

Encouraging Financial Outlook

Helped by the capacity expansion at its EEM division & the increasing penetration of its turnkey projects segment, we expect GPIL's net revenues to exhibit a CAGR growth of 23% from Rs 660 crore in FY10 to Rs 1,000 crore in FY12e. PAT too is expected to show an impressive growth from Rs 14.7 crore in FY10 to Rs 74 crore in FY12. EPS for FY11e & FY12e is pegged at Rs 40.6 & Rs 46.6 respectively.

Valuation & Recommendation

At CMP of Rs 195, the stock is attractively valued at 4.8x its FY11e earnings of Rs 40.6 and 4.2x its FY12e earnings of Rs 46.6. With the demand for meters expected to be robust coupled with its increased penetration into the power distribution sector in the form of handling turnkey projects and easing of some of the major concerns (as reported in our research report dated April 21, 2010), we expect a re-rating on the cards & recommend a **STRONG BUY** on the stock at the CMP with a **price target of Rs 395 (target PE of 8.5x)**, an upside of more than 100% for **15 to 18 months horizon**.

Result Update



Kyon ki bhaiya, sabse bada rupaiya.

(Rs. In Cr.)

Genus Power Infrastructures Ltd.	Q4FY10	Q4FY09	% Chg.	Q4FY10	Q3FY09	% Chg.	FY201003	FY200903	% Chg.
Net Sales	241.8	250.1	-3.3	241.8	133.9	80.6	663.7	590.0	12.5
Other operational Income	0.0	0.0	0.0	0.0	0.6	-98.3	1.7	0.7	127.8
Total Oper. Income(TOI)	241.8	250.1	-3.3	241.8	134.4	79.8	665.4	590.8	12.6
Raw Materials Cons.-	156.2	191.0	-18.3	156.2	104.8	49.1	452.1	448.7	0.8
% to TOI	64.6%	76.4%	-	64.6%	77.9%	-	68.0%	76.0%	-
Stock adj. (-)Inc / (+)Dec-	7.0	-5.0	LP	7.0	-1.4	LP	8.3	-19.6	LP
% to TOI	2.9%	-2.0%	-	2.9%	-1.0%	-	1.3%	-3.3%	-
Net Raw Mat adj. for stock	163.2	186.0	-12.3	163.2	103.4	57.8	460.4	429.2	7.3
% to TOI	67.5%	74.4%	-	67.5%	76.9%	-	69.2%	72.7%	-
Other expenses	31.5	15.9	97.8	31.5	11.2	180.2	75.8	42.2	79.4
% to TOI	13.0%	6.4%	-	13.0%	8.4%	-	11.4%	7.2%	-
Contribution Net_Sales	47.1	48.1	-2.2	47.1	19.8	138.0	129.2	119.3	8.2
Personnel	8.2	11.0	-25.1	8.2	8.5	-3.0	31.9	23.5	35.4
% to TOI	3.4%	4.4%	-	3.4%	6.3%	-	4.8%	4.0%	-
Total expenditure	202.9	212.9	-4.7	202.9	123.1	64.8	568.1	495.0	14.8
Operating Profit	38.9	37.2	4.6	38.9	11.3	243.1	97.3	95.8	1.5
<i>% to TOI</i>	<i>16.1%</i>	<i>14.9%</i>	<i>-</i>	<i>16.1%</i>	<i>8.4%</i>	<i>-</i>	<i>14.6%</i>	<i>16.2%</i>	<i>-</i>
Non-Operating Income	0.0	0.2	-99.4	0.0	0.0	0.0	2.3	3.5	-32.9
Interest	8.4	11.3	-26.2	8.4	7.0	19.8	35.8	33.2	7.6
Exceptional Items			-		0.0	0.0	0.0	0.0	0.0
Gross Profit	30.5	26.0	17.3	30.5	4.4	601.4	63.8	66.0	-3.3
Depreciation	1.4	1.7	-15.3	1.4	1.3	6.7	5.8	6.3	-8.3
PBT before Extra-ord	29.1	24.3	19.6	29.1	3.0	866.1	58.1	59.7	-2.8
% to TOI	12.0%	9.7%	-	12.0%	2.2%	-	8.7%	10.1%	-
Extraordinary Items			-		-36.4	0.0	-36.4	0.0	0.0
PBT	29.1	24.3	19.6	29.1	-33.4	LP	21.7	59.7	-63.6
Tax Rate	11.6%	17.3%	-	11.6%	-1.4%	-	32.2%	14.7%	-
Prov. for Tax	3.4	4.2	-19.8	3.4	0.5	617.0	7.0	8.8	-20.0
% to TOI	1.4%	1.7%	-	1.4%	0.4%	-	1.1%	1.5%	-
Profit after Tax	25.7	20.1	27.8	25.7	-33.8	LP	14.7	51.0	-71.1
<i>% to TOI</i>	<i>10.6%</i>	<i>8.0%</i>	<i>-</i>	<i>10.6%</i>	<i>-25.2%</i>	<i>-</i>	<i>2.2%</i>	<i>8.6%</i>	<i>-</i>
Face Value	10.0	10.0	0.0	10.0	10.0		10.0	10.0	0.0
Equity Share capital	14.8	14.8	0.0	14.8	14.8	0.0	14.8	14.8	0.0
EPS (Rs.)	17.4	13.6	27.8	17.4	-22.9	LP	10.0	34.5	-71.1
CEPS (Rs.)	18.4	14.7	24.5	18.4	-22.0	LP	13.8	38.7	-64.3

Source: ACE Equity

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