

Nitin Fire Protection Industries Ltd

Institutional Report

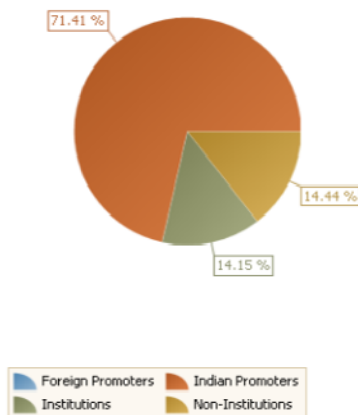
Mar 21, 2013	
Recommendation	BUY
CMP (Rs)	63.00
Target (Rs)	80.00
BSE Code	532854
NSE Code	NITINFIRE
SENSEX	18,890
NIFTY	5,691

Stock Details

Industry	Engg.-Ind. Equipment
Equity Capital Pd Up (Rs Cr)	44.11
Face Value	2.00
Industry P/E	22
Market Capital(Rs Cr)	1484.00
52 Week H/L	79.25 / 36.95

Shareholding Pattern (%)

Indian Promoters Hold - 71.41
Institution(Incl. FII) Hold - 14.15
Non-Institution Hold - 14.44



Nitin Fire Protection Industries Ltd

Company Background

- Established in 1980, Nitin Industries was founded by Nitin Shah, who started the business with manufacturing of fire extinguishers and fire-fighting equipment. In 1995, Nitin Industries name was changed to Nitin Fire Protection Industries Ltd (NFPIL). NFPIL was the first company in India to have its own refilling station for Novec -1230, FM-200, duly approved by Chief Controller of Explosives, Nagpur, India.
- NFPIL provides Turnkey solutions viz Fire detection systems, Fire suppression systems & Fire protection systems. NFPIL's is the only Indian company with more than ~60 international approvals. NFPIL has done 5000 direct installation on Pan India basis and more than 20000 indirect installations

Market Leader

- NFPIL is country's leading end-to-end solutions provider of fire protection, safety and security services. NFPIL promoter's expertise in core business takes company to No.1 position in India & global leader in business.

Earnings Outlook

- We expect NFPIL to witness healthy top-line growth of 23% CAGR from Rs 536.04 crore in FY12 to Rs 981.09 crore by FY15E on the back of domestic demand and readily available inventory. We believe that this acceleration is achievable owing to the stringent fire protection measures taken up by Maharashtra state government & may be opted by all state government going forward. PAT is expected to grow at a CAGR of 28% to Rs 106 cr FY15E. At CMP of Rs 63, it is trading at an adjusted P/BV of 4.0x FY14E & P/BV of 3.5x FY15E. We have valued the NFPIL at P/E of 19x FY14E & maintain our BUY rating on the stock with a target price of Rs 80.00.(See Valuation for price discovery)

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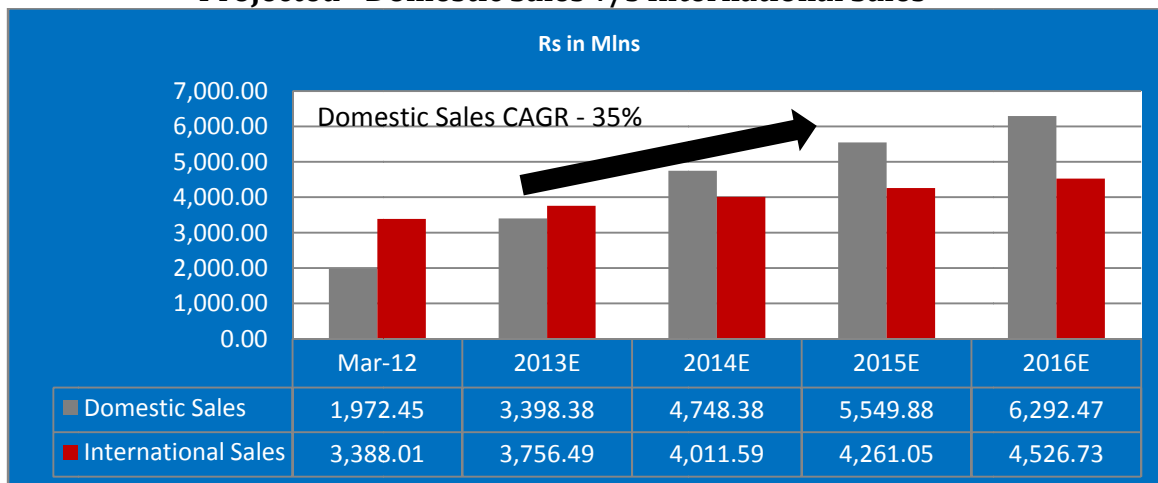
Key Financials	2010A	2011A	2012A	2013E	2014E	2015E
Equity Share Capital	12.60	12.60	44.11	44.11	44.11	44.11
FV	10.00	10.00	2.00	2.00	2.00	2.00
No. of Share	1.26	1.26	22.05	22.05	22.05	22.05
CMP	-	-	-	63.00	63.00	63.00
Market Cap	-	-	1,472	1,472	1,472	1,472
Sales	314.3	440.4	536.0	703.7	875.9	981.1
EBITDA	57.3	67.1	67.4	96.7	123.7	139.3
Net Profit	41.8	58.0	47.0	67.5	93.8	106.8
Market Cap/Sales	-	-	2.74	2.00	1.68	1.50
EPS	-	-	2.13	3.06	4.25	4.84
P/E	-	-	-	20.3	14.8	13.0
Book Value	-	-	12.02	13.33	15.74	18.06
P/BV	-	-	-	4.72	4.00	3.48

Source: - Company Data, Magnum Research

Financial Health

NFPIL reported robust consolidated numbers for 9m ended consolidated sales of Rs 590.9 cr and PAT of Rs 54.8 cr on the back of higher domestic sales. The domestic sale has shown tremendous strength and still expected to grow further at CAGR of ~35% FY15E, Also international sales have shown steady growth in past and would likely grow at GACR of ~9% FY15E. The standalone Q3FY13, EBIDTA stood at Rs 13.24 cr v/s Rs 7.74 cr (Y-o-Y) rise of ~71% and PAT at Rs 6.64 cr v/s Rs 2.73 cr (Y-o-Y) rise of ~143%. The consolidated Q3FY13, EBIDTA stood at Rs 29.09 cr v/s Rs 16.24 cr (Y-o-Y) showing increase of ~84.%, While PAT stood at Rs 21.36 v/s Rs 12.76 cr (Y-o-Y) registering a growth of ~67%.

Projected - Domestic Sales v/s International Sales



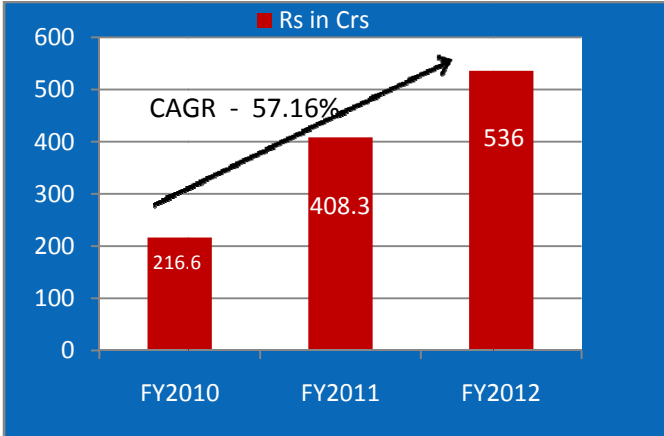
Industry Overview

It is Estimated annual worldwide loss of Assets due to fire are to the tune of ~US\$ 10,000 cr, the Fire protection market in India is expected to grow at CAGR of ~35% by FY15E. The Fire Protection market worldwide is expected to grow at CAGR of ~10% by FY15E. The Organized share of the Fire protection market is ~47% & unorganized market share is ~53% globally. As far as the Indian market is concerned, there is no authentic data on the correct size of the addressable market. However, our estimates indicate that the current market size is ~Rs 3400 cr. Indian fire protection market is expanding to meet the growing demand from the user segment. Large office space, technology parks, commercial complexes, airports, petrochemical complexes, manufacturing ventures are expanding and these ventures continue to support the growth of the fire protection demand in the country. The fire-fighting industry in India has tremendous potential. As the economy grows, both industry and government are updating fire protection systems for continued operations in industrial plants and offices. The government regulations for fire safety are now mandatory and this has further brightened the market outlook for fire protection systems in India. Customers are also becoming more conscious of the importance of having a reliable fire protection in place. In the near future, there will be a consolidation of the number of players and only those who are able to provide quality services will survive. Currently, there are more than 60 companies with pan India presence for Fire Protection. However majority of players in this field are either family owned or proprietary concerns. With the market becoming more competitive many of the players in Fire Protection are already diversifying into other fields like Security. This scenario may be advantageous for company like “NFPIIL”.

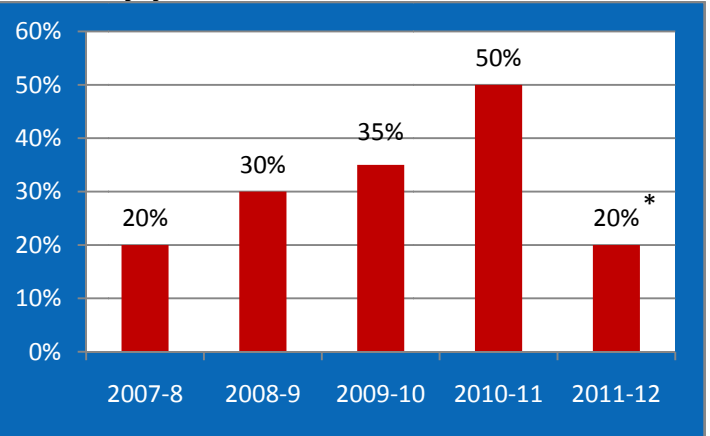
Past Performance

NFPIL’s focus on high margin Fire protection solution business & moving out gradually from low margin CNG cylinder manufacturing business will bring high margin with low investment thus resulting in higher Top & Bottom line. Going forward domestic concentration and already expanded reach into countries like Singapore, Indonesia, Malaysia, Afghanistan, Saudi Arabia, Qatar, Bahrain, Spain, England and Bangladesh with products matching international standards would strengthen NFPIL business. NFPIL’s vision of looking at new geographies and strengthening into existing geographies would retain business as well as customers. The below chart indicates the Sales growth figures, Dividend payouts, EBITA & PAT figures & also Revenue Break-up Y-o-Y. NFPIL enjoys good margins and has no long term borrowings thereby keeping enough room in the balance sheet for any expansion or growth opportunities. More than 5000 direct installation on Pan India basis and more than 20000 indirect installations done through various contractors.

Sales Growth



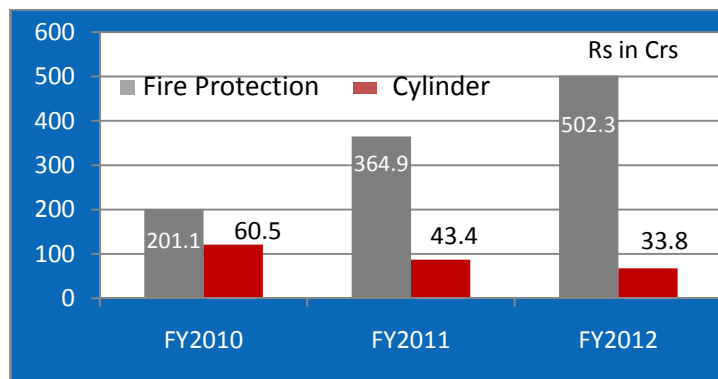
Dividend payouts



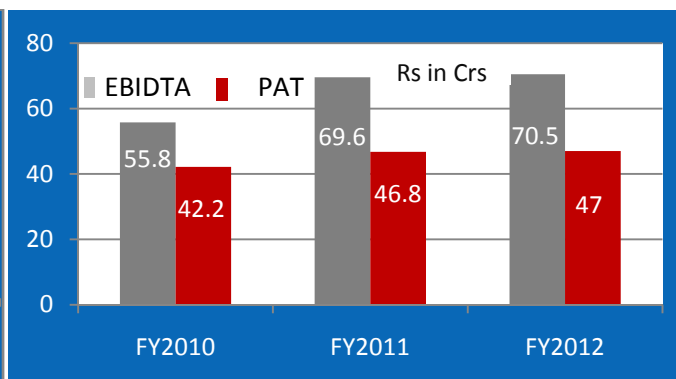
*adjusted for bonus

NFPIL's revenue from domestic sales generates business almost ~48% in Q3FY12, while the balance revenue of ~52% in Q3FY12 comes from International sales. In the domestic geographies, the company has pan India presence except in north-east. The company's has offices in Mumbai, Delhi, Hyderabad, & Chennai. With engineers spread around the country NFPIL can easily commence installation on site anywhere and also could provide maintenance of systems. Overseas, the company has presence in Middle East, South-East Asia, etc. The systems are designed by NFPIL as per customer's requirement and exported to different location; the assembly of the systems is done on site with the help of the contractor in that particular region. Chart of past performance of NFPIL's business activity: Revenue Break-up, EBIDTA & PAT is shown below.

Business Activity – Revenue Break-up



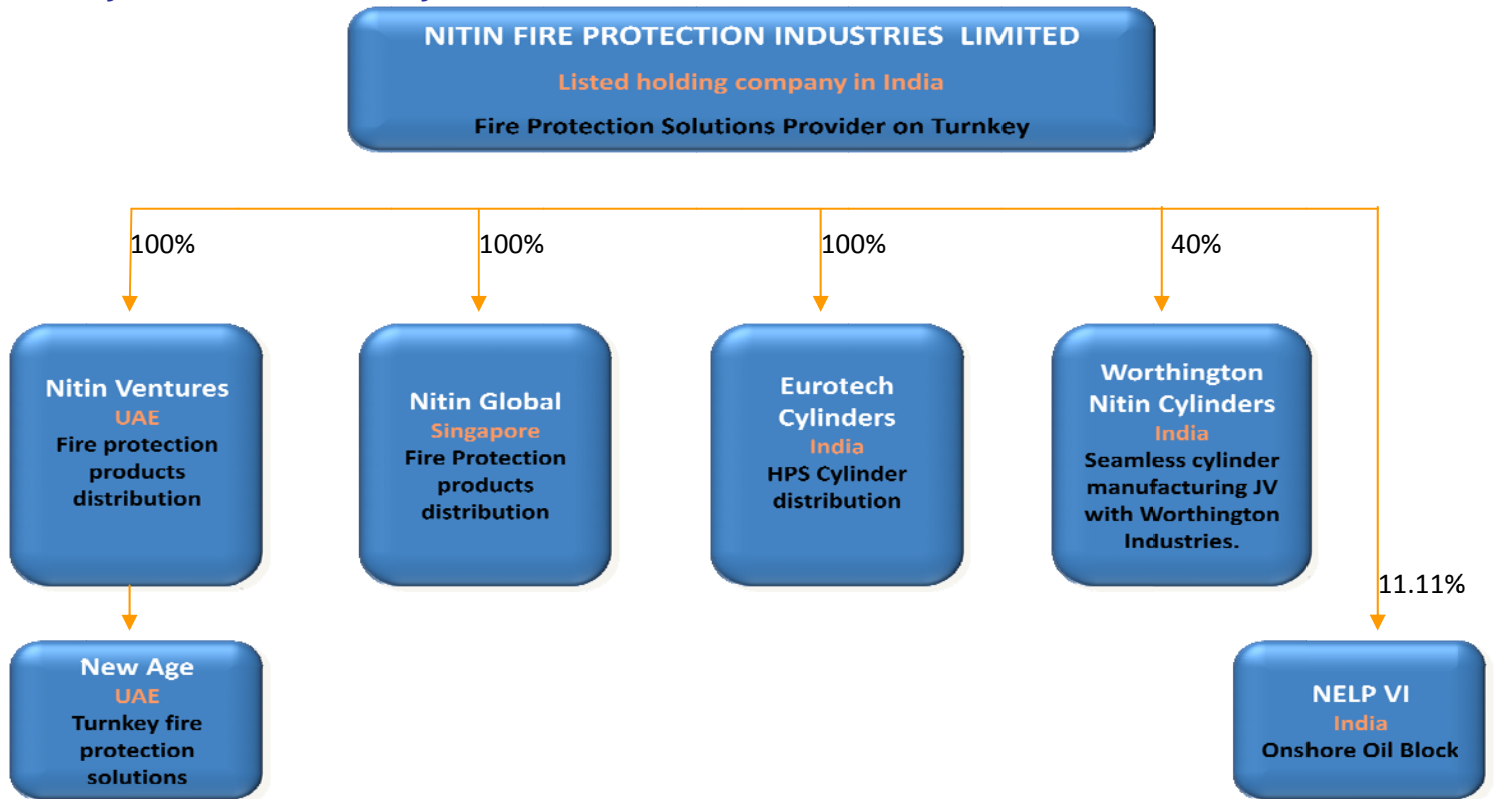
EBIDTA & PAT



Infrastructure Set-ups:

1. Factory Premise at MIDC, Vashi: - Manufacturing and servicing facility for various type of fire extinguishers and accessories and systems.
2. System Design and Service Centre at Powai, Mumbai: - Design, supply, installations, testing, commissioning and servicing of various types of fire protection systems.
3. System Design & Service Centre at Vadhani Ind Estate, Ghatkopar (W), Mumbai: - Design, supply, installations, testing, commissioning and servicing of various types of fire protection systems.
4. Assembling & Manufacturing unit at Vishakhapatnam SEZ

Chart of NFPIL's Product Portfolio & Subsidiaries



Subsidiaries Details:

Eurotech Cylinders Pvt. Ltd.-(100% Subsidiary)

Business profile of this company is purchase & supply of high-pressure seamless cylinders & valves from China & other countries and selling it under brand name “EURO” in domestic markets. The products are mainly supplied to dealers of industrial/medical gases & fire fighting equipments.

Nitin Venture FZE (UAE)-(100% Subsidiary)

The company is strategically placed to be an international one stop source customers for conventional to intelligent integrated fire detection systems, water and gas based fire extinguishing systems, gas detection systems, CCTV, access control & intrusion detection systems, high pressure storage cylinders, accessories, integrated building management systems. It is a trading arm of NPFIL mainly importing goods from China, U.S., U.K., Germany, etc. to meet the above demand of international customers.

New Age Company LLC (UAE)

This company was incorporated in 1976, with presence in various parts of seven emirates viz, Dubai, Sharjah, Abu Dhabi, etc has got all government approvals & licenses in protection & security solutions. Providing equipments, fire protection system, fire detection system, emergency lighting system and water mist fire protection systems. Many star rated projects for Municipality, Airport Development Board, Port Authority, Industrial Warehouses, Commercial Warehouses, Electricity Board etc and other government bodies have been done by this firm.

Nitin Global Pte Ltd (Singapore)-(100% Subsidiary)

Business profile of this company is providing simple, standalone conventional to intelligent, integrated fire protection solutions backed by a product portfolio consisting of complete spectrum of fire and safety products with international approvals. This company was established in 2009, mainly to serves “S-E Asian markets”.

Fire Protection & Security Solution Business Activity



Smoke Detector



**Fire Alarm
Control Panel**



**CNG Gas
Storage Cascade**



**NITIE 1230 Fire
Suppression System**

One of the country’s leading end-to-end solutions provider of fire protection, safety and security services. Strong track record of executing projects for more than 18 years focused on Gas based suppression systems for mission critical areas. Products approved by domestic and international agencies. This business contributes ~85% to ~95% of total consolidated revenue generation & balance ~15% to ~5% revenue is generated from cylinder business. Business from project based work aggregates to ~85% & maintenance business contributes ~5% and rest ~10% from fire extinguishers business.

Fire Alarm Systems

Under this head company provides solution such as Conventional & Intelligent Addressable Ionization smoke detectors, Optical smoke detectors, Optical beam detectors, Heat detectors, Multi sensor detectors, Flame detectors, Video smoke detectors, Carbon Monoxide detectors, Manual Call Points, Fire Alarm Control Panels etc. to commercial buildings, malls, theatres, etc.

Fire Suppression Systems

Under this head company provides solution such as Wet Chemical based systems, Kitchen Fire Suppression systems, Water Leak detection systems, Gaseous Fire Suppression systems (HFC 227ea, NOVEC™1230, CO2 and other inert gases), Foam based Fire Suppression systems, Water based Fire Protection systems (Hydrant and Sprinkler) for industrial and chemical plants as per their requirements.

Fire Extinguishers

Under this head company provides different fire extinguishers viz Ozone Friendly Clean agent fire extinguishers, ISI marked BC - Dry Chemical powder and ABC Dry Chemical powder fire extinguishers, ISI marked CO2 extinguishers, Water CO2, Mechanical foam etc. for manual use in particular.

High Pressure Seamless Cylinders



Industrial Cylinders

CNG Cylinders

NFPIL has facilities located at Navi Mumbai (TTC Industrial Area) and Vishakhapatnam for integration of various fire protection solutions including manufacture of fire extinguishers. The Integrated manufacturing facility at Vishakhapatnam SEZ (A.P.) has an installed capacity of 5,00,000 cylinders per annum for CNG application. These cylinders were previously manufactured by NFPIL’s subsidiary, Nitin Cylinders, but now the company has sold 60% stake sale to US based company ‘Worthington Industries Inc’ in Dec 2010, the manufacturing of the CNG Cylinders has now been transferred to Worthington Industries Inc.(major holder) & rest 40% are with NFPIL. The decision was in line to concentrate more on core business.

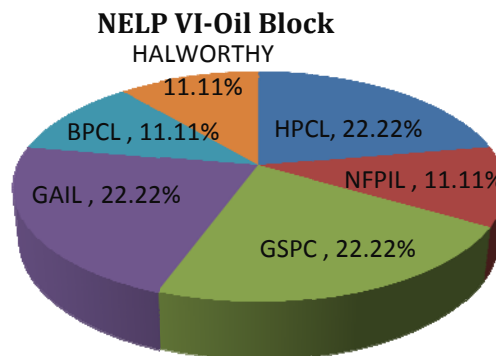
Industrial Cylinders 3-80 liters (dia. = 108-267 mm)

Under this head company distributes high pressure seamless cylinders for industrial gases, fire fighting & beverage application, medical applications etc.

Added Advantage (Oil Exploration):-

NELP VI – Oil Block

- Entered into a production sharing contract for exploration and prospecting of a on-shore crude oil block in Rajasthan (NELP VI) in 2006.
- GAIL and GSPC are the main operators for the block and HPCL, BPCL and Halworthy are other consortium members.

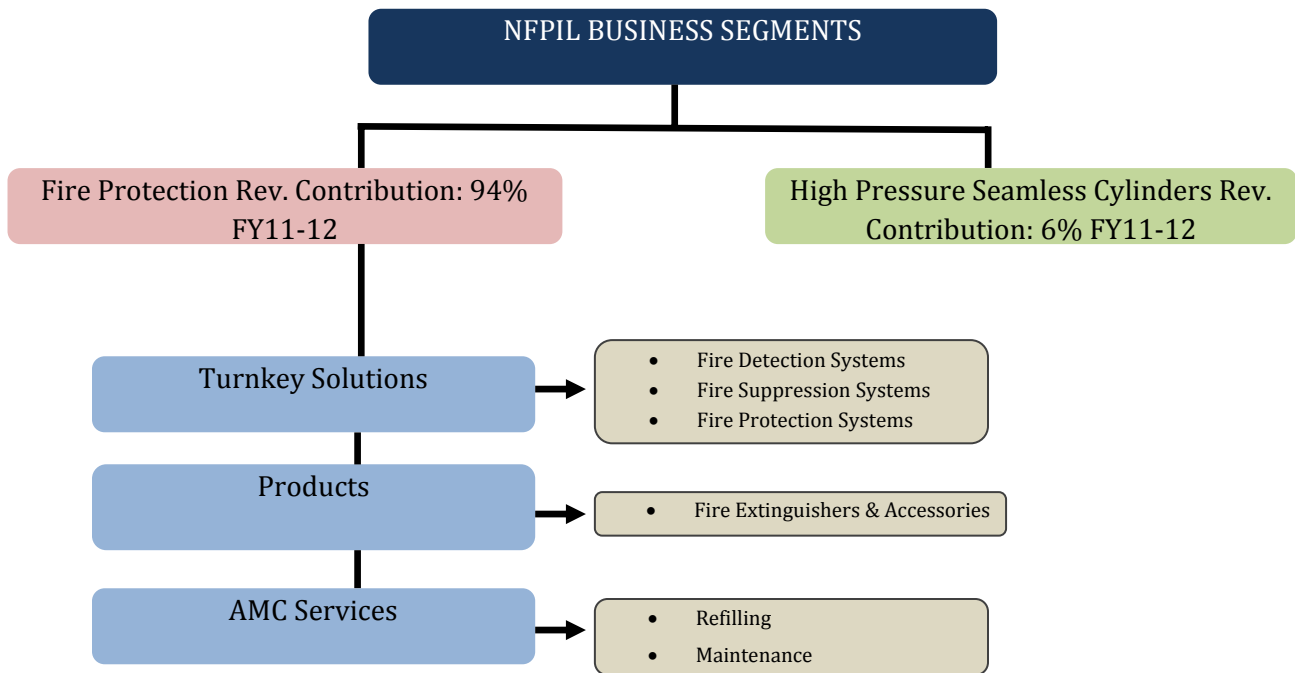


- NFPIL has 11.11% share in a JV for oil exploration block RJ19 in Rajasthan State with estimated reserves of ~35 mmb (source DRHP of GSPC).

- Investment as on Sept 30, 2012 is Rs. 206.72 million.

NFPIL's commencement of crude oil production can create a history for this stock going forward. While, the production has already been delayed from quite some time but chances of this business to commence according to our estimates are higher which could add good numbers to top-line & bottom-line in coming years.

Business Segments of Nitin Group Companies



Key Investment Highlights

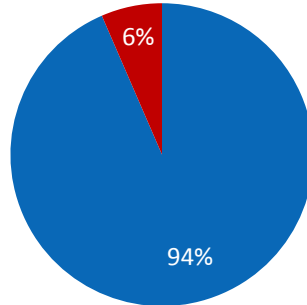
- **Leading player in providing end-to-end solutions in Fire Protection, Building Management Solutions.**

NFPIL is one of the leading and established players providing end-to-end solutions in the area of fire protection and fire suppression systems and building management systems. Its strong domain expertise over the years in designing, integration, supply, installations, testing, commissioning and servicing of various types of fire protection systems & solutions has enabled it to continue to get new clients and retain existing relationships. The company provides perfect match of products and services, from the basic level fire extinguishers to the high-end fire protection & security systems and building management solutions. Company also provides automated water and gas based fire suppression systems along with fire detection and security systems on turnkey basis. The company is primarily focused on Gas based suppression systems for mission critical areas. The fire alarm system that it provides include smoke detectors, optical smoke detectors, optical beam detectors, heat detectors, multisensory detectors, flame detectors, etc. Fire protection equipments sold under the brand name "NITIE".

Breakup of Sales Revenue

Segment Sales

- Fire Protection & Security Solutions
- High Pressure Seamless Cylinders

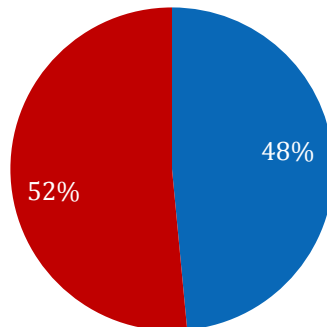


NFPIL generates almost 48% of its revenues from India (in Q3FY12; in FY11: 31.1%), while the balance revenue comes from International market. In the domestic market, the company has strong presence spread equally across all the regions except in the northeast, where the company has a small presence. The company has engineers across all the states with offices in Mumbai, Delhi, Chennai, & Hyderabad. Introduced environmentally clean ozone friendly gas suppression system and successfully executed more than 45 projects within span of 12 months which includes users like Wipro, TCS, HP, Tulip, IIT, Aircel, Uninor, ONGC, etc. However, overseas the company has presence across Europe, Middle East, East Africa and South East Asia. Malaysia, Indonesia, Singapore, Pakistan, Afghanistan, UK & UAE are NFPIL's major markets (Singapore, Malaysia, UK & UAE being the major ones). The Gas Suppression systems are designed by NFPIL as per customer requirements and exported to contractors in these countries and then the contractors do the assembly, installation & commissioning work for final customers over there.

Breakup of Sales Revenue Domestic & International

Q3 Revenue figures

- Revenue Domestic Q3
- Revenue International Q3



■ ***Strong presence in Middle-east& S-E Asia through ventures and holding companies.***

NFPIL has strong presence in middle-east through its subsidiaries Nitin Ventures FZE (UAE) & New Age Company LLC (UAE). Nitin Ventures holds 100% in New Age Company LLC, While NPFIL hold 100% in Nitin Ventures (UAE). NPFIL holds 100% in subsidiary in Singapore namely Nitin Global Pte Ltd. (Singapore) to serve S-E Asian clients. NFPIL generates almost 48% of its revenues from India in Q3FY12; (in FY11: 31.1%), while the balance revenue comes from International market. In the domestic market, the company has strong presence spread equally across all the regions except in the northeast, where the company has a small presence. The company has engineers across all the states with offices in Mumbai, Delhi, Chennai, & Hyderabad. Introduced environmentally clean ozone friendly gas suppression system and successfully. NFPIL's previous wholly owned subsidiary Nitin Cylinders has now become its associate with 40% stake w.e.f December 29, 2010 in JV formed with Worthington Industries Inc. which holds rest 60% of the stake.

■ ***Strong marquee clients with robust order book and superb execution track record.***

NFPIL has strong track record of executing projects for more than 19 years with some of major projects in India & overseas. The big name includes Air India, IOC, ONGC, Asian Heart Hospital, Vodafone, Maruti, RComm, etc. The client's names overseas include Central Bank-UAE, Al Reem Plaza-Sharjah, Galadari Press-UAE, Khalij Times Building, etc. The company has tie-ups with Kidde Fire Protection, UK, a distributor for the Argonite-C60 and NOVEC 1230 fire suppression systems. The company deals with DuPont, USA, an OEM for HFC 227ea, an ozone friendly gas for fire suppression systems. NFPIL has exclusive distributor in India for Apollo's (UK) fire detection products. These tie-ups ensure access to new technologies.

■ ***Approvals from Domestic & International Authorities.***

The company is an approved agency by Government of Maharashtra, Directorate of Maharashtra Fire Services has granted the licence under the provisions of Sub-Section (3) of Section 9 of the Maharashtra Fire Prevention and Life Safety Measures Act, 2006 (Mah. III of 2007) to act as a Licensed Agency for the purposes of Fire Prevention and Life Safety Measure in relation to:-

- Fire Fighting System Installation such as hydrants, sprinklers, pumping etc
- Detection and Fire Suppression System
- Passive Protection such as cable protection, fire doors etc

NFPIL is the only Indian Company to have ~60 International approvals from Underwriters Laboratories Inc., USA; Loss Prevention Certification Board U.K., European Conformity U.K., BSI KITEMARK and VDS SCHADENVERHUETUNG, Germany.

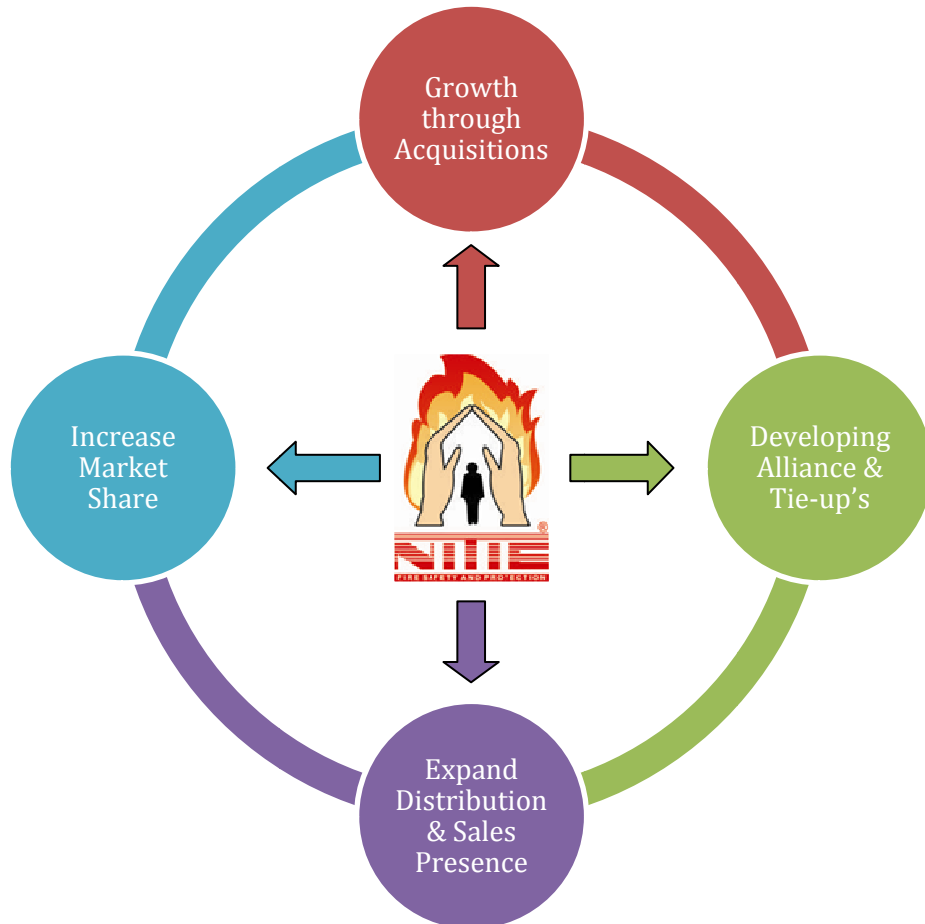
■ ***Excellent Edge over its Peers.***

NFPIL faces competition from players like Honeywell, Firepro, Siemens, Tyco, Johnson Controls, UTC & Mini Max. However, NFPIL has a competitive edge over its peers due to its past execution track record, domain expertise in providing end-to-end solutions in fire protection & security solutions, competitive pricing, long standing relationship with its clients. With approvals from International & Domestic authorities the company enjoys biggest chunk in market share of the product. Complete range of solutions from portable extinguishers, fire protection solutions including hi-tech fire alarm systems along with Gas suppression system. Track record of executing large scale projects onshore and offshore.

Growth Drivers

- Growing economy leading to industrial growth
- Boost in infrastructure related projects in India
- Increased emphasis on safety and security, especially after the rise in terrorist attacks globally and in India
- Revamping of Plants and Offshore oil Platforms
- Strong emergence of high growth verticals like Telecom, IT, Malls, multiplexes, retail chains etc.
- Government compulsion for upcoming and existing buildings to have fire protection systems
- Fire act being considered and to be implemented strongly across the country starting with Maharashtra

Growth Strategy



Quarterly Performance Consolidated

Quarterly Performance Consolidated			In lacs
	Q3-FY13	Q3-FY12	VAR%
Income	20,134	10,352	94.4
Total Expenses	1,7134	8734	96.2
EBIDTA	2,999	1,624	84.7
PB FC& Ex. Items	2,909	1,552	87.5
PBT	2,306	1,400	64.7
Tax	170	124	-
PAT	2,136	1,276	67.3

Quarterly Performance Standalone

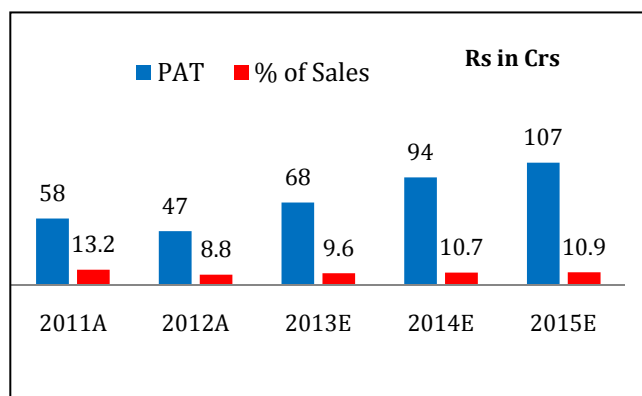
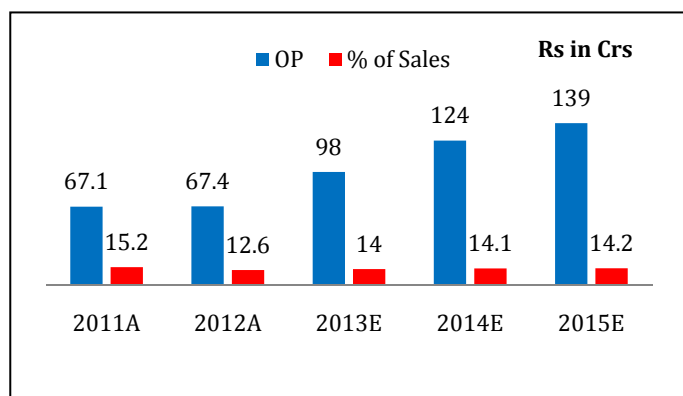
Standalone Results Unaudited		Rs in lacs	Quarter Ended			Nine months ended	
			31/12/2012	30/09/2012	31/12/2011	31/12/2012	31/12/2011
1	Income from operations						
	a) Net sales /income from operations		9,778.87	11,154.73	7,472.41	30,946.09	13,051.86
	b) Other operating income		0.00	2.25	-	2.25	-
	Total Income from operations (net)		9,778.87	11,156.97	7,472.41	30,948.34	13,051.86
2	Expenses						
	a) Cost of materials consumed		7,959.58	8,814.43	5,513.44	25,422.55	9,126.68
	b) Purchase of stock-in-trade		-	-	-	-	1,170.32
	c) Changes in inventories of stock -in-trade		-	-	773.59	-	-
	d) Employee benefits expense		184.62	150.74	139.11	489.15	424.58
	e) Depreciation and amortization expense		26.96	26.90	8.34	78.62	23.81
	f) Other expenses		310.92	702.92	272.49	804.21	787.55
	Total Expenses		8,482.08	9,694.99	6,706.97	26,794.53	11,532.94
3	Profit from operations before other income, finance costs and exceptional items (1 - 2)		1,296.79	1,461.99	765.44	4,153.81	1,518.92
4	Other income		93.13	36.11	13.30	169.29	45.81
5	Profit from ordinary activities before finance costs and exceptional Items (3 + 4)		1,389.92	1,498.10	778.74	4,323.10	1,564.73
6	Finance costs		566.78	371.20	235.87	1,364.35	494.58
7	Profit from ordinary activities after finance costs but before exceptional Items (5 - 6)		823.14	1,126.90	542.87	2,958.75	1,070.15
8	Exceptional items		-	-	(201.52)	-	(26.70)
9	Profit from ordinary activities before tax (7 + 8)		823.14	1,126.90	341.35	2,958.75	1,043.45
10	Tax expense (net of MAT credit)		158.99	226.18	68.22	585.69	211.69
11	Net profit from ordinary activities after tax (9 - 10)		664.15	900.72	273.13	2,373.06	831.76
12	Extraordinary items		-	-	-	-	-
13	Net profit for the period/year (11 + 12)		664.15	900.72	273.13	2,373.06	831.76
14	Paid-up Equity Share Capital (face value of Rs 2/- each)		4,411.05	4,411.05	4,411.05	4,411.05	4,411.05
15	Reserves excluding Revaluation Reserves as per Balance Sheet of the previous accounting year		-	-	-	-	-
16	Earnings per share (before extraordinary items - not annualised)						
	(a) Basic		0.30	0.41	0.12	1.08	0.38
	(b) Diluted		0.30	0.41	0.12	1.08	0.38
(ii)	Earnings per share (after extraordinary items - not annualised)						
	(a) Basic		0.30	0.41	0.12	1.08	0.38
	(b) Diluted		0.30	0.41	0.12	1.08	0.38

Financial Estimates: Consolidated

Income Statement (Rs in million)							
Y/E Mar	2010A	2011A	2012A	2013E	2014E	2015E	2016E
Net Sales	3,143.5	4,404.1	5,360.5	7,036.7	8,760.0	9,810.9	10,819.2
EBITDA	572.9	671.3	674.6	986.7	1,237.9	1,392.8	1,568.1
<i>margin</i>	18.2%	15.2%	12.6%	14.0%	14.1%	14.2%	14.5%
- Interest	92.0	118.0	167.0	208.0	189.6	213.2	232.7
PBT	506.6	628.8	508.2	752.7	1,038.9	1,185.1	1,347.5
<i>margin</i>	16.1%	14.3%	9.5%	10.7%	11.9%	12.1%	12.5%
- Provision for Tax	88.6	48.7	37.7	77.4	100.1	117.0	138.5
Net Profit	418.0	580.1	470.4	675.3	938.9	1,068.2	1,209.0
<i>margin</i>	13.3%	13.2%	8.8%	9.6%	10.7%	10.9%	11.2%

SOURCES OF FUNDS (Rs in Mlns)					
	Mar-12	Mar-13E	Mar-14E	Mar-15E	Mar-16E
Net Worth	2,657.2	3,331.6	4,266.6	5,401.2	6,674.0
Debt (Working Capital)	2,926.0	2,526.5	3,068.4	3,473.1	3,730.4
Capital employed	5,583.1	5,858.1	7,335.0	8,874.3	10,404.4
Application of Funds					
Net Fixed Assets	1,278.3	1,245.5	1,213.3	1,198.0	1,186.9
Net Working Capital (excluding Cash)	3,432.8	3,409.8	4,240.1	4,955.9	5,483.2
Cash & Bank balance	209.1	469.9	1,073.7	1,912.5	2,926.4
Capital deployed	5,583.1	5,858.1	7,335.0	8,874.3	10,404.4

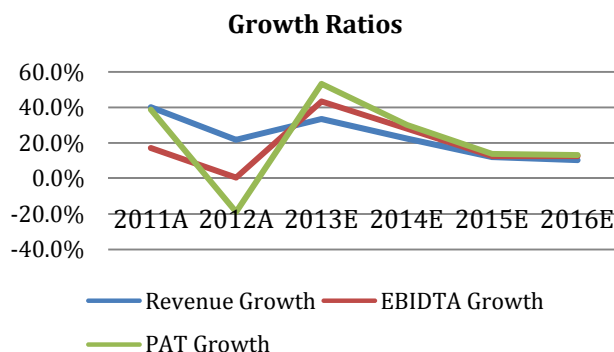
Chart of consolidated operating profit & consolidated PAT from FY11 combined with our estimates for FY13E, FY14E, and FY15E.



NFPIL's concentration on organic business and also to grow inorganically will help generating revenues as projected. The company's focus to gradually move out of low margin cylinder business & aiming to focus on high margin & growth track of fire protection solutions would fetch cost realization that could lead to greater margin realization going forward. NFPIL's operating margin would improve from 12.6% FY12 to ~14.2% FY15E. Simultaneously, PAT margins would increase from 8.8% FY12 to ~10.9% FY15E. The current southward journey of interest rate scenario would add to the bottom-line of the company going forward.

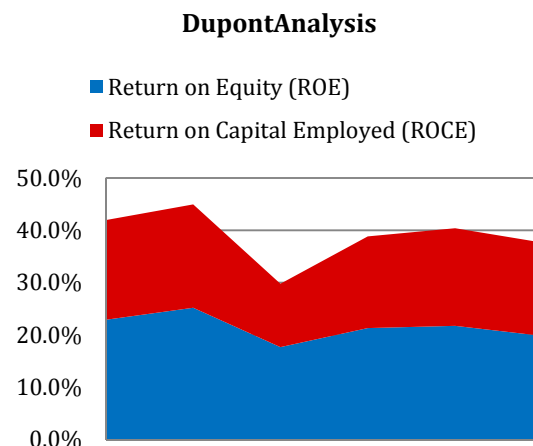
Ratio Analysis:

Y/E Mar	2011A	2012A	2013E	2014E	2015E	2016E
Growth Ratios						
Revenue Growth	40.1%	21.7%	31.3%	22.4%	12.0%	10.3%
EBIDTA Growth	17.2%	0.5%	46.3%	28.0%	12.5%	12.6%
PAT Growth	38.8%	18.9%	43.5%	30.2%	13.8%	13.2%

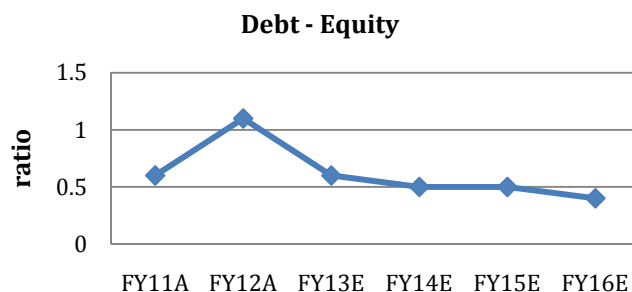


Liquidity Ratios	FY11A	FY12A	FY13E	FY14E	FY15E	FY16E
Current Ratio	1.8	4.1	5.3	4.4	5.1	5.7
Inventory Conversion Period	85	182	112	89	91	92
Receivables Conversion Period	199	116	96	96	96	95
Payables Conversion Period	249	61	52	52	52	51
Cash Conversion Cycle	35	238	145	133	135	136

Dupont Analysis	FY11	FY12	FY13E	FY14E	FY15E	FY16E
PAT Margin	13.2%	8.8%	9.6%	10.7%	10.9%	11.2%
Total Assets (Rs. in mn)	6,156.0	6,749.2	6,773.8	7,963.2	9,327.4	10,807.4
Assets T/O	0.7	0.8	1.0	1.1	1.1	1.0
Networth (Rs. in mn)	2,301.6	2,657.2	3,331.6	4,315.6	5,383.2	6,591.7
Financial Leverage Multiplier (FLM)	2.7	2.5	2.0	1.8	1.7	1.6
Return on Equity (ROE)	25.2%	17.7%	20.3%	21.8%	19.8%	18.3%
Return on Capital Employed (ROCE)	19.8%	12.1%	16.4%	18.6%	17.8%	17.1%



Leverage Ratios	FY11A	FY12A	FY13E	FY14E	FY15E	FY16E
Debt - Equity	0.6	1.1	0.8	0.5	0.5	0.4
Debt - Total Assets	0.2	0.4	0.4	0.3	0.3	0.2
TOL - TNW	1.7	1.5	1.0	0.8	0.7	0.6



Concerns:

1. The forex loss due to foreign exchange fluctuation that can translate in loss as more than 50% revenue is from export operations. However, due to import substitute the part of risk get covered.
2. NFPIIL's has trimmed down loss on cylinder business by selling 60% stake in Nitin cylinder, but still exposure of 40% remains. This business has already added loss to balance sheet to certain extend.
3. Economic slowdown domestic as well as internationally would impact the demand of products as the major revenue chunks comes from corporate business especially from Oil & Gas, Telecom sector, etc. Although, signs of revival in US economy have been indicated but still UK & other economy are in shadow of slowdown.
4. Sharp rise in raw material price like Valves, Tubes, Gases, etc. could lead to higher input cost, but inability to pass the this high input cost to customers end may result in squeezing of profit margins.
5. The delay in commencement of crude oil production may see rise in interest burden as company has already invested more than Rs 200 mln for this venture.
6. In absence of peer competitors being not listed on any domestic exchanges the company enjoys high P/E & P/BV. Any peer competitor listing may probably change the valuation data points.

Outlook & Valuations:

1. NFPIL's competitive edge over its peers due to its domain expertise in providing end-to-end solutions in fire protection & security solutions, competitive pricing, past execution track record, long standing relationship with its clients and with all its required domestic & international approvals in place Thus making the company largest player in Fire protection solutions industry.
2. NFPIL's business of end-to-end fire protection solutions has been an advantage for the company to win large size project of corporate world and high rise building currently developing in Metros. Also, NFPIL's business of maintaining these systems through maintenance contract is an added advantage to generate additional revenue to the company.
3. NFPIL's concentration on Organic business & also to grow inorganically has a competitive edge over its peers.
4. Our estimates of Revenue generation to grow at CAGR of ~21%-23% FY15E & PAT at CAGR of ~28%-30% FY15E makes valuation attractive for investment from CMP of Rs 63/share.
5. The NFPIL's share is trading at P/E 19x FY13E as per our estimates. In current scenario as there is no listed peer of this company on any domestic exchanges thus company has edge of getting higher P/E & higher P/BV. As per this situation we estimate high P/E at 19x FY14E giving price discovery of Rs 80.75 (rounded to Rs 80.00) and at low P/E at 13x FY14E giving price of Rs 55.25 (rounded to Rs 55.00).



PE Band with forward Estimates for FY14E

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