October 24, 2025

Genus Electrotech Limited: Ratings reaffirmed; outlook revised to Stable from Positive

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long term – Fund-based – Term loan	9.76	2.50	[ICRA]BBB- (Stable); reaffirmed and outlook revised to Stable from Positive
Long term – Fund-based – Cash credit	93.67	93.67	[ICRA]BBB- (Stable); reaffirmed and outlook revised to Stable from Positive
Long term - Non-fund based – BG	4.50	4.50	[ICRA]BBB- (Stable); reaffirmed and outlook revised to Stable from Positive
Short term - Non-fund based – Letter of credit	32.00	32.00	[ICRA]A3; reaffirmed
Long term/Short term - Unallocated limits	21.70	28.96	[ICRA]BBB- (Stable)/ [ICRA]A3; reaffirmed and outlook revised to Stable from Positive
Total	**161.63**	**161.63**	

**Instrument details are provided in Annexure-I*

Rationale

The revision in the outlook to Stable from Positive factors in the impact of the fire outbreak at GEL's facility which has caused sizeable damage to the tune of Rs. 127 crore in the form of inventory and fixed asset loss, which although has been insured but the company has not received any proceeds from the insurance claims so far. The insurance claim receipt remains a key monitorable as the amount remains sizeable vis-à-vis the net worth of the company. After the fire incident, the company was able to resume production in a short time by utilizing the underutilized spaces and outsourcing some part of the production. ICRA also notes that GEL received support from its customers, both in terms of continuation of the order inflow as well as funding of the damaged inventory which aided the liquidity profile of the company.

The reaffirmation of the ratings continue to factor in the expectations of steady growth in the company's turnover driven by favorable demand prospects in the LED TV and IFPD segments and addition of new products and customers. Further, the Company is having backward integrated manufacturing facility, with established execution capabilities and business relationship with consumer durable and electronic appliance manufacturers. Also, the Company has the flexibility to manufacture a wide range ot appliances. Moreover, in the last few years, increased import duties on smartphones, TV sets, microwaves, LED lamps and some other electronics products have benefited domestic manufacturers to an extent, supporting GEL's revenue growth.

While the margins are likely to continue in the similar ranges, the moderation in working capital intensity primarily driven by the lower working capital intensity in the major revenue contributor segments – LED TV and IFPD is likely to keep the working capital borrowings under check. The repayment of the existing debt, along with steady working capital cycle coupled with comfortable cash flow generation is likely to result in steady moderation in the outstanding debt thereby leading to improvement in the leverage and coverage metrics going forward. However, if the company will be required to fund the damaged inventory through debt, the leverage and coverage metrics can witness moderation.

The ratings are, however, constrained by competitive intensity led by manufacturing done by OEMs themselves along with larger contract manufacturers, which keep the margins under check. The ratings also factor in the high customer concentration risk, given a large portion of the revenues is derived from top customers. ICRA also notes that while major proportion of the revenue is derived from cost plus model where in the raw material and forex fluctuations can be passed on to the end customers, a portion of revenues remains vulnerable to adverse movement in the forex rates and raw material prices.

The Stable outlook on GEL's rating reflects ICRA's opinion that the company will continue to benefit from its established track record in the consumer durable and electronic appliance sector which will result in steady cash flow generation keeping the credit profile comfortable.

Key rating drivers and their description

Credit strengths

Experience of promoters; ability to manufacture a wide range of products – GEL's promoters have more than two decades of experience in the electronic, electrical and home appliances manufacturing business. GEL has established order execution capabilities and strong business relationships with consumer durable and electronic appliance manufacturers. Also, the company has the flexibility to manufacture a wide range of appliances, such as IFPD, LED TVs, air coolers, LED lights, PCBs and washing machines. The company has developed an established clientele, which provides it with repeat business.

Heathy demand prospects, especially in IFPD segment – The demand from the Government/ Private is also increasing for IFPD. IFPD, being the new line, the company is receiving continuous requirement for IFPD from all the customers as all their products are being manufactured in India and the company's facility is already approved by the customer.

Favourable changes in import duty benefit domestic electronics manufacturers - The Government has hiked the import duty on smartphones, TV sets, microwaves, LED lamps and other electronics products to protect domestic manufacturers. To promote the Government's Make in India initiative, the import of components attracts lower duty than finished products.

Credit challenges

Intense competitive intensity – GEL faces competition from players in the electronic appliance and consumer durable businesses. The company faces strong competition from large, branded players but has maintained its position owing to its good track record, even as its customers in the private sector remain marginal players. Further, the company faces competition from peers and the contract manufacturers for branded players.

High customer concentration – GEL's customer concentration remains high with ~92% of the total revenues accruing from the top 10 customers. However, there has been increasing diversification of customers as GEL is in continuous discussions to add more customers in each segment.

Profitability susceptible to adverse movements in forex rates - GEL imports key input items like open cells for TVs, laminates for PCBs and raw materials for electronic appliances from China, Taiwan and Hong Kong. These items are not available in India because of the highly capital-intensive nature of the manufacturing process, resulting in zero domestic capacities. Further, the company partially hedges its forex transactions, exposing the profits to the volatilities in forex rates, though it is able to pass on the same to its customers to a certain extent.

Liquidity position: Adequate

GEL's liquidity is adequate on the back of cushion available from undrawn working capital limits. Average utilisation of fund based working capital limits was 53% during the period from March 2024 to September 2025. The company is expected to comfortably meet its repayment obligations from cash accruals, given the scale-up in revenues and an improved order book position.

Rating sensitivities

Positive factors – ICRA could upgrade GEL's ratings if the company demonstrates consistent improvement in revenues and profitability along with improving its liquidity position leading to improvement in interest coverage beyond 3x on a sustained basis.

Negative factors – Pressure on GEL's ratings could arise if there is a moderation in the profitability and elongation in the working capital cycle, leading to pressure on debt coverage metrics and liquidity position. Further, material under recovery of the insurance claim can also exert pressure on the ratings.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not applicable
Consolidation/Standalone	The ratings are based on the standalone financial profile of the company

About the company

Genus Electrotech Ltd. (GEL) was incorporated on July 23, 2003, by Mr. I.C Agarwal. GEL is a part of the diversified Kailash Group of industries having presence in the manufacturing, marketing, trading and exporting of various products like electronics, power cables, turnkey projects, paper, coal and coke. GEL started operations in FY2005, essentially to capitalise on the benefits announced by the Gujarat state government in the wake of the devastating earthquake in the Kutch region. The manufacturing facilities of the company are situated at Meghpar Borichi, Gandhidham, close to the Kandla port in the Kutch area. The company has manufacturing facilities dedicated for manufacturing LED TVs, IFPD, Projector, washing machines, Air coolers, LED lightings & fixtures, etc.

The Managing Director, Mr. Vishnu Todi, has been instrumental in setting up the unit at Gandhidham. Earlier, he was associated with Genus Power & Infrastructure Ltd (GPIL) when on one of the visits of LG officials he was able to gain an opportunity to showcase the technical competence which laid the foundation of the company's relationships with LG. LG was looking for an outsourcing partner to reduce the overheads and increase production and GEL seemed to be an ideal partner because of its locational advantage, having proximity to the major ports of Kandla and Mundra. The proximity to the ports is very critical for most consumer durable industries as most of the parts used in manufacturing are imported from China to gain cost advantage in the highly competitive price-driven market.

After the collaboration with LG in October 2003 for colour televisions (CTV) and for washing machines (WMs) in October 2004, GEL also began producing cables in March 2005 and printed circuit boards (PCBs) in June 2005. GEL also collaborated with ONIDA in January 2006 for CTVs and later for WMs as well. To carry on with the plans of backward integration, the company started manufacturing corrugation boxes & EPS (expandable polystyrene – Thermocol) in July 2006. GEL started exporting PCBs in September 2006.

The company has demonstrated capabilities to manufacture LCDs, laptops, mobiles, landline phones, DVDs, , coolers, energy meters and inverters. The company has started marketing LCDs, mobiles and invertors under its own 'Genus' Brand in Gujarat and plans to increase the product/geographic coverage gradually.

Key financial indicators (Provisional)

	FY2024	FY2025
Operating income	907.1	905.1
PAT	16.7	13.0
OPBDITA/OI	4.1%	4.0%
PAT/OI	1.4%	1.4%
Total outside liabilities/Tangible net worth (times)	1.8	2.6
Total debt/OPBDITA (times)	1.7	2.1
Interest coverage (times)	2.4	2.8

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore

PAT: Profit after tax; OPBDITA: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs crore)	October 24, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Long term/ Short term- Unallocated	Long Term/ Short Term	28.96	[ICRA]BBB-(Stable)/ [ICRA]A3	17 -Sep-2024	[ICRA]BBB-(Positive)/ [ICRA]A3	24-Nov-2023	[ICRA]BBB-(Stable)/ [ICRA]A3	30-Sep-2022	[ICRA]BBB-(Negative)/ [ICRA]A3
Short term – Others - Non fund based	Short Term	32.00	[ICRA]A3	17 -Sep-2024	[ICRA]A3	24-Nov-2023	[ICRA]A3	30-Sep-2022	[ICRA]A3
Long term – Others – Non-fund based	Long Term	4.50	[ICRA]BBB-(Stable)	17 -Sep-2024	[ICRA]BBB-(Positive)	24-Nov-2023	[ICRA]BBB-(Stable)	30-Sep-2022	[ICRA]BBB-(Negative)
Long term - Term loan – Fund-based	Long Term	2.50	[ICRA]BBB-(Stable)	17 -Sep-2024	[ICRA]BBB-(Positive)	24-Nov-2023	[ICRA]BBB-(Stable)	30-Sep-2022	[ICRA]BBB-(Negative)
Long term- Cash credit - Fund based	Long Term	93.67	[ICRA]BBB-(Stable)	17-Sep-2024	[ICRA]BBB-(Positive)	24-Nov-2023	[ICRA]BBB-(Stable)	30-Sep-2022	[ICRA]BBB-(Negative)

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long term fund-based/TL	Simple
Long term fund-based/CC	Simple
Long term – Non-fund based – BG	Very Simple
Non-fund based – Letter of credit	Very Simple
Long term/Short term - Unallocated limits	NA

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click Here

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	**Term loan**	FY2017	NA	FY2030	2.50	[ICRA]BBB- (Stable)
NA	**Cash credit**	-	NA	-	93.67	[ICRA]BBB- (Stable)
NA	**Bank guarantee**	-	NA	-	4.50	[ICRA]BBB- (Stable)
NA	**Letter of credit**	-	NA	-	32.00	[ICRA]A3
NA	**Unallocated**	-	NA	-	28.96	[ICRA]BBB- (Stable)/ [ICRA]A3

Source: Company

Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis - Not Applicable

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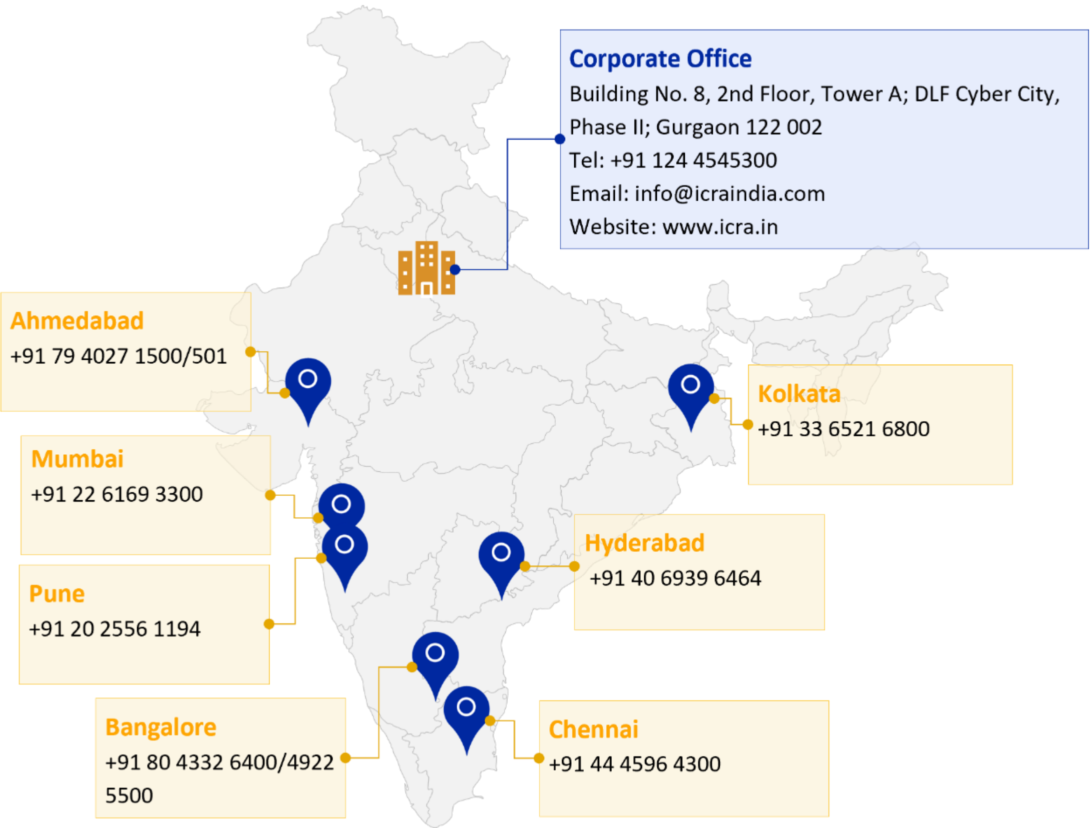

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