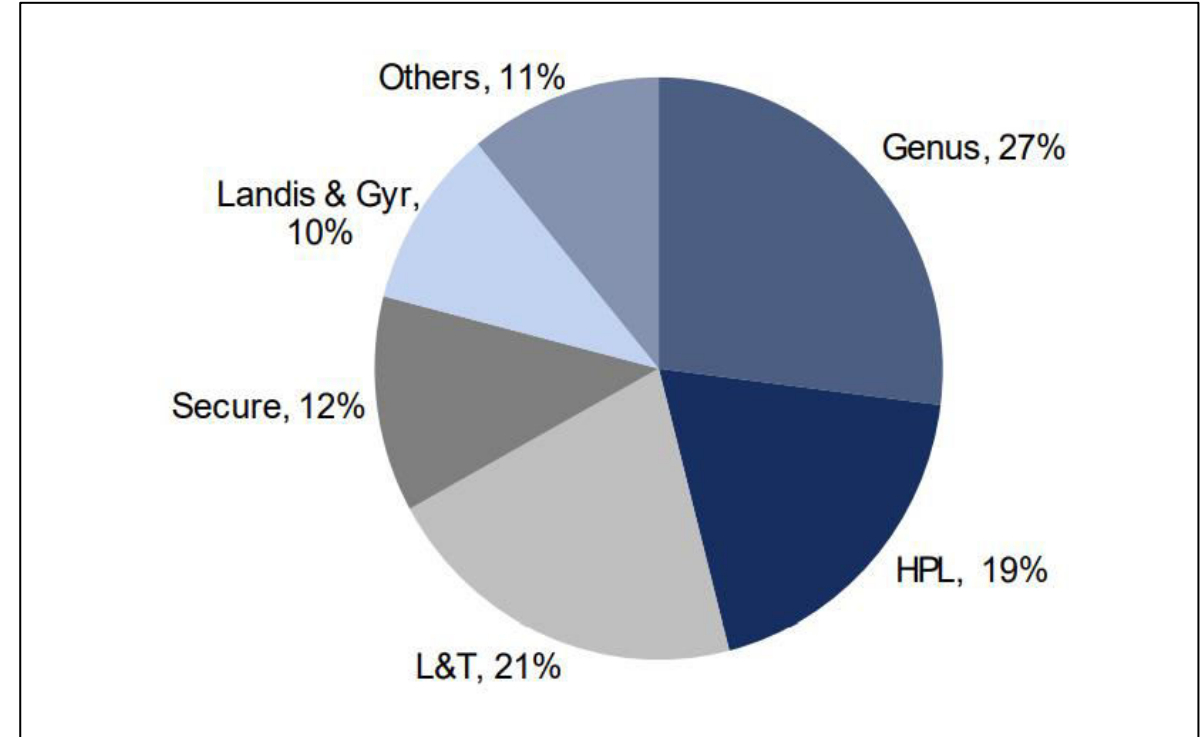
**Status of smart meter installation in India (cumulative)**

Currently, there are four major programs of the government of India under which smart meters are being installed in the various states: 1) Revamped Reforms Based and Results Linked Distribution Sector Scheme, 2) Integrated Power Development Scheme (IPDS), 3) Smart Meter National Programme (SMNP) under EESL, and 4) National Smart Grid Mission (NSGM). Apart from these, there are pilot projects and utility-owned projects also implementing smart meters

# GPIL: Largest listed Smart Meter Player in India

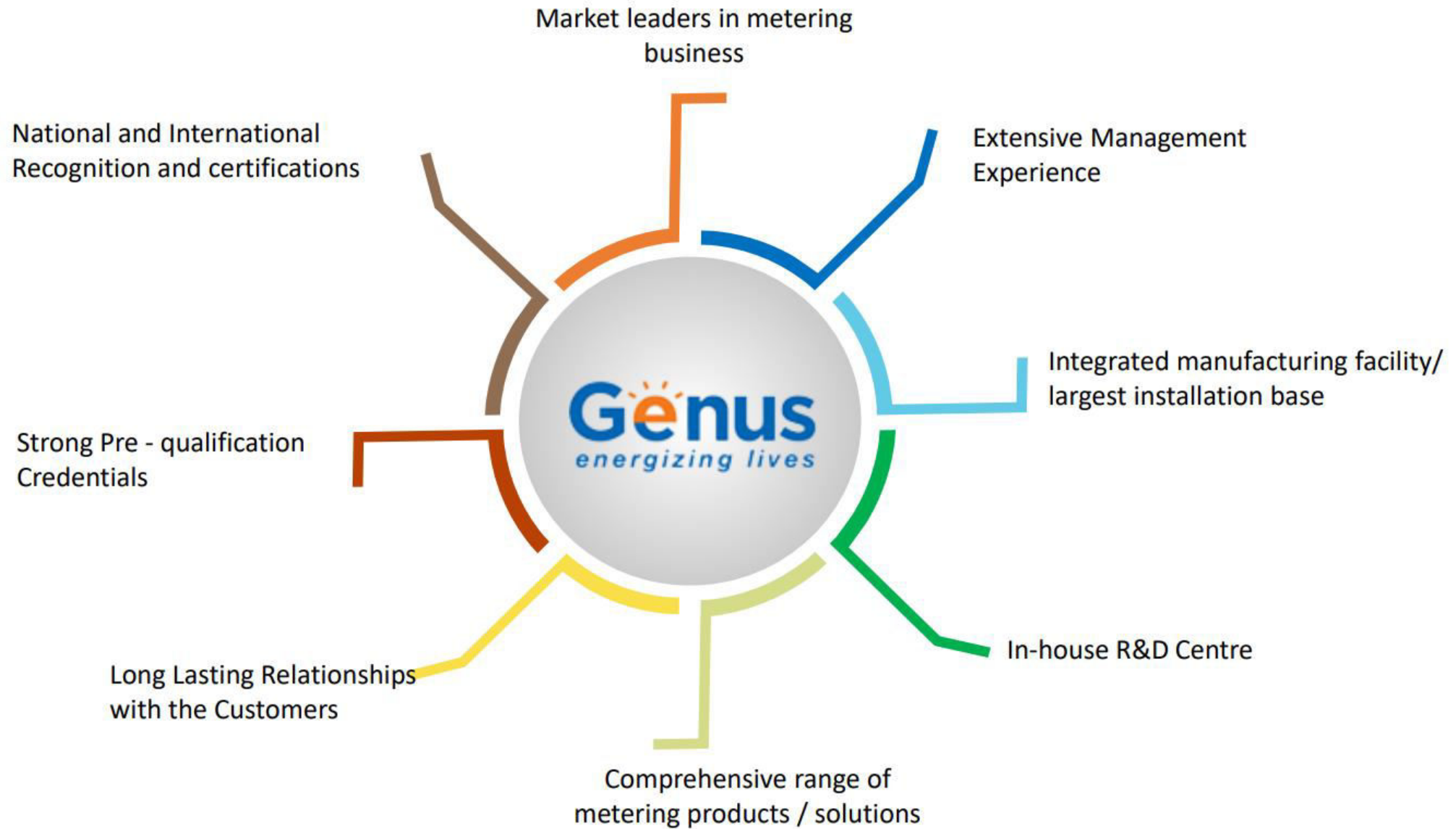
- GPIL is a leading smart meter solutions provider in India, with a total manufacturing capacity of 10mn meters p.a. It is the largest listed smart meter manufacturing company in India.
- It has 5 manufacturing units located at Jaipur (Rajasthan), Haridwar (Uttarakhand; two units) and Guwahati (Assam), with complete forward and backward integration.
- Further, it can double its capacity to 20mn meters within six months at a capex of only Rs250mn-300mn.
- GPIL manufactures full spectrum of smart metering equipment and solutions designed and developed at its own R&D center.
- It provides end-to-end solutions to discoms with metering communication including controls and automation software.
- GPIL's main competitors in India include HPL (Delhi), L&T (which sold its metering business as part of its electrical and automation business to Schneider Electric (unlisted), Secure (Udaipur), Landis & Gyr.
- **The company maintained its leadership position with a market share of about 27% market share in meter industry and about 70% market share in smart meters.**

Player-wise smart meter manufacturing capacities in India and their market shares

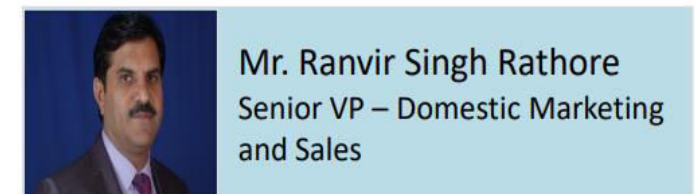
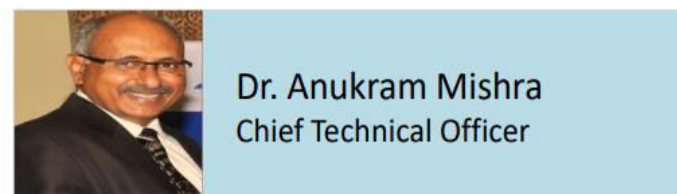
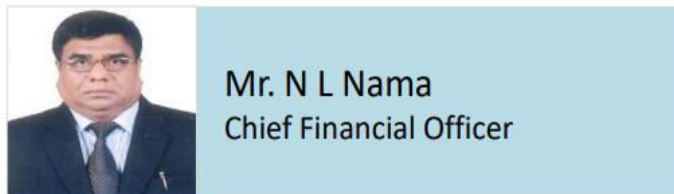
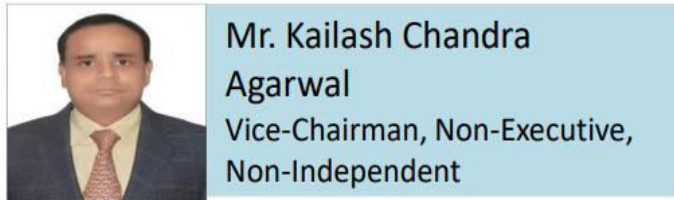


- Additionally, GPIL has demonstrated a strong execution capability as it is the only entity in India with the ability to supply meters under the Energy Efficiency Services Limited (EESL) tender in a timely fashion, while the other entities are facing significant delays.

# Key Growth Drivers



# Management Overview







**Mr. Subhash Chandra Garg**

**(Independent Director)**

- He was an IAS officer from the 1983 batch in Rajasthan cadre. He has served as Economic Affairs Secretary (July 2017-July 2019) and Finance Secretary of India in the Ministry of Finance and as Secretary, Ministry of Power (July 2019-October 2019)
- His appointment provides an important layer of oversight which will help us further strengthen our internal controls, corporate governance and prepare for our next stage of growth
- His appointment will strengthen our board and fortify our corporate policies with a commitment to maximize value for our shareholders.

- He is an established and highly respected professional with over 25 years of global experience in the field of Smart Metering Technology and Product Development
- He brings strong domain knowledge of smart metering businesses combined with a deep understanding of how new digital technologies are evolving
- He will play a key role in building new platforms of growth, developing new product capabilities, expanding our international footprint and securing our long-term growth

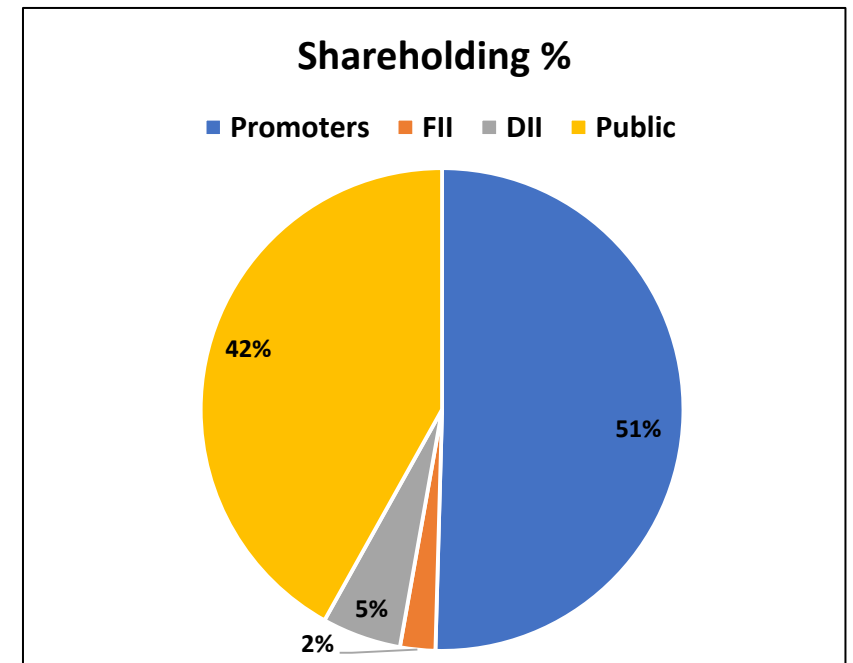
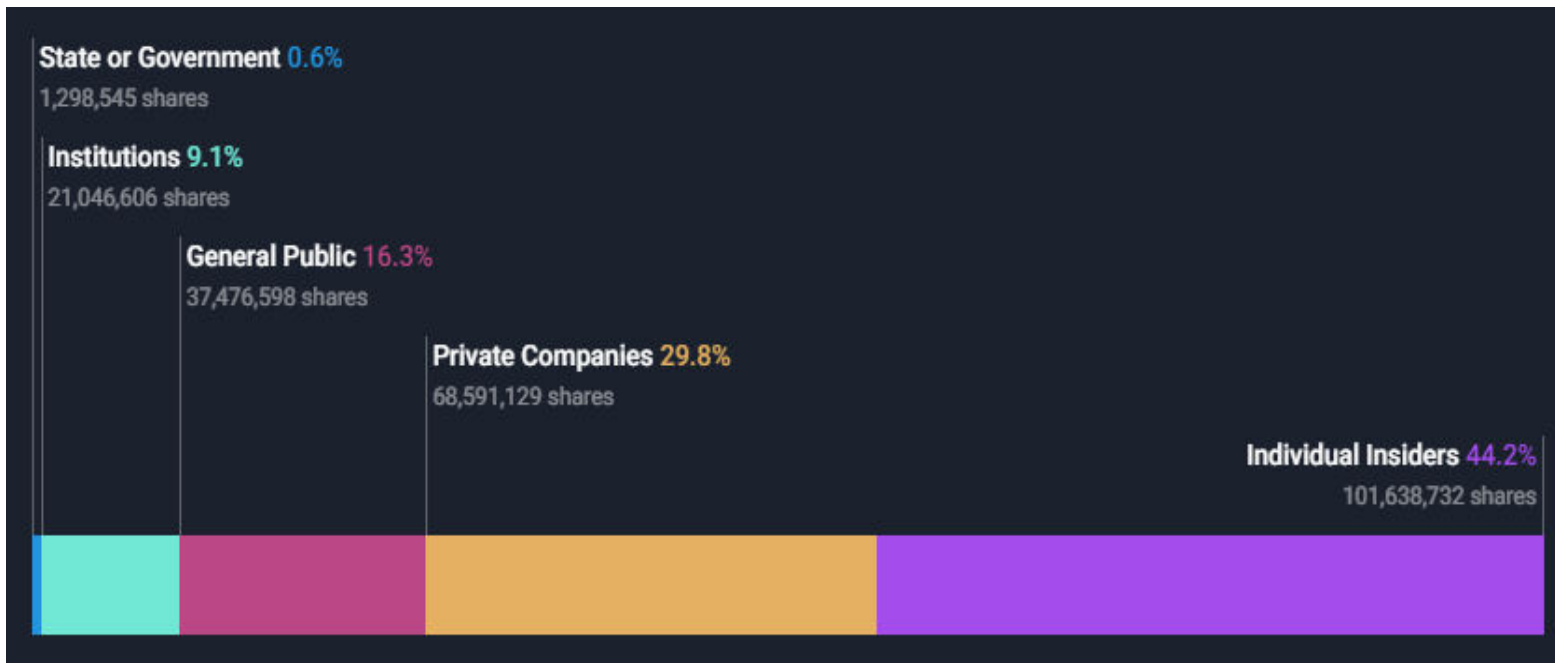


**Dr. Keith Mario Torpy**

**(Non-Executive,  
Non-Independent Director)**

# Shareholding Information

- Hedge funds don't have many shares in Genus Power Infrastructures. **The company's largest shareholder is Hi-Print Electromack Pvt. Ltd, with ownership of 18.36%. With 4.81% and 3.47% of the shares outstanding respectively, Kailash Agarwal and Iswar Agarwal are the second and third largest shareholders. Kailash Agarwal, hold the title of Vice Chairman. Furthermore, MD & CEO Rajendra Agarwal is the owner of 1.38% of the company's shares.**
- FIIs hold approximately 2.38% of shareholding and Nippon Life, Reliance Capital also have invested small portion in the company. General Public holds approximately 41.9% of shareholding in the company. Vikas Kothari, who is a trustee of Genus shareholder's trust holds 10.69% in the company.
- While this size of ownership may not be enough to sway a policy decision in their favor, they can still make a collective impact on company policies.



## Raw material Price

➤The company is facing an issue of raw material prices due to supply chain disturbance. It has affected margins of the company in past few years. If the same problem occurs in future it will drastically affect margins of the company in future.

## Implementation of Policies

➤The future prospect of the company is highly dependent on implementation of policy by the government. Schemes announced by the government takes years to get implemented in real world. company's major revenue is dependent on various tenders announced by the government bodies.

## High trade receivables

➤The government supply products through receiving orders from government bodies. It becomes difficult to receive money on time in this business. It may affect company's cash flow and working capital challenges in future.



# Future Outlook

Particulars	Actual	Projected		
	FY22	FY23	FY24	FY25
Revenue (INR Cr.)	685	900	1260	1764
Operating Profit (INR Cr.)	60	90	138	211.68
Operating Margin (%)	9%	10%	11%	12%
Net Profit (INR Cr.)	57	81	126	194
Net Profit Margin (%)	8%	9%	10%	11%

- **The order book as on March 31, 2022 was at Rs. 1,079 Cr. (net of tax).** Currently, they are seeing the impact of **Reforms-Based, Result-Linked Power Distribution Sector Scheme' announced by the government in July 2021** as most State Electricity Boards (SEBs) have raised enquiries and floated tenders for installation of smart meters. Scheme with an outlay of Rs. 3.03 lakhs crore over a period of **five years from FY 22 to FY 26**. The Company has been receiving orders for Smart Meters from the SEBs in response to a few of the above tenders. The Company anticipates robust order inflow in the coming years.
- **The management expect margins to become normal. And topline -- of INR 1,500 crores.** As a system integrator the company is doing only one project which is on the opex basis which is the **Bihar** one, where they have to supply **one million meters that is Rs.828 Crores order** They have around Rs.200 Crores plus orders of facility management services which is like AMC. **The total order book value, including LOA received subsequent to quarter ended December 31, 2022 is Rs. 4099 Cr. (net of taxes)**

- **Market Leader in Metering and Metering Solutions; 27% market share in Meter Industry & 70% market share in Smart Meters.**
- **Strong Order Book ~ 4099 Cr (~6 times FY22 Revenue);** Participated in Rs 27,000 worth of tenders which are currently live. GPIL received LoA worth Rs 2400 crore (net of taxes) from the state of Assam. The order takes the orderbook to Rs 4099 Cr (net of taxes) from Rs 1680 Cr at Q3FY23 end and provides good visibility for higher order execution in near-to-medium term.
- **Very BIG upcoming Domestic Opportunity size for Smart Meters.** Government has approved 3.03 trillion power distribution company (DISCOM) reform scheme.
- **Business Restructuring Done :** The co. is undergoing major restructuring through the amalgamation of Sansar Infrastructure Pvt. Ltd, Star Vanijya Pvt. Ltd and Sunima Trading Pvt. Ltd (100% subsidiary of Genus Prime) with Genus Prime Infra Limited.

## SEBI Research Analyst Registration No. : INH200006451

1. At the time of writing this article, the analyst have no position in the stock covered by this report.
2. The analyst has not traded in the recommended stock in the last 30 days.
3. The research analyst does not have any material conflict of interest at the time of publication of the research report.
4. The research analyst has not received any compensation from the subject company in the past twelve months.
5. The research analyst or its associates has not managed or co-managed public offering of securities, has not received any compensation for investment banking or merchant banking or brokerage services nor received any third party compensation. The subject company was not a client during twelve months preceding the date of distribution of the research report.
6. The research analyst has not served as an officer, director or employee of the subject company.
7. The research analyst or research entity has not been engaged in market making activity for the subject company.
8. The research analyst or research entity or its associates or relatives does not have actual/beneficial ownership of one per cent or more in the securities of the subject company, at the end of the month immediately preceding the date of publication of the research report or date of the public appearance.
9. The analyst does not own more than 1% equity in the said company.