Repco Home Finance

S&P CNX
7,888
REPCO IN
61.0
38.3/0.6
785/552
-4/-7/12
64
62.9

Financials & Valuations (INR b)

Y/E Mar	2016	2017E	2018E
NII	3.0	3.9	5.1
РРР	2.7	3.4	4.4
PAT	1.5	1.9	2.4
EPS (INR)	24.0	30.3	39.0
BV/Sh. (INR)	152.7	179.4	213.9
RoAA (%)	2.2	2.1	2.2
RoE (%)	17.0	18.2	19.8
Payout (%)	11.6	11.6	11.6
P/E (x)	26.2	20.7	16.1
P/BV (x)	4.1	3.5	2.9
Div. Yield (%)	0.4	0.5	0.6

Estimate change	$ \longleftarrow $
TP change	
Rating change	

CMP: INR628

TP: INR802 (+28%)

Buy

- Repco's 4QFY16 PAT grew 21.3% YoY to INR422m (6% miss); While the operating profits was 7% above est. (due to lower opex); higher provisions of INR140m v/s est. of INR60m (led by higher write-offs and increase in provisions on sub-standard assets) led to PAT miss.
- Business momentum remained healthy, with loan book up 28% YoY to INR77b, while sanctions/disbursement for the full year grew by 29/31%, respectively. Loan mix shifted marginally towards self-employed which formed 58.8% of the mix, v/s 57.8% in 3QFY16. LAP loans formed 19.8% of the company's portfolio with its contribution to the loan book remaining at less than 20%.
- Asset quality remained stable YoY with GNPLs at 1.31% (vs. 1.32% in FY15). However, provisions were higher at INR140m (vs. our estimate of INR60m), led by a) Higher technical write-offs b) RHFL's newly adopted policy of increasing provisions on sub-standard assets from 15% to 40%, resulting in an improvement of 110bp YoY in PCR to 63.5%.
- Operating expenses fell by 7.3% YoY, led by a decline of 17% in employee expenses due to zero ESOP charges, resulting in an improvement of 580bp YoY in cost to income ratio to 16.2%.
- **Other highlights** a) Calculated NIM remained stable YoY at 4.6% b) Average ticket size stood at INR1.3m vs. INR1.2m in 4QFY15 c) NHB funding declined to 13.9% of overall borrowings vs. 21.4% last year (RHFL stopped borrowing from NHB due to technical reasons, but will start using NHB lines from 1QFY17).
- Valuation and view: RHFL has recorded a loan book CAGR of 33% over FY10-16, with an equally impressive earnings growth of 24%. The company's presence in the underserved markets, pricing power on the asset side, recent ratings upgrade (likely to lead to lower cost of funds), stringent cost control as well as credit appraisal processes and expanding reach will ensure its earnings growth in the near-to-medium term. We estimate a healthy 30%/26% loan/PAT growth for the next three years. We may have to revisit our estimates post the company's earnings call. RHFL currently trades at 3.5/2.9x FY17/18E BV. Maintain **Buy** with a TP of INR802/share (3.75x FY18 BV).

REPCO: Quarterly performance										R Million)
Y/E March		FY15				FY10	5		FY15	FY16
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Interest Income	1,506	1,647	1,708	1,830	1,935	2,084	2,191	2,312	6,695	8,521
Interest Expenses	976	1,054	1,120	1,168	1,271	1,344	1,410	1,460	4,317	5,486
Net Interest Income	530	593	588	662	664	740	781	852	2,378	3,036
YoY Growth (%)	25.1	25.4	24.6	22.8	25.2	24.7	32.8	28.7	24.6	27.7
Other income	55	45	49	85	66	80	63	91	234	300
Total Income	585	638	637	747	730	820	843	943	2,612	3,336
YoY Growth (%)	23.8	20.7	24.0	26.5	24.7	28.4	32.4	26.2	24.0	27.7
Operating Expenses	113	128	142	165	154	175	160	153	547	643
YoY Growth (%)	45.0	61.5	28.5	36.6	37.0	36.8	13.0	-7.1	41.1	17.5
Operating Profits	473	510	495	582	576	644	683	790	2,064	2,693
YoY Growth (%)	19.6	13.5	22.8	23.9	21.8	26.3	37.9	35.7	20.2	30.4
Provisions	98	17	26	62	113	47	92	140	203	392
Profit before Tax	375	493	469	520	463	597	591	650	1,861	2,301
Tax Provisions	127	171	161	172	161	207	205	228	631	800
Profit after tax	248	322	307	348	302	391	386	422	1,231	1,501
YoY Growth (%)	11.4	10.5	13.3	10.5	21.8	21.2	25.5	21.3	11.8	21.9
Borrowings growth (%)	33.5	32.2	28.4	30.8	32.4	33.4	31.9	28.1	30.8	28.1
Cost to Income Ratio (%)	19.2	20.1	22.3	22.1	21.1	21.4	19.0	16.2	21.0	19.3
Tax Rate (%)	25.2	27.5	27.4	25.1	34.7	34.6	34.7	35.0	33.9	34.8

Sunesh Khanna (Sunesh.Khanna@MotilalOswal.com); +91 22 3982 5521

Alpesh Mehta (Alpesh.Mehta@MotilalOswal.com); +91 22 3982 5415

Investors are advised to refer through important disclosures made at the last page of the Research Report.

Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

Quarterly performance v/s our estin	nates and reaso	ns for deviation	(INR m)	
Y/e March	4QFY16E	4QFY16A	Var (%)	Comments
Interest Income	2,382	2,312	-3	
Interest Expenses	1,537	1,460	-5	
Net Interest Income	845	852	1	Calc. NIMs stable YoY at 4.6%
YoY Growth (%)	27.7	28.7		
Other income	93	91	-3	
Total Income	939	943	0	In-line
YoY Growth (%)	25.6	26.2		
Operating Expenses	197	153	-22	No ESOP provisions during the quarter; led to lower opex
YoY Growth (%)	19.7	-7.1		
Operating Profits	741	790	7	Lower opex, led to beat
YoY Growth (%)	27.3	35.7		
Provisions	60	140	133	Higher provisions to shore up PCR
Profit before Tax	683	650	-5	
Tax Provisions	233	228	-2	Tax rate at 34.5%
Profit after tax	450	422	-6	
YoY Growth (%)	29.2	21.3		Lower opex offsets higher provisions
Borrowings growth (%)	36.9	28.1		
Cost to Income Ratio (%)	21.0	16.2		
Tax Rate (%)	34.1	35.0		

Exhibit 1: Quarterly performance v/s expectations and deviations for the same

Source: Company, MOSL

Loan book grows 28% YoY; Broad based growth in all segments

- Business momentum remained healthy, with loan book growing a healthy 28% YoY to INR77b, whereas full year sanctions/disbursement also grew at 29/31% respectively.
- Share of non-salaried borrowers in borrowing mix increased to 58.8% v/s 57.8% during last quarter. 4QFY16 is the 13th straight quarter where the share of non-salaried borrowers has increased, this is in-line with company's strategy to target non-salaried segment.
- Growth was broad based with nearly all geographies and segments (home loans and LAP) growing at a healthy pace. LAP loans were 19.8% of portfolio and continue to remain sub 20%.
- Repayment rates stood at 19.5% v/s 16.6% in FY15; Competition is heating up and the company is losing some business to competition 1-1.5% of higher repayments are balance transfer cases; however management maintains growth rates of over 25%.

GNPA stable; higher provisions due to policy change and technical write off

- Asset quality remained stable YoY with GNPLs at 1.31% (v/s 1.32% in FY15) and witnessed seasonal improvement of 100bp where Q2 & Q4 GNPAs are generally lower than Q1 & Q43 GNPAs for Repco.
- However provisions were higher at INR140m (est. INR60m) led by a) Higher technical write-offs b) The company has adopted the policy to increase the provisions on sub-standard assets from 15% to 40%. This resulted in 110bp YoY improvement in PCR 63.5% (in-line with company's strategy to shore up its PCR).

NIMs stale YoY at 4.6%; Opex down sharply

- Operating expenses declined 7.3% YoY, led by 17% decline in employee expenses -due nil ESOP charges (provisions for the 2nd tranche is over and 3rd tranche will be allotted in 1Q), resulting in 580bp YoY improvement in cost to income ratio at 16.2%.
- However from 1QFY17, ESOP related expenses will kick-in again, thus we expect CI to increase in ensuring quarters.
- NII grew 28.7%, in line with loan growth; Calculated NIMs were stable at YoY at 4.6% Calculated spreads improved 10bp YoY to 3.22% led by a 36bp YoY decline in funding cost v/s 26p decline in yields.
- NHB funding declined to 13.9% of overall borrowings v/s 21.4% last year (Repco has not been borrowings from NHB due to technical reasons, but will start borrowing from 1Q17).

Valuation and view

- REPCO has established a strong presence in southern states and is steadily expanding to other geographies. Over the last decade, the company has built a scalable business model with a well-balanced portfolio.
- Strong loan growth momentum, stable margins and contained cost ratios would be strong drivers of core earnings for RHF in the medium term. Moreover presence in the under-served markets, pricing power on the asset side, recent rating upgrade which would lead to lower cost of fund, stringent cost control as well as credit appraisal processes and expanding reach will ensure earnings growth in near to medium term; we expect a healthy 30%+ loan growth for the next three years.
- In our view Repco will continue to trade at premium multiples led by its niche business model, inherently high profitability with the ability to improve return ratios, high capitalization, consistent execution, and minimal asset quality overhang—given a secured loan book. Ongoing downward trend in interest rates could also prove to be a trigger for profitability. We may re-visit the same post the earnings call. Repco is currently trading at 3.5/2.9x FY17/18E BV. Maintain **Buy** with a TP INR802 (3.75x FY18 BV).

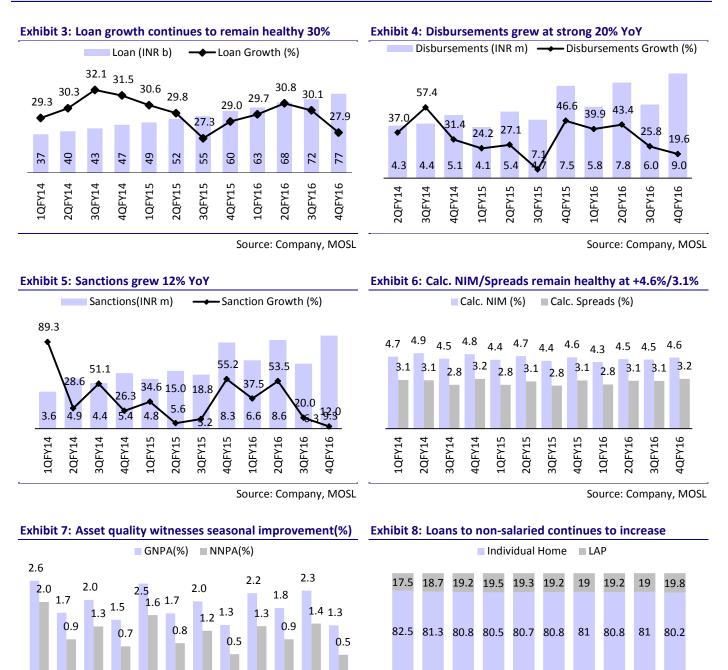
MOTILAL OSWAL

Exhibit 2: Quarterly Snapshot

		FY	14			FY	15			FY	16		Variati	on (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	QoQ	ΥοΥ
Profit and Loss (INR m)														
Net Interest Income	424	473	472	539	530	593	588	662	664	740	781	852	9	29
Other Income	49	56	42	51	55	45	49	85	66	80	63	91	46	7
Net Income	473	529	514	591	585	638	637	747	730	820	843	943	12	26
Operating Expenses	78	79	110	121	113	128	142	165	154	175	160	153	-4	-7
Employee	41	45	56	69	68	77	85	105	101	116	102	88	-14	-17
Others	37	34	54	52	45	51	57	60	53	59	59	65	12	10
Operating Profits	395	450	403	470	473	510	495	582	576	644	683	790	16	36
Provisions	98	53	35	41	98	17	26	62	113	47	92	140	51	125
РВТ	297	397	368	429	375	493	469	520	463	597	591	650	10	25
Taxes	75	105	97	114	127	171	161	172	161	207	205	228	11	33
РАТ	223	292	271	315	248	327	307	348	302	391	386	422	9	21
Asset Quality														
GNPA	883	672	877	686	1,218	864	1,095	791	1,406	1,236	1,639	1,009	-38	27
NNPA	569	371	549	336	783	418	638	301	818	624	973	0	-100	-100
Gross NPAs (%)	2.2	1.7	2.0	1.5	2.5	1.7	2.0	1.3	2.2	1.8	2.3	1.3		
Net NPAs (%)	1.5	0.9	1.3	0.7	1.6	0.8	1.2	0.5	1.3	0.9	1.4	0.5		
PCR (Calculated, %)	35.6	44.8	37.4	51.0	35.7	51.6	41.7	62.0	41.8	49.5	40.6	100.0		
Ratios (%)														
Cost to Income	16.4	15.0	21.5	20.4	19.2	20.1	22.3	22.1	21.1	21.4	19.0	18.0		
Provision to operating profit	24.8	11.8	8.7	8.7	20.7	3.3	5.3	10.7	19.6	7.3	13.5	17.7		
Tax Rate	25.1	26.5	26.3	26.6	33.8	34.7	34.4	33.1	34.7	34.6	34.7	35.0		
Total CAR	24.8	25.6	25.0	24.5	23.5	21.9	21.5	20.3	20.0	NA	NA	0.0		
RoA - calculated	2.7	2.7	2.7	2.7	2.6	2.5	2.4	2.3	2.3	2.2	NA	2.2		
RoE - calculated	18.8	20.6	20.4	16.4	16.5	16.3	16.2	16.1	16.4	16.1	NA	18.7		
Margins Reported (%)														
Yield on earning assets	12.5	12.8	12.6	12.9	12.6	13.0	12.7	12.7	12.5	12.6	12.5	12.5		
Cost of Funds	9.4	9.7	9.8	9.7	9.8	10.0	9.9	9.6	9.7	9.6	9.4	9.2		
Spreads	3.1	3.1	2.8	3.2	2.8	3.1	2.8	3.1	2.8	3.1	3.1	3.2		
NIMs	4.7	4.9	4.5	4.8	4.4	4.7	4.4	4.6	4.3	4.5	4.5	4.6		
Business Details (INR b)														
Loans														
Individual Home Loans	32	34	36	38	40	42	44	49	51	55		62		
Loans against Property	6	7	8	9	9	10	11	12	12	13		15		
Total Loans	37	40	43	47	49	52	55	60	63	68		77		
AUM Mix (%)														
Individual Home Loans	85	84	83	81	81	81	81	81	81	81		80		
Loans against Property	15	16	18	19	19	20	19	19	19	19		20		
Total Borrowing Mix (%)														
Banks	57.5	62.8	64.7	64.8	63.9	68.9	71.8	67.6	68.2	68.1		72.4		
NHB	34.6	30.0	26.0	25.0	26.2	22.1	19.7	21.4	19.1	16.6		13.9		
Repco Bank	7.9	7.2	9.3	10.2	9.9	9.0	8.5	7.9	9.0	8.5		7.6		
NCD/CPs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.1	3.7	6.8		6.1		

Source: Company, MOSL

Story in charts



Source: Company, MOSL

2QFY16

3QFY16

4QFY16

3QFY14

1QFY15

4QFY14

3QFY15

2QFY15

4QFY15

1QFY16

2QFY16

Source: Company, MOSL

3QFY16

4QFY16

2QFY14

.QFY14

3QFY14

4QFY14 1QFY15 2QFY15

3QFY15

4QFY15

LQFY16

MOTILAL OSWAL

Exhibit 9: Financials: Valuation Metrics

	Rating	СМР	Мсар	EPS	(INR)	P/E	E (x)	BV (INR)	P/B	V (x)	RoA	. (%)	RoE	: (%)
		(INR)	(USDb)	FY17	FY18	FY17	FY18	FY17	FY18	FY17	FY18	FY17	FY18	FY17	FY18
ICICIBC*	Buy	226	19.9	18.1	20.8	8.7	7.0	145	159	1.08	0.91	1.19	1.22	11.1	11.8
HDFCB	Buy	1,145	43.8	58.5	70.3	19.6	16.3	332	386	3.44	2.96	1.88	1.85	18.9	19.6
AXSB	Buy	488	17.6	35.0	41.0	14.0	11.9	251	285	1.94	1.71	1.45	1.43	14.7	15.2
KMB*	Neutral	722	20.0	24.7	31.3	29.2	23.1	206	237	3.50	3.04	1.38	1.54	13.9	14.8
YES	Buy	950	6.1	74.6	91.8	12.7	10.4	387	460	2.45	2.06	1.71	1.72	20.9	21.7
IIB	Buy	1,054	9.5	50.5	63.8	20.9	16.5	334	389	3.15	2.71	1.92	1.96	16.2	17.6
DCBB	Buy	91	0.4	7.1	8.4	12.9	10.9	69	77	1.33	1.19	0.94	0.90	10.9	11.5
FB	Neutral	49	1.3	3.7	4.5	13.1	11.0	50	53	0.98	0.92	0.64	0.65	7.7	8.7
ЈКВК	Neutral	66	0.5	18.0	21.6	3.6	3.0	152	168	0.43	0.39	1.02	1.07	12.4	13.5
SIB	Buy	18	0.4	3.1	3.7	5.8	4.9	31	34	0.58	0.53	0.58	0.61	10.3	11.4
Private Aggregate			119.4			17.5	14.7			2.41	2.14				
SBIN (cons)*	Buy	189	22.3	24.1	28.7	7.4	6.1	243	266	0.73	0.66	0.61	0.64	10.2	11.3
PNB	Neutral	83	2.5	16.8	21.6	4.9	3.8	220	239	0.38	0.35	0.48	0.55	7.9	9.4
BOI	Neutral	89	1.1	4.0	18.7	22.2	4.8	318	334	0.28	0.27	0.05	0.19	1.3	5.7
ВОВ	Buy	157	5.5	16.4	20.7	9.6	7.6	171	187	0.92	0.84	0.49	0.55	9.9	11.5
СВК	Neutral	194	1.6	47.3	55.2	4.1	3.5	584	626	0.33	0.31	0.41	0.43	8.4	9.1
UNBK	Buy	121	1.3	28.2	38.4	4.3	3.2	323	354	0.37	0.34	0.45	0.54	9.1	11.3
ОВС	Neutral	87	0.4	25.0	32.2	3.5	2.7	458	483	0.19	0.18	0.29	0.33	5.6	6.8
INBK	Buy	94	0.7	21.1	27.4	4.4	3.4	290	311	0.32	0.30	0.45	0.51	7.5	9.1
СКРВК	Neutral	38	0.1	18.7	21.6	2.0	1.8	152	169	0.25	0.22	0.57	0.59	12.9	13.4
ANDB	Buy	52	0.5	22.8	27.9	2.3	1.9	196	216	0.27	0.24	0.62	0.65	12.2	13.6
IDBI	Neutral	69	2.0	5.7	8.7	12.0	7.9	125	132	0.55	0.52	0.29	0.39	4.7	6.8
DBNK	Neutral	29	0.2	10.0	15.6	2.9	1.9	128	141	0.23	0.21	0.38	0.53	8.0	11.6
Public Aggregate			38.0			7.6	6.0			0.60	0.55				
HDFC*	Buy	1,219	29.2	36	42	33.6	29.1	192	216	6.35	5.64	2.29	2.28	19.4	20.1
LICHF	Buy	461	3.5	40	49	11.5	9.5	213	252	2.16	1.83	1.51	1.51	20.4	20.9
DEWH	Buy	200	0.9	29	36	6.8	5.5	194	221	1.03	0.91	1.18	1.20	16.1	17.4
IHFL	Buy	686	4.4	68	82	10.1	8.4	302	336	2.27	2.04	3.84	3.69	23.4	25.7
GRHF	Buy	252	1.4	8	11	30.2	23.6	28	35	8.87	7.13	2.33	2.34	32.4	33.5
REPCO	Buy	628	0.6	33	42	19.2	15.0	181	218	3.47	2.88	2.16	2.10	19.7	21.0
RECL	Neutral	167	2.5	44	50	3.8	3.3	332	370	0.50	0.45	1.90	1.88	14.0	14.4
POWF	Neutral	170	3.4	42	43	4.1	3.9	310	341	0.55	0.50	2.07	1.85	14.1	13.2
SHTF	Buy	1,064	3.7	75	94	14.1	11.3	507	581	2.10	1.83	2.17	2.27	15.7	17.1
MMFS	Buy	299	2.6	16	19	19.3	15.9	119	133	2.51	2.26	2.14	2.26	13.7	15.0
BAF	Buy	7,432	6.0	303	366	24.5	20.3	1,622	1,928	4.58	3.85	3.04	2.79	20.3	20.6
MUTH	Buy	207	1.2	25	32	8.4	6.5	156	177	1.33	1.17	2.96	3.22	16.8	19.2
SKSM	Buy	595	1.1	35	49	17.1	12.1	142	179	4.20	3.32	4.76	4.91	27.9	30.7
NBFC Aggregate			60.6			15.2	13.2			2.38	2.13				

*Multiples adj. for value of key ventures/Investments; For ICICI Bank and HDFC Ltd BV is adjusted for investments in subsidiaries

Source: MOSL

Financials and Valuations

Income statement							(INR Million)
Y/E March	2012	2013	2014	2015	2016	2017E	2018E
Interest Income	3,055	3,912	5,156	6,695	8,521	10,923	14,022
Interest Expended	2,023	2,656	3,247	4,317	5,483	6,992	8,951
Net Interest Income	1,032	1,255	1,908	2,378	3,039	3,931	5,071
Change (%)	20.1	21.6	52.0	24.6	27.8	29.4	29.0
Other Operating Income	134	148	194	235	297	335	378
Net Income	1,166	1,403	2,102	2,613	3,336	4,266	5,449
Change (%)	18.9	20.4	49.8	24.3	27.7	27.9	27.7
Operating Expenses	194	243	388	547	643	844	1,040
Operating Income	972	1,160	1,714	2,065	2,693	3,422	4,408
Change (%)	16.9	19.4	47.7	20.5	30.4	27.1	28.8
Provisions/write offs	155	92	226	203	392	531	687
РВТ	816	1,068	1,488	1,862	2,301	2,891	3,721
Тах	202	268	390	631	800	998	1,284
Tax Rate (%)	25	25	26	34	35	35	35
Reported PAT	615	800	1,098	1,231	1,501	1,894	2,437
Change (%)	5.7	30.2	37.2	12.1	21.9	26.2	28.7
Balance sheet							(INR Million)
Y/E March	2012	2013	2014	2015	2016	2017E	2018E
Capital	464	622	622	624	625	625	625
Reserves & Surplus	2,568	5,724	6,760	7,497	8,923	10,597	12,752
Net Worth	3,033	6,345	7,381	8,121	9,548	11,222	13,377
Borrowings	2,486	3,678	3,982	5,614	65,379	84,980	109,617
Borrowings	24,860	30,647	39,020	51,044	65,379	84,980	109,617
Change (%)	37.4	23.3	27.3	30.8	28.1	30.0	29.0
Other liabilities	634	932	959	1,592	2,705	2,840	2,982
Total Liabilities	28,527	37,924	47,361	60,757	77,632	99, 042	125,976
Loans	28,090	35,500	45,961	60,129	76,912	99,976	128,961
Change (%)	35.3	26.4	29.5	30.8	27.9	30.0	29.0

81

33

292.7

28,527

81

0.0

45

37,924

124

54.0

47,361

50

124

0.0

89

60,757

124

0.0

93

77,632

136

10.0

99,042

98

150

10.0

103

125,976

Net Fixed Assets Total Assets

Investments

Change (%)

E: MOSL Estimates

Financials and Valuations

Ratios							
Y/E March	2012	2013	2014	2015	2016	2017E	2018E
Spreads Analysis (%)							
Avg Yield on Housing Loans	12.4	12.2	12.5	12.5	12.4	12.4	12.3
Avg. Yield on Earning Assets	12.5	12.3	12.6	12.6	12.4	12.3	12.2
Avg. Cost-Int. Bear. Liab.	9.4	9.6	9.3	9.6	9.4	9.3	9.2
Interest Spread	3.1	2.7	3.3	3.0	3.0	3.0	3.0
Net Interest Margin	4.2	3.9	4.7	4.5	4.4	4.4	4.4
Profitability Ratios (%)							
RoE	22.3	17.1	16.0	15.9	17.0	18.2	19.8
RoA	2.48	2.41	2.57	2.28	2.17	2.14	2.17
Int. Expended/Int.Earned	66.2	67.9	63.0	64.5	64.3	64.0	63.8
Other Inc./Net Income	11.5	10.5	9.2	9.0	8.9	7.9	6.9
Efficiency Ratios (%)					_		
Op. Exps./Net Income	16.7	17.3	18.5	21.0	19.3	19.8	19.1
Empl. Cost/Op. Exps.	54.1	58.0	54.3	61.2	63.7	65.4	66.4
Asset Quality (%)					_		
Gross NPAs	382	525	686	791	1,032	1,339	1,739
Gross NPAs to Adv.	1.4	1.5	1.5	1.3	1.2	1.1	1.0
Net NPAs	265	348	333	298	671	871	1,131
Net NPAs to Adv.	0.9	1.0	0.7	0.5	0.4	0.2	0.0
VALUATION							
Book Value (INR)	65.3	102.1	118.7	130.2	152.7	179.4	213.9
Price-BV (x)	9.6	6.2	5.3	4.8	4.1	3.5	2.9
EPS (INR)	13.2	12.9	17.7	19.7	24.0	30.3	39.0
EPS Growth YoY	5.7	-2.7	37.2	11.8	21.6	26.2	28.7
Price-Earnings (x)	47.5	48.8	35.6	31.8	26.2	20.7	16.1
Dividend per share (INR)	1.0	1.3	1.2	1.5	2.4	3.0	3.9
Dividend yield (%)	0.2	0.2	0.2	0.2	0.4	0.5	0.6

E: MOSL Estimates

Corporate profile

Company description

Repco Home Finance Ltd (REPCO) is a Chennaibased housing finance company with an AUM of INR60b. It was established in 2000 as a wholly owned subsidiary of Repatriates Co-operative Finance and Development Bank (Repco Bank). The Government of India owns 76.83% in Repco Bank. REPCO primarily finances the construction and/or purchase of residential and commercial properties (individual home loans and loans against property). It has a network of 108 branches and 38 satellite centers.

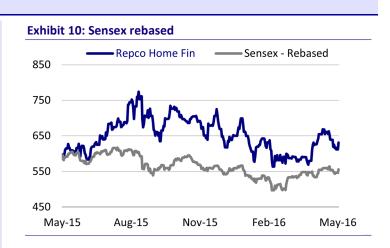


Exhibit 11: Shareholding pattern (%)

	Mar-16	Dec-15	Mar-15				
Promoter	37.1	37.2	37.3				
DII	19.2	17.5	16.0				
FII	28.4	30.2	29.4				
Others	15.2	15.2	17.4				
Note: FII Includes depository receipts							

Exhibit 13: Top management

Name	Designation	
T S Krishna Murty	Chairman	
R Varadarajan	Managing Director	
K Prabhu	Company secretary	

Exhibit 12: Top holders

Holder Name	% Holding
Franklin Templeton Mutual Fund A/C Franklin	4.3
Birla Sun Life Trustee Company Private Limited Acbirla	4.0
Sbi Magnum Multiplier Fund	3.9
Parvest Equity India	3.8
India Capital Fund Limited	2.7

Exhibit 14: Directors

Name	Name
T S Krishna Murty*	Thomas Paul Diamond*
R Varadarajan	Dilip Kumar
B Anand	Sanjeevanee Kutty
V Nadanasabapathy*	L Munishwar Ganesan
G R Sundaravadivel*	

*Independent

Exhibit	15: A	uditors
----------------	-------	---------

Amore 13. Additors		EATIN
Name	Туре	EF (IN
R Subramanian & Co	Statutory	FY17
G Ramachandran & Associates	Secretarial Audit	FY18

xhibit 16: MOSL forecast v/s consensus							
EPS (INR)	MOSL forecast	Consensus forecast	Variation (%)				
FY17	30.3	30.8	-1.6				
FY18	39.0	40.5	-3.7				

RADICO KHAITAN GALLERY

 Non-structure and extra tional structure and extra tional structure

utam Duggad@MotilalOswal.com); +91 22 3982 5404

MOTILAL OSWAL

85E SENSEX 25,743 Bioenihere; Equity Shares (m) M. Cap. (NR b) / (USD b) 53-Week Range (NR) 1, 6, 12 Ref. Per (%) Ang YaJ, NR, VAI 0000 Avg Val, INRn/ Free float (%)

Financials & Vr V/E March Net Sales EBITDA NP Adj.EPS (INR) EPS Gr. (S) BV/Sh. INR RoCE (S) P/BV (s) P/BV (s)

Payout (%) Div. Yield (%)

Duggad (Ga

 15.8
 17.7

 19
 2.3

 0.9
 1.1

 6.4
 8.4

 12.6
 50.6

 71.9
 78.8

 9.3
 11.1

 3
 9.3

 1.5
 1.5

 1.6
 1.5

 1.6
 1.5

 1.5
 1.5

 1.5
 1.5

 1.5
 1.5

 1.5
 1.5

 1.5
 1.5

 1.5
 1.5

 1.5
 1.2
 1.8 0.7 5.7 -10.4 66.6 8.6 7.8 19.0 1.6 15.0 0.8

10 November 2015

Var. (N) -5.8

.7.4

-7.9

-9.8

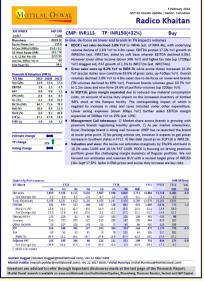
a, Bloomberg, Thomson Reuters, Factset and S&P Capital

Radico Khaitan

MOTILAL OSWAL

Querterly |

RADICO KHAITAN









MOTILAL O							20P	(15 Repuit	: Update	Sector: CO	ns
	_						R	adi	co K	hait	ł
BSE SENSEX 27.910	S&P CNX	CMP	: INR8	9		TP: IN	R 115				
Bloomberg		Be Re	sults be	low expe	ctations:	Radico K	haitan's	20FY15	performa	ance was	5
Equity Shares (m)	132.6	be	low expe	actations	- with he	adline ni	umbers o	in volun	ie, sales,	EBITDA a	m
M.Cap. (NR b) / (USD b)	11.6/0.2				tions by 3						
52-Week Range (INR)	172/89				INR3.66 (
1, 6, 12 Rel. Per (%) 1	1/-25/-109				us on los						
Financials & Valuation (INR					ses and c						
Y/E March 2015F 2016F					increase			v.e.f 1"	Nov/14 :	and is ex	P
Sales 15.6 17.5					outhern r						
EBITDA 2.1 2.4	2.8				.8% YoY						
Ad. PAT 0.5 1.0	11				200bp Yi g of lowe						
Adj. EPS 6.0 7.2	8.6				g of lowe staff_cost						
EPS Gr. (%) -12.0 20.6	19.2				(down 1						
8V/Sh.(INR) 68.2 74.2					p YoY to						
Rof (N) 9.1 10.1					Sm (est. II)				tonion p	osted de	
RoCE (%) 8.6 9.6					15% Yo			whente	(up. 996	YoY) and	÷
Payout (%) 17.6 17.6 Valuations	17.6										
P/E(x) 14.9 12.3	10.3				income (up 18% YoY) led to PBT decline of 30.8% to INR248m (est. IN291m).						
		 However lower tax rate (down 60bp YoY to 21.2%) marginally cushioned impact. adi. PAT posted 30.4% YoY decline to INR 195m (est. INR 21 									
	11	im									
	1.1		pact, ad	ij. PAT p		4% YoY	decline	to INR	195m (
EV/EBITDA 9.4 8.2	7.1	Re EN	pact, ad ported P IA prices	ij. PAT p AT declin increase	osted 30 ed 13.9% d 7.5% Yo	4% YoY due to fo Y as per	decline arex loss manage	to INR of INR40 ment. It	195m (im. does not	est. INR t intend t	2
EV/EBITDA 9.4 8.2	7.1	Re EN	pact, ad ported P IA prices econom	ij. PAT p AT declin increase ly brands	osted 30 ed 13.9% d 7.5% Yo before it	4% YoY due to fo Y as per gets pric	decline arex loss manage e hikes f	to INR of INR40 ment. It rom oth	195m (+ im. does not er marke	est. INR t intend t ts. The co	2
EV/EBITDA 9.4 8.2	7.1	Re EN on do	pact, ad ported P IA prices economies not	ij. PAT p AT declin increase ny brands foresee	osted 30 ed 13.9% d 7.5% Yo before it any impa	4% YoY due to fo Y as per gets pric ct of th	decline orex loss manage e hikes f e ban c	to INR of INR40 ment. It rom oth if liquor	195m (im. does not er marke in Kera	est. INR t intend t ts. The co ila as th	2
EV/EBITDA 9.4 8.2	7.1	Re EN do co	pact, ad ported P IA prices economies not ntribute	ij. PAT p AT declin increase ny brands foresee a d just 4%	osted 30 ed 13.9% d 7.5% Yo before it any impa to its vol	4% YoY due to fo Y as per gets pric ct of th umes an	decline prex loss manage e hikes f e ban c d is the l	to INR of INR44 ment. It rom oth if liquor east pro	195m (im. does not er marke in Kera	est. INR t intend t ts. The co ila as th	2
EV/EBITDA 9.4 8.2	7.1	Re EN do co de	pact, ad ported P IA prices economies not intributer bt stood	ij. PAT p AT declin increase ny brands foresee a d just 4% at INR 8.	osted 30 ed 13.9% d 7.5% Yo before it any impa to its vol 5b (vs. INI	4% YoY due to fo Y as per gets pric ct of th umes an 88.8b as	decline manage e hikes f e ban c d is the l on FY14)	to INR of INR44 ment. It rom oth of liquor east pro	195m (im. does not er marke in Kera fitable st	est. INR t intend t ts. The co ila as th cate in Inc	
EV/EBITDA 9.4 8.2	7.1	Re EN do co de Va	pact, ad ported P IA prices I economies not intributer bt stood iluation	ij. PAT p AT declin increase ty brands foresee : d just 4% at INR 8.1 and View	osted 30 ed 13.9% d 7.5% Yo before it any impa to its vol 5b (vs. INI vi Stock	4% YoY due to fo Y as per gets pric ct of th umes an k8.8b as trades a	decline prex loss manage e hikes f e ban c d is the l on FY14) t 14.9x	to INR of INR44 ment. It rom oth f liquor east pro	195m (im. does not er marke in Kera fitable st d 12.3x	est. INR t intend t ts. The co ila as th cate in Inc FY16 est	
EV/EBITDA 9.4 8.2	7.1	Re EN do co de Va Re	pact, ad ported P IA prices economies not ntributer bt stood iluation iterate E	ij. PAT p 'AT declin increase ny brands foresee : d just 4% at INR 8.1 and View IUY with	osted 30 ed 13.9% d 7.5% Yo before it any impa to its vol 5b (vs. INI vi Stock target pri	4% YoY due to fo Y as per gets pric ct of th umes an t8.8b as trades a ce of IN	decline prex loss manage e hikes f e ban c d is the l on FY14) t 14.9x	to INR of INR44 ment. It rom oth f liquor east pro	195m (im. does not er marke in Kera fitable st d 12.3x	est. INR t intend t ts. The co ila as th cate in Inc FY16 est	2 o se fil in
EV/EBITDA 9.4 8.2 Div. Vield 1.0 1.2	7.1	Re EN do co de Va Re	pact, ad ported P IA prices economies not ntributer bt stood iluation iterate E	ij. PAT p 'AT declin increase ny brands foresee : d just 4% at INR 8.1 and View IUY with	osted 30 ed 13.9% d 7.5% Yo before it any impa to its vol 5b (vs. INI vi Stock	4% YoY due to fo Y as per gets pric ct of th umes an t8.8b as trades a ce of IN	decline prex loss manage e hikes f e ban c d is the l on FY14) t 14.9x	to INR of INR44 ment. It rom oth f liquor east pro	195m (im. does not er marke in Kera fitable st d 12.3x	est. INR t intend t ts. The co ila as th ate in Inc FY16 est ke in ENJ	2 one fill in
EV/EBITDA 9.4 8.2	7.1	Re EN do co de Va Re an	pact, ad ported P IA prices economies not intributed bt stood iluation iterate E d excise	i). PAT p AT declin increase foresee : d just 4% at INR 8.1 and View IUY with duty increase.	osted 30 ed 13.9% d 7.5% Yo before it any impa to its vol 5b (vs. INI vi Stock target pri ease are k	4% YoY due to fo Y as per gets pric ct of th umes an 8.8b as trades a ce of INI ey risks.	decline manage e hikes f e ban c d is the l on FY14) t 14.9x R 115 (14	to INR of INR40 ment. It rom oth f liquor east pro FY15 an 5x FY16	195m (im. does not er marke in Kera fitable st d 12.3x	est. INR t intend t ts. The co ila as th cate in Ine FY16 est ke in ENJ DNR FY16	2 one fill in
Evreitina 9.4 8.2 Div. Vield 1.0 1.2 Quarterly Performance V/E March	7.1	Re EN do co de Va Re an FT14 20	pact, ad ported P IA prices economies not ntributer bt stood iluation iterate E d excise 30	ij. PAT p AT declin increase to brands foresee d just 4% at INR 8. and View IUY with duty incre 40.	osted 30 ed 13.9% d 7.5% Yo before it any impa to its vol 5b (vs. INI vi Stock target pri ease are k	4% YoY due to fo Y as per gets pric ct of th umes an (8.8b as trades a ce of INI ey risks. ITI: 20	decline prex loss manage e hikes f e ban c d is the l on FY14) t 14.9x 1 t 14.9x 1 t 115 (10 t 10 t 10 t 10 t 10 t 10 t 10 t 10 t	to INR of INR44 ment. It rom oth f liquoi east pro FY15 ar 5x FY16	195m (im. does not er marke in Kera fitable st d 12.3x EPS). Spil	est. INR t intend t ts. The co ila as th cate in Inc FY16 est ke in ENJ ONR FY16 200	2 one fill in
EVERITIDA 9.4 8.2 Div. Vield 1.0 1.2 Duartcr/y Performance V/E March	10 17,1 15 10 17,5 17,5	Re EN do co de Va Re an FTI4 20 3,521 15.5	pact, ad ported P IA prices i economi es not ntributes bit stood iluation iterate E d excise 3.00 19.3	ij. PAT p AT declin increase ty brands foresee : d just 4% at INR 8.1 and View RJY with duty incre 40 40 5.0	osted 30 ed 13.9% d 7.5% Yo before it any impa to its vol 5b (vs. INI wi Stock : target pri rease are k 10 8.699 8.5	4% YoY due to fo Y as per gets pric ct of th umes an t8.8b as trades a ce of INE ey risks. FT1 20 3.626 3.0	decline prex loss manage e bikes f e ban c d is the l on FY14) t 14.9x R 115 (14) 4 15 (14) 4 15 (14) 30	to INR of INR40 ment. It rom oth f liquor east pro FY15 an 5x FY16	195m (im. does not er marke in Kera fitable st d 12.3x EPS). Spil	est. INR t intend t ts. The co ila as th cate in Ine FY16 est ke in ENJ DNR FY16	2 one fill in
Evretitiba 9.4 8.2 Div. Yield 1.0 1.2 Div. Yield 1.0 1.2 Operatority Performance // Ellarch	10 8,573 17,8 2,961	Re EN on do co de Va Re an PIM 20 3.521 18.5 2.737	pact, ad ported P IA prices economies not intributer bb stood iluation iiterate E d excise 30, 3,95 3,354	ij. PAT p AT declin increase ty brands foresee a d just 4% at INR 8. and View UV with duty incre 40 8.514 6.0 3.114	osted 30 ed 13.9% d 7.5% Yo before it any impa to its vol 5b (vs. INI wi Stock : target pri ease are k 10, 8.699 3.31%	4% YoY due to fo Y as per gets pric ct of th umes an 88.8b as trades a ce of INE ey risks. FT1 20 3.626 3.0 8.151	decline prex loss manage e hikes f e ban c d is the l on FY14) t 14.9x 8 115 (16 30, 4.261 90, 3.665	to INR of INR4/ ment. It rom oth f liquoi east pro FY15 ar 5x FY16 40 4005 140 3,479	195m (r im. does not er marke in Kera fitable st d 12.3x EPS). Spil FY15 15.500 7.4 13.316	est. INR t intend t ts. The co ila as th rate in Inn FY16 est ke in ENP 0NR FY16 200 3,767 7,0 3,240	
Evreitina 9.4 8.2 Div. Vield 1.0 1.2 Div. Vield 1.0 1.2 Operatorly Performance V/E March	10 8,573 17.6 2,963 661	Re EN on do co de Va Re an F134 20 3.521 35.5 2,037 554	pact, ad ported P IA prices economies not intributer bit stood iluation iterate E d excise 30 5,909 19.5 3,309 550	ij. PAT p AT declin increase ty brands foresee : d just 4% at INR 8. and View IUY with duty incre 40 3.514 6.0 3.114 6.0	osted 30 ed 13.9% d 7.5% Yo before it any impa to its vol 5b (vs. INI vi Stock target pri ease are k 10, 8.699 3.5 3.300 501	4% YoY due to fo Y as per gets pric ct of th umes an (8.8b as trades a ce of INE ey risks. 1711 20 3.626 3.0 3.151 475	decline prex loss manage e hikes f e ban c d is the l on FY14) t 14.9x 8 115 (14 30, 4.261 9.0 3,060 592	to INR of INR4/ ment. It rom oth f liquor east pro FY15 an 5x FY16 40 4.005 14.0 3.409 506	195m (r jm. does not er marke in Kera fitable st d 12.3x EPS). Spil FP15 15.590 7.4 13.590 2,034	est. INR t intend t ts. The co- la as th ate in Int FY16 est ke in ENJ 200 3.767 7.0 3.767 7.20	2 one fill in
EVERIDA 9.4 82 Div. Yeek 1.0 1.2 Ouwrtody Performance Yee March Net sales Yer Change (N) Teolo (Deproce Terma Hargins (S)	10 8,573 17,8 2,961	Re EN on do co de Va Re an PIM 20 3.521 18.5 2.737	pact, ad ported P IA prices economies not intributer bb stood iluation iiterate E d excise 30, 3,95 3,354	ij. PAT p AT declin increase ty brands foresee : d just 4% at INR 8. and View UV with duty incre 40 	osted 30 ed 13.9% d 7.5% Yo before it any impa to its vol 5b (vs. INI wi Stock : target pri ease are k 10, 8.699 3.31%	4% YoY due to fo Y as per gets pric ct of th umes an 88.8b as trades a ce of INE ey risks. FT1 20 3.626 3.0 8.151	decline prex loss manage e hikes f e ban c d is the l on FY14) t 14.9x 8 115 (16 30, 4.261 90, 3.665	to INR of INR4/ ment. It rom oth f liquoi east pro FY15 ar 5x FY16 40 4005 140 3,479	195m (r im. does not er marke in Kera fitable st d 12.3x EPS). Spil FY15 15.500 7.4 13.316	est. INR t intend t ts. The co ila as th rate in Int FY16 est ke in ENP 0NR FY16 200 3,767 7,0 3,240	2 one fill in
EVIDENTIA 9.4 8.2 Div. Vield 1.0 1.2 Outer Colly Performance 1.2 Operation	10 15 15 10 17.6 2,963 61 17.1 165 95	Re EN on do co Re an F124 20 3.521 18.5 2.937 564 18.9 97	pact, ad ported P A prices economies not ntributes bit stood iluation iterate E d excise 30 3,909 19,5 3,909 19,5 3,500 19,5 3,500 19,5 3,500 19,5 3,500 19,5 3,500 14,1 90	ij. PAT p AT declin increase ry brands foresee : d just 4% d just 4% and View IUY with duty incre 8514 60 3.1146 51 60 3.1146 51 51 60 51 51 60 51 51 51 51 51 51 51 51 51 51 51 51 51	osted 30 ed 13.9% d 7.5% Yo before it any impa to its vol 56 (vs. INI vi Stock : target pri ease are k 10, 8.699 3.5 3,398 538 538 23.6 -27.7 385	4% YoY due to fo Y as per gets pric ct of th umes an t8.8b as- trades a ce of INI ey risks. FTI 20 3.626 3.0 3.626 3.0 3.151 4275 1251	decline prex loss manage e hikes f e ban c d is the l on FY14) t 14.9x 8 115 (14 9,0 3,00 3,00 592 13,9 7,6 113	to INR of INR4/ ment. It rom oth f liquor east pro FY15 an 5x FY16 400 4.005 14.00 3.400 5.06 12.6 2.54 2.12 2.12	195m (r jm. does not er marke in Kera fitable st id 12.3x EPS). Spil FP15 15.590 7.4 13.036 13.3 2.034 13.5 2.445	est. INR t intend t ts. The co ila as th ate in Ins FY16 est ke in ENJ DNR FY16 3.767 7.0 3.277 7.0 3.277 7.0 3.277 7.0 3.2777 7.0 3.2777 7.0 3.2777777777777777777777777777777777777	2 one fill in
Distributive Performance Distributive Performance V/E Mandh Performance V/E Mandh Performance V/E Change (%) Vor Change (%) Dispersionalition Vor Change (%) Dispersionalition Vor Change (%)	10 10 17.8 17.8 2,963 611 17.1 16.5 95 2204	Re EN on do co de Va Re an 20 5,521 18,5 2,957 564 25,9 14,9 97 2,95	pact, ad ported P IA prices economies not intribute bit stood iluation iiterate E d excise 3.00 19.5 3.056 19.5 10.1 10.4 9.9 222	ij. PAT p AT declin increase ny brands foresee : d just 4% at INR 8. and View IUY with duty incre 40 3.514 6.0 3.114 40 3.114 40 3.114 20 214 98 98	osted 30 ed 13.9% d 7.5% Yo before it any impa- to its vol 5b (vs. INI vi Stock 1 target pri- rease are k 10, 8.699 3.5 3,136 531 23.6 (37.7) 305 226	4% YoY due to fo Y as per gets pric ct of th umes an t8.8b as t8.8b as trades a ca of INI ey risks. 101 3.626 3.0 3.151 423 123.1 125.8 105.2 227	decline prex loss manage e hikes f e ban c d is the l on FY14) t 14.9x 115 (1i) 3.0000 3.00000 3.00000 3.00000000	to INR of INR4/ ment. It rom oth f liquoi east pro FY15 an 5x FY16 40 4,005 14,00 3,400 5,06 12,6 21,4 21,2 222	195m (im. does not er marke in Kera fitable st d 12.3x EPS). Spil 15.90 7.4 13.316 2.035 12.35 2.4 463 887	est. INR t intend t ts. The co- la as th aste in Int FY16 est ke in ENJ DNR FY16 st 200 3,260 5,27 3,240 4,5 111 218	2 one fill in
EVIDENTIA 9.4 8.2 Div. Vield 1.0 1.2 Outer Colly Performance 1.2 Operation	10 3.573 17.6 2.963 631 17.1 165 95	Re EN on do co Re an F124 20 3.521 18.5 2.937 564 18.9 14.9 97	pact, ad ported P A prices economies not ntributes bit stood iluation iterate E d excise 30 3,909 19,5 3,909 19,5 3,500 19,5 3,500 19,5 3,500 19,5 3,500 19,5 3,500 14,1 90	ij. PAT p AT declin increase ry brands foresee : d just 4% d just 4% and View IUY with duty incre 8514 60 3.1146 60 3.1146 60 3.1146 60 3.1146 60 3.1146 7.	osted 30 ed 13.9% d 7.5% Yo before it any impa to its vol 56 (vs. INI vi Stock : target pri ease are k 10, 8.699 3.5 3,398 538 538 23.6 -27.7 385	4% YoY due to fo Y as per gets pric ct of th umes an t8.8b as- trades a ce of INI ey risks. FTI 20 3.626 3.0 3.626 3.0 3.151 4275 1251	decline prex loss manage e hikes f e ban c d is the l on FY14) t 14.9x 8 115 (14 9,0 3,00 3,00 592 13,9 7,6 113	to INR of INR4/ ment. It rom oth f liquor east pro FY15 an 5x FY16 400 4.005 14.00 3.400 5.06 12.6 2.54 2.12 2.12	195m (r jm. does not er marke in Kera fitable st id 12.3x EPS). Spil FP15 15.590 7.4 13.036 13.3 2.034 13.5 2.445	est. INR t intend t ts. The co ila as th ate in Ins FY16 est ke in ENJ DNR FY16 3.767 7.0 3.277 7.0 3.277 7.0 3.277 7.0 3.2777 7.0 3.2777 7.0 3.2777777777777777777777777777777777777	
Diversition 9.4 E2. Div. View 2.0 1.2 Div. View 2.0 1.2 Diversitive Performance View 2.0 1.2 Diversitive Performance Terrorian Competition Diversition	10 10 10 17.5 1	Re EN on do co de Va Re an FT14 20, 3521, 1855 2,957 554 1569 977 198 89 97 198 89 378 78	pact, ad ported P IA prices economies not intributes bit stood diuation interate E d excise 30, 5,909 19:5 3,358 550 10:4 99 222 90 326 91	jj. PAT p AT declin increase foresee: 3 d just 4% at INR 8.1 and View UY with duty incre 8.514 6.0 3.114 6.0 3.114 6.0 21.0 8.0 21.0 8.0 21.0 8.0 21.0 8.0 21.0 8.0 21.0 8.0 21.0 8.0 21.0 8.0 21.0 8.0 21.0 8.0 21.0 21.0 21.0 21.0 21.0 21.0 21.0 21	osted 30 ed 13.9% d 7.5% Yo before it any impa to its vol 5b (vs. INI vi Stock : target pri ease are k 10, 8.699 8.5 3.196 9.5 3.196 9.5 3.195 22.6 91 265 280 91 265 280	4% YoY due to fo Y as per gets pric ct of th umes an 8.8b as trades a ce of INI ey risks. 103 3.626 3.0 3.151 425 103 227 104 248 55	decline prex loss manage e hikes f e ban c d is the l on FY14) t 14.9x 8 115 (11 30, 4.261 90 3.668 592 15.9 7.6 113 225 90 347 302	to INR of INR44 ment. It f liquoro east pro- FY15 ar 5x FY16 14.0 3.477 56 4.005 14.0 3.477 56 2.64 2.22 2.22 8.3 2.25 7.6	195m (r im. does not er marke in Kera fitable st d 12.3x EPS). Spil 13.330 2,034 13.335 2,034 13.355 2,034 13.5577 2,034 13.5577 2,034 13.55777 2,034 13.557777 2,034 13.5577777777777777777777777777777777777	est. INR t intend t ts. The c isla as th iate in Ind FY16 est ke in ENJ 0NR FY16 3.767 7.0 3.770 7.0 3.7700 7.0 3.7700 7.0 3.7700 7.0000000000	2 one fill in
Covering 9.4 E2 Dis View 1.0 1.2 Dis View 1.2 Dis View 1.2 Dis View 1.2 Dis Vie	10 15 15 15 15 15 15 15 15 15 15	Re EN on do co de Va Re an P114 20 20 20 20 20 20 20 20 20 20	pact, ad ported P IA prices economies not intribute bt stood iluation iiterate E d excise 10 3,00 5,00 19,5 3,00 5,00 19,5 3,00 5,00 19,5 3,00 5,00 19,5 3,00 19,5 3,00 19,5 3,00 19,5 3,00 19,5 3,00 19,5 14,1 10,5 10,5 14,1 10,5 10,5 10,5 10,5 10,5 10,5 10,5 10	j. PAT p AT declin increase ny brands foresee: s d just 4% at INR 8 and View IUY with duty incre 4 4 4 5 5 14 4 5 5 1	osted 30 ed 13.9% d 7.5% Yo before it any impa to its vol 5b (vs. INI vs. Stock: target pri ease are k 10, 8.699 3.5 3.1% 501 23.6 931 23.6 931 254 80 30.3	4% YoY due to fo Y as per gets pric ct of the umes an 8.8b as trades a ce of INI ey risks. 105 3.626 3.0 3.151 475 23.1 -155 25.2 105 222 248 5.2 24 5.2 24 5.2 24 5.2 24 5.2 24 5.2 24 5.2 24 5.2 24 5.2 24 5.2 24 5.2 24 5.2 5.2 5.2 5.2 5.2 5.2 5.2 5.2 5.2 5.2	decline prex loss manage e hikes f e ban c d is the l on FY14) t 14.9x 115 (14) 4.261 9.0 3.062 592 12.9 7.6 113 222 9.0 3.02 12.9 7.9 7.6 113 222 9.0 3.02 12.9 7.9 7.6 12.9 7.9 7.6 12.9 7.9 7.6 12.9 7.9 7.6 7.5 7.5 7.5 7.5 7.5 7.5 7.5 7.5	to INR of INR44 ment. It room otho east pro- east pro- east pro- fr/15 ar Pr16 4005 140 4005 140 506 6264 222 225 245 265 265 265 265 265 265 265 265 265 26	195m (im. does not er marke in Kera fitable st d 12.3x EPS). Spil FR15 15.590 7.4 13.510 7.4 13.53 2,034 13.5 807 3,034 309 280 2	est. INR t intend t ts. The co isla as the rate in Ini FY16 est ke in ENJ DNR FY16 370 370 320 320 320 320 320 320 320 320 320 32	2 one fill in
Ouertanty Performance Devretanty Performance V/C Manh	10 10 5,573 17.6 2,963 17.6 17.5 163 17.5 17.	Re EN on do co	pact, ad ported P iA prices economiest intributes bit stood iluation iiterate E d excise d excise d excise 10 10 15 15 15 15 15 15 15 15 15 15 15 15 15	jj. PAT p AT declin increase yo brands foresee : d just 4% at INR 8. and Viese 40 3514 6.0 3514 6.0 3514 6.0 3114 400 3514 6.0 3114 400 3514 6.0 3114 400 3514 6.0 3114 400 3514 6.0 3114 400 3514 6.0 3114 400 3114 400 3114 400 3114 400 3114 400 3114 400 3114 400 3114	osted 30 ed 13.9% d 7.5% Yo before it any impa to its vol 5b (vs. INI vi Stock : target pri sase are k 10, 8.699 .3.3 3.198 501 13.6 99 305 204 80 203 3184	4% YoY ya server to be a server to b	decline prex loss manage e hikes f e ban c d is the l on FY14) t 14.9x 8 115 (11 30, 4.261 90 3.668 592 15.9 7.6 113 225 90 347 302	to INR44 ment. It rom oth 400 FY15 ar 5x FY16 5x FY16 3.4000 3.4000 3.4000 3.4000 3.4000 3.4000 3.4000 3.4000 3.4000 3.4000 3.4000 3.4000 3.4000 3.4000 3.40000 3.40000 3.40000000000	195m (r im. does not er marke in Kera fitable st d 12.3x EPS). Spil 13.330 2,034 13.335 2,034 13.355 2,034 13.5577 2,034 13.5577 2,034 13.55777 2,034 13.557777 2,034 13.5577777777777777777777777777777777777	est. INR t intend t t. The co ila as th ate in Int FY16 est ke in ENJ 0NR FY16 3.767 7.0 3.240 527 3.240 527 3.240 527 3.240 527 3.2 527 5.2 527 5.2 527 5.2 527 5.2 527 5.2 527 5.2 527 5.2 527 5.2 527 5.2 527 5.2 527 5.2 527 5.2 527 5.2 5.2 527 5.2 5 5.2 5.2 5.2 5.2 5.2 5.2 5.2 5.2 5	2 one fill in
Covering 9.4 E2 Dis View 1.0 1.2 Dis View 1.2 Dis View 1.2 Dis View 1.2 Dis Vie	10 15 15 15 15 15 15 15 15 15 15	Re EN on do co de Va Re an P114 20 20 20 20 20 20 20 20 20 20	pact, ad ported P IA prices economies not intribute bt stood eluation iiterate E d excise 10 3,00 5,00 19,5 3,00 5,00 19,5 3,00 5,00 19,5 3,00 5,00 19,5 3,00 19,5 3,00 19,5 3,00 19,5 14,1 10,5 10,5 14,1 10,5 10,5 10,5 10,5 10,5 10,5 10,5 10	j. PAT p AT declin increase ny brands foresee: s d just 4% at INR 8 and View IUY with duty incre 4 4 4 5 5 14 4 5 5 1	osted 30 ed 13.9% d 7.5% Yo before it any impa to its vol 5b (vs. INI vs. Stock: target pri ease are k 10, 8.699 3.5 3.1% 501 23.6 931 23.6 931 254 80 30.3	4% YoY due to fo Y as per gets pric ct of the umes an 8.8b as trades a ce of INI ey risks. 105 3.626 3.0 3.151 475 2.51 105 2.52 2.0 2.0 3.105 2.53 2.0 2.0 3.0 3.151 4.0 5 2.0 2.0 2.0 2.0 3.0 3.0 3.0 3.0 3.0 3.0 3.0 3.0 3.0 3	decline mexiloss manage e hikes fi d is the l d is the	to INR of INR44 ment. It room otho east pro- east pro- east pro- fr/15 ar Pr16 4005 140 4005 140 506 6264 222 225 245 265 265 265 265 265 265 265 265 265 26	195m (im. does not er marke in Kera fitable st d 12.3x EPS). Spil FR15 15.590 7.4 13.510 7.4 13.53 2,034 13.5 807 3,034 309 280 2	est. INR t intend t ts. The co isla as the rate in Ini FY16 est ke in ENJ DNR FY16 370 370 320 320 320 320 320 320 320 320 320 32	

<section-header><text>

 Image: bit is a state of the state of

 Data for homese
 Fig.
 Fig.

Radico Khaitan

SECTOR UPDATES

Consumer Status quo Volumes taper sequentiality, input prices softening to drive profitability Market environment tepid, sales growth to moderate sequentiality, expect SASI PAT growth to on Consumer coverage
Volumes taper sequentially, input prices softening to drive profitability Market environment tepid, sales growth to moderate sequentially; expect 8.8% PAT growth for our Consumer coverage
Market environment tepid, sales growth to moderate sequentially; expect 8.8% PAT growth for our Consumer coverage
8.8% PAT growth for our Consumer coverage
8.8% PAT growth for our Consumer coverage
We expect our Consumer universe to post 5.8% revenue growth and 8.8% PAT
growth in 3QFY16. Broader Household and Personal Care volume growth has
moderated sequentially due to delayed winter season and Tamil Nadu floods.
Emami, HUVR and J/L will likely be most impacted. Discretionary names in our
coverage (APNT & PIDI) could see higher growth, though optically, given favorable base (shift in festive season to 3Q vs. 2Q in the base year). EBITDA is likely to grow
9.8% with 80bp increase in margins for our universe. We expect ITC to post 5.5%
sales growth (7.5% decline in cigarette volumes) and 5.3% PAT growth. HUVR's sales
are likely to grow 4.8% (volume growth of ~6%), with 40bp EBITDA margin
expansion. We expect strong performance from Britannia, GCPL & Asian Paints.
Higher level of discounting/offers to lure consumers
We note, crude and crude derivatives (namely PFAD, TiO2, LLP and HDPE have
corrected 32%. 8%. 33% and 13% YoY resp.) continue to be benign which could drive
profitability for our coverage universe. However few agricultural commodities
namely Sugar (up 14.1% QoQ) and vegetable oil (up 5% QoQ) have recently
witnessed a sharp increase, which could impact profitability of BRIT, Nestle and GSK.
Pricing is broadly flattish across segments, with companies (selectively in our coverage) continuing to incur price offs/volume offers to drive the incipient volume
growth.
Valuations rich; our pecking order doesn't change
As per our interactions with distributors and managements across our coverage
universe, demand environment continues to be soft with incremental pressure
on volumes in select categories. Most of the stocks in our universe, barring ITC, trades at 30-45x FY17 EPS and precludes any material upside over next one year
trades at 30-45X F11/ EPS and precludes any material upside over next one year timeframe (going by our one year target upsides for our universe). While
recognizing the rich near term valuations, we believe the long term consumption
story continues to hold ground and will exist even beyond FY18. Thus, our long
standing preference for-United Spirits, Britannia, Emami and Jyothy Labs -
continues despite sharp outperformance over last two years. In the
discretionary space we like Pidilite and Page Industries. We believe each of these names offers a medium to long term play with specific performance drivers.
name oners a measure to long term play with specific performance or reas.

						Secterni	Nr 2015	Results P	review 1	Sector: O	onsumer					
Motil.	al Os	SWA	L						Cor	nsur	ner					
Company name		Over	to 2HF	/16												
Acian Paints		Deman	d recover	y soft:	margin	tailwind	s to driv	e PAT	growth							
Britannia Industries		Evnert	sales gro	with to	moder	to com	antiathr	and P	T to a	ow 14 1	No. You					
Colgate						ne sequ	circumy	unu ra	11 10 81	0W 14.1						
Dabur		for our consumer universe We expect our consumer universe to post 7% YoY revenue growth and 14.1% Yo							1% YoY							
tmami			wth in 2QJ													
Godrei Concumer			across ca													
SSK Concumer			owth, as p a few co													
History Holean			d low infl													
rrc			in 1HFY1													
Jyothy Labs			is likely t													
Notice			owth (139 a likely to													
			n. We ex													
Nestle India		Paints.			ing peri											
Pidilite Industries		longt of	ost benef		due DAT	arouth										
Radico Khaitan							nd arri i	related)	continu	e to be	benirn					
United Spirits								Most of the input cost variables (crude and agri related) continue to be benign, which would drive profitability for our coverage universe. With competitive intensity								
						ries, we	believe	EBITDA	margin	benefits	will be					
		restraine	d due to	higher	investre	ents in a	believe advertisi	EBITDA	margin	benefits	will be					
		restraine competi	ed due to tion and e	higher	investri e volum	e growth.	believe advertisi	EBITDA	margin	benefits	will be					
		restraine competi Valuati	ed due to tion and e ons rich;	higher ncourag	investri e volum king ori	e growth. der unch	advertisi	EBITDA ng and	margin promot	benefits ions to i	will be counter					
		restraine competi Valuati Demand	ed due to tion and e ons rich; recover	higher ncourag our peo y seem	investn e volum king ori s delay	e growth. der unch ed even	anged as ho	EBITDA ng and pes fo	margin promot	benefits ions to i	will be counter					
		valuati Demand consump	ed due to tion and e ons rich;	higher ncourag our pec y seem alive. W	investri e volum king ori s delay e see di	e growth. der unch ed even ownside i	anged as ho isks to l	pes fo	margin promot r 2HFY1 nd FY7E	benefits ions to i 16 recor earnings	will be counter very in s. While					
		restraine competi Valuată Demand consump valuatio	ed due to tion and e ons rich; recover ption are	higher ncourag our pec y seem alive. W mrected	investm e volum king ori s delay e see de they ar	e growth der unch ed even ownside r e still exp	anged as ho isks to i ensive; t	pes fo ry16E a	r 2HFY1 nd FY7E lains our	benefits ions to i l6 recor earnings largely c	will be counter very in s. While					
		valuation valuation valuation valuation stance on	ed due to tion and e ons rich; recover ation are ns have co n the sect	higher ncourag our pec y seem alive. W irrected or—only	investm e volum king ori s delay e see di they an six Buy	e growth der unch ed even ownside r e still exp	anged as ho isks to i ensive; t	pes fo ry16E a	r 2HFY1 nd FY7E lains our	benefits ions to i l6 recor earnings largely c	will be counter very in s. While					
		valuation valuation valuation valuation stance on	ed due to tion and e ons rich; recover ation are ns have co n the sect	higher ncourag our pec y seem alive. W irrected or—only NR Millio	investm e volum king ori s delay e see di they an six Buy	e growth. der unch ed even ownside i e still exp s in our 10	anged as ho isks to l ensive; t 5 consur	pes fo ry16E a	margin promot r 2HFY1 nd FY7E lains our k univer:	benefits ions to i l6 recon earnings largely c se.	will be counter very in s. While					
	sarterly perfo	valuation valuation valuation valuation stance on	ed due to tion and e ons rich; recover ation are ns have co n the sect	higher ncourag our pec y seem alive. W mrected, or—onh NR Millic 50499 Var %	investm e volum king ori s delay e see di they ar (six Buy n)	e growth. der unch ed even ownside i e still exp s in our 10	anged as ho isks to l ensive; t 5 consur EBDITA Var 5	EBITDA ng and pes fo rY16E a his expl ner stoc	margin promot r 2HFY1 nd FY7E lains our k univer:	benefits ions to i l6 recor earnings largely c ie.	will be counter wery in t. While cautious					
Sector	uarterly perfe	valuation valuation valuation valuation stance on commance stance on commance stance on commance stance on commance stance of commande stance of commande stance of commande stance of commande stance of commance stance of commande stance of c	ed due to tion and e ons rich; recover ation are n the sect ammary (r	higher ncourag our pec y seem alive. W irrected, or—only NR Millio Sales	investm e volum king ori s delay e see di they ar (six Buy n)	e growth. der unch ed even ownside i e still exp s in our 1	anged as ho isks to l ensive; t 5 consur	EBITDA ng and pes fo PY16E a this expl ner stoc	margin promot r 2HFY1 nd FY7E lains our k univer:	benefits ions to i 16 recor earnings largely c te. Net Profit	will be counter very in a. While cautious					
Sector Asian Paints	sarterly perfe CMP (NR)	restrains competi Valuatii Demand consumy valuatio stance o mance s Reco	ed due to tion and e ons rich; recover otion are n have co n the sect sep-15	higher ncourag our pec y seem alive. W irrected, or—only NR Millic Sales Var % Yor	investm e volum king ori s delay le see di they ar y six Buy n)	sents in i e growth. der unch ed even ownside r e still exp s in our 1 \$ep-15	anged as ho isks to I ensive; t 5 consur EBDITA Var % YoY	EBITDA ng and pes fo FY16E a this expi ner stoc	r 2HFYJ nd FY7E Jains our k univer: \$sp-15 4,679 2,214	benefits ions to i l6 recor earnings largely c ie. Net Profit Yer S Yer	will be counter wery in t. While autious					
Sector Asian Paints Britannia Colgate	aarteriy perfo (MP (MR) 855 3.214 963	restrains competi Valuatii Demand consumj valuatio stance o mance s Reco Buy Buy Neutral	ed due to tion and e ons rich; recover stion are ns have co n the sect aummary () 3ep-15 38,737 22,195 10,631	higher ncourag our pec y seem alive. W mrected, or—only NR Millio Sales Var % Yor 8.0 13.5 7.0	investm e volum king oru s delay e see di they ar y six Buy as Buy un) Var 5 God 8.3 10.8 6.0	sents in i e growth. der unch ed even ownside r e still exp s in our 1: 3ep-15 6.585 3.129 2.118	anged as ho isks to l ensive; t 5 consur <u>EBDITA</u> Var 5 Yoy 34.4 55.6 13.5	EBITDA ng and pes fo Y16E a his expi ner stoc Var % Q00 3.2 14.9 4.9	r 2HFY3 nd FY7E lains our k univer: 5sp-15 4,679 2,214 1,423	benefits ions to r l6 recor earnings largely c re. Net Profit Var 5 Yoy 34.7 51.5 9.8	very in s. While cautious Var's Gog 2.8 16.8 15.9					
Sector Asian Paints Brtannia Colqate Datur	aarterly perfo CMP (NNP) 855 3,214 983 276	restrains competi Valuatii Demand consump valuatio stance o mance s Reco Buy Buy Buy Neutral Neutral	ed due to tion and e ons rich; recover ption are ns have co n the sect aurmary () Sep-15 36,737 22,195	higher ncourag our pec y seem alive. W irrected, or—only NR Millio Var % Yor 8.0 13.5	investm e volum king oru s delay e see de , they ar y six Buy m) Var % Gag 8.3 10.8	tents in i e growth. der unch ed even ownside i e still exp s in our 1 3ep-15 6.585 3.129	anged as ho isks to I ensive; t 5 consur <u>EBDITA</u> Var % YoY 34.4 55.6	EBITDA ng and pes fo Y16E a this expiner stoc Var % Gog 32 14.9	r 2HFY1 nd FY7E lains our k univer: 589-15 4,679 2,214 1,423 3,281	benefits ions to i l6 recoi earnings largely c ce. Net Profit Var S Yoy 34.7 51.5	will be counter wery in a While autious Var 5 gog 2.8 16.8					
Sector Asian Paints Briannia Colgate Datur Emarni Godrej Consumer	aarterly perfo CMP (NNT) 855 3,214 963 276 1,209 1,309	restraine competi Valuatio Demand consump valuatio stance o mance o mance o Reco Buy Buy Neutra Neutra Neutra	ed due to tion and e ons rich; i recover ption are shave cc n the sect aummary (t 8ep-15 36,737 22,195 10,631 21,165 6,199 23,649	higher ncourag our pec y seem alive. W wrrected, or—only NR Millic Sales Var 5: Yor 8.0 13.5 7.0 10.0 26.0 15.5	investm e volum king ori s delay e see di they ar (six Buy (six Buy (six Buy (six Buy) (six Buy (six Buy) (six Buy (six Buy) (six Buy) (six Buy (six Buy) (six Buy) (s	sents in a e growth. der unch ed even ownside n e still exp s in our 1 8ep-15 6.586 3.129 2.118 3.979 1.585 4.280	ensive; t stanged as ho isks to l ensive; t S consur Var 5 YoY 34.4 \$5.6 13.5 15.2 40.0 30.1	EBITDA ng and pes fo rY16E a his expi ner stoc 32 14.9 4.9 25.8 59.0 36.8	margin promot r 2HFY1 nd FY7E lains our k univer: 8ep-15 4,679 2.214 1,423 3.281 1,120 2,920	benefits ions to i l6 recor earnings largely c ce. Not Profit Var 5 Yoy 34.7 51.5 9.8 13.4 20.7 36.0	will be counter wery in . While cautious Var % Good 2.8 16.9 24.9 15.9 24.9 12.4 36.8					
Sector Asian Paints Betannia Colgate Datur Emami Godiel Consumer Godiel Consumer	carterly perfo (NR) 3.214 963 276 1,209 1,209 6,047	restrains competil Valuatio Demand consum valuatio stance o smance s Reco Buy Neutral Neutral Neutral Neutral	ed due to tion and e ons rich; i recover ation are n the sect aummary (1 8ep-15 36,737 22,195 10,631 21,165 6,169 23,669 12,305	higher ncourag our pec y seem alive. W mrected or—only NR Millio Sales Yoy 8.0 13.5 7.0 10.0 26.0 11.5 10.5	investm e volum king ori s delay e see di they ar y six Buy in) Var 5 God 8.3 10.8 6.0 2.5 4.6 12.9 17.8	sents in a e growth. der unch ed even ownside i e still exp s in our 1: 5 ep-15 6.585 3.129 2.116 3.979 1.585 4.200 2.400	ensive; 1 stanged as ho isks to l ensive; 1 S consurt Var % YoY 34.4 55.6 13.5 15.2 40.0 30.1 22.6	EBITDA ng and pes fo TY16E a this expiner stoc GoQ 34.9 4.9 25.8 59.0 36.8 20.6	margin promot r 2HFY1 nd FY7E lains our k univer: 4,679 2,214 1,423 3,281 1,120 2,926 1,927	benefits ions to i ions to i earnings largely c ie. Net Profit Yay 34,7 51,5 9,8 33,4 20,7 36,0 32,1	will be counter wery in a While autious Var % God 2.8 16.8 16.8 16.8 16.9 24.9 12.4 36.3					
Sector Britania Colaste Dotur Emarni Godrej Consumer Inist, Uniever	aarterly perfo CMP (NNT) 855 3,214 963 276 1,209 1,309	restraine competi Valuatio Demand consump valuatio stance o mance o mance o Reco Buy Buy Neutra Neutra	ed due to tion and e ons rich; i recover ption are shave cc n the sect aummary (t 8ep-15 36,737 22,195 10,631 21,165 6,199 23,649	higher ncourag our pec y seem alive. W wrrected, or—only NR Millic Sales Var 5: Yor 8.0 13.5 7.0 10.0 26.0 15.5	investm e volum king ori s delay e see di they ar (six Buy (six Buy (six Buy (six Buy) (six Buy (six Buy) (six Buy (six Buy) (six Buy) (six Buy (six Buy) (six Buy) (s	sents in a e growth. der unch ed even ownside n e still exp s in our 1 8ep-15 6.586 3.129 2.118 3.979 1.585 4.280	ensive; t stanged as ho isks to l ensive; t S consur Var 5 YoY 34.4 \$5.6 13.5 15.2 40.0 30.1	EBITDA ng and pes fo rY16E a his expi ner stoc 32 14.9 4.9 25.8 59.0 36.8	margin promot r 2HFY1 nd FY7E lains our k univer: 8ep-15 4,679 2.214 1,423 3.281 1,120 2,920	benefits ions to i l6 recor earnings largely c ce. Not Profit Var 5 Yoy 34.7 51.5 9.8 13.4 20.7 36.0	will be counter wery in . While cautious Var % Good 2.8 16.9 24.9 15.9 24.9 12.4 36.8					
Sector Asian Patrits Britannia Colqate Dabur Emant Godiel Consumer Hind, Unliever Hind, Unliever Hind, Unliever Hind, Unliever	aarterly perfo (NR) (000) 3214 963 1,209 1,209 6,047 6,047 6,047 329 332	restraine competi Valuatio Demand consump valuatio stance o mance s Reco Buy Buy Buy Neutral Neutral Neutral Neutral Neutral Neutral Neutral Suy	ed due to tion and e ons rich; recover tion are ns have co n the sect ammary () 3eg-15 3eg-15 3eg-15 3eg-15 3eg-15 22,195 10,631 22,195 12,305 6,199 23,649 12,305 80,123 96,203	higher ncourag our pec y seem alive. W prected, or—only NR Millio 80/00 13.5 7.0 13.5 7.0 13.5 7.0 15.5 10.5 7.5 5.5 11.0	investn e volum s delay e see di they ar (six Buy a) Var 5 God 8.3 10.8 6.0 2.8 4.6 12.8 4.5 17.8 1.3 10.3 10.3 10.3 10.3 10.3 10.3 10.3	sents in a e growth. der unch ed even ownside r e still exp s in our 1 3ep-15 6.586 3.129 2.116 3.979 1.525 4.200 14.371 37.500 336	believe advertisi anged as ho isks to I ensive; 1 5 consur Var % Var % Var % Var % 13.5 15.2 40.0 30.1 22.6 15.7 8.6 18.5	EBITDA ng and pes fo Y16E a his exp ner stoc 32 14.9 25.8 50.0 32.5 14.9 25.8 50.0 30.0 30.0 30.0 30.0 30.0 30.0 30.0	margin promot r 2HFY1 nd FY7E lains our k univer: k univ	benefits ions to i l6 recon earnings largely c ie. Net Profit Var 5 707 707 715 51.5 9.8 13.4 20.7 36.0 22.1 9.8 11.2 9.0	will be counter wery in . While autious 28 168 168 168 168 168 168 24.9 24.9 24.9 24.9 24.9 24.9 24.9 24.9					
Sector Asian Paints Bector Coloate Coloate Coloate Coloate Godrei Consumer Hod, Unlever HTC Ayoby Labs Manco	Larterly perfo (MR) (807) 3,214 953 2,216 1,209 5,047 1,209 5,047 8,109 2020 3,12 3,12 403 3,12 403	restrains competi Valuatio Demand consum valuatio stance o mance o mance o mance o mance o Buy Buy Neutra Neutra Neutra Neutra Suy Neutra	ed due to tion and e ons rich; recover otion are ins have co in the sect ammary () Sep-15 36,737 22,195 10,631 21,165 6,199 23,649 12,305 80,200 4,031 15,335	higher ncourag our pec y seem alive. W mrected or—only NR Millio Sales Var 5: 70 13.5 7.0 13.5 7.0 15.5 10.5 7.5 8.5 11.0	investn e volum king orr s delay e see di , they ar (six Buy m) Vars God 8.3 10.8 6.0 2.5 4.6 12.9 17.8 1.3 10.9 -1.4 5 1.3 10.9	sents in : e growth. der unch ed even swnside i e still exp s in our 12 5,585 5,585 5,129 2,118 3,979 1,585 4,280 2,400 2,400 2,400 2,400 3,4,371 37,890 3,2279	believe advertisi anged as ho isks to l ensive; t 5 consur Var % YoY Var % YoY 304 35.6 13.5 13.5 13.5 13.5 13.5 13.5 13.5 13.5	EBITDA ng and pes fo Y16E a his exp ner stoc 32 32 32 32 32 32 32 32 32 32 32 32 32	margin promot r 2HFY1 nd FY7E lains our k univer: k univ	benefits ions to i l6 recon earnings largely c ic. Net Profit Viar 5 Yoy 34,7 31,6 9,8 13,4 20,7 36,0 22,7 36,0 37,0 36,0 36,0 36,0 36,0 36,0 36,0 36,0 36	will be counter . While cautious 2.6 16.9 2.4 15.9 2.4 2.4 15.9 2.4 2.4 15.9 2.4 2.4 15.9 2.4 2.4 2.4 2.4 2.4 2.4 2.4 2.4 3.5 3.5 2.4 2.4 3.5 3.5 3.5 3.5 3.5 3.5 3.5 3.5 3.5 3.5					
Exhibit 1: Expected of Sector Asian Parts Enterna Door Enami Gibt Consumer Hol, Uniterer Hol, Uniter	aarterly perfo (NR) (000) 3214 963 1,209 1,209 6,047 6,047 6,047 329 332	restraine competi Valuatio Demand consump valuatio stance o mance s Reco Buy Buy Buy Neutral Neutral Neutral Neutral Neutral Neutral Neutral Suy	ed due to tion and e ons rich; recover tion are ns have co n the sect ammary () 3eg-15 3eg-15 3eg-15 3eg-15 3eg-15 22,195 10,631 22,195 12,305 6,199 23,649 12,305 80,123 96,203	higher ncourag our pec y seem alive. W prected, or—only NR Millio 80/00 13.5 7.0 13.5 7.0 13.5 7.0 15.5 10.5 7.5 5.5 11.0	investn e volum s delay e see di they ar (six Buy n) Var 5 God 8.3 10.8 6.0 2.8 4.6 12.8 4.5 17.8 1.3 10.3 10.3 10.3 10.3 1.4	sents in a e growth. der unch ed even ownside r e still exp s in our 1 3ep-15 6.586 3.129 2.116 3.979 1.525 4.200 14.371 37.500 336	believe advertisi anged as ho isks to I ensive; 1 5 consur Var % Var % Var % Var % 13.5 15.2 40.0 30.1 22.6 15.7 8.6 18.5	EBITDA ng and pes fo Y16E a his exp ner stoc 32 14.9 25.8 50.0 32.5 14.9 25.8 50.0 30.0 30.0 30.0 30.0 30.0 30.0 30.0	margin promot r 2HFY1 nd FY7E lains our k univer: k univ	benefits ions to i l6 recon earnings largely c ie. Net Profit Var 5 707 707 715 51.5 9.8 13.4 20.7 36.0 22.1 9.8 11.2 9.0	will be counter wery in . While autious 28 168 168 168 168 168 168 24.9 24.9 24.9 24.9 24.9 24.9 24.9 24.9					
Sector Asian Paints Brtannia Colaste Dator Emant Godie Consumer Hind Unieuer ITC Juothy Labs Manoo Neste	carterly perfo CMP (0487) 865 3,214 963 1,209 5,047 8,00 3,00 3,00 3,00 3,00 3,00 3,00 3,00	restraine competi Valuatio Demand consump valuatio stance o rmance s Reco Buy Buy Buy Buy Buy Neutra Neutra Neutra Neutra Neutra Neutra Suy Neutra	ed due to tion and e ons rich: recover ption are ns have co n the sect ammary () 389-15 38,737 22,195 6,199 22,649 12,205 8,0,123 95,200 4,081 15,035 20,599	higher ncourag our pec y seem alive. W mrected or - only NR Millio Sales Var 5: 707 8.0 13.5 7.0 10.0 25.0 15.5 10.5 7.5 5.5 11.0 11.5 11.5	investn e volum s delay e see di they ar y six Buy n) Var 5 Gog 8.3 10.8 6.0 2.5 4.6 12.9 17.8 1.3 10.9 -1.4 6.5	sents in a e growth. der unch ed even ownside r s till exp s in our 1: 3ep-15 6.585 3.129 2.116 3.979 1.585 4.220 2.400 3.420 2.400 3.420 2.400 3.420 3.420 2.400 3.4200 3.4200 3.	believe advertisi anged as ho isks to 8 ensive; 1 5 consur Var 5 Var 5 7 34.4 85.6 13.5 15.2 40.0 122.6 15.7 8.6 18.5 18.5 18.5 18.5 18.5 18.5 18.5 18.5	EBITDA ng and pes fo ry16E a abhis expiner stoc 2002 322 49 258 59 59 59 59 59 59 59 59 59 59 59 59 59	margin promot nd FY7E lains our k univer: 389-15 4,679 2,214 1,423 3,261 1,423 3,261 1,423 3,261 1,957 19,510 2,593 3,302 1,957 2,421	benefits ions to i earnings largely c ie. Net Profit 34.7 51.5 9.8 13.4 20.7 34.7 51.5 9.8 13.4 20.7 21.9 9.0 11.0 11	will be counter wery in a While autious Var 5 Go2 28 16.8 16.8 16.8 16.8 16.8 16.8 16.8 16.					

MOTIL	<u>u O</u>	SWAL
		Consumer
		Demand recovery soft; over to 2HFY16
Company Consumer	Pg.	Takeaways from interactions with 15 consumer companies and channel partners
Asian Paints	3	
Dabur India	4	We present takeaways from our interactions with 15 corporates from the consumer sector at our conference and channel checks with distributors of several FMCG and
Emami	5	retail companies in urban and rural markets:
Godrej Consumer	6	
ITC	7	Common themes: 1) There hasn't been any material pick-up in consumer demand.
Jyothy Labs.		Deficient rainfall, lower rural wage growth, muted increase in Minimum Support
Marico	9	Prices, liquidity crunch in some rural markets and overall sluggish consumer
Page Inds.	10	sentiments have kept the consumption demand in check. 2) Though gains from
Pidlite	11	commodity cost correction have been robust, most of these gains will need to be reinvested in brand spends and trade promotions to drive demand if volume
United Breweries	12	reinvested in brand spends and trade promotions to drive demand if volume growth fails to revive. 3) Competitive intensity has been going up in some
		categories, though it is not a cause of concern yet as the nature of competition is
Retails		still rational barring the aggressive price cuts in the shampoo category by P&G. 4)
P C Jewellers	13	Some corporates are hopeful about demand revival in 2HFY16 due to sustained low
Shoppers Stop	14	inflation and expectations of interest rate cut. 5) Impact of poor monsoons is more
Titan inds	15	on sentiments than on actual spending.
		volume growth does not recever and commodify prices remain beingh (not inflation), PTI2 seming growth mill impact profitability if volumes do not recever a grint from commodify price affettion will be largely on the PTI2 beau, susming no further material correction in https://pti.flit.com/state/pti.flit.com/state/pti.flit.com/state/ power and those that do not out price (Pdittle, ITC, Page, and Emani) will be latter priced this coming pure seminary barries.
		Comparing particle faired tradeways (DMDar and Dmarsh hous see the endsord Settinger OGA In DSYTES. Showing waves parts 175 Warrah may be the 6 SMN band broad of their and/or particle Settinge and 6 S150. Warrah with a draw band in this draw band and of their and/or particle Settinge and 6 S150. Warrah with the setting particle of 2000 Kerta and 20

Rissembare Thomas Paulas Caster and S&P Cas

Mailing Probability oversease requestions where the end of the Research Report. Involution are advisional to need to head the end of the Research Report. Mobiled Oywell research is available on <u>www.mobile/owell.com/institutional-fourities</u>, Beomberg, Thomson Resters, Factset and S&P Capital.

NOTES

Disclosures

This document has been prepared by Motilal Oswal Securities Limited (hereinafter referred to as Most) to provide information about the company (ies) and/sector(s), if any, covered in the report and may be distributed by it and/or its affiliated company(ies). This report is for personal information of the selected recipient/s and does not construe to be any investment, legal or taxation advice to you. This research report does not constitute an offer, invitation or inducement to invest in securities or other investments and Motilal Oswal Securities Limited (hereinafter referred as MOSt) is not soliciting any action based upon it. This report is not for public distribution and has been furnished to you solely for your general information and should not be reproduced or redistributed to any other person in any form. This report does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual Clients. Before acting on any advice or recommendation in this material, investors should consider whether it is suitable for their particular circumstances and, if necessary, seek professional advice. The price and value of the investments referred to in this material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance, future returns are not guaranteed and a loss of original capital may occur.

MOSt and its affiliates are a full-service, integrated investment banking, investment management, brokerage and financing group. We and our affiliates have investment banking and other business relationships with a some companies covered by our Research Department. Our research professionals may provide input into our investment banking and other business selection processes. Investors should assume that MOSt and/or its affiliates are seeking or will seek investment banking or other business from the company or companies that are the subject of this material and that the research professionals who were involved in preparing this material may educate investors on investments in such business. The research professionals or the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting information. Our research professionals are paid on twin parameters of performance & profitability of MOSt.

MOSt generally prohibits its analysts, persons reporting to analysts, and members of their households from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover. Additionally, MOSt generally prohibits its analysts, persons reporting to analysts from serving as an officer, director, or advisory board member of any companies that the analysts cover. Our salespeople, traders, and other professionals or affiliates may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing among other things, may give rise to real or potential conflicts of interest. MOSt and its affiliated company(ies), their directors and employees and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and eam brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the affiliates of MOSt even though there might exist an inherent conflict of interest in some of the stocks mentioned in trading volume, as opposed to focusing on a company's fundamentals and, as such, may not match with a report on a company's fundamentals and, as such

Unauthorized disclosure, use, dissemination or copying (either whole or partial) of this information, is prohibited. The person accessing this information specifically agrees to exempt MOSt or any of its affiliates or employees free, any and all responsibility/liability arising from such misuse and agrees not to hold MOSt or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOSt or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays. The information contained herein is based on publicly available data or other sources believed to be reliable. Any statements contained in this report attributed to a third party represent MOSt's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. This Report is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. While we would endeavor to update the information herein on reasonable basis, MOSt and/or its affiliates are under no obligation to update the information. Also there may be regulatory, compliance, or other reasons that may prevent MOSt and/or its affiliates or employees shall not be in any way responsible and liable for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. MOSt or any of its affiliates or employees on to provide, at any time, any express or implied warranty of any kind, regarding any matter pertaining to this report, including without limitation the implied warranties of merchantability, fitness for a particular purpose, and non-infringement. The recipients of this report should rely on their own investigations.

This report is intended for distribution to institutional investors. Recipients who are not institutional investors should seek advice of their independent financial advisor prior to taking any investment decision based on this report or for any necessary explanation of its contents.

Most and it's associates may have managed or co-managed public offering of securities, may have received compensation for investment banking or merchant banking or brokerage services, may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months.

Most and it's associates have not received any compensation or other benefits from the subject company or third party in connection with the research report.

Subject Company may have been a client of Most or its associates during twelve months preceding the date of distribution of the research report

MOSt and/or its affiliates and/or employees may have interests/positions, financial or otherwise of over 1 % at the end of the month immediately preceding the date of publication of the research in the securities mentioned in this report. To enhance transparency, MOSt has incorporated a Disclosure of Interest Statement in this document. This should, however, not be treated as endorsement of the views expressed in the report.

Motilal Oswal Securities Limited is registered as a Research Analyst under SEBI (Research Analyst) Regulations, 2014. SEBI Reg. No. INH000000412

Pending Regulatory inspections against Motilal Oswal Securities Limited:

SEBI pursuant to a compliant from client Shri C.R. Mohanraj alleging unauthorized trading, issued a letter dated 29th April 2014 to MOSL notifying appointment of an Adjudicating Officer as per SEBI regulations to hold inquiry and adjudge violation of SEBI Regulations; MOSL replied to the Show Cause Notice whereby SEBI granted us an opportunity of Inspection of Documents. Since all the documents requested by us were not covered we have requested to SEBI vide our letter dated June 23, 2015 to provide pending list of documents for inspection.

List of associate companies of Motilal Oswal Securities Limited -Click here to access detailed report

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report. The research analysts, strategists, or research associates principally responsible for preparation of MOSt research receive compensation based upon various factors, including quality of research, investor client feedback, stock picking, competitive factors and firm revenues

Dis	closure of Interest Statement	REPCO HOME FINANCE
•	Analyst ownership of the stock	No
•	Served as an officer, director or employee	No

A graph of daily closing prices of securities is available at www.nseindia.com and http://economictimes.indiatimes.com/markets/stocks/stock-quotes

Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOSt & its group companies to registration or licensing requirements within such jurisdictions.

For Hong Kong: This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Securities (SEBI Reg No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Kong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

For U.S

Motilal Oswal Securities Limited (MOSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the"1934 act") and under applicable state laws in the United States. In addition MOSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOSL, including the products and services described herein are not available to or intended for U.S. persons.

This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S. MOSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motial Osval Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

For Singapore

Motifial Oswal Capital Markets Singapore Pte Limited is acting as an exempt financial advisor under section 23(1)(f) of the Financial Advisers Act(FAA) read with regulation 17(1)(d) of the Financial Advisors Regulations and is a subsidiary of Motilal Oswal Capital Markets Singapore Pte Limited in India. This research is distributed in Singapore by Motilal Oswal Capital Markets Singapore Pte Limited and it is only directed in Singapore to accredited investors, as defined in the Financial Advisers Regulations and the Securities and Hutures Act (Chapter 289), as amended from time to time.

In respect of any matter arising from or in connection with the research you could contact the following representatives of Motilal Oswal Capital Markets Singapore Pte Limited:

Varun Kumar <u>Varun kumar@motilaloswal.com</u> Contact : (+65) 68189232 Office Address:21 (Suite 31),16 Collyer Quay,Singapore 04931



Motilal Oswal Securities Ltd Motilal Oswal Tower, Level 9, Sayani Road, Prabhadevi, Mumbai 400 025 Phone: +91 22 3982 5500 E-mail: reports@motilaloswal.com Kadambari Balachandran kadambari.balachandran@motilaloswal.com (+65) 68189233 / 65249115