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Everest Kanto Cylinder Ltd

Detailed Report

Enhancing investment decisions

Explanation of CRISIL Fundamental and Valuation (CFV) matrix

The CFV Matrix (CRISIL Fundamental and Valuation Matrix) addresses the two important analysis of an investment making process – Analysis of Fundamentals (addressed through Fundamental Grade) and Analysis of Returns (Valuation Grade) The fundamental grade is assigned on a five-point scale from grade 5 (indicating Excellent fundamentals) to grade 1 (Poor fundamentals) The valuation grade is assigned on a five-point scale from grade 5 (indicating strong upside from the current market price (CMP)) to grade 1 (strong downside from the CMP).

CRISIL Fundamental Grade	Assessment	CRISIL Valuation Grade	Assessment
5/5	Excellent fundamentals	5/5	Strong upside (>25% from CMP)
4/5	Superior fundamentals	4/5	Upside (10-25% from CMP)
3/5	Good fundamentals	3/5	Align (+-10% from CMP)
2/5	Moderate fundamentals	2/5	Downside (negative 10-25% from CMP)
1/5	Poor fundamentals	1/5	Strong downside (<-25% from CMP)

About CRISIL Limited

CRISIL is a global analytical company providing ratings, research, and risk and policy advisory services. We are India's leading ratings agency. We are also the foremost provider of high-end research to the world's largest banks and leading corporations.

About CRISIL Research

CRISIL Research is India's largest independent and integrated research house. We provide insights, opinions, and analysis on the Indian economy, industries, capital markets and companies. We are India's most credible provider of economy and industry research. Our industry research covers 70 sectors and is known for its rich insights and perspectives. Our analysis is supported by inputs from our network of more than 4,500 primary sources, including industry experts, industry associations, and trade channels. We play a key role in India's fixed income markets. We are India's largest provider of valuations of fixed income securities, serving the mutual fund, insurance, and banking industries. We are the sole provider of debt and hybrid indices to India's mutual fund and life insurance industries. We pioneered independent equity research in India, and are today India's largest independent equity research house. Our defining trait is the ability to convert information and data into expert judgments and forecasts with complete objectivity. We leverage our deep understanding of the macro economy and our extensive sector coverage to provide unique insights on micro-macro and cross-sectoral linkages. We deliver our research through an innovative web-based research platform. Our talent pool comprises economists, sector experts, company analysts, and information management specialists.

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Last updated: April 30, 2012

Analyst Disclosure

Each member of the team involved in the preparation of the grading report, hereby affirms that there exists no conflict of interest that can bias the grading recommendation of the company.

Disclaimer:

Everest Kanto Cylinder Ltd

Sweating assets is the key for survival

Fundamental Grade	**2/5 (Moderate fundamentals)**
Valuation Grade	**4/5 (CMP has upside)**
Industry	**CNG & Industrial Cylinders**

January 25, 2013

Fair Value	**₹33**
CMP	**₹27**

Everest Kanto Cylinder Ltd (Everest Kanto), with 1.3 mn capacity, is the largest high-pressure seamless CNG and industrial cylinder manufacturer globally. Expansion of cylinder capacity in India, increase in number of cylinder manufacturers amidst sluggish demand, sanctions on Iran (a key market catered by its Dubai plant) and lower-than-expected performance by its China and US operations have put the company in a tight spot. However, we expect conditions to improve over the medium to long term as demand for cylinders increase due to CNG's competitive advantage as a fuel. Also, the company's raw material diversification from tubes to billets should lower inventory requirement and thereby lower raw material price volatility risk. We maintain our fundamental grade of **2/5**.

Facing industry-wide challenges in the short to medium term

The challenges are: a) Expansion of capacity and rising local competition in a weak demand environment (due to lower rollout of city gas distribution (CGD) and gas supply issues). b) No sales to Iran (from the Dubai plant), a country facing sanctions and levying an import duty of 20%. c) China operations broke even in Q2FY13 but faces increasing competition in Type I cylinders (steel based). d) The US operations reported PBIT loss as the acquisition is yet to be value accretive. These saddled the company with sub-optimal capacities (blended utilisations 50% in Q2FY13) and high inventory (168 days in FY11 to 345 days in FY12) due to lower-than-expected off-take. Also, the newly set up Kandla plant uses the plate technology to make lighter cylinders for Europe and US markets; currently utilisation is idle due to pending regulatory approvals. Post approvals, the plant may witness sluggish orders on weak economic conditions in Europe. These challenges will impact its performance in the medium term. It should capitalise on the demand (being a leader) once demand revives.

Billet piercing technology can help manage working capital better

The company manufactures cylinders from imported tubes, for which it has to maintain a six-month inventory. It will be using the cost–effective billet piercing technology in Gandhidham plant (for a part of industrial cylinders production) to diversify its raw materials. Billets can be procured locally and require two months of inventory; this reduces the price volatility. Though billet usage requires higher capex than tubes, billet usage will lower the company's inventory volatility risk and is a step in the right direction.

Revenues to remain subdued over the next two years

Revenues to grow to ₹7.1 bn in FY14 from ₹6.8 bn in FY12. PAT to turn positive to ₹82 mn in FY14 from a loss of ₹149 mn in FY12. For the Indian operations, increase in gas supply and CGD roll out are key monitorables. Return ratios to remain abysmally low in short term.

Fair value maintained at ₹33 per share

We maintain our discounted cash flow (DCF)-based fair value at ₹33 per share. At the current market price of ₹27, the valuation grade is **4/5**.

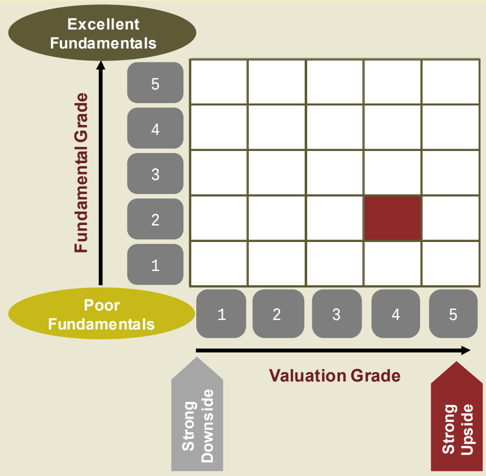
KEY FORECAST

(₹ mn)	FY10	FY11	FY12	FY13E	FY14E
Operating income	6,564	7,819	6,777	6,198	7,145
EBITDA	658	1,424	1,012	756	1,044
Adj PAT	(140)	570	(149)	(249)	82
Adj EPS-₹	(1.4)	5.3	(1.4)	(2.3)	0.8
EPS growth (%)	(110.8)	NM	NM	66.3	NM
Dividend yield (%)	1.0	2.3	0.9	-	0.7
RoCE (%)	0.8	7.0	2.9	0.3	2.6
RoE (%)	(2.3)	8.3	(1.9)	(3.1)	1.0
PE (x)	NM	14.5	NM	NM	35.5
P/BV (x)	2.0	1.1	0.4	0.4	0.4
EV/EBITDA (x)	25.3	7.8	7.2	7.4	4.5

NM: Not meaningful; CMP: Current market price

Source: Company, CRISIL Research estimates

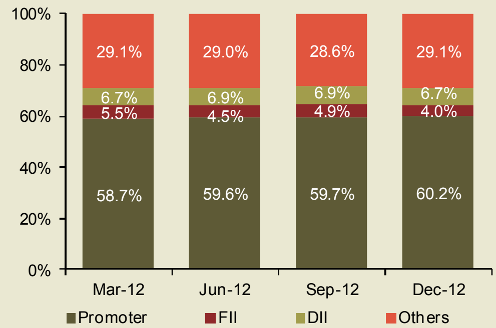
CFV MATRIX



KEY STOCK STATISTICS

NIFTY	6054/20026
NSE/BSE ticker	EKC
Face value (₹ per share)	2
Shares outstanding (mn)	107.2
Market cap (₹ mn)/(US$ mn)	3,000/54
Enterprise value (₹ mn)/(US$ mn)	7,372/133
52-week range (₹)/(H/L)	62.2/23
Beta	1.8
Free float (%)	40.3%
Avg daily volumes (30-days)	242,701
Avg daily value (30-days) (₹ mn)	7.8

SHAREHOLDING PATTERN



PERFORMANCE VIS-À-VIS MARKET

	Returns			
	1-m	3-m	6-m	12-m
Everest Kanto	0%	-7%	-3%	-14%
NIFTY	4%	6%	18%	20%

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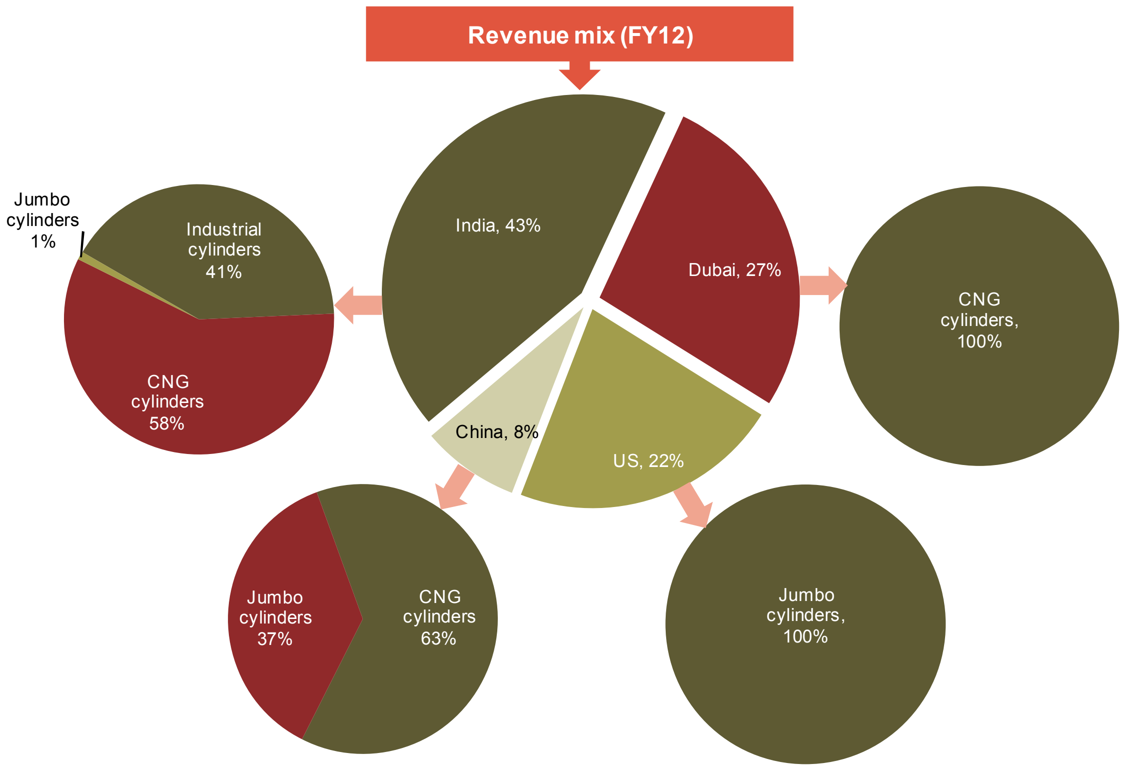
Table 1: Everest Kanto - Business environment

Product / Segment	CNG cylinders	Industrial cylinders	Jumbo cylinders
Revenue contribution (FY12)	57%	18%	25%
Revenue contribution (FY14E)	51%	18%	31%
Product end-use	Supplied to automobile OEMs	Manufacturing, food and beverage industries	Huge cylinders for the storage and transportation of gasses
Geographic presence	Manufacturing facilities: India (Tarapur, Gandhidham and Kandla SEZ), Dubai and China	Manufacturing facilities: Tarapur and Gandhidham in India	Manufacturing facilities: Gandhidham in India, the US and China
Market position	■ Largest player in India with an estimated 55% market share ■ Enjoys international reputation with high emphasis on quality		
Sales growth (FY10-FY12 – 2-yr CAGR)	1.2%	7.8%	4.5%
Sales forecast (FY12-FY14 – 2-yr CAGR)	-4.5%	1.5%	12.1%
Key competitors	Domestic players such as Nitin Fire Protection, Confidence Petroleum, Rama Cylinders and international players such as Faber Industries, Chart Industries and Worthington Industries		

Source: Company, CRISIL Research

Figure 1: Everest Kanto's revenue mix



Source: Company, CRISIL Research

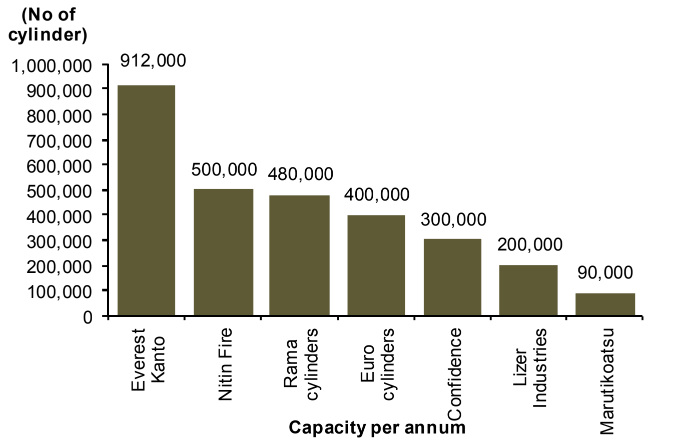
Grading Rationale

Leader in the gas cylinder market faces tough times…

Capacity of 1.3 mn cylinders per annum (0.9 mn domestic capacity and rest overseas) ranks Everest Kanto as the largest high pressure seamless CNG and industrial cylinder manufacturer in India. According to the company, it has 55% market share based on sales. Globally too, it is favourably positioned due to its track record of delivering high quality cylinders. The company operated its overall capacity at sub-optimal levels of 56% in FY12. However, its capacity utilisations have been relatively higher than domestic peers – Rama Cylinders (50%), Maruti Koatsu (25%), Euro Cylinders (6%) and Nitin Fire (7%).

An established manufacturer of CNG and industrial cylinders in India

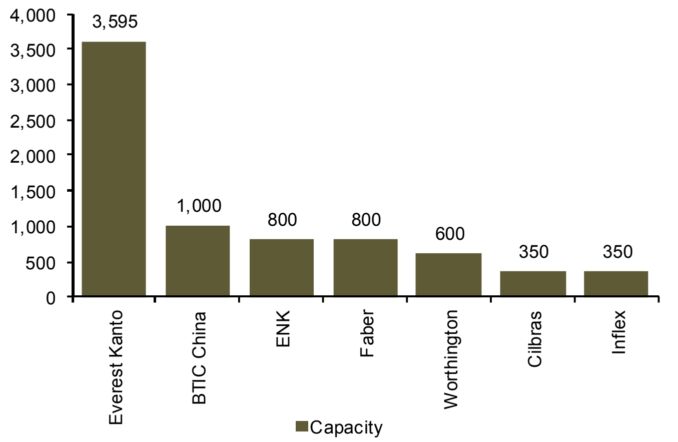
Figure 2: Everest Kanto is the largest domestic…



Confidence is into LPG, remaining players are in high-pressure seamless CNG cylinders

Source: Industry, CRISIL Research

Figure 3: … and global high-pressure cylinder manufacturer



Cylinders per day

Source: Industry, CRISIL Research

The company faces various industry-wide challenges: a) lower-than-expected traction in offtake of CNG cylinders in India because of limited gas availability and non-extension of city gas distribution to more cities due to inaction on part of the government (non-implementation of its declared CGD policy), b) closure of the Iran market (due to sanctions imposed by the US and European Union), which used to consume a significant portion of the sales from its Dubai operations and c) sluggish demand in China owing to competition. These factors have led to under-utilised capacities and a stretched working capital cycle. We believe these aforesaid risks will continue to impact the company's performance in the short term.

… but long-term growth story intact

The current challenges notwithstanding, we believe that the long-term growth prospects of CNG usage are intact given the advantages of lower prices and clean fuel. When demand revives, Everest Kanto will be able to tap the opportunity since it is a large player with wide product offerings, it has a first-mover advantage in this industry and is a recognised brand known for quality. Further, the company has idle capacities and is well poised to capitalise on the anticipated recovery in demand in the next couple of years.

Long-term growth prospects of CNG usage are intact given the advantages of lower prices and clean fuel

Table 2: Idle capacities to get utilised when demand revives

<table>
<tr><th colspan="4">India</th></tr>
<tr><th colspan="2">Tarapur</th><th>Gandhidham</th><th>Kandla (SEZ)</th></tr>
<tr><td colspan="2">CNG and industrial cylinders
Annual capacity: CNG cylinders - 120,000 units with utilisation of 72%; industrial cylinders - 120,000 units with utilisation of 87%</td><td>Unit 1: CNG and industrial cylinders
■ Annual capacity: CNG cylinders - 240,000 units; industrial cylinders - 180,000
Capacity utilisation: CNG cylinders - 54%; industrial cylinders - 107%
Unit 2: Jumbo cylinders
■ Annual capacity: 2,000 units with utilisation of 2%
Unit 3: Billet-based industrial cylinders (commissioned in January 2012)
■ Annual capacity: 120,000 units</td><td>CNG cylinders - Annual capacity of 2,50,000 with utilisation of 13%</td></tr>
<tr><td>Dubai</td><td colspan="3">CNG cylinders - Annual capacity: 196,000 units with utilisation of 85%. The company was to expand the capacity to 271,000 units in FY12 but this plan got stalled owing to sanctions in Iran, a major export market for the Dubai plant</td></tr>
<tr><td>China</td><td colspan="2">CNG cylinders - Annual capacity: 200,000 units with utilisation of 11%</td><td>Jumbo cylinders - Annual capacity: 1000 units with utilisation of 46%</td></tr>
<tr><td>USA</td><td colspan="3">Jumbo cylinders - Annual capacity: 3,000 units with utilisation of 72%</td></tr>
</table>

The Aurangabad plant has been shut down due to ageing of machines. The plant was over 30 years old (which is the average age of cylinder plants).

Source: Company, CRISIL Research

Figure 4: CNG offers higher mileage at lower cost

	CNG	Diesel	Petrol
Fuel cost per unit	**₹/kg**	**₹/ltr**	**₹/ltr**
Nov 21, 2012, Mumbai	34	53	74
Mileage	**km/kg**	**km/ltr**	**km/ltr**
3-wheeler	29	27	22
4-wheeler	19	17	14

Source: CRISIL Research

Figure 5: Emission by CNG-run vehicles is the lowest

Emissions (gm/100 km)	CO_2	UHC	CO	NOx	SOx	PM
Petrol	22,000	85	634	78	8.3	1.1
Diesel	21,000	21	106	108	21	12.5
LPG	18,200	18	168	37	0.38	0.29
CNG	16,275	5.6	22.2	25.8	0.15	0.29

Note: CO2 – Carbon dioxide, UHC - Unburned Hydrocarbon, CO - Carbon Monoxide, NOx - Nitrogen oxides, SOx - Sulphur oxides, PM - Particulate matter

Source: US Energy Department, Mahanagar Gas Ltd

Move towards diversification in raw material technology to cut inventory requirement

Highly working capital intensive business

Everest Kanto operates in a highly working capital intensive business. For instance, at the Indian plant, it has to maintain raw material inventory (tubes) of at least six months as it imports the entire requirement of tubes from China. Historically, Everest Kanto purchased majority of its seamless steel tubes (its key raw material) from Italy-based Tenaris. However, in the recent years, the company took several measures to mitigate risks relating to supplier concentration. It progressively reduced its dependence on Tenaris (only 3% of total raw material supply in FY12). The company's high inventory and dependence on Tenaris took a huge toll on its margins in H2FY10 when steel prices cooled down and it had a large amount of high-cost inventory.

On an average, raw material costs comprise 60% of total costs

Moves to billet piercing technology - cost-effective and low inventory requirement

The company commenced commercial production of industrial cylinders using billet piercing technology at the Gandhidham plant in January 2012. Cylinders made of billets have relatively higher fatigue life (reuse of the cylinder by refilling it) and are typically used more in industrial applications than automotive (as they are heavier in weight). The capex required to make a cylinder out of billets is relatively higher than that using tube / plate. However, the cost of making a cylinder using billets is lower than by using tube / plate. The main advantage is in terms of requirement for low inventory as billets can be procured locally; hence, two-month raw material inventory is sufficient. Since tubes are imported from China, six-month raw material inventory is required. We believe the billet technology can turn out to be a game changer for the company in the long term once the demand revives.

Billet manufacturing to be a game changer in the long term

Table 3: Billet piercing technology requires lower inventory

	Billet	Plate	Tube
Fatigue life	Relatively more	Relatively more	Relatively less
Weight	Heavier	Lighter	Medium
Capex per cylinder	High	Extremely high	Low
Cost per cylinder (assuming base of 100 for tube	95	120	100
Inventory to be maintained	2 months		6 months
Supply procured from	Domestic	Imported	Imported

Source: Company, CRISIL Research

Domestic and global headwinds

India: Impacted by poor rollout of CGD on limited gas supply

Due to the limited availability of domestic gas, the rollout of CGD was poor, which impacted the sale of CNG cylinders from Indian operations. The Petroleum and Natural Gas Board had set a target to cover over 200 cities under the CGD network by 2015; however, the actual CGD network development is unlikely to match the target set by the regulator. There were hardly any CGD rollouts in the past one-two years. Currently, CGD is fully operational in 11 cities and it is under construction in the remaining 60 cities. The slow rollout can be attributed to limited availability of low-priced domestic gas as Reliance Industries' (RIL's) Krishna-Godavari (KG) D6, which is allocated for the CGD network, is currently not receiving any gas. With output from RIL's KG-D6 fields dipping, the supply of gas to CGD players from this field is currently nil as against the initial allocation of 1.2 mmscmd. Also, domestic gas allocation to the power and fertiliser sectors has been given higher priority over the CGD sector in the Gas Utilisation Policy. Such issues have resulted in fewer additional orders being placed for CNG vehicles and, hence, the offtake of Everest Kanto's CNG cylinders has been impacted due to lower orders from OEMs.

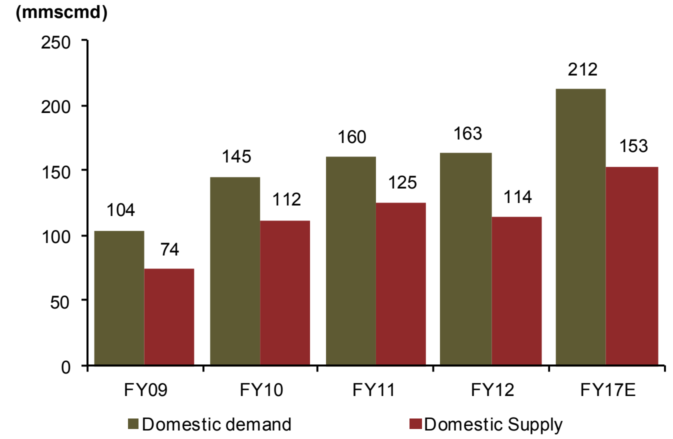
Domestic gas allocation to CGD is bare minimum

Based on CRISIL Research's medium-term demand-supply analysis, out of the incremental domestic gas supply of 64.4 mmscmd, we expect 52.8 mmscmd of domestic gas to be allocated to the power and fertiliser sectors as they have been given higher priority in the domestic gas utilisation policy. Hence, out of the remaining 11.6 mmscmd, even if CGD as a sector is given 50-60% allocation, it will only get 6-7 mmscmd of gas in the medium term.

If we assume an average consumption of 0.5 mmscmd per city in the medium term, then only 20-25 cities are likely to get 30% of the required domestic gas.

Source: Industry, CRISIL Research

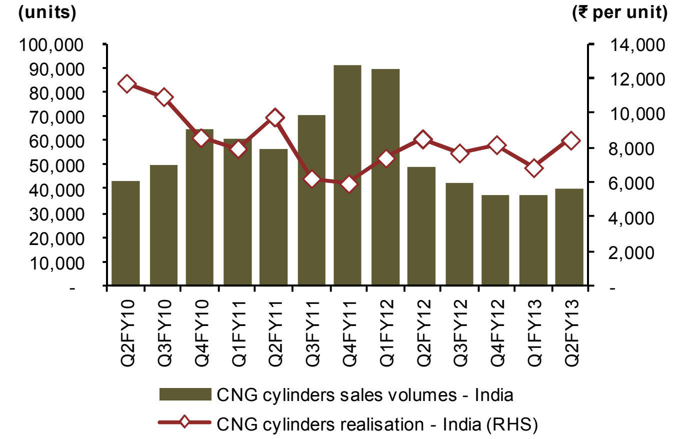
Figure 6: Domestic natural gas situation is poor as domestic supply is less than demand



Domestic demand for natural gas to grow at 7% CAGR during FY12-FY17E, while domestic supply to grow at 5% CAGR during same period

Source: Industry, CRISIL Research

Figure 7: Due to poor CGD rollout, Everest Kanto's domestic CNG cylinder volume offtake impacted since Q2FY12



Source: Company, CRISIL Research

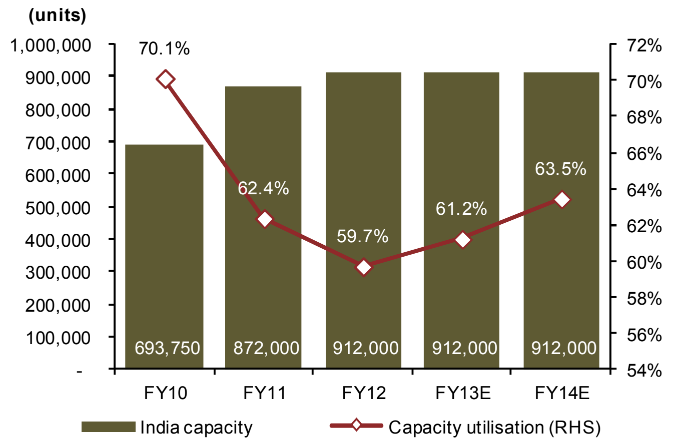
The company has also lost the benefit of excise duty exemption at its Gandhidham plant effective 2011 (as it was available for a period of five years starting 2005).

Muted CNG cylinder demand in medium term due to gas supply constraints

While conversion to CNG from conventional fuels is growing, the thrust in sales will come only from OEM orders, when CGD starts picking up

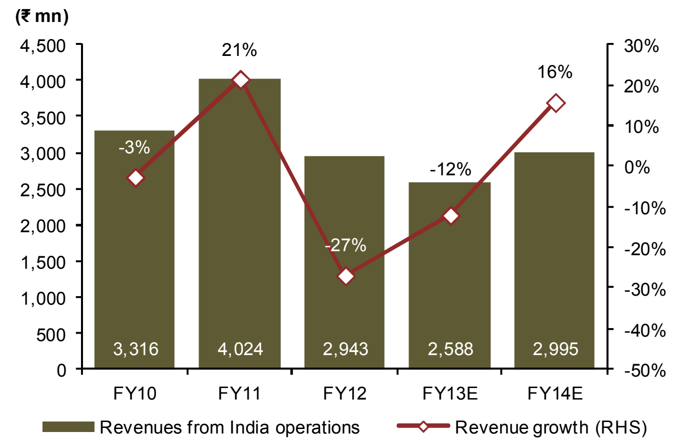
We believe the pick-up in demand for CNG cylinders in the domestic market will be subdued in the medium term due to CNG supply constraints. CRISIL Research expects the supply of gas from domestic sources to remain constrained over the medium term driven by a) downward trend in output levels from RIL's KG D6 fields; the output is expected to dip to 20 mmscmd in FY15 from 32 mmscmd in May 2012 due to technical issues such as water seepage and lower number of wells in production; b) an expected marginal decline in production levels from mature fields belonging to Oil and Natural Gas Corporation Ltd and Oil India Ltd. Hence, the Indian operations will continue to report subdued revenue growth, exerting pressure on operating profitability.

Figure 8: Slow offtake of CNG cylinders to keep capacities under-utilised…



Source: Company, CRISIL Research

Figure 9: … leading to flat revenue growth from India operations in next two years



Source: Company, CRISIL Research

After gaining the technological expertise for jumbo cylinders from the US, Everest Kanto commenced manufacturing of jumbo cylinders in Gandhidham (India) and China plants with capacities of 2,000 cylinders and 1,000 cylinders per annum for sale to Indian markets. However, the utilisations are still sub-optimal with China at 46% and Gandhidham at 2% as of FY12. The demand for jumbo cylinders will grow once the CGD network is expanded by the government as then the jumbo cylinders will be required in huge quantities to transport gas to the cities covered by CGD policy and to store CNG. Currently, the demand for jumbo cylinders is mostly from the defence sector, which is sporadic and inconsistent.

Dubai: Sanctions on Iran are a drain

Everest Kanto's Dubai operations have been severely impacted as sales to Iran (constituted 76% of sales from Dubai plant) – key market serviced by the Dubai facility – have completely dried up due to (i) sanctions imposed by the US and the European Union and (ii) Iran has put import duty of 20% on CNG cylinders from 2011 onwards. Sales volumes of CNG cylinders from its Dubai plant plummeted by 59% q-o-q in Q3FY12 and have remained subdued since then. To reduce its dependence on Iran, Everest Kanto started supplying to other growing markets such as South America, South Africa, Bangladesh, Thailand and Malaysia. However, the realisations in these countries are 10-15% lower than what it enjoys in Iran, thereby impacting its profitability. Currently, sales to Pakistan also have been stalled as the Pakistan government has banned imports of CNG cylinders due to the shortage of CNG in the country and its increasing thrust on usage of LNG.

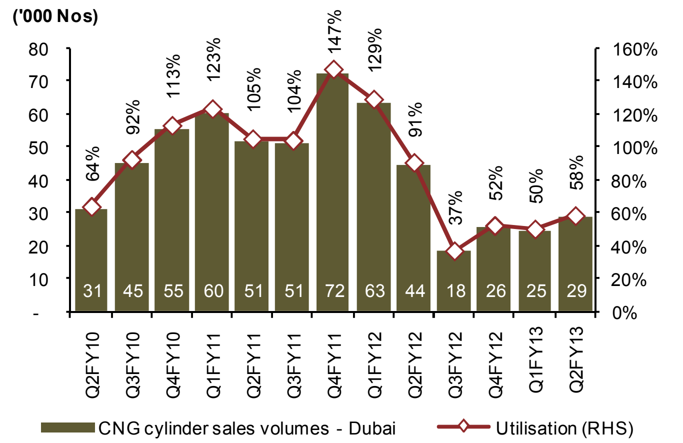
Owing to sanctions, sales from the Dubai plant to Iran market were nil compared to 76% in FY11

Challenges in Iran market - a) For over one year, Iran has been out of the global financial system owing to sanctions imposed by the US and European Union. Hence, Iran has not been able to access dollars, making it risky for countries to trade with Iran. Everest Kanto is bearing the consequences; its clients in Iran want to make payments in Iranian currency, which the company is not agreeing to due to its inherent volatility. b) In 2011, the Iranian Ministry of Defence built a plant for compressed natural gas cylinders to supply to the domestic market. The plant has a capacity of 100,000 pieces per annum, almost equal to Everest Kanto's capacity of 137,200 pieces per annum (considering that ~60% of the Dubai capacity of

As the Iran market closed, the company had to defer the proposed capacity expansion plan from 196,000 to 270,000 cylinders in the Dubai plant

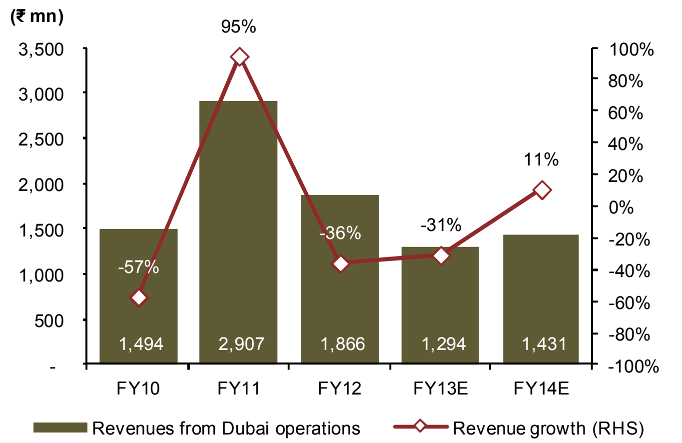
196,000 was to service Iran). The Iranian government's investment in cylinders is expected to challenge Everest Kanto's market share in the growing Iranian market.

Figure 10: Sales volume of CNG cylinders from Dubai facility subdued as Iran orders have stopped since Q3FY12



Source: Company, CRISIL Research

Figure 11: Revenues to decline as supplies divert to South America and Pakistan from Iran



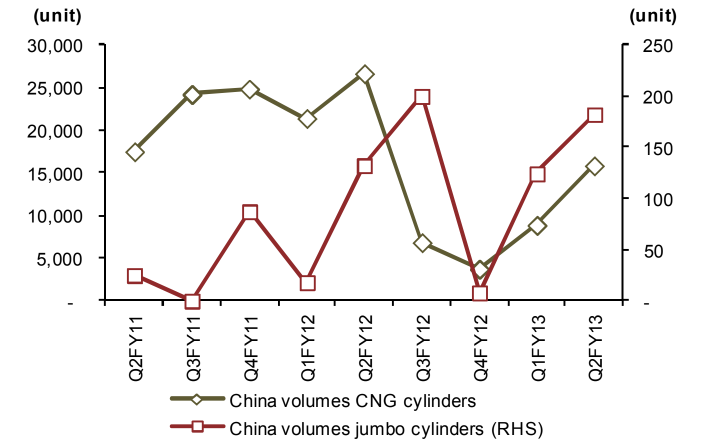
Source: Company, CRISIL Research

China breaks even while US operations incur loss at PBIT level

Competition plays spoilsport in the Chinese market

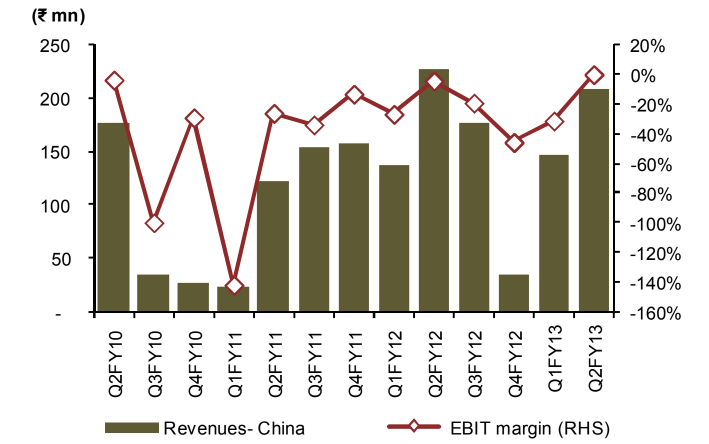
China operations - Everest Kanto commissioned a 200,000-cylinder plant (type 1 which is steel based) in FY09 in China but it is still to reap the benefits from this investment. It set up the plant in China to cater to Indian market but the CNG market in India got impacted due to poor CNG rollouts. The company then decided to sell the CNG cylinders in China. However, it had not adequately studied the Chinese CNG cylinder market and did not have the marketing team set up to cater to China markets. The China plant is operating at low capacity utilisation rate of 31% in Q2FY13 due to the following a) Over 90% of the CNG market in China has shifted from steel cylinders to composite cylinders (steel cylinders coated with glass fibre) where Everest Kanto has a capacity to manufacture only 24,000 tpa of composite cylinders. For the remaining 10% of the CNG market in China, the company faces intense competition from local manufacturers. As an alternative, the company began exporting to the South-East Asian markets such as Thailand from its China plant in FY11. Also, sales of jumbo cylinders have increased in the past few quarters, which enabled the company to break even at the PBIT level in Q2FY13. However, we believe the company will remain exposed to the risk of intensifying competition in the Chinese market for steel based CNG cylinders.

Figure 12: Volumes from China picked in Q1FY13…



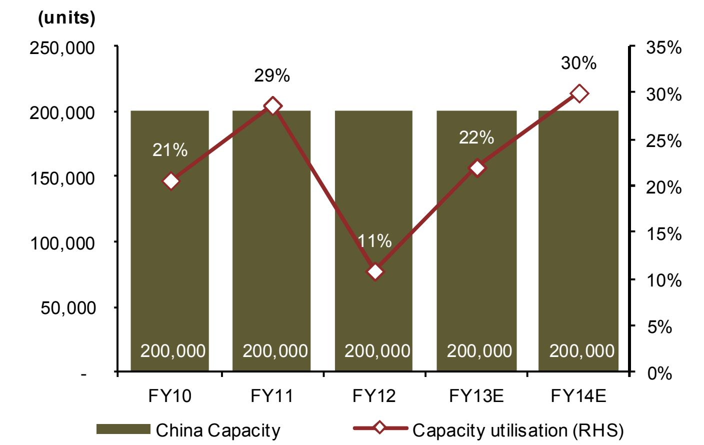
Source: Company, CRISIL Research

Figure 13: … leading to breakeven at PBIT level in Q2FY13



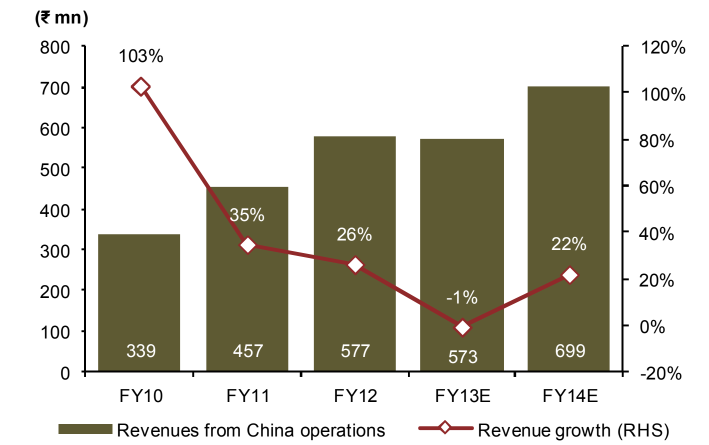
Source: Company, CRISIL Research

Figure 14: CNG utilisation rates in China expected to pick up gradually and touch 30% in FY14



Source: Company, CRISIL Research

Figure 15: Revenues to rise at two-year CAGR of 10% with pick-up in jumbo cylinder sales



Source: Company, CRISIL Research

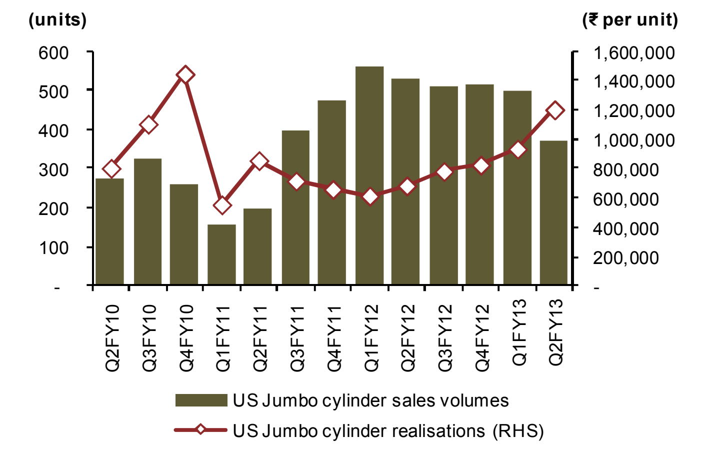
US operations - In April 2008, Everest Kanto acquired the US-based CP Industries (CPI) for ~US$ 66 mn. The enabled Everest Kanto to foray into the high-margin jumbo cylinder business and leverage CPI's established presence in more than 22 countries. Immediately thereafter, the US was hit by the economic slowdown, which affected the company's business plans. Owing to a gradual recovery in the US economy, utilisation of the US plant has improved to 56% in Q2FY13 compared to 44% in FY11. While volumes and realisations are stable due to the recovery in the US, Everest's Kanto's US operations are incurring a loss at the PBIT level as the company has to amortise US$ 3.42 mn (~₹172 mn) goodwill every year from June 2008 till March 2016 as per Indian GAAP. This leads to a drag on the company's profitability on consolidation of accounts. On a standalone basis, CPI PBIT loss is $ 0.5 mn (₹25 mn) in FY12 whereas on consolidation, CPI PBIT loss is ₹97 mn for the same period. We believe operations will turn profitable only after FY13.

Everest Kanto's largest customer for US jumbo cylinders is NASA

On the other hand, the demand for CNG cylinders in the US is gradually increasing. However, it is difficult to import CNG cylinders from the China plant as the US levies an anti-dumping duty of 300% for cylinders imported from China.

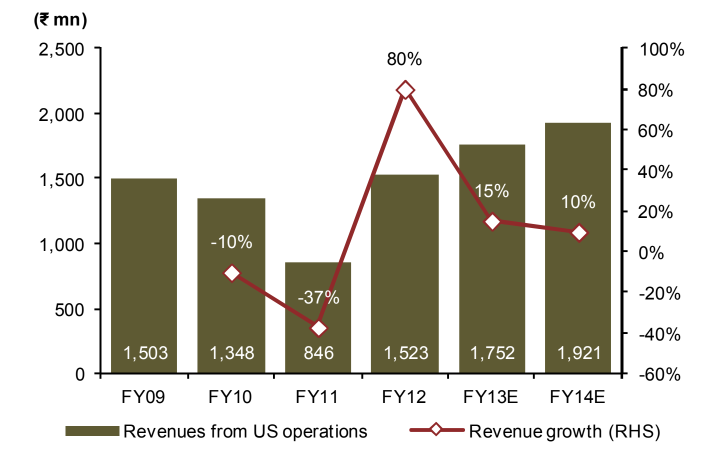
Given the increasing demand for Type 4 CNG cylinders from the OEMs in the US, the company is setting up a Type 4 CNG cylinder plant in US at a capex of $ 3 mn. The entire capex will be funded through internal accruals and borrowings. Type 4 CNG cylinders have carbon fibre, are light weight than Type 1 but are almost three times more expensive than Type 1 cylinders.

Figure 16: US Jumbo cylinder volumes recovered



Source: Company, CRISIL Research

Figure 17: Revenues to increase at two-year CAGR of 12%



Source: Company, CRISIL Research

FCCB redemption hangover over

Everest Kanto has fully redeemed the outstanding FCCBs worth US$35 mn due in October 2012 at a premium of 42.8% (amounting to total of ₹2.7 bn) from rupee loans and internal accruals. The company has taken a rupee loan of ₹2.6 bn from Yes Bank for the same.

Unyielding capex suppresses return ratios

Everest Kanto has invested ₹7,000 mn in the US, China and India (Kandla) operations; these investments are yet to yield returns. The Kandla-based plant which uses the plate technology to make lighter cylinders for the European and US markets has idle capacities due to pending regulatory approvals. Post approvals, the plant may witness sluggish order inflow due to weak economic conditions in Europe. Hence, investment in the Kandla-based plant has yet not given any returns. China and the US operations also have not given desired returns as highlighted on pages 8 and 9.

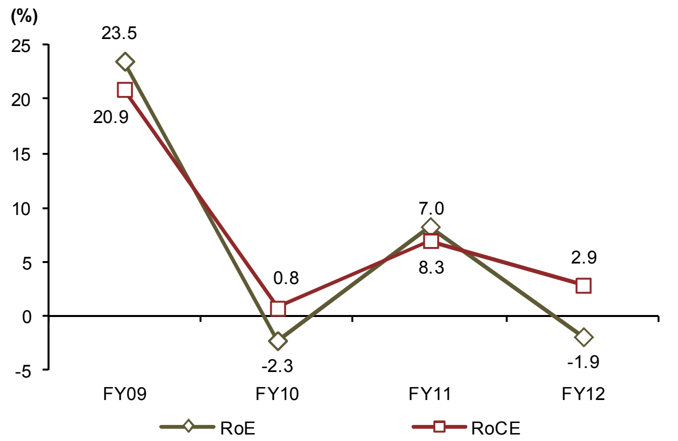
Table 4: Investments at various plants still to reap returns

Purpose	Investment / Capex	Revenues (H2FY13)	PBIT (H2FY13)	Comments
Acquisition of US-based CPI in April 2008	US$ 66 mn	9,118	-569	Though the US operations recovered in FY12, amortisation (goodwill) cost of US$ 3.42 mn (~₹172 mn) every year from June 2008 till March 2016 have led to loss at the PBIT level
Set up Kandla (India) plant using plate manufacturing technology primarily to cater to the European market	₹1700 mn	Nil	Nil	As the global macro environment has turned non-conducive, these capacities have remained idle
Set up a plant in China to cater to the growing cylinder demand in China	US$ 40mn	3,538	-453	These operations have not yielded the desired results due to intensifying competition from local players. China operations just managed to break even at PBIT in Q2FY13

Source: Company, CRISIL Research

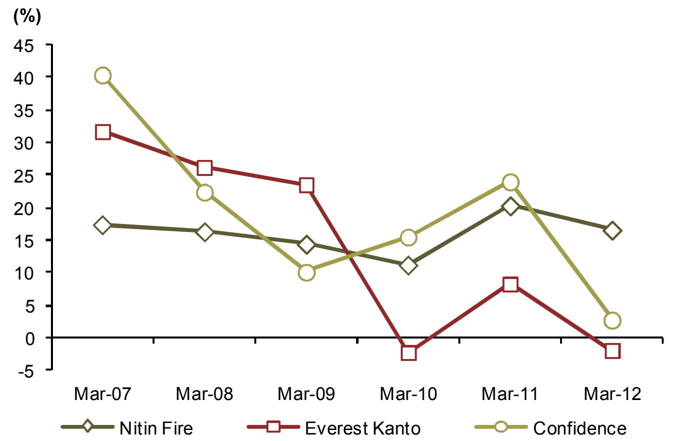
Hence, idle investments by the company have resulted in lower RoEs compared to domestic peers as depicted in the following chart. The return ratios are expected to remain muted in the short to medium term.

Figure 18: Return ratios were negative in FY12...



Source: Company, CRISIL Research

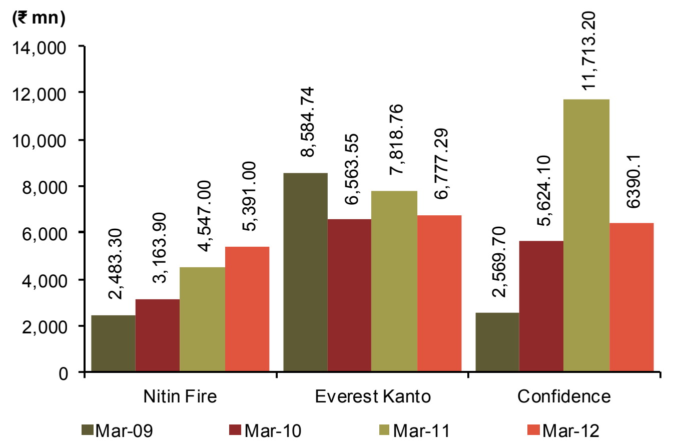
Figure 19: ... and were much below that of peers



Source: Industry, CRISIL Research

Peer comparison - domestic players

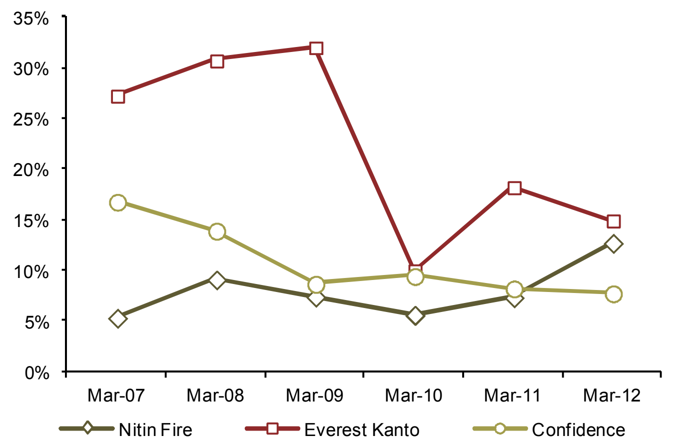
Figure 20: Relatively large player in terms of revenues...



Note: Confidence is in the business of LPG blending and marketing Nitin Fire is in high pressure cylinders and fire fighting equipment

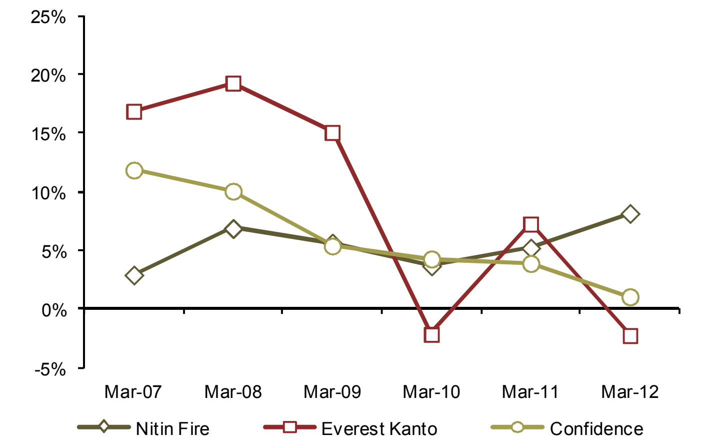
Source: Industry, CRISIL Research

Figure 21: ... but EBITDA margin plunged from high of FY07-09...



Source: Industry, CRISIL Research

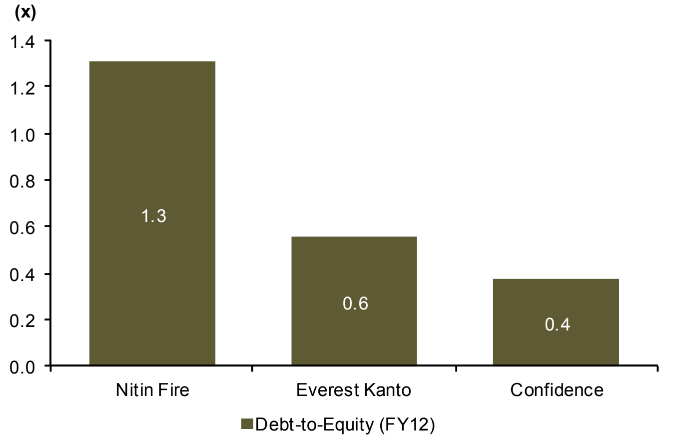
Figure 22: ... so PAT margin turned negative in FY12



Everest Kanto's negative PAT in FY12 was due to forex loss of ₹275 mn

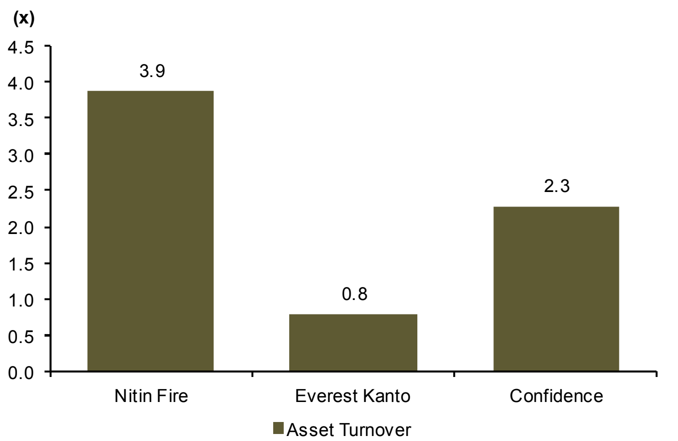
Source: Industry, CRISIL Research

Figure 23: Low gearing than peers



Source: Industry, CRISIL Research

Figure 24: Gross asset turnover less than 1 (FY12)



Source: Industry, CRISIL Research

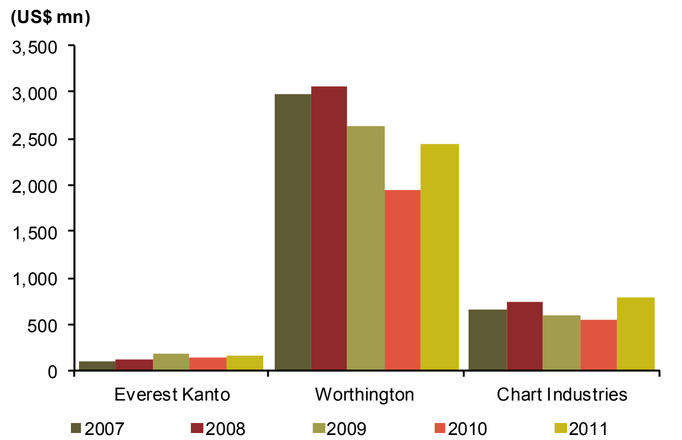
Figure 25: High inventory days

	Everest Kanto				Nitin Fire Protection				Confidence Petroleum			
	FY09	FY10	FY11	FY12	FY09	FY10	FY11	FY12	FY09	FY10	FY11	FY12
Debtor days	40	50	52	68	78	130	168	144	56	49	29	44
Creditor days	113	76	74	82	109	103	92	74	57	40	23	38
Inventory days	340	210	168	345	107	244	109	312	109	39	70	87
Cash conversion cycle	268	185	146	332	76	271	186	382	108	48	77	94

Source: Industry, CRISIL Research

Peer comparison - global players

Figure 26: Relatively smaller player than global peers*

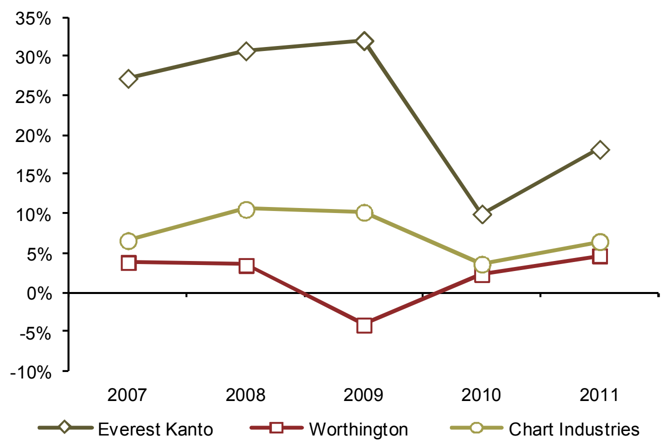


*Global players manufacture multiple products and, hence, are larger than Everest Kanto in revenue terms

Chart Industries is December year ending whereas Worthington is May year ending

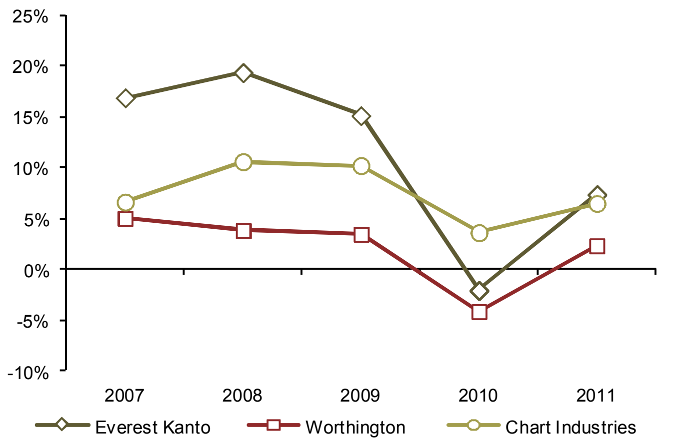
Source: Industry, CRISIL Research

Figure 27: EBITDA margin higher than global peers



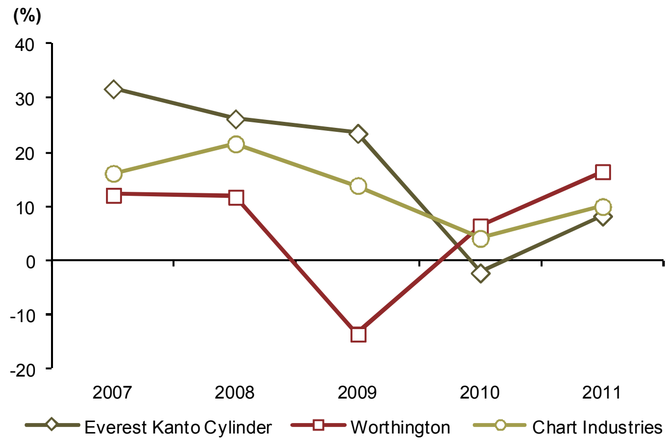
Source: Industry, CRISIL Research

Figure 28: PAT margin in line with peers



Source: Industry, CRISIL Research

Figure 29: RoE in the range of 10% to 15%



Source: Industry, CRISIL Research

Key Risks and Monitorables

Inventory-related loss

As of FY12, Everest Kanto has ₹4,637 mn worth of inventory (57% of net worth in books), which is equivalent to approximately one year's worth of raw material and finished goods due to stalling of orders from Iran and slowdown in offtake in India. With inventory of 345 days, the working capital cycle of the company has stretched to 265 days in FY12 from 153 days in FY11. Although, the inventory will be offloaded in the subsequent quarters, the stress is expected to remain. At the same time, the company is exposed to significant price risk if commodity prices plunge sharply.

On account of inventory pile-up, the working capital cycle stretched to 265 days in FY12 from 153 days in FY11

Ability to optimise capacities

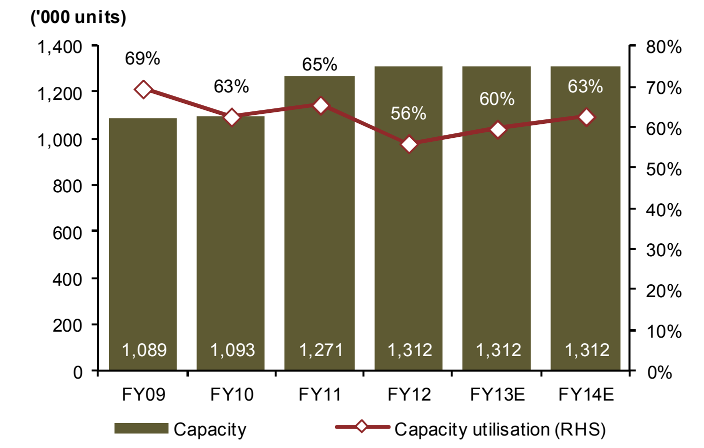
Most of Everest Kanto's facilities are running at sub-optimal levels owing to weak demand and competition. The ability of the company to optimise capacities at all its plants and restore its profitability will be a key monitorable. Its CNG operations in India reported lower capacity utilisation of 29% in Q2FY13 owing to lower demand offtake. China CNG cylinders operate at sub-optimal utilisation of 31% in Q2FY13 due to competition. As sales to Iran have stalled, capacity utilisation at the Dubai plant fell from 91% in Q2FY12 to 58% in Q3FY12.

Financial Outlook

Revenue growth subdued - two-year CAGR of 3%

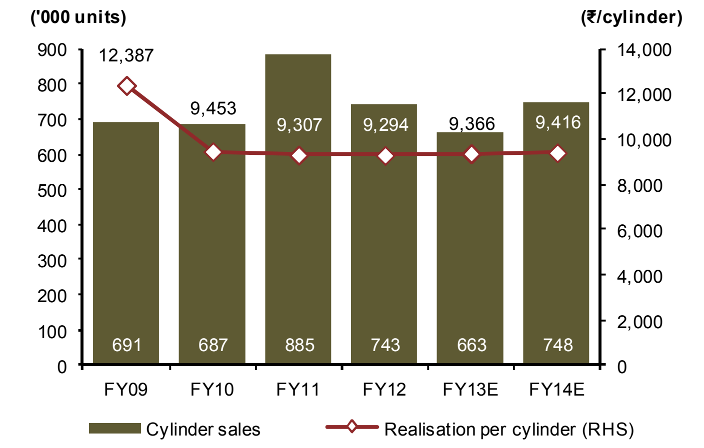
Everest Kanto's revenues are expected to grow at a two-year CAGR of 3% to ₹7.1 bn in FY14. Volumes are expected to remain flat (FY12-FY14) on slow offtake from the Indian and Dubai plants. We do not expect any significant improvement in utilisation rates in any of the company's plants till FY14. Ramp-up of operations in Kandla and Gandhidham plants is a monitorable; any significant ramp-up of operations will provide an upside to our estimates.

Figure 30: Capacity utilisation to be at sub-optimal levels



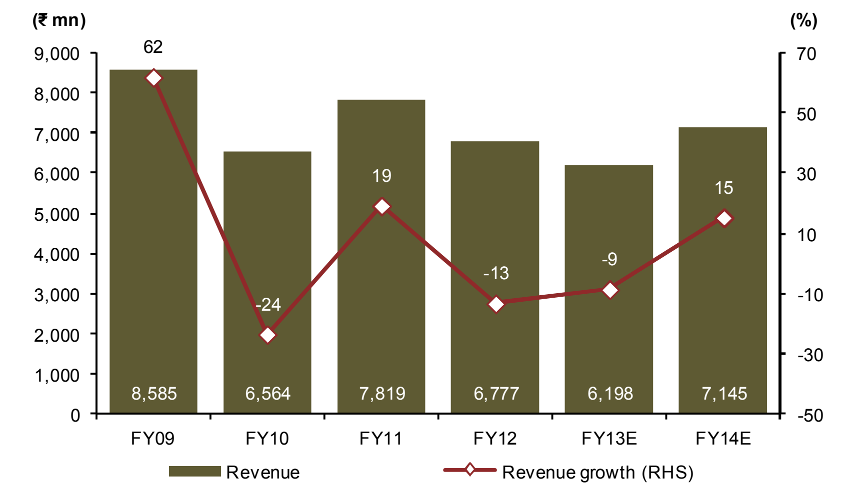
Source: Company, CRISIL Research

Figure 31: Volumes and realisation to remain flat



Source: Company, CRISIL Research

Figure 32: Revenue growth to be muted over next two years



Source: CRISIL Research

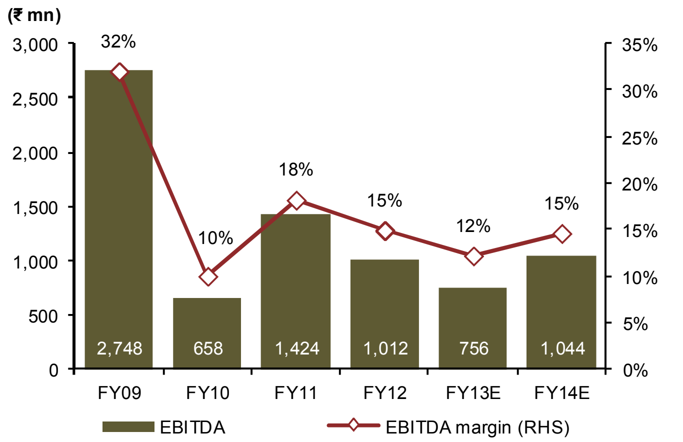
Revenues are expected to remain muted over next two years as volumes and realisations are expected to remain flat owing to weak demand offtake

EBITDA margin to hover at 12-15% over next two years

EBITDA margin contracted by 300 bps to 14.9% in FY12 from 18.2% in FY11 due to subdued demand and higher sales from the Dubai plant to the lower-margin ex-Iran region. We expect EBITDA margin to further decline in FY13 and improve by 240 bps in FY14 as demand is expected to improve marginally and external challenges should gradually ease. However, we do not expect significant offtake of high-margin light weight pressure cylinders from the new facilities in Kandla and Gandhidham. The ability of the company to sweat assets will be key for survival. Return ratios are expected to remain subdued in the short term.

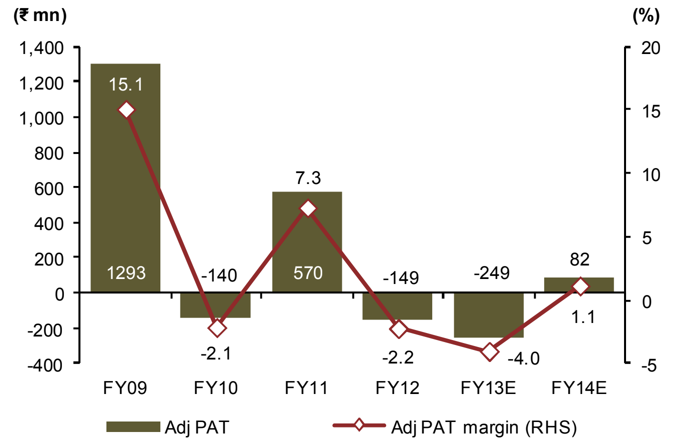
Due to higher competition, we do not expect Everest Kanto to get back to its EBITDA margin of 30% reported in FY08 and FY09

Figure 33: EBITDA margins to fall in FY13 and revive in FY14



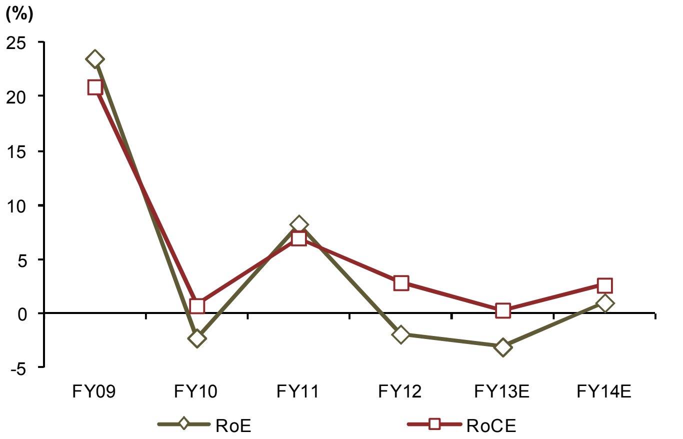
Source: Company, CRISIL Research

Figure 34: so also PAT margins



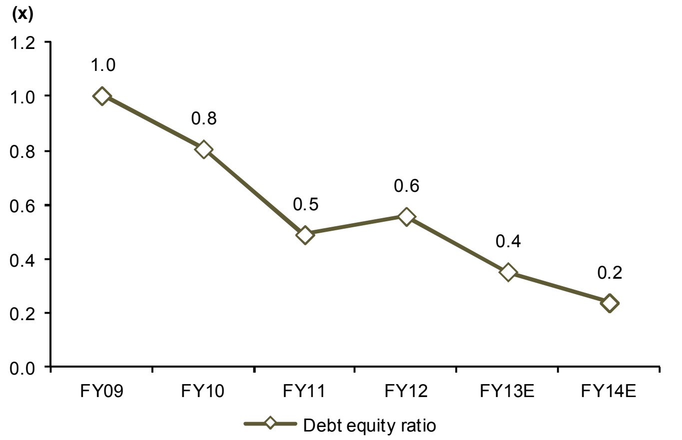
Source: Company, CRISIL Research

Figure 35: Return ratios to remain low



Source: Company, CRISIL Research

Figure 36: Gearing to reduce in the absence of capex



Source: Company, CRISIL Research

Management Overview

CRISIL Research's fundamental grading methodology includes a broad assessment of management quality apart from other key factors such as industry, business prospects and financial performance. We believe the management of Everest Kanto is good.

Strong and experienced management

Everest Kanto is headed by Mr P.K. Khurana, who has over three decades of experience in the cylinder manufacturing business. He is credited with spotting both organic and inorganic growth opportunities in the domestic and global markets, resulting in Everest Kanto's leadership position in both the markets. Mr Khurana is ably supported by Mr Pushkar Khurana and Mr Puneet Khurana. Both of them have been in the business for about 12-15 years. While Mr Pushkar is involved in the Dubai and US operations, Mr Puneet is responsible for China operations.

The CFO of the company changed twice in the past two years. Mr Vipin Chandok has been appointed in place of Mr Bimal Desai, who resigned from Everest Kanto w.e.f. May 28, 2011 due to personal reasons.

Everest Kanto's management has extensive experience in the high-pressure cylinder manufacturing business

Acquisition yet to become value accretive

Everest Kanto acquired US-based CP Industries (CPI), the global market leader in jumbo cylinders, in April 2008, for US$ 66 mn, thereby obtaining access to jumbo cylinder technology. Though the US operations recovered in FY12, amortisation of intangible acquisition costs have led to loss at the PBIT level in the consolidated financials. The amortisation will continue till March 2016. On a standalone basis, CPI PBIT loss is $ 0.5 mn (₹25 mn) in FY12 whereas on consolidation, CPI PBIT loss is ₹97 mn for the same period. Also, Everest Kanto's decision to set up a plant in China to benefit from lower raw materials cost and cater to the growing cylinder demand in China has not yielded the desired results due to increased competition from local players. The company's China business broke even at the PBIT level in Q2FY13.

Corporate Governance

CRISIL's fundamental grading methodology includes a broad assessment of corporate governance and management quality, apart from other key factors such as industry and business prospects, and financial performance. In this context, CRISIL Research analyses shareholding structure, board composition, typical board processes, disclosure standards and related-party transactions. Any qualifications by regulators or auditors also serve as useful inputs while assessing a company's corporate governance.

Overall, corporate governance at Everest Kanto presents fairly good practices, supported by a strong and independent board and board processes which broadly conform to minimum standards.

Board composition

Everest Kanto's board consists of 10 members. The board is chaired by the promoter, Mr P.K. Khurana, who is also the managing director of the company and an executive director. Of the 10 directors, five are independent directors, which is in line with the minimum number stipulated in the SEBI listing guidelines. The independent directors on the board are:

Everest Kanto's board comprises professionals with extensive experience and sector knowledge

- Mr Krishen Dev is B. Tech – Honours, and serves as a business consultant to many reputed firms. He has served at senior managerial positions in Century Enka Ltd and Reliance Industries.
- Mr Mohan Jayakar is B.A., L.L.B. He has advised corporates in setting up entities in the free trade zones in India and worldwide.
- Mr Naresh Oberoi is the chairman and managing director of Powerica Ltd, a power generation equipment manufacturer.
- Mr Vyomesh Shah is a chartered accountant with 22 years of experience in construction, finance and property development.
- Mr Gurudeep Singh is B.Tech in Chemical Engineering from IIT - Delhi. He is on the board of Blue Star Ltd, Perfect Circle India Ltd and Halonix Ltd.

Well-structured board processes

The board's processes are well structured with six committees - audit, remuneration, investor grievance, allotment, management and investment - in place to support corporate governance practices and the decision-making framework. The audit committee is chaired by an independent director, Mr Vyomesh Shah. The committee meets at timely and regular intervals. Our discussions with the independent directors indicate that the board's processes are well structured. Most of the independent directors have been associated with the company before the IPO in 2005 and, therefore, have a significant understanding of the business.

Reasonable disclosure standards

The company's quality of disclosure is reasonable judged by the level of information and details furnished in the annual report, websites and other publicly available data.

Valuation Grade: 4/5

We maintain our discounted cash flow (DCF)-based fair value at ₹33 per share. Our fair value implies a P/Bv of 0.4x FY14E book value. At the current market price of ₹27, the valuation grade is **4/5**.

We maintain our fair value of ₹33 per share

Key DCF assumptions

- We have considered the discounted value of the firm's estimated free cash flow from FY14 to FY21.
- We have included a maintenance capital expenditure of ₹200 mn annually from FY13-21.
- We have assumed a terminal growth rate of 3% beyond the explicit forecast period until FY21.

The fair value implies a P/Bv of 0.4x FY14E book value, lower than the historical average of 1.2x. As the demand prospects are subdued over the next two years, we believe that a lower multiple is justified

WACC computation

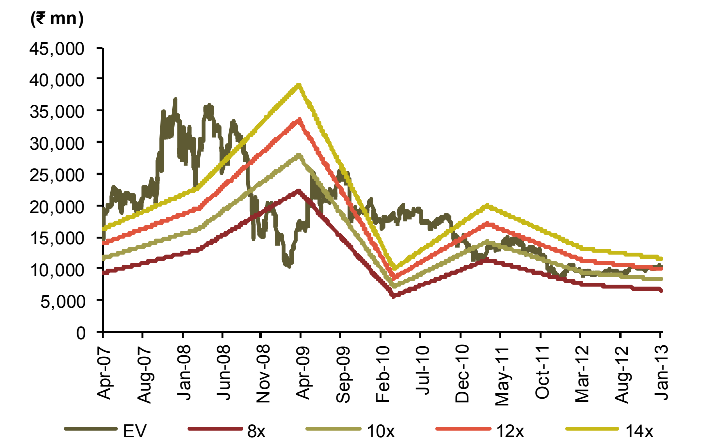
	FY13-21	Terminal value
Cost of equity	21.7%	21.7%
Cost of debt (post tax)	8.2%	6.7%
WACC	**15.6%**	**15.0%**
Terminal growth rate		3.0%

Sensitivity analysis to terminal WACC and terminal growth rate

		Terminal growth rate				
		1.0%	2.0%	3.0%	4.0%	5.0%
Terminal WACC	13.3%	36	38	40	44	47
	14.3%	33	34	36	39	42
	15.3%	30	32	**33**	35	37
	16.3%	28	29	31	32	34
	17.3%	26	27	28	30	31

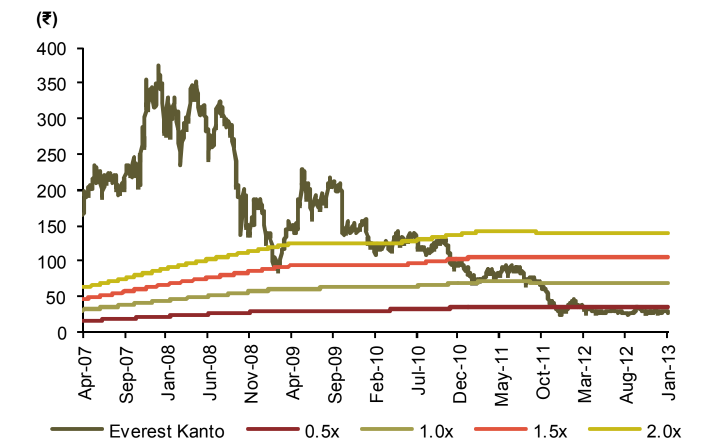
Source: CRISIL Research

One-year forward EV/EBITDA band



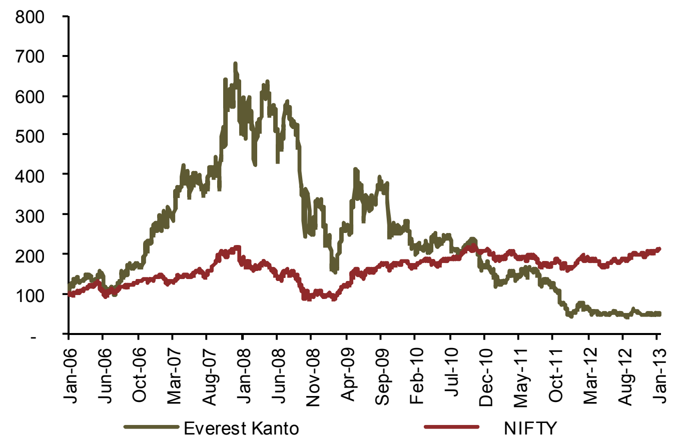
Source: NSE, CRISIL Research

One-year forward P/B band



Source: NSE, CRISIL Research

Share price movement



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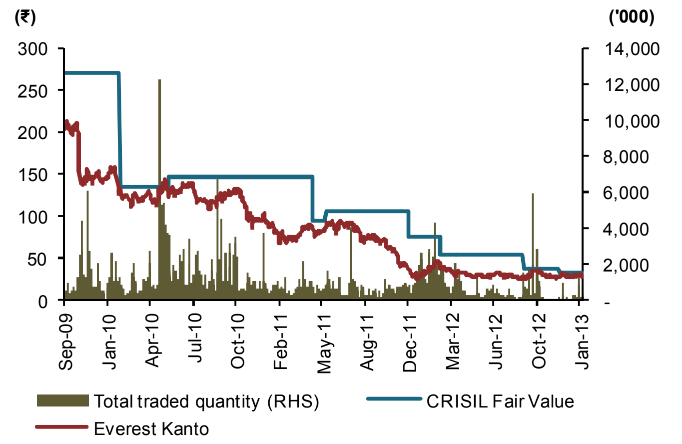
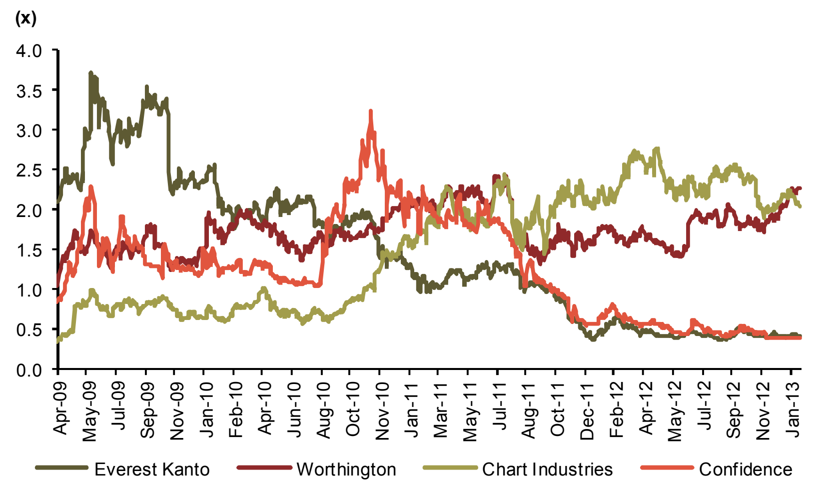
Source: NSE, CRISIL Research

Fair value movement since initiation



Source: NSE, BSE, CRISIL Research

Everest Kanto trades at a discount to peers on a P/B basis



Source: NSE, Industry

Peer comparison

	M Cap	P/E (x)			P/Bv (x)			EV/EBITDA (x)			RoE (%)		
	(₹ bn)	FY12	FY13E	FY14E	FY12	FY13E	FY14E	FY12	FY13E	FY14E	FY12	FY13E	FY14E
Everest Kanto	3	NM	NM	35.5	0.4	0.4	0.4	7.2	7.4	4.5	(1.9)	(3.1)	1.0
Nitin Fire Protection	15	34.2	18.9	14.4	5.7	NA	NA	22.7	18.1	13.9	17.8	23.1	23.9
Confidence Petroleum	1	13.2	NA	NA	0.4	NA	NA	4.4	NA	NA	2.7	NA	NA
Chart Industries*	2	28.1	25.5	17.6	2.7	2.7	2.4	14.2	13.4	9.9	10.9	14.9	16.1
Worthington Industries*	2	12.9	13.5	12.3	2.5	2.3	2.0	12.1	8.8	8.4	16.7	18.2	17.9

* US$ denominated, NA: Not Available

Source: CRISIL Research, Industry sources

CRISIL IER reports released on Everest Kanto Cylinder Ltd

Date	Nature of report	Fundamental grade	Fair value	Valuation grade	CMP (on the date of report)
22-Sep-09	Initiating coverage	4/5	₹270	5/5	₹221
1-Feb-10	Q3FY10 result update	4/5	₹135	3/5	₹131
27-May-10	Q4FY10 result update	4/5	₹146	3/5	₹132
08-Oct-10	Q1FY11 result update	4/5	₹146	4/5	₹121
29-Apr-11	Detailed report	3/5	₹93	3/5	₹85
09-June-11	Q4FY11 result update	3/5	₹106	4/5	₹90
25-Aug-11	Q1FY12 result update	3/5	₹106	5/5	₹70
12-Dec-11	Q2FY12 result update	3/5	₹74	5/5	₹36
23-Feb-12	Q3FY12 result update	3/5	₹53	5/5	₹41
04-July-12	Detailed report	3/5	₹53	5/5	₹32
12-Sep-12	Q1FY13 result update	2/5	₹38	5/5	₹26
28-Nov-12	Q2FY13 result update	2/5	₹33	5/5	₹28
25-Jan-13	Detailed report	2/5	₹33	4/5	₹27

Company Overview

High pressure and seamless CNG and industrial cylinder manufacturer Everest Kanto was promoted by Mr P.K. Khurana as a joint venture with Kanto Koatsu Yoki Manufacturing Company of Japan in June 1978. Later, Kanto Koatsu Yoki exited the JV.

Everest Kanto manufactures high-pressure seamless CNG and industrial cylinders in India, Dubai, US and China. It has marketing offices in Thailand and Germany. The CNG cylinders are used by automobile OEMs, retrofitters and gas distribution companies. The industrial cylinders are used in healthcare, fire-fighting, and food and beverages segments

The company adheres to the stringent regulations domestically and globally to manufacture high-pressure gas cylinders for gases such as oxygen, hydrogen, nitrogen, argon, helium, air, etc. It provides CNG and industrial cylinders with water capacities that range between 1 litre and 360 litres and jumbo cylinders that range between 2,000 and 3,000 cylinders. It also supplies cylinders in specified sizes. The company's customisation skills have enabled it to build a broad customer base of industrial gas suppliers across the globe.

Contribution to consolidated revenues

Product	FY09	FY10	FY11	FY12
CNG cylinders	72%	59%	64%	57%
Jumbo cylinders & cascades	18%	25%	15%	25%
Industrial cylinders	10%	16%	21%	18%

Source: Company, CRISIL Research

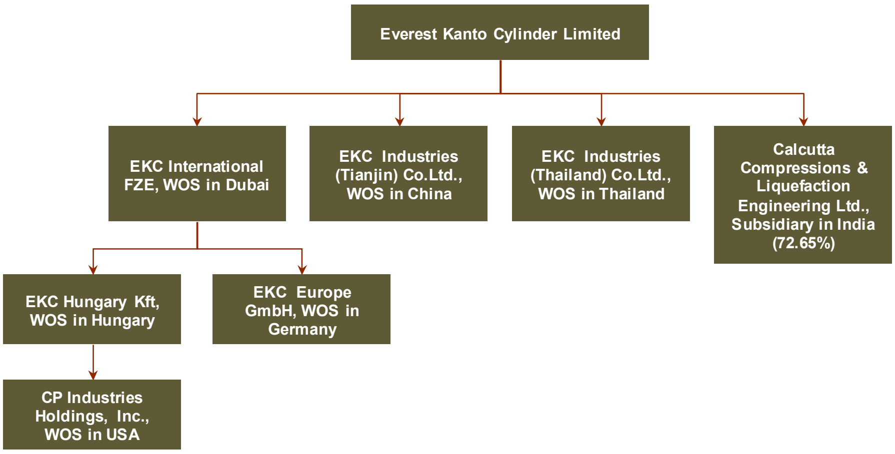
Table 5: Everest Kanto's key clients

Industrial cylinders	CNG cascades	OEMs for CNG cylinders	Special cylinders
Praxair	Mahanagar Gas Ltd	Hyundai	Government of India
BOC India Ltd	Indraprastha Gas Ltd	Toyota	The US government
Inox Air Products Ltd	Bhagyanagar Gas Ltd	Suzuki	
Advanced Silicon	Gujarat Adani	Tata Motors Ltd	
Air Products		Bajaj Auto Ltd	
Air Liquide		Eicher Motors Ltd	
		Ashok Leyland & Co Ltd	
		Swaraj Mazda	

Source: Company

The company has manufacturing units in India, Dubai, China and US, with a total capacity of 1.3 mn cylinders per annum. In April 2008, the Everest Kanto group acquired CP Industries, for US$66 mn, thereby entering the jumbo cylinder segment. It commenced commercial production in January 2012 through the billet piercing technology and steel-plate deep draw process in Gandhidham and Kandla, respectively.

Group structure



Source: Company

Annexure: Financials

Income statement

(₹ mn)	FY10	FY11	FY12	FY13E	FY14E
Operating income	**6,564**	**7,819**	**6,777**	**6,198**	**7,145**
EBITDA	**658**	**1,424**	**1,012**	**756**	**1,044**
EBITDA margin	**10.0%**	**18.2%**	**14.9%**	**12.2%**	**14.6%**
Depreciation	569	639	668	717	771
EBIT	**89**	**785**	**344**	**38**	**273**
Interest	69	235	633	336	218
Operating PBT	**20**	**550**	**(289)**	**(298)**	**55**
Other income	14	61	56	47	33
Exceptional inc/(exp)	406	(55)	50	(150)	-
PBT	**440**	**556**	**(183)**	**(401)**	**88**
Tax provision	175	44	(81)	-	9
Minority interest	(1)	(2)	(2)	(2)	(2)
PAT (Reported)	**266**	**515**	**(99)**	**(399)**	**82**
Less: Exceptionals	406	(55)	50	(150)	-
Adjusted PAT	**(140)**	**570**	**(149)**	**(249)**	**82**

Ratios

	FY10	FY11	FY12	FY13E	FY14E
Growth					
Operating income (%)	(23.5)	19.1	(13.3)	(8.5)	15.3
EBITDA (%)	(76.1)	116.5	(28.9)	(25.3)	38.1
Adj PAT (%)	(110.8)	NM	NM	66.3	NM
Adj EPS (%)	(110.8)	NM	NM	66.3	NM
Profitability					
EBITDA margin (%)	10.0	18.2	14.9	12.2	14.6
Adj PAT Margin (%)	(2.1)	7.3	(2.2)	(4.0)	1.1
RoE (%)	(2.3)	8.3	(1.9)	(3.1)	1.0
RoCE (%)	0.8	7.0	2.9	0.3	2.6
RoIC (%)	(0.5)	8.2	4.7	1.2	3.3
Valuations					
Price-earnings (x)	NM	14.5	NM	NM	35.5
Price-book (x)	2.0	1.1	0.4	0.4	0.4
EV/EBITDA (x)	25.3	7.8	7.2	7.4	4.5
EV/Sales (x)	2.6	1.4	1.1	0.9	0.7
Dividend payout ratio (%)	45.6	36.4	NM	-	25.5
Dividend yield (%)	1.0	2.3	0.9	-	0.7
B/S ratios					
Inventory days	210	168	345	240	210
Creditors days	76	74	82	77	78
Debtor days	50	52	68	68	59
Working capital days	196	153	265	221	187
Gross asset turnover (x)	1.1	1.2	0.9	0.7	0.8
Net asset turnover (x)	1.5	1.7	1.2	1.1	1.3
Sales/operating assets (x)	1.1	1.3	1.1	1.0	1.3
Current ratio (x)	2.9	2.8	4.7	4.1	3.6
Debt-equity (x)	0.8	0.5	0.6	0.4	0.2
Net debt/equity (x)	0.7	0.4	0.5	0.3	0.2
Interest coverage	1.3	3.3	0.5	0.1	1.3

Per share

	FY10	FY11	FY12	FY13E	FY14E
Adj EPS (₹)	(1.4)	5.3	(1.4)	(2.3)	0.8
CEPS	4.2	11.3	4.8	4.4	8.0
Book value	61.4	70.7	76.3	74.8	75.3
Dividend (₹)	1.2	1.7	0.2	-	0.2
Actual o/s shares (mn)	101.2	107.2	107.2	107.2	107.2

Balance Sheet

(₹ mn)	FY10	FY11	FY12	FY13E	FY14E
Liabilities					
Equity share capital	202	214	214	214	214
Reserves	6,018	7,391	7,990	7,831	7,888
Minorities	(8)	(24)	(24)	(26)	(29)
Net worth	**6,212**	**7,581**	**8,180**	**8,019**	**8,073**
Convertible debt	-	-	-	-	-
Other debt	5,015	3,715	4,564	2,830	1,930
Total debt	**5,015**	**3,715**	**4,564**	**2,830**	**1,930**
Deferred tax liability (net)	109	20	(78)	(78)	(78)
Total liabilities	**11,336**	**11,315**	**12,667**	**10,771**	**9,926**
Assets					
Net fixed assets	4,528	4,813	6,041	5,724	5,203
Capital WIP	1,621	1,311	444	244	194
Total fixed assets	**6,149**	**6,123**	**6,485**	**5,968**	**5,397**
Investments	**44**	**204**	**204**	**204**	**204**
Current assets					
Inventory	3,391	2,757	4,637	3,396	3,328
Sundry debtors	928	1,150	1,304	1,189	1,174
Loans and advances	1,483	1,778	535	552	636
Cash & bank balance	599	505	193	120	99
Marketable securities	21	341	0	0	0
Total current assets	**6,422**	**6,531**	**6,670**	**5,257**	**5,237**
Total current liabilities	**2,198**	**2,335**	**1,427**	**1,283**	**1,444**
Net current assets	**4,224**	**4,196**	**5,242**	**3,974**	**3,793**
Intangibles/Misc. expenditure	**919**	**792**	**735**	**624**	**531**
Total assets	**11,336**	**11,315**	**12,667**	**10,771**	**9,926**

Cash flow

(₹ mn)	FY10	FY11	FY12	FY13E	FY14E
Pre-tax profit	34	611	(233)	(251)	88
Total tax paid	(60)	(133)	(17)	-	(9)
Depreciation	569	639	668	717	771
Working capital changes	1,029	255	(1,700)	1,195	160
Net cash from operations	**1,572**	**1,372**	**(1,282)**	**1,661**	**1,010**
Cash from investments					
Capital expenditure	(329)	(487)	(972)	(90)	(106)
Investments and others	11	(480)	341	-	-
Net cash from investments	**(318)**	**(967)**	**(632)**	**(90)**	**(106)**
Cash from financing					
Equity raised/(repaid)	-	769	-	-	-
Debt raised/(repaid)	(1,204)	(1,301)	850	(1,734)	(900)
Dividend (incl. tax)	(142)	(187)	(31)	36	(24)
Others (incl extraordinaries)	298	221	783	53	(0)
Net cash from financing	**(1,047)**	**(499)**	**1,601**	**(1,645)**	**(924)**
Change in cash position	207	(94)	(312)	(73)	(21)
Closing cash	599	505	193	120	99

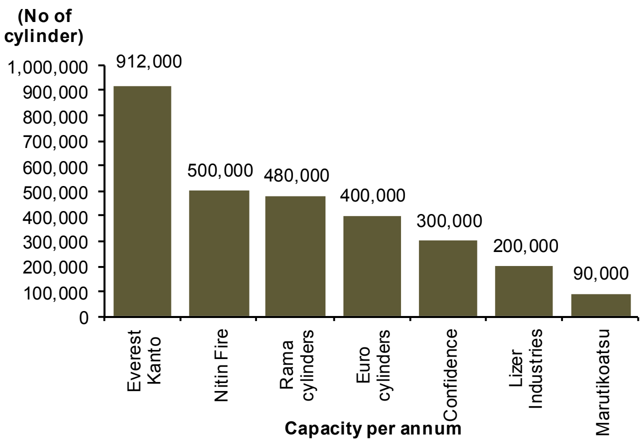
Quarterly financials

(₹ mn)	Q2FY12	Q3FY12	Q4FY12	Q1FY13	Q2FY13
Net Sales	**1,720**	**1,451**	**1,457**	**1,284**	**1,546**
Change (q-o-q)	-20%	-16%	0%	-12%	20%
EBITDA	**309**	**154**	**19**	**81**	**176**
Change (q-o-q)	-35%	-50%	-88%	327%	118%
EBITDA margin	**18%**	**11%**	**1%**	**6%**	**11%**
PAT	(30)	(222)	9	(329)	9
Adj PAT	**204**	**45**	**(200)**	**(116)**	**(95)**
Change (q-o-q)	-31%	-78%	-543%	-42%	-18%
Adj PAT margin	**12%**	**3%**	**-14%**	**-9%**	**-6%**
Adj EPS	**1.9**	**0.4**	**(1.9)**	**(1.1)**	**(0.9)**

Source: CRISIL Research

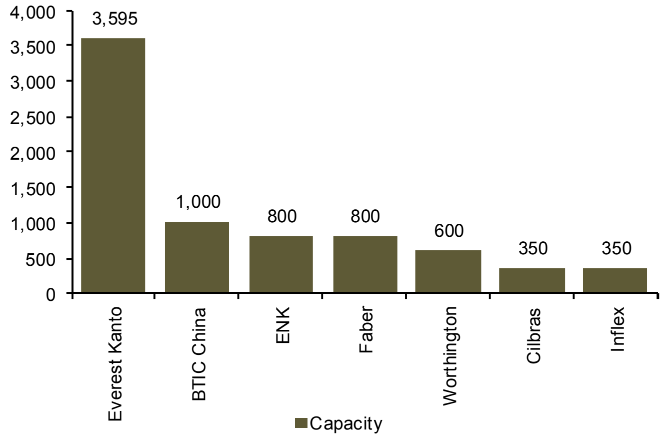
Focus Charts

Everest Kanto is the largest domestic…



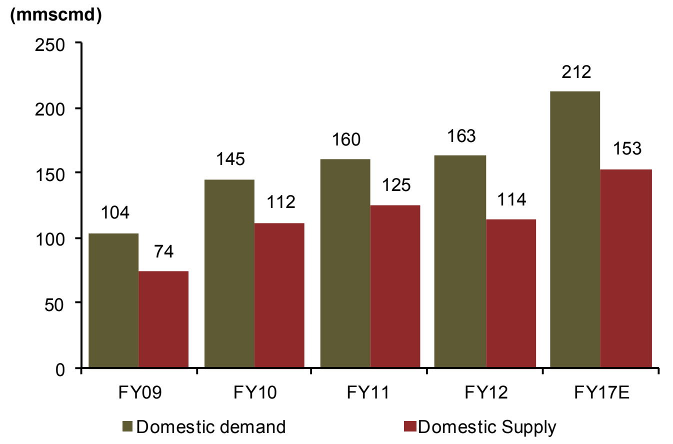
Source: Industry, CRISIL Research

… and global high-pressure cylinder manufacturer



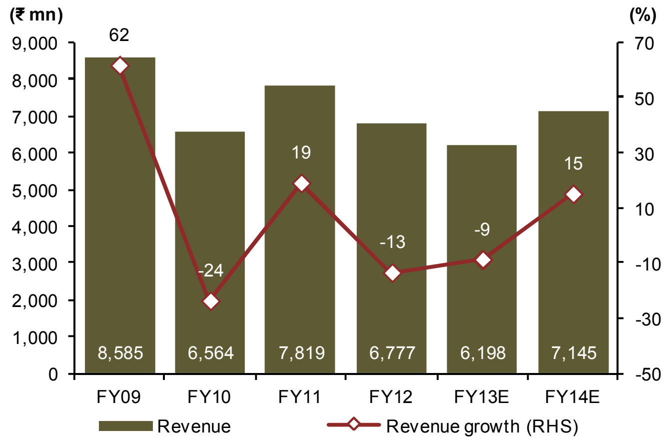
Source: Industry, CRISIL Research

Domestic natural gas situation is poor



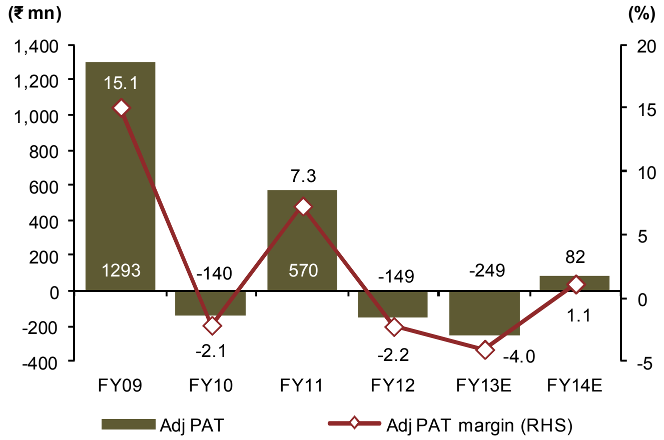
Source: Industry, CRISIL Research

Revenue growth to be muted in next two years



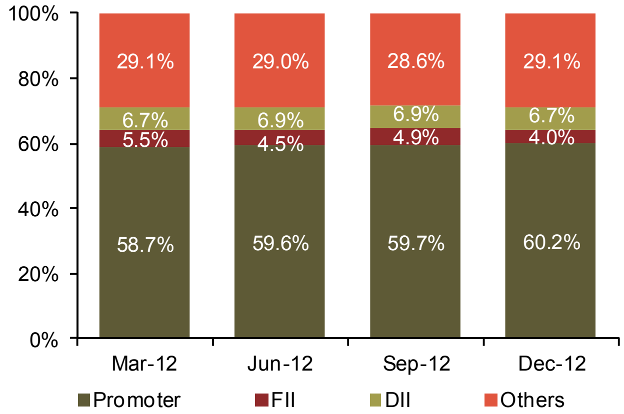
Source: Company, CRISIL Research

PAT margin fall in FY13 and revive in FY14



Source: Company, CRISIL Research

Shareholding pattern over the quarters



Source: NSE

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