

June 13, 2008

BUY

MEDIUM RISK

PRICE Rs.398

TARGET Rs.644

POWER ANCILLARY

EARLIER RECO

Hold	
Price	Rs.369
Target	Rs.421
Date	23 rd July, 2007

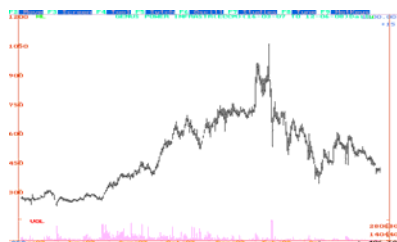
SHARE HOLDING (%)

Promoters	37.43
FII	16.07
FI / MF	2.37
Body Corporates	24.71
Public & Others	19.40

STOCK DATA

Reuters Code	GEOE.BO	
Bloomberg Code	GPIN@IN	
BSE Code	530343	
NSE Symbol	GENUSPOWER	
Market Capitalization (*)	Rs. 6527.2 mn US\$ 152.5 mn	
Shares Outstanding(*)	16.4 mn	
52 Weeks (H/L)	Rs.1050 / 249	
Avg. Daily Volume (6m)	21927 Shares	
Price Performance (%)		
1M	3M	6M
(17)	(15)	(43)
200 Days EMA Rs.553		

* fully diluted equity

Part of  ClassicClosing Price as on 12th June, 08 Rs.398 (NSE)

Genus Power Infrastructure Ltd. (Genus), has delivered robust growth in the top line as well as the bottom line for the quarter ended 31st March 2008. Some of the key highlights of the financial performance of Genus for the said period are as follows:

- Net sales increased by 27.4% YoY and 83.8% QoQ to Rs.1936.7 mn in Q4FY '08.
- EBIDTA increased to Rs.350.5 mn in Q4FY '08 i.e a at YoY growth of 75.9% and 112.1% QoQ growth. EBIDTA margins jumped by around 499 bps YoY to 18.1%. This was mainly due to a 913 bps reduction in the other expense although the raw materials as a percentage of sales increased to 77.8% from 70.4% during Q4FY07.
- The Profit before Tax (PBT) including Other Income increased by 89.5% to Rs.294.4 mn in Q4FY '08. The PBT margins increased by 498 bps to 15.2% in this period.
- The Profit after Tax (PAT) increased to Rs.255.5 mn in Q4FY'08, exhibiting a growth of 102.2% YoY.
- For the full year FY'08 period, the Company showed a growth in net sales of 35.3% to Rs.4832.8 mn. The EBIDTA increased 53.7% to Rs.818.7 mn mainly due to lower other expenses, which decreased by 49.4%. Its PAT increased to Rs.516 mn, registering a growth of 85.9%. Its energy meters segment contributed around 48.3% (Rs.2430 mn) and turnkey projects segment contributed 42.1% (Rs.2120 mn) to its revenues during FY'08.
- The Company has an order backlog of Rs 4170 mn, of which about 60% orders are from meters business. The Company has already participated in tenders more than worth Rs 48390 million, out of which the Company is already 'L-1' in orders worth Rs 4500 million.
- Genus has bought a 6 MW power generation plant from Genus Power Products Ltd (GPPL). Subsequently the GPPL shareholders would receive 1 fully paid-up share of GPIL for every 60 fully paid-up shares of GPPL currently held by them.

OUTLOOK & VALUATION

Genus is one of the dominant players in the metering solutions business in the country. It has put up state of the art plant of energy meters at Haridwar which would not only boost up its sales volumes but will also lead to lower tax outflow. The company is well positioned to reap rich benefits from the expansion plans and the initiatives taken by GOI to reduce the T&D losses by bringing in 100% metering solutions. Also, the Government's focus on programmes like "power for all" through its RGGVY & other similar schemes has provided a boost to its turnkey business which, we believe, has a potential to grow at a CAGR of 50%+ in the coming years. Operations of the company's JV with Mobix are expected to scale up in Latin American market by 2009 & add to its export sales.

We have increased our numbers for FY09E and introduced new numbers for FY10E on back of better than expected numbers in FY08 and better visibility. At the current market price of Rs 398, the stock is available at an attractive valuation of 9.6x its FY '09E earnings of Rs 41.4 and 7.4x its FY '10E earnings of Rs.53.7. We upgrade our rating on the stock to a BUY with an increased price target of Rs.644 (12x FY '10E EPS).

KEY FINANCIALS

Y/E Mar.	Revenue (Rs mn)	APAT (Rs mn)	APAT (% chg)	AEPS (Rs)	PER (x)	ROCE (%)	ROE (%)	EV/EBIDTA (x)
FY07	3,571.3	277.6	81.0	25.6	15.6	23.4	48.1	11.9
FY08E	4,832.8	516.0	85.9	36.6	10.9	22.2	31.6	8.9
FY09E	6,378.3	678.2	31.4	41.4	9.6	20.6	21.5	7.8
FY10E	8,360.8	880.0	29.8	53.7	7.4	21.4	20.9	6.1

Analyst : Viral Shah viral.shah@sushilfinance.com +91 22 4093 5045
Sales : Devang Shah devang.shah@sushilfinance.com +91 22 4093 6060/61

Please refer to important disclosures at the end of the report

For private Circulation Only.

QUARTERLY RESULTS STATEMENT (Rs. mn)

Y/E March	Q4FY08	Q4FY07	Q3FY08
Net Sales	1936.7	1520.1	1,053.49
% Change YoY	27.4	-	-
PBIDT	350.5	199.3	165.26
% Change YoY	75.9	-	-
% Margin	18.1	13.1	15.7
Interest	43.8	39.0	47.05
% of STO	2.3	2.6	4.5
PBDT	306.7	160.2	118.2
% Change YoY	91.4	-	-
% Margin	15.8	10.5	11.2
Depreciation	13.9	6.7	12.45
PBT Excl. Other Income	292.8	153.5	105.8
% Change YoY	90.7	-	-
% Margin	15.1	10.1	10.0
Other Income	1.7	1.9	6.14
% Change YoY	(10.6)	-	-
PBT incl. OI	294.4	155.4	111.9
% Change YoY	89.5	-	-
% Margin	15.2	10.2	10.6
Tax	39.0	29.0	12.18
% Change YoY	34.2	-	-
% of PBT	13.2	18.7	10.9
Net Profit	255.4	126.4	99.7
Change YoY%	102.2	-	-
% Margin	13.2	8.3	9.5
RPAT	255.4	126.4	99.7
Change YoY%	102.2	-	-
% Margin	13.2	8.3	9.5

PROFIT & LOSS STATEMENT (Rs.mn)

Y/E March	FY10E	FY09E	FY08	FY07
Net Sales	8360.8	6378.3	4832.8	3571.3
% Change YoY	31.1	32.0	35.3	67.8
PBIDT	1417.7	1082.7	818.7	532.7
% Change YoY	30.9	32.2	53.7	88.4
% Margin	17.0	17.0	16.9	14.9
Interest	279.0	232.5	193.8	167.0
% of STO	3.3	3.6	4.0	4.7
PBDT	1138.7	850.2	625.0	365.7
% Change YoY	33.9	36.0	70.9	76.2
% Margin	13.6	13.3	12.9	10.2
Depreciation	110.2	78.7	52.5	50.1
PBT Excl. Other Income	1028.5	771.5	572.5	315.6
% Change YoY	33.3	34.8	81.4	90.7
% Margin	12.3	12.1	11.8	8.8
Other Income	31.7	26.4	22.0	15.1
% Change YoY	20.0	20.0	45.5	104.6
PBT incl. OI	1060.2	797.9	594.5	330.7
% Change YoY	32.9	34.2	79.8	91.3
% Margin	12.7	12.5	12.3	9.3
Tax	180.2	119.7	78.5	53.2
% Change YoY	50.6	52.5	47.6	172.9
% of PBT	17.0	15.0	13.2	16.1
Net Profit	880.0	678.2	516.0	277.6
Change YoY%	29.8	31.4	85.9	81.0
% Margin	10.5	10.6	10.7	7.8
APAT	880.0	678.2	516.0	277.6
RPAT	880.0	678.2	516.0	277.6
Change YoY%	29.8	31.4	85.9	81.0
% Margin	10.5	10.6	10.7	7.8

Source: Company, Sushil Finance Research Estimates

BALANCE SHEET STATEMENT

(Rs.mn)

As on 31 st March	FY10E	FY09E	FY08E	FY07
SOURCES OF FUNDS :				
Eq. Share Capital	163.9	163.9	140.9	108.5
Pref. share capital	50.0	50.0	50.0	50.0
Share Warrants	0.0	0.0	80.8	19.9
Reserves & Surplus	4432.8	3641.0	2293.4	618.9
Net Worth	4646.7	3854.9	2565.0	797.3
Secured Loans	1838.4	1738.4	1638.4	1638.4
Unsecured Loans	260.0	160.0	60.0	408.2
Total Loan Funds	2098.4	1898.4	1698.4	2046.6
T.Cap. Employed	6745.1	5753.3	4263.5	2843.9
APPLICATION OF FUNDS				
Gross Block	1680.3	1530.3	1080.3	705.3
Less : Depreciation	443.8	333.6	254.9	202.4
Net Block	1236.5	1196.7	825.5	502.9
Cap. WIP	83.6	63.8	48.3	29.2
Fixed Assets	1320.1	1260.5	873.8	532.1
Investments	80.3	80.3	80.3	79.9
Sundry Debtors	4431.2	3380.5	2513.1	1794.4
Cash & Bank Bal.	347.7	550.0	613.6	410.2
Loans & Advances	836.1	637.8	483.3	352.6
Inventories	1653.8	1253.4	896.3	519.5
Current Assets, Loans & Adv.	7268.8	5821.8	4506.3	3076.7
Current Liabilities	1915.0	1451.3	1244.9	853.8
Current Liab. & prov.	1915.0	1451.3	1244.9	853.8
Net Current Assets	5353.9	4370.5	3261.4	2222.9
Deferred Tax Assets (Net)	(29.2)	(8.0)	0.0	(39.3)
Misc. Expenses	20.0	50.0	48.0	48.3
Total Assets	6745.1	5753.3	4263.5	2843.9

Source: Company, Sushil Finance Research Estimates

FINANCIAL RATIO STATEMENT

Y/E March	FY10E	FY09E	FY08E	FY07
Growth (%)				
Net Sales	31.1	32.0	35.3	67.8
Net Profit	29.8	31.4	85.9	81.0
EBITDA	30.9	32.2	53.7	88.4
EPS	29.8	13.0	43.1	74.1
CEPS	32.2	15.7	30.9	61.2
Gross Fixed Assets	9.8	41.7	53.2	47.4
Capital Employed	17.2	34.9	49.9	102.7
Valuation				
EPS (Rs.)	53.7	41.4	36.6	25.6
CEPS (Rs.)	61.7	46.7	40.3	30.8
BVPS (Rs)	283.5	235.2	182.0	73.5
PER (x)	7.4	9.6	10.9	15.6
PEG (x)	0.2	0.7	0.3	0.2
P/CEPS (x)	6.4	8.5	9.9	12.9
P/BV (x)	1.4	1.7	2.2	5.4
EV/EBITDA (x)	6.1	7.8	8.9	11.9
EV/Net Sales (x)	1.0	1.3	1.5	1.8
Profitability (%)				
ROCE	21.4	20.6	22.2	23.4
ROE	20.9	21.5	31.6	48.1
EBIDTA Margin	17.0	17.0	16.9	14.9
EBDITA Margin	13.6	13.3	12.9	10.2
Net Profit Margin	10.5	10.6	10.7	7.8
Tax/PBT	17.0	15.0	13.2	16.1
Turnover				
Debtor Days	193	193	190	183
Creditor Days	110	110	125	128
Net Fixed Assets (x)	6.3	5.1	5.5	6.7
Total Assets (x)	1.2	1.1	1.1	1.3
CMP (Rs.)	398.0	398.0	398.0	398.0
Mkt. Cap.(Rs.mn)	6,523.5	6,523.5	5,608.1	4,316.9
EV (Rs.mn)	8,621.9	8,421.9	7,306.5	6,363.6

Source: Company, Sushil Finance Research Estimates

Rating Scale

This is a guide to the rating system used by our Equity Research Team. Our rating system comprises of six rating categories, with a corresponding risk rating.

Risk Rating

Risk Description	Predictability of Earnings / Dividends; Price Volatility
Low Risk	High predictability / Low volatility
Medium Risk	Moderate predictability / volatility
High Risk	Low predictability / High volatility

Total Expected Return Matrix

Rating	Low Risk	Medium Risk	High Risk
Buy	Over 15 %	Over 20%	Over 25%
Accumulate	10 % to 15 %	15% to 20%	20% to 25%
Hold	0% to 10 %	0% to 15%	0% to 20%
Sell	Negative Returns	Negative Returns	Negative Returns
Neutral	Not Applicable	Not Applicable	Not Applicable
Not Rated	Not Applicable	Not Applicable	Not Applicable

Please Note

- Recommendations with "Neutral" Rating imply reversal of our earlier opinion (i.e. Book Profits / Losses).
- ** Indicates that the stock is illiquid With a view to combat the higher acquisition cost for illiquid stocks, we have enhanced our return criteria for such stocks by five percentage points.

"Desk Research Call" is based on the publicly available information on the companies we find interesting and are quoting at attractive valuations. While we do not claim that we have compiled information based on our meeting with the management, we have taken enough care to ensure that the content of the report is reliable. Although we have christened the report as "Desk Research Calls" (DRC), we intend to release regular updates on the company as is done in our other rated calls.

"Early Signals Stock Pick" is a follow-up report on the stocks covered earlier in our product "Early Signals". While we do not claim that we have compiled information based on our meeting with the management, we have taken enough care to ensure that the content of the report is reliable. Although the stock is not covered as a part of our normal rated calls, based on our analysis of the company, we find the company interesting at the current valuations and believe it could give decent returns over the coming 12 to 18 months.

Additional information with respect to any securities referred to herein will be available upon request.

This report has been prepared for information purposes only and is not a solicitation, or an offer, to buy or sell any security It does not purport to be a complete description of the securities, markets or developments referred to in the material. The information on which the report is based has been obtained from sources, which we believe to be reliable, but we have not independently verified such information and we do not guarantee that it is accurate or complete. All expressions of opinion are subject to change without notice.

Sushil Financial Services Private Limited and its connected companies, and their respective directors, officers and employees (to be collectively known as SFSPL), may, from time to time, have a long or short position in the securities mentioned and may sell or buy such securities. SFSPL may act upon or make use of information contained herein prior to the publication thereof.