

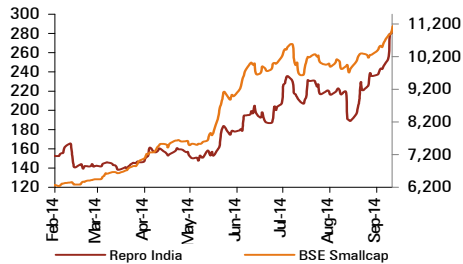
Time frame: 6 months

Key Technical Data

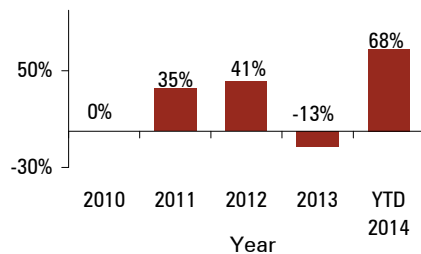
Recommended Price	290-280
Price Target	355.00
Stoploss	261.00
52 Week High	293.50
52 Week Low	117.25
50 days EMA	232.00
200 days EMA	192.00
52 Week EMA	190.00

*Recommendation given on i-click to gain on 16th September 2014 at 10:32

Stock price movement vs. BSE Small cap Index



Price performance over last five years



Gladiator Stocks: Series 3.0

Repro India (REPIND)

(CMP- ₹ 287.00)

Technical view

Strategy: Buy Repro India in the range of ₹ 290 –280 for a target price of ₹ 355.00 with a stop loss below ₹ 261.00 on a closing basis

Key technical observations

- The share price of Repro India is seen forming a series of rising peaks and troughs amid bullish sentiments since bottoming out in October 2013. As a result, the stock price resolved above its 2012 high of ₹ 258 indicating continuation of the primary up trend. The key development on the price chart is a breakout from a bullish Cup and Handle pattern during previous week, which elevated the stock price to a higher orbit setting up bullish momentum
- The bullish Cup and Handle pattern marks a consolidation followed by break out. As the name suggests, the pattern is divided into two parts Price advance after a decline from a rounding Cup (in this case rally from October 2013 lows) and then forms a trading range near previous historical highs before a breakout. This trading range forms Handle of the Cup
- The stock steered past the neckline of the Cup and Handle above ₹ 240 during previous week to signal a breakout from the pattern and start of a fresh up leg thus offering a fresh entry opportunity to ride the up move
- Volume behaviour during the pattern formation and during the subsequent breakout highlights the bullish structure. The Dow Theory laid great emphasis on higher participation in the direction of the primary trend to gauge sustainability. The price breakout was accompanied by a strong surge in volumes as the stock witnessed more than three times its 50 week average volume (1 lakh shares per week) indicating strong participation in the direction of the trend
- We expect the stock to head towards the levels of ₹ 362 being the measuring implication of the price pattern i.e. the distance between the neckline ₹ 240 and the base of the rounding pattern ₹ 118 ($240-118=122$) added to the breakout point ($240+122=362$),
- Among oscillators, the weekly MACD is seen in a rising trend forming higher high and higher low. Recently, the MACD seen bouncing off taking support at its nine period's average thus validating strong positive momentum in the stock

Exhibit 1: Repro India – Weekly Bar Chart



Source: Bloomberg, ICICIdirect.com Research

Analyst

Dharmesh Shah
 Dharmesh.shah@icicisecurities.com

Nitin Kunte, CMT
 nitin.kunte@icicisecurities.com

Pabitra Mukherjee
 pabitra.mukherjee@icicisecurities.com

Stock Data

Particular	Amount
Market Capitalization (₹ Crore)	323.0
Total Debt (FY14) (₹ Crore)	193.2
Cash and bank balance (FY14) (₹ Crore)	19.0
EV (₹ Crore)	497.2
52 week H/L	294 / 117
Equity capital (₹ crores)	10.9
Face value	₹ 10
MF holding (%)	0.0
FI holding (%)	0.2

Stock return

	1M	3M	6M	12M
Repro	55.8	54.2	114.3	124.2
MPS	24.7	64.1	59.0	418.9

Source: Company, ICICIdirect.com Research

Exhibit 1: Financial highlights

₹ Crore	FY11	FY12	FY13	FY14
Net Sales	268.7	346.0	381.0	421.1
EBITDA	38.5	57.2	66.8	72.9
Net Profit	22.8	35.0	36.7	26.4
EPS (₹)	20.9	32.3	33.3	23.7

Source: Company, ICICIdirect.com Research

Exhibit 2: Valuation summary

	FY11	FY12	FY13	FY14
P/E	13.9	9.0	8.7	12.2
EV / EBITDA	12.9	8.7	7.4	6.8
P/BV	2.3	1.9	1.7	1.6
RoNW (%)	16.3	21.5	19.6	13.1
RoCE (%)	7.0	9.7	11.4	10.3

Source: Company, ICICIdirect.com Research

Fundamental view

- Repro India Ltd is a provider of end to end print solutions and one of the largest India-based producer of books with 92% of revenue coming in from the education sector. The company provides content, print and fulfillment solutions to publishers, corporates, education institutions and governments. Services include digitization, conversion and management of content, printing and binding of books, warehousing and delivery. The company has manufacturing facilities in Mumbai (Mahape) and Surat. The company generates 53% of revenues from domestic business and 47% from exports. The company has extensive relationships with over 250 publication houses and installed capacity of ~1.5 million books per day (May 2012). Its end-to-end solutions include conceptualisation, pre-press preparation, printing, binding, fulfilment and warehousing, and final retailing. Repro launched RAPPLES, a 360 degree learning experience with text books on a tablet to capture the rising digital education opportunity, pegged at ~\$ 500 million (source Annual Report 2014)
- In terms of business performance, domestic business grew 39% YoY in FY14 led by rising penetration in the Southern and Eastern markets coupled with its stronghold in Western and Northern regions. The Print-on-Demand business which gives an option of customized, short print runs to customers has helped Repro garner additional volumes and greater margins in the existing businesses. Focus on improving collections cycle (receivables were largely flat YoY at ~₹ 144 crores despite 10% revenue growth during FY14), especially in the exports market which have a longer business cycle, helped improve cash flows (₹ 19 crores in FY14 vs. ₹ 5 crores in FY13). Sharp focus on domestic markets led to 39% growth in revenues while export revenues declined ~7% YoY along with a decline in revenue contribution to 47% vs. 56% in FY13
- The company's revenues, PAT grew at 12%, 10% CAGR during FY09-14 led by healthy traction in domestic education business (21% CAGR during the same period) while export revenues were generally lumpy (5.4% CAGR) – with ~38% dividend payout in FY14 (translates to ~3.6% yield). Dip in FY14 profitability was led by ₹ 10.12 crores investment in RAPPLES during the year