



EQUI-GRADE – Analytical Power for Investment Decision

NITIN FIRE PROTECTION INDUSTRIES LIMITED
INDUSTRIAL MACHINERY

July 31, 2014

Press Release

CARE EQUIGRADE GRID (CEG)					
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Fundamentals				→	
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- CARE Equity Research assigns Fundamental Grade on a scale of Grade 5 to Grade 1, with Grade 5 indicating 'Strong Fundamentals' and Grade 1 indicating 'Weak Fundamentals'.
- CARE Equity Research assigns Valuation Grade on a scale of Grade 5 to Grade 1, with Grade 5 indicating 'Considerable Upside Potential' and Grade 1 indicating 'Considerable Downside Potential'.

CARE Equity Research assigns a Fundamental Grade of 4 [Four] for the equity shares of Nitin Fire Protection Industries Limited (NFPI), indicating 'Very Good Fundamentals'.

The grade draws strength from NFPI's leading position in the Indian fire protection market, coupled with the positive growth outlook for Indian as well as international fire protection industry. EXPO 2020 to be hosted in Dubai, should augur well for the company's international business. NFPI has over 60 (domestic + international) approvals from various agencies and regulatory bodies required to operate in this business and execute fire protection, safety and security solution projects across various demographics. The company also has tie-ups with international components and product manufacturers to procure and distribute their products and use their technology, thereby giving it an edge over the local players in providing fire protection, safety and security solutions to the clients. The company has a diversified client base across industries and geographies which significantly reduces the risk of revenue concentration. The company has presence in South-East Asia, UAE and Europe (international sales contributed around 54% of total consolidated sales in FY14UA (refers to the period April 1 to March 31)).

CARE Equity Research assigns a Valuation Grade of 5 [Five], indicating the equity shares of NFPI have 'Considerable Upside Potential'.

CARE Equity Research valued the equity shares of NFPI at Rs.93.80 per share. The valuation has been arrived at by using the discounted cash flow methodology. The current intrinsic value (CIV) of Rs.93.80 per share is around 46.22% above the Current Market Price (CMP) of Rs.64.15 per share; hence we assign a valuation grade of 5/5 to the equity shares of NFPI, indicating that equity shares have 'Considerable Upside Potential.'

About the Company

NFPI, promoted by Mr. Nitin Shah and incorporated in 1995, is an end-to-end solutions provider of fire protection, safety and security. The company provides gas and water based fire protection and is also engaged in trading of fire detection, alarm and security systems. The end-user industries that NFPI caters to include telecom, IT and ITES, banking, oil and gas, manufacturing and retail. The group also manufactures and trades in high-pressure seamless cylinders (for compressed natural gas [CNG] and industrial cylinders) and CNG refueling systems. NFPI has three subsidiaries currently, 1) Nitin Ventures FZE in UAE, 2) Nitin Global PTE Ltd in Singapore (currently, the business is gradually being transferred in NFPI to improve synergies of supply chain management) and 3) Eurotech Cylinders Private Limited in India. NFPI also has two step-down subsidiaries in Nitin Ventures FZE, New Age Co LLC in UAE and Firetec Systems Limited (commenced commercial operations in 2013). Worthington Nitin Cylinders Ltd (WNCL), which previously was a wholly owned subsidiary, is now an associate company, post-sale of NFPI's 60% stake in the company to Worthington Industries Inc. since December 28, 2010. NFPI also continues to be a part of a non-integrated un-incorporated joint venture for an oil and gas block in Rajasthan, (auctioned in NELP VI) where it has 11.1% equity ownership.

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FUNDAMENTAL GRADE

CARE Equity Research's Fundamental Grade is an opinion on the fundamental soundness of the company vis-à-vis other listed companies in India. The grade is assigned on a five-point scale as under:

CARE Fundamental Grade	Evaluation
5/5	Strong Fundamentals
4/5	Very Good Fundamentals
3/5	Good Fundamentals
2/5	Modest Fundamentals
1/5	Weak Fundamentals

VALUATION GRADE

This grade represents the potential value in the company's equity share for the investor over a 1-year period. The grade is assigned on a five-point scale as under:

CARE Valuation Grade	Evaluation
5/5	Considerable Upside Potential (>25% upside from CMP)
4/5	Moderate Upside Potential (10-25% upside from CMP)
3/5	Fairly Priced (+/- 10% from CMP)
2/5	Moderate Downside Potential (10-25% downside from CMP)
1/5	Considerable Downside Potential (>25% downside from CMP)

Grading determination is a matter of experienced and holistic judgment, based on relevant quantitative and qualitative factors of the company in relation to other listed companies.

DISCLOSURES

- Each member of the team involved in the preparation of this grading report, hereby affirms that there exists no conflict of interest that can bias the grading recommendation of the company.
- This report has been sponsored by the company.

DISCLAIMER

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CARE's valuation of the security is mainly based on company-specific fundamental factors. Equity prices are affected by both fundamental factors as well as market factors such as – liquidity, sentiment, broad market direction etc. The impact of market factors can distort the price of the security thereby deviating from the intrinsic value for extended period of time. CARE EquiGrade on a security should not be construed as recommendation to buy, sell or hold a security; also it is not a comment on the suitability of the investment to the reader. The subscriber / user assume the entire risk of any use made of this report or data herein. CARE specifically states that it or any of its divisions or employees do not have any financial liabilities whatsoever to the subscribers / users of this report. This report is for personal information only of the authorised recipient in India only. This report or part of it should not be reproduced or redistributed or communicated directly or indirectly in any form to any other person, especially outside India or published or copied for any purpose.

About CARE

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About CARE Research

CARE's Research & Information Services Division (CARE Research) provides contemporary research and information covering various industries and financial markets. Our publications include Industry Research Reports, Updates on the industries tracked, Debt Market Review, Budget Analysis and other policy impact analysis and special commentaries on topical issues. CARE Research undertakes custom research assignments on requests by clients. CARE Research also provides various grading services like real estate star rating, equi-grade, edu-grade, etc.

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