

Performance indicators in retail sector

■ Focus on key performance metrics

We study the historical financial data of eight retail companies (Jubilant Foodwork, Provogue, Pantaloon, Shopper's Stop, Trend, Vishal retail, Titan Industries and Bata India.) in India. The companies include both rated and non-rated companies. Financial data that we focus on includes sales growth, Inventory turns, free cash flow, leverage and profit margins-

■ Pantaloon Retail – compelling fundamentals

PRIL's complicated holding structure, high working capital requirements and highly levered balance sheet are reasons for concern but current valuations are hard to ignore. Pantaloon is trading at 18x FY12E earnings, and at a~42% discount to sector valuation at 30x FY12E PE– despite being the dominant retailer.

■ Titan – quality at a price

Titan has outperformed Sensex by 90% and 8% in last 12/one month. The near term catalysts for stock price movement include 1) better than expected Q4FY11E results, 2) successful product launches and 3) turnaround in loss-making operations

■ Valuation: Retail sector trading at 30x FY12 earnings

Retail sector is trading at a valuation of ~30x FY12E PE. While sector valuation is steep we believe faster consumption growth, improved sentiment and FDI catalysts should maintain the premium over the staples space.

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Table 1: Retail companies under coverage

Company	Price	PT	Rating	Upside	Mcap (\$b)	PE	EBITDA Growth	PAT growth	
Covered	Rs. (31st Mar'11)			%	30/03/11	FY12E	FY13E	FY12E	FY12E
Titan	3,810.8	4,100.0	Buy	8%	3.8	34.8	26.9	17%	22%
Pantaloon	259.2	350.0	Buy	35%	1.3	18	12.8	28%	42%

Source: UBS estimates

This report has been prepared by UBS Securities India Private Ltd

ANALYST CERTIFICATION AND REQUIRED DISCLOSURES BEGIN ON PAGE 18.

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Summary

We study the historical financial data of eight retail companies in India. The companies include both rated and non-rated companies. Financial data that we focus on includes sales growth, Inventory turns, free cash flow, leverage and profit margins.

Indian retail industry including organised retail has potential to be one of the sunrise industries given strong growth aided by rising income levels. Increasing proportion of women at work is a key driver of out-of-home consumption and growth in organized retail.

We expect Indian retail industry to double in the next 7-8 years, with organised retail growing at a faster pace. Mom & Pop stores however will continue to dominate the retail space for a very long time.

We believe the most important catalyst for the sector is the potential opening up of FDI (Foreign Direct Investment) in multi-brand retail. We expect this will change the dynamics in sector. While long overdue, the Finance Minister failed to provide any details on the opening up of FDI on multi-brand retail in the Union Budget FY12. Recently, The Deputy Chairman of the Planning Commission Dr Montek Singh Ahluwalia stated that the Planning Commission is in favour of FDI in retail and the adverse impact of the same (potential loss of business of the mom-and-pop retailers) has been exaggerated.

We believe this potential change in policy puts Pantaloon Retail (PRIL) in a sweet spot. PRIL's management is open to divest. PRIL's complicated holding structure, high working capital requirements and highly levered balance sheet is reason for concern but current valuations are hard to ignore. Pantaloon is trading at 18x FY12E earnings, and ~42% discount to sector valuation at 30x FY12E PE— despite being the dominant retailer.

Titan has outperformed Sensex by 90% and 8% in last 12/one month. The near term catalysts for stock price movement include 1) better than expected Q4FY11E results, 2) successful product launches and 3) turnaround in loss-making operations

Retail sector valuation

Retail sector is trading at a valuation of ~30x FY12E PE. While sector valuation is steep we believe faster consumption growth, improved sentiment and FDI catalysts should maintain the premium over the staples space. Retail companies that are trading at significant premium include Jubilant Foodworks, Titan Industries and Shopper's Stop.

We study the historic financial data of eight retail companies in India

PRIL in sweet spot as we see steady progress towards opening of FDI in multi brand retailing

Titan is amongst the strongest retailer; deserves premium valuation

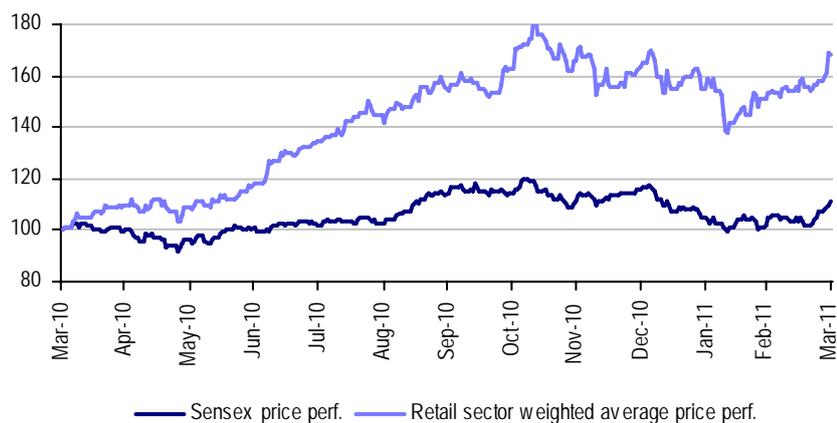
Table 2: Retail sector comparables

Company	Price	PT	Rating	Upside	Mcap (\$b)	PE	EBITDA Growth	Earnings growth	
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Titan	3,810.8	4,100.0	Buy	8%	3.8	34.8	26.9	17%	22%
Pantaloon	259.2	350.0	Buy	35%	1.3	18	12.8	28%	42%
Not-covered									
Jubilant Foodworks	539.4	-	-	-	0.8	36.8	26.1	45%	29%
Shoppers Stop	345.3	-	-	-	0.6	32.1	24.8	33%	56%
Bata India	390.4	-	-	-	0.6	17.4	-	22%	40%
Provogue	42	-	-	-	0.1	12.0	-	18%	30%
Average						30.1	21.6	24%	31%

Source: Estimates for non-covered companies is Reuters, UBS estimates

In the chart below we compare the one year price performance of retail sector (weighted average price performance of Pantaloon, Shoppers Stop, Jubilant Foodworks, Trent, Bata India, Provogue, Vishal Retail, Titan Industries) vs. the broader index.

Chart 1: One year price performance of retail sector vs. Sensex



Source: Bloomberg

Retail sector-performance indicators

We study the historical financial data of eight retail companies in India. The companies include both rated and non-rated companies. Financial data that we focus on includes sales growth, Inventory turns, free cash flow, leverage and profit margins

We give below important financial metrics for following companies -Jubilant Foodwork, Provogue, Pantaloon, Shopper's Stop, Trend, Vishal retail, Titan Industries and Bata India.

Top line growth: Although same store sales growth remains the most important metric in judging a retailer's performance; however, many of the Indian retailers don't report the numbers, hence give quarterly sales growth data for comparison.

Top line growth also is an indicator of new store opening which is the function of execution ability of management. Given India is a difficult market, due to paucity of organised retail hubs, retail space openings are also key barometer of retailer's success.

Pantaloon and Titan Industries have achieved higher than the sector average sales growth of 7.4% in the last 15 quarters with 9.3% and 8.5% growth respectively. .

Table 3: Quarterly sales growth trend

Particulars (%)	Dec-08	Mar-09	Jun-09	Sep-09	Dec-09	Mar-10	Jun-10	Sep-10	Dec-10
Pantaloon	10.3%	10.5%	11.0%	10.7%	10.6%	10.5%	6.6%	8.2%	8.6%
Shoppers Stop	2.8%	0.9%	3.2%	4.9%	7.9%	3.9%	5.0%	3.3%	4.6%
Trent	0.5%	-3.8%	0.8%	-4.4%	2.9%	-7.3%	1.3%	-2.6%	1.2%
Vishal Retail	12.3%	-58.8%	-11.8%	-37.8%	-11.8%	-68.0%	-0.7%	-6.3%	0.2%
Titan	5.8%	6.3%	9.0%	9.4%	8.0%	7.7%	8.9%	11.3%	10.0%
Bata India	9.6%	9.2%	10.6%	9.2%	15.5%	9.4%	12.8%	12.0%	15.5%
Provogue	6.9%	11.8%	11.9%	6.9%	10.1%	4.5%	11.2%	13.5%	14.7%
Jubilant	11.2%	15.6%	14.2%	15.7%	16.6%	15.5%	18.5%	18.2%	17.3%
Aggregate Retail	8.2%	3.7%	8.0%	6.0%	8.5%	4.2%	7.2%	8.1%	8.8%

Source: Company data

Inventory turns: Inventory turns is an indicator of lesser working capital requirements and improvement in returns. Inventory turns are an important barometer of the logistics and ability of strong merchandise for a retailer. This has also an expression of how popular the retailer is with its target audience. Also important from the capital employed perspective, given most retailers is strapped of cash.

Pantaloon's inventory turns have declined over the past seven years; one of the major concerns around the company. Titan industries have maintained its

inventory turns over last few years. In general, Titan Industries has lower inventory turns than sector average because jewellery (75% of sales) is category that has lower inventory turns compared to other categories like Food and apparel.

Table 4: Inventory turns (FY04-10)

Particulars (times)	FY04	FY05	FY06	FY07	FY08	FY09	FY10
Jubilant Foodworks	14.1	14.1	15.1	14.4	15.4	15.3	16.7
Titan Industries	3.6	2.9	2.7	2.5	2.5	2.4	2.7
Provogue	1.9	2.6	1.8	1.3	1.4	1.2	1.5
Pantaloon	4.7	4.8	4.7	4.6	4.3	4.0	4.0
Shopper's Stop	3.8	4.2	5.3	5.5	4.6	4.7	5.6
Trent	3.5	3.5	4.06	3.7	3.0	3.2	3.6
Vishal Retail	4.0	3.6	3.7	3.1			
Bata India	2.6	2.8	2.6	2.9	2.9	3.5	4.0

Source: Company data

Free cash flow

We give below the historical free cash flow generated by each company through FY10. Barring Titan and Bata India, all the retailers have generated negative free cash flows over the last 6-7 years. Titan Industries benefits from higher profitability and lower capex and working capital requirements. They also benefit from their old franchise network strength.

The most aggressive retailer in terms of rapid expansion has been Pantaloon which has generated maximum negative FCF over the period FY04-10. More than 95% of PRIL's capex and working capital has been raised from the equity/debt markets over this period.

Table 5: Free cash flow

Particulars, Rs.m	FY04	FY05	FY06	FY07	FY08	FY09	FY10
Jubilant Foodworks	NA	NA	(1)	(96)	(188)	(308)	268
Titan Industries	651	1,472	827	543	552	961	2,971
Provogue		(353)	(455)	(723)	(1,442)	(1,168)	(1,259)
Pantaloon	210	(1,140)	(4,500)	(9,410)	(12,437)	(6,374)	(2,615)
Shopper's Stop	(112)	(273)	(41)	(852)	(1,290)	(113)	189
Trent	130	35	577	(547)	(256)	(1,054)	(874)
Vishal Retail	NA	NA	(547)	(1,981)	(3,127)	(1,752)	617
Bata India	(372)	(130)	177	348	(13)	589	NA

Source: Company data

Leverage

Titan Industries clearly performs very well on both the parameters (FCF and leverage) given they have managed to reduce their debt to equity from 2.5x in FY04 to 0.1x in FY10 through operating free cash flows and not through equity dilution like in case of Pantaloon.

Most of the retailers have managed to reduce their debt to equity levels over time with the exception of Vishal Retail (increased D/E from 0.8 in FY07 to 3.9x in FY10)

Table 6: Debt/Equity

Debt/Equity	FY04	FY05	FY06	FY07	FY08	FY09	FY10
Jubilant Foodworks		0	0	0	0	0	0
Titan Industries	2.5	1.8	1.2	0.8	0.6	0.3	0.1
Provogue		0.8	0.5	0.21	0.5	0.3	0.5
Pantaloon	2.5	1.3	1.1	1.2	1.2	1.3	0.8
Shopper's Stop	0.7	1.0	0.2	0.5	0.7	1.1	0.8
Trent	0.00	0.25	0.63	0.53	0.32	0.34	0.4
Vishal Retail			0.8	1.9	2.0	4.0	3.9
Bata India	0.5	0.3	0.4	0.2	0.2	0.1	NA

Source: Company data, UBS

Profit margins

Profit margins are the key indicator to the performance of retailers, since retailers are generally leveraged and operating margins are not a clear indicator of profitability accruing to minority shareholders. Profit margins are an indicator of the profitability of a retailer.

Titan Industries has achieved higher than sector's average profit margin of last 15 quarters (5% vs. 3% of sector's average). If we remove Vishal retail from our sector average calculation, the sector average is at 5%. Vishal retail reported -16% average profit margin over the last three years. Given sector's average profit margins of 5% (ex. Vishal Retail), Titan Industries is in line with sector's average.

Table 7: PAT margins

	Dec-08	Mar-09	Jun-09	Sep-09	Dec-09	Mar-10	Jun-10	Sep-10	Dec-10	Score
Pantaloon	2%	2%	2%	2%	3%	3%	3%	2%	2%	2
Shoppers Stop	0%	-8%	0%	2%	4%	3%	3%	2%	3%	1
Trent	5%	8%	4%	4%	3%	10%	5%	7%	7%	4
Vishal Retail	1%	-49%	-34%	-34%	-33%	-51%	-6%	-11%	-6%	1
Titan	3%	2%	5%	7%	6%	4%	6%	8%	7%	4
Bata India	8%	4%	6%	5%	9%	6%	7%	7%	10%	4
Provogue	7%	11%	10%	7%	7%	2%	8%	7%	7%	5
Jubilant Foodworks	2%	5%	4%	8%	10%	8%	11%	9%	8%	5
Aggregate Retail	3%	-1%	1%	2%	2%	1%	4%	4%	4%	

Source: Company data

[Company Pages](#)



UBS Investment Research

Pantaloon Retail (India) Ltd.

Valuation hard to ignore

■ Compelling valuations

PRIL's complicated holding structure, high working capital requirements and highly levered balance sheet is reason for concern but current valuations are hard to ignore. Pantaloon is trading at 18x FY12E earnings, and ~40% discount to sector valuation at 30x FY12E PE—despite being the dominant retailer

■ Positive catalysts will warrant re-rating

Inventory days improvement, monetization in few of its investments (we have assumed that investments worth Rs5bn will be monetized in FY11) and a demerger of Future Capital and Future Generali would be key going forward, in our view.

■ Strong growth prospects

With India among the most attractive retail destinations, PRIL being the largest retailer is in a sweet spot.. We expect PRIL's core retail business to grow 24%/23.6% YoY in FY11/12 with profit growth of 42%/41%. We believe PRIL will continue store expansion at a lower pace, and shift focus to cash generation and optimal capital deployment.

■ Valuation: trading at 42% discount to sector valuation

Valuation remains attractive for PRIL at 18x FY12E earnings vs. sector's 30x. At our price target, the implied valuation of PRIL is PE of 24x FY12E; 17% discount to the sector. We value PRIL through DCF, where we explicitly forecast long-term valuation drivers using UBS's VCAM tool. We assume a WACC of 12% and a terminal year growth rate of 5%..

Highlights (Rsm)	06/09	06/10	06/11E	06/12E	06/13E
Revenues	66,614	89,261	110,702	136,807	166,649
EBIT (UBS)	5,284	6,068	6,851	8,851	10,984
Net Income (UBS)	1,406	2,431	2,031	2,891	4,072
EPS (UBS, Rs)	7.39	11.79	10.10	14.38	20.25
Net DPS (UBS, Rs)	0.61	0.70	0.72	0.75	0.80
Profitability & Valuation	5-yr hist av.	06/10	06/11E	06/12E	06/13E
EBIT margin %	6.7	6.8	6.2	6.5	6.6
ROIC (EBIT) %	14.4	14.1	14.0	15.9	17.6
EV/EBITDA (core) x	17.9	9.7	7.3	6.0	5.1
PE (UBS) x	52.7	30.7	25.7	18.0	12.8
Net dividend yield %	0.2	0.2	0.3	0.3	0.3

Source: Company accounts, Thomson Reuters, UBS estimates. (UBS) valuations are stated before goodwill, exceptionals and other special items. Valuations: based on an average share price that year, (E): based on a share price of Rs259.20 on 31 Mar 2011 22:32 SGT

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Global Equity Research

India

Retailers, Broadline

12-month rating **Buy ***
Unchanged

12m price target **Rs350.00/US\$7.86**
Unchanged

Price **Rs259.20/US\$5.82**

RIC: PART.BO BBG: PF IB

Trading data (local/US\$)

52-wk range	Rs517.40-234.50/US\$11.66-5.13
Market cap.	Rs56.2bn/US\$1.26bn
Shares o/s	217m (ORD)
Free float	60%
Avg. daily volume ('000)	408
Avg. daily value (m)	Rs115.8

Balance sheet data 06/11E

Shareholders' equity	Rs39.5bn
P/BV (UBS)	1.3x
Net Cash (debt)	(Rs27.9bn)

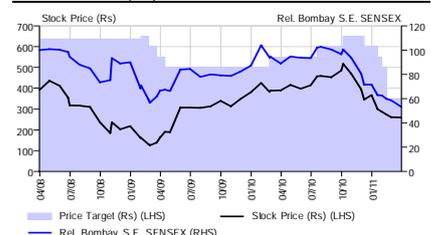
Forecast returns

Forecast price appreciation	+35.0%
Forecast dividend yield	0.3%
Forecast stock return	+35.3%
Market return assumption	13.1%
Forecast excess return	+22.2%

EPS (UBS, Rs)

	06/11E		06/10
	UBS	Cons.	Actual
Q1E	2.13	-	1.38
Q2E	2.35	2.88	3.90
Q3E	2.06	2.43	2.71
Q4E	3.56	2.31	3.90
06/11E	10.10	9.22	
06/12E	14.38	14.38	

Performance (Rs)



Source: UBS

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* Exception to core rating bands; See page20

Key investment positives which we believe are not priced in the current valuation

International JV could provide a case for re-rating: We think a pure hypermarket/convenience store business, which has considerable scale, would be an appropriate joint venture vehicle for a large international retailer setting up back-end operations in India. The international retailer could capitalise on PRIL's network and also establish its own cash and carry business.

An agreement with a foreign retailer for back-end operations would enable PRIL to benefit from its partner's expertise in supply chain management, sourcing strategies and inventory management. A JV may also give PRIL an edge in price negotiations with the suppliers, depending on the scale of a partner's operations and its own wholesale business.

A JV with an international retailer would also bring global best practice, information technology and knowledge for PRIL that could be used to revamp its existing assets. We believe this could improve its working capital turns and returns and potentially result in a re-rating of the stock.

From the perspective of a foreign retailer, we think a JV would also be a good proposition, as it would have access to the largest front-end operation in India and the ability to establish a clear needs-based relationship with the Indian retailer.

Window of opportunity once FDI opens up: Once FDI opens up; PRIL's value retail arm will emerge as an attractive buyout of Indian retail.

The reason we believe PRIL's value retail is attractive to a foreign retail player:

1. Location advantage: Big Bazaar and its offshoots are present in all the most attractive shopping hubs in the country.
2. Established logistics, own brands and brand equity. Being the longest in the business, Big Bazaar has established a robust backend and importantly human capital that is so important to the running of a retail chain.
3. Willingness to divest and partner- PRIL's management is open to divest and grow using acquired funds, unlike other private retailers that still haven't shown willingness to do so.

Releasing funds for future growth: Divesting FCH and insurance business would raise funds for expansion. We estimate the sale of a 49% stake in the insurance business and the sale of FCH stake (at the current market price) would raise Rs5-6bn. Though the company has delayed in delivering on this causing the stock to de-rate, we believe, will prove to be a major catalyst going forward, in our view.

Our price target does not include value of FCH and insurance business.

Valuation

Valuation remains attractive for PRIL at 18x FY12E earnings vs. sector's 30x. We believe the discount to sector due to concerns relating to complicated holding structure and highly levered balance sheet is warranted however not to such an extent. At our price target, the implied valuation of PRIL is PE of 24x FY12E which still is at a 17% discount to the sector.

Table 8: Indian retail sector comparables

Company	Price	PT	Rating	Upside	Mcap (\$b)	PE	EBITDA growth	Earnings growth	
Covered	Rs. (30th Mar'11)			%	30/03/11	FY12E	FY13E	FY12E	FY12E
Titan	3,810.8	4,100.0	Buy	8%	3.8	34.8	26.9	17%	22%
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Not-covered									
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Shoppers Stop	345.3	-	-	-	0.6	32.1	24.8	33%	56%
Bata India	390.4	-	-	-	0.6	17.4		22%	40%
Provogue	42	-	-	-	0.1	12.0		18%	30%
Average						30.1	21.6	24%	31%

Source: Estimates for non-covered companies is Reuters, UBS estimates

Table 9: UBS-VCAM Valuation Summary for Pantaloon [PART.BO]

Relative year	+1E	+2E	+3E	+4E	+5E	+6E	+7E	+8E	+9E	+10E
Fiscal year	2011E	2012E	2013E	2014E	2015E	2016E	2017E	2018E	2019E	2020E
EBIT	6,851	8,851	10,984	14,221	17,113	21,096	23,373	25,779	28,303	30,932
D&A*	2,596	3,286	3,998	4,812	5,721	6,409	7,146	7,932	8,765	9,641
Capex	(5,949)	(5,585)	(6,728)	(6,857)	(7,766)	(9,346)	(10,272)	(11,237)	(12,234)	(13,257)
Chg. in wkg. cap.	(2,769)	(4,104)	(4,791)	(5,355)	(6,085)	(5,241)	(5,434)	(5,790)	(6,129)	(6,444)
Tax (operating)	(2,230)	(3,035)	(3,764)	(4,873)	(5,857)	(5,212)	(5,774)	(6,369)	(6,992)	(7,642)
Other	(643)	(783)	(895)	(1,015)	(1,138)	(3,030)	(3,327)	(3,636)	(3,955)	(4,280)
Free Cash Flow	(2,145)	(1,370)	(1,196)	933	1,989	4,676	5,711	6,679	7,758	8,951
<i>growth</i>		<i>NM</i>	<i>NM</i>	<i>NM</i>	<i>113.1%</i>	<i>135.0%</i>	<i>22.2%</i>	<i>16.9%</i>	<i>16.2%</i>	<i>15.4%</i>

Valuation	
PV of explicit cash flow	28,764
PV of terminal value (yr. 15)	52,308
Enterprise Value	81,071
<i>% terminal</i>	<i>65%</i>
Associates & other	16,286
- Minority interests	0
Surplus cash**	5,303
- Debt***	36,232
Equity value	66,428
Shares outstanding [m]	217.0
Equity per share (Rs/sh)	306.12
Cost of equity	14.95%
Dividend yield	0.28%
1-year Price Target (Rs/sh)	351.02

Long Term Assumptions			
Relative year	+10E	+15E	+25E
Sales growth	10.0%	8.0%	5.0%
EBIT margin	7.7%	7.7%	7.0%
Capex/sales	3.3%	3.4%	2.4%
ROIC	13.9%	14.7%	14.4%

Valuation-Implied Metrics			
Fiscal year	2011E	2012E	1-yr Fwd.
EV / EBITDA	8.6x	6.7x	7.1x
EV / EBIT	11.8x	9.2x	9.7x
FCF Yield	NM	NM	NM
P / E (PV)	30.3x	21.3x	23.0x
P / E (Target)	34.7x	24.4x	26.4x

WACC	
Risk free rate	8.10%
ERP	5.0%
Beta	1.37
Debt / equity***	63.2%
Marg. tax rate	35.0%
Cost of equity	14.95%
Cost of debt	9.90%
WACC	12.17%

Terminal Assumptions	
VCH (years)	15
Impl. FCF gr.	5.9%
Incr. ROIC	13.3%

Figures in Rs m, unless noted otherwise.

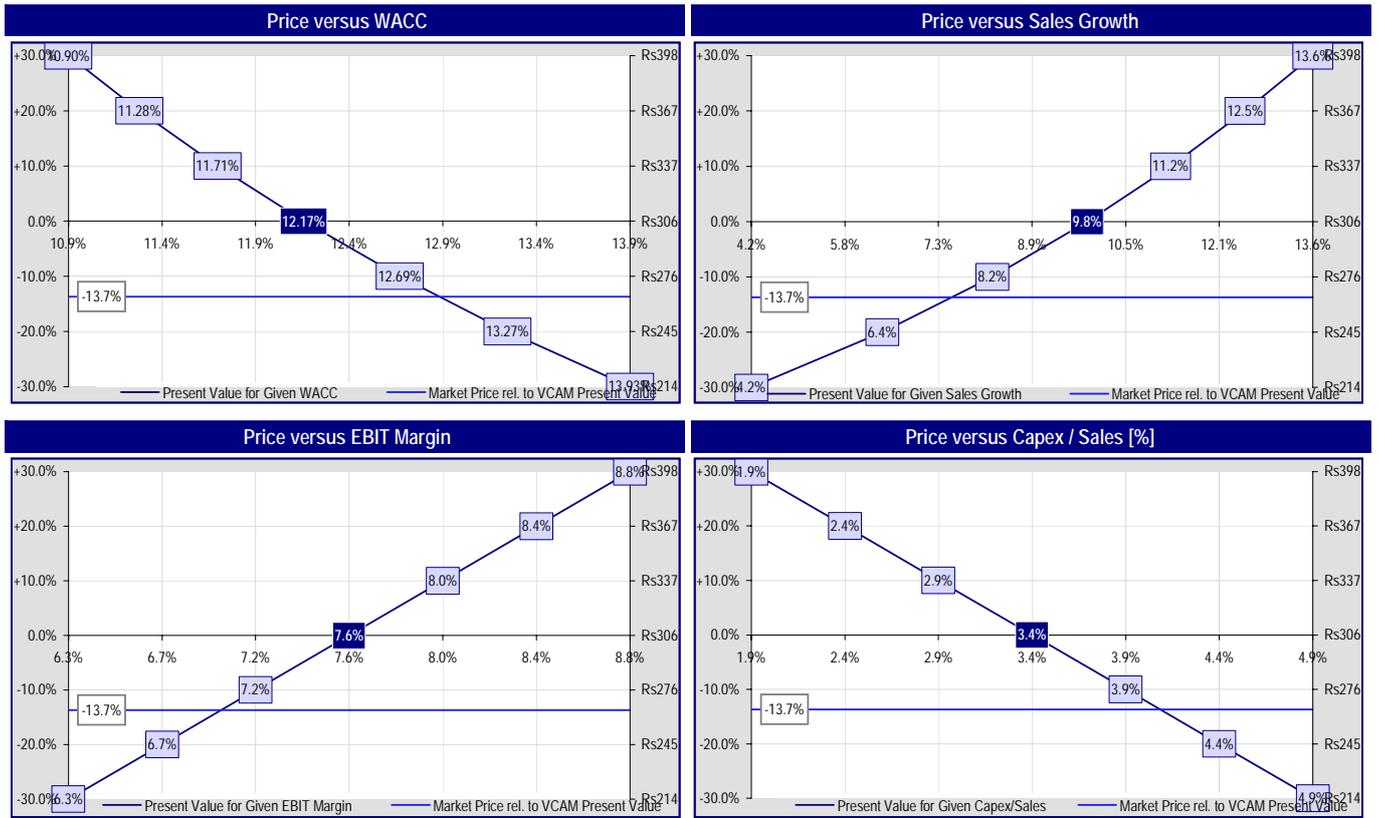
* Depreciation and non-goodwill amortization

** The portion of cash not required to maintain operations

*** Assumes market value of equity and includes market value/seasonal adjustments for debt and debt-deemed obligations.

Source: UBS-VCAM

Chart 2: UBS-VCAM Sensitivities for Pantaloon [PART.BO]



Notes: Sensitivities are derived from assuming Sales Growth, EBIT Margin, or Capex / Sales is flat annually for years 6 through the VCH (year 15). Explicit estimates in years 1 through 5 do not vary, and always represent the assumptions on the Inputs Page. For each chart, one parameter is varied while the others are held constant. Those held constant are set as they appear on the Inputs Page.

Source: UBS-VCAM

Pantaloon Retail (India) Ltd.

Income statement (Rsm)	06/06	06/07	06/08	06/09	06/10	06/11E	% ch	06/12E	% ch	06/13E	% ch
Revenues	19,548	33,928	52,959	66,614	89,261	110,702	24.0	136,807	23.6	166,649	21.8
Operating expenses (ex deprecn)	(18,153)	(31,772)	(48,354)	(59,930)	(81,070)	(101,255)	24.9	(124,669)	23.1	(151,667)	21.7
EBITDA (UBS)	1,395	2,156	4,605	6,684	8,191	9,447	15.3	12,138	28.5	14,982	23.4
Depreciation	(208)	(369)	(834)	(1,401)	(2,123)	(2,596)	22.3	(3,286)	26.6	(3,998)	21.7
Operating income (EBIT, UBS)	1,187	1,787	3,771	5,284	6,068	6,851	12.9	8,851	29.2	10,984	24.1
Other income & associates	30	920	38	61	857	325	-62.1	150	-53.8	150	0.0
Net interest	(369)	(898)	(1,853)	(3,182)	(3,913)	(4,164)	6.4	(4,601)	10.5	(4,939)	7.3
Abnormal items (pre-tax)	0	0	0	0	0	0	-	0	-	0	-
Profit before tax	848	1,810	1,956	2,162	3,012	3,012	0.0	4,400	46.1	6,195	40.8
Tax	(277)	(610)	(697)	(757)	(582)	(980)	68.6	(1,509)	53.9	(2,123)	40.7
Profit after tax	570	1,200	1,260	1,406	2,431	2,031	-16.4	2,891	42.3	4,072	40.9
Abnormal items (post-tax)	0	0	0	0	0	0	-	0	-	0	-
Minorities / pref dividends	0	0	0	0	0	0	-	0	-	0	-
Net income (local GAAP)	570	1,200	1,260	1,406	2,431	2,031	-16.4	2,891	42.3	4,072	40.9
Net Income (UBS)	570	1,200	1,260	1,406	2,431	2,031	-16.4	2,891	42.3	4,072	40.9
Tax rate (%)	33	34	36	35	19	33	68.6	34	5.4	34	-0.1
Pre-abnormal tax rate (%)	34	69	36	36	19	33	68.6	34	5.4	34	-0.1
Per share (Rs)	06/06	06/07	06/08	06/09	06/10	06/11E	% ch	06/12E	% ch	06/13E	% ch
EPS (local GAAP)	3.86	7.43	7.19	7.39	11.79	10.10	-14.3	14.38	42.3	20.25	40.9
EPS (UBS)	3.86	7.43	7.19	7.39	11.79	10.10	-14.3	14.38	42.3	20.25	40.9
Net DPS	0.50	0.51	0.67	0.61	0.70	0.72	2.9	0.75	4.2	0.80	6.7
Cash EPS	5.27	9.72	11.95	14.75	22.09	23.01	4.2	30.72	33.5	40.13	30.6
BVPS	35.64	70.57	105.39	119.41	183.63	196.49	7.0	210.12	6.9	229.56	9.3
Balance sheet (Rsm)	06/06	06/07	06/08	06/09	06/10	06/11E	% ch	06/12E	% ch	06/13E	% ch
Net tangible fixed assets	3,094	6,746	11,982	15,688	23,292	26,645	14.4	28,943	8.6	31,673	9.4
Net intangible fixed assets	0	0	0	0	0	0	-	0	-	0	-
Net working capital (incl. other assets)	6,633	13,580	22,005	26,068	23,322	26,990	15.7	31,094	15.2	35,885	15.4
Other liabilities	(279)	(558)	(678)	(1,161)	(1,287)	(1,287)	0.0	(1,287)	0.0	(1,287)	0.0
Operating invested capital	9,448	19,768	33,308	40,594	45,326	52,348	15.5	58,750	12.2	66,270	12.8
Investments	1,617	2,520	5,865	9,540	20,032	15,024	-25.0	15,024	0.0	15,024	0.0
Total capital employed	11,065	22,288	39,173	50,135	65,358	67,372	3.1	73,774	9.5	81,294	10.2
Shareholders' equity	5,269	10,922	18,466	22,724	37,846	39,514	4.4	42,254	6.9	46,165	9.3
Minority interests	0	0	0	0	0	0	-	0	-	0	-
Total equity	5,269	10,922	18,466	22,724	37,846	39,514	4.4	42,254	6.9	46,165	9.3
Net debt / (cash)	5,796	11,366	20,707	27,411	27,512	27,858	1.3	31,520	13.1	35,129	11.4
Other debt-deemed items	0	0	0	0	0	0	-	0	-	0	-
Total capital employed	11,065	22,288	39,173	50,135	65,358	67,372	3.1	73,774	9.5	81,294	10.2
Cash flow (Rsm)	06/06	06/07	06/08	06/09	06/10	06/11E	% ch	06/12E	% ch	06/13E	% ch
Operating income (EBIT, UBS)	1,187	1,787	3,771	5,284	6,068	6,851	12.9	8,851	29.2	10,984	24.1
Depreciation	208	369	834	1,401	2,123	2,596	22.3	3,286	26.6	3,998	21.7
Net change in working capital	(3,362)	(6,474)	(6,451)	(3,928)	1,484	(2,767)	-	(4,104)	48.3	(4,791)	16.7
Other (operating)	30	920	38	61	860	325	-62.2	150	-53.8	150	0.0
Operating cash flow (pre tax/interest)	(1,937)	(3,398)	(1,808)	2,817	10,535	7,004	-33.5	8,184	16.8	10,341	26.4
Net interest received / (paid)	(369)	(898)	(1,853)	(3,182)	(3,913)	(4,164)	6.4	(4,601)	10.5	(4,939)	7.3
Dividends paid	(67)	(75)	(107)	(116)	(144)	(145)	0.4	(151)	4.2	(161)	6.7
Tax paid	(277)	(610)	(697)	(757)	(582)	(980)	68.6	(1,509)	53.9	(2,123)	40.7
Capital expenditure	(1,868)	(4,471)	(8,065)	(5,252)	(8,656)	(5,949)	-31.3	(5,585)	-6.1	(6,728)	20.5
Net (acquisitions) / disposals	0	0	0	0	0	0	-	0	-	0	-
Other	(1,293)	(905)	(3,327)	(3,684)	(6,395)	4,985	-	(23)	-	(25)	6.7
Share issues	2,560	4,541	6,410	2,988	13,212	(196)	-	23	-	25	6.7
Cash flow (inc)/dec in net debt	(3,251)	(5,815)	(9,446)	(7,186)	4,057	555	-86.3	(3,662)	-	(3,609)	-1.4
FX / non cash items	102	245	105	483	(4,158)	(901)	-78.3	0	-100.0	0	-
Balance sheet (inc)/dec in net debt	(3,149)	(5,570)	(9,341)	(6,704)	(101)	(346)	242.2	(3,662)	957.3	(3,609)	-1.4
Core EBITDA	1,395	2,156	4,605	6,684	8,191	9,447	15.3	12,138	28.5	14,982	23.4
Maintenance capital expenditure	(1,868)	(4,471)	(8,065)	(5,252)	(8,656)	(5,949)	-31.3	(5,585)	-6.1	(6,728)	20.5
Maintenance net working capital	0	0	0	0	0	0	-	0	-	0	-
Operating free cash flow, pre-tax	(473)	(2,315)	(3,460)	1,432	(465)	3,497	-	6,553	87.4	8,254	26.0

Source: Company accounts, UBS estimates. (UBS) valuations are stated before goodwill, exceptionals and other special items. Note: For some companies, the data represents an extract of the full company accounts.

12-month rating

Buy *

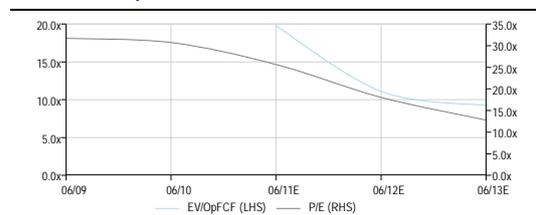
12m price target

Rs350.00

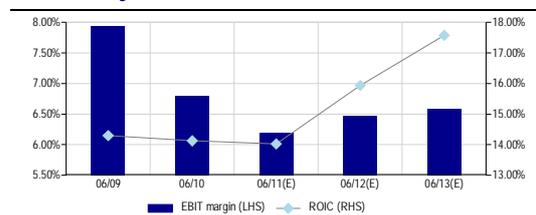
Company profile

Pantaloon is India's largest listed retailer. It is rapidly building retail capacity in its two main retailing formats: lifestyle and value retailing. In the lifestyle segment, its Pantaloon stores and the upcoming Central stores offer apparel and fashion items targeting the middle-income market. Its Big Bazaar discount stores target the price-conscious apparel and grocery markets (the latter through the Food Discount brand).

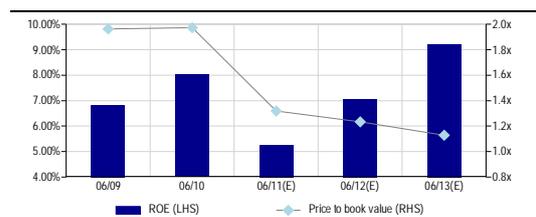
Value (EV/OpFCF & P/E)



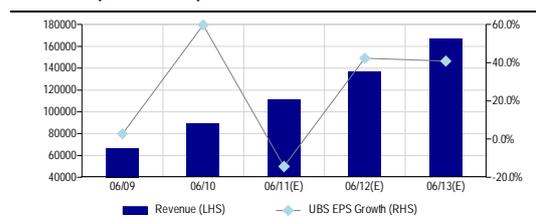
Profitability



ROE v Price to book value



Growth (UBS EPS)



Valuation (x)	5Yr Avg	06/09	06/10	06/11E	06/12E	06/13E
P/E (local GAAP)	52.7	31.7	30.7	25.7	18.0	12.8
P/E (UBS)	52.7	31.7	30.7	25.7	18.0	12.8
P/CEPS	35.7	15.9	16.4	11.3	8.4	6.5
Net dividend yield (%)	0.2	0.3	0.2	0.3	0.3	0.3
P/BV	5.3	2.0	2.0	1.3	1.2	1.1
EV/revenue (core)	1.5	0.9	0.9	0.6	0.5	0.5
EV/EBITDA (core)	17.9	8.8	9.7	7.3	6.0	5.1
EV/EBIT (core)	22.0	11.2	13.1	10.1	8.2	7.0
EV/OpFCF (core)	NM	NM	NM	19.8	11.1	9.2
EV/op. invested capital	3.2	1.6	1.9	1.4	1.3	1.2

Enterprise value (Rsm)	06/09	06/10	06/11E	06/12E	06/13E
Average market cap	41,074	72,125	56,246	56,246	56,246
+ minority interests	0	0	0	0	0
+ average net debt (cash)	27,411	27,512	27,858	31,520	35,129
+ pension obligations and other	0	0	0	0	0
- non-core asset value	(9,540)	(20,032)	(15,024)	(15,024)	(15,024)
Core enterprise value	58,944	79,605	69,080	72,742	76,351

Growth (%)	5Yr Avg	06/09	06/10	06/11E	06/12E	06/13E
Revenue	57.4	25.8	34.0	24.0	23.6	21.8
EBITDA (UBS)	64.7	45.1	22.5	15.3	28.5	23.4
EBIT (UBS)	61.6	40.1	14.8	12.9	29.2	24.1
EPS (UBS)	27.5	2.8	59.6	-14.3	42.3	40.9
Cash EPS	40.7	23.4	49.8	4.2	33.5	30.6
Net DPS	5.0	-9.2	15.1	2.9	4.2	6.7
BVPS	65.3	13.3	53.8	7.0	6.9	9.3

Margins (%)	5Yr Avg	06/09	06/10	06/11E	06/12E	06/13E
EBITDA / revenue	8.1	10.0	9.2	8.5	8.9	9.0
EBIT / revenue	6.7	7.9	6.8	6.2	6.5	6.6
Net profit (UBS) / revenue	2.9	2.1	2.7	1.8	2.1	2.4

Return on capital (%)	5Yr Avg	06/09	06/10	06/11E	06/12E	06/13E
EBIT ROIC (UBS)	14.4	14.3	14.1	14.0	15.9	17.6
ROIC post tax	-	9.2	11.4	9.5	10.5	11.5
Net ROE	14.0	6.8	8.0	5.3	7.1	9.2

Coverage ratios (x)	5Yr Avg	06/09	06/10	06/11E	06/12E	06/13E
EBIT / net interest	2.6	1.7	1.8	1.7	2.0	2.3
Dividend cover (UBS EPS)	10.1	12.2	16.8	14.0	19.2	25.3
Div. payout ratio (% , UBS EPS)	11.1	8.2	5.9	7.1	5.2	4.0
Net debt / EBITDA	4.3	4.1	3.4	2.9	2.6	2.3

Efficiency ratios (x)	5Yr Avg	06/09	06/10	06/11E	06/12E	06/13E
Revenue / op. invested capital	2.1	1.8	2.1	2.3	2.5	2.7
Revenue / fixed assets	5.6	4.8	4.6	4.4	4.9	5.5
Revenue / net working capital	3.6	3.2	4.1	5.0	5.2	5.4

Investment ratios (x)	5Yr Avg	06/09	06/10	06/11E	06/12E	06/13E
OpFCF / EBIT	NM	0.3	NM	0.5	0.7	0.8
Capex / revenue (%)	11.1	7.9	9.7	5.4	4.1	4.0
Capex / depreciation	6.9	3.8	4.1	2.3	1.7	1.7

Capital structure (%)	5Yr Avg	06/09	06/10	06/11E	06/12E	06/13E
Net debt / total equity	NM	NM	72.7	70.5	74.6	76.1
Net debt / (net debt + equity)	53.3	54.7	42.1	41.3	42.7	43.2
Net debt (core) / EV	24.1	46.5	34.6	40.3	43.3	46.0

Source: Company accounts, UBS estimates. (UBS) valuations are stated before goodwill, exceptional and other special items. Valuations: based on an average share price that year, (E): based on a share price of Rs259.20 on 31 Mar 2011 22:32 SGT Market cap(E) may include forecast share issues/buybacks.

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* Exception to core rating bands; See page20



UBS Investment Research

Titan Industries

Quality at a price

■ Premium to sector justified

We believe Titan should trade at a premium to other retailers given 1) limited price competition in Titan's product categories 2) Titan provides the best exposure to growth in disposable income 3) Titan is the market leader across all its categories and has 4) strong growth potential across all businesses. Titan is trading at 32x FY12E earnings vs. sector at 29x. Titan's implied valuation at our price target of Rs.4,100 is 37x FY12E earnings.

■ Q-series findings

Based on our Q-Series "Are staples a good inflation hedge?" Titan emerges as one of the survivors in an inflationary cycle because of Strong brand recognition in India's watch segment coupled with a very strong distribution network. Its jewellery segment which dominates the branded jewellery market we believe will remain immune to the inflationary cycle in terms of volumes as Indian culture of buying jewellery on many occasions irrespective of prices will drive volumes. We expect Titan to grow volumes at 10% in FY12E

■ Near term positive catalysts

Titan has outperformed Sensex by 90% and 8% in last 12/one month. We believe the upside from current levels is limited. The near term catalysts for stock price movement include 1) Q4FY11 results, 2) new product launches and 3) gold price fluctuation.

■ Valuation: Buy rating with price target of Rs. 4,100

We derive our price target from a DCF-based methodology and explicitly forecast long-term valuation drivers using UBS's VCAM tool, assuming WACC of ~12%....

Highlights (Rsm)	03/09	03/10	03/11E	03/12E	03/13E
Revenues	38,034	46,744	64,233	77,469	91,789
EBIT (UBS)	2,547	3,349	5,159	6,070	7,940
Net Income (UBS)	1,590	2,503	3,967	4,857	6,296
EPS (UBS, Rs)	35.81	56.39	89.37	109.43	141.83
Net DPS (UBS, Rs)	10.00	15.00	26.81	32.83	42.55

Profitability & Valuation	5-yr hist av.	03/10	03/11E	03/12E	03/13E
EBIT margin %	8.1	7.2	8.0	7.8	8.7
ROIC (EBIT) %	34.6	52.9	68.9	62.9	72.7
EV/EBITDA (core) x	18.1	15.6	30.1	25.8	20.3
PE (UBS) x	25.9	23.0	42.6	34.8	26.9
Net dividend yield %	0.8	1.2	0.7	0.9	1.1

Source: Company accounts, Thomson Reuters, UBS estimates. (UBS) valuations are stated before goodwill, exceptional and other special items. Valuations: based on an average share price that year, (E): based on a share price of Rs3,810.85 on 31 Mar 2011 22:32 SGT

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Global Equity Research

India

Retailers, Specialty

12-month rating **Buy**
Unchanged

12m price target **Rs4,100.00/US\$92.06**
Unchanged

Price **Rs3,810.85/US\$85.57**

RIC: TITN.BO BBG: TTAN IB

Trading data (local/US\$)

52-wk range	Rs4,149.85-1,871.45/US\$93.85-41.88
Market cap.	Rs169bn/US\$3.80bn
Shares o/s	44.4m (ORD)
Free float	39%
Avg. daily volume ('000)	431
Avg. daily value (m)	Rs1,480.0

Balance sheet data 03/11E

Shareholders' equity	Rs9.82bn
P/BV (UBS)	17.2x
Net Cash (debt)	Rs0.79bn

Forecast returns

Forecast price appreciation	+7.6%
Forecast dividend yield	0.7%
Forecast stock return	+8.3%
Market return assumption	13.1%
Forecast excess return	-4.8%

EPS (UBS, Rs)

	03/11E		03/10
	UBS	Cons.	Actual
Q1E	18.31	-	10.37
Q2E	28.78	-	17.48
Q3E	30.99	19.34	16.99
Q4E	11.38	11.38	11.55
03/11E	89.37	89.37	
03/12E	109.43	109.43	

Performance (Rs)



Source: UBS

www.ubs.com/investmentresearch

Titan Industries

Income statement (Rsm)	03/06	03/07	03/08	03/09	03/10	03/11E	% ch	03/12E	% ch	03/13E	% ch
Revenues	14,402	20,902	29,937	38,034	46,744	64,233	37.4	77,469	20.6	91,789	18.5
Operating expenses (ex deprin)	(12,862)	(18,918)	(27,433)	(35,069)	(42,795)	(58,480)	36.7	(70,750)	21.0	(83,239)	17.7
EBITDA (UBS)	1,540	1,984	2,504	2,965	3,950	5,753	45.7	6,720	16.8	8,550	27.2
Depreciation	(197)	(256)	(297)	(418)	(601)	(594)	-1.1	(649)	9.3	(610)	-6.0
Operating income (EBIT, UBS)	1,343	1,729	2,207	2,547	3,349	5,159	54.0	6,070	17.7	7,940	30.8
Other income & associates	24	32	18	53	119	401	238.1	481	20.0	529	10.0
Net interest	(248)	(204)	(201)	(294)	(254)	(98)	-61.4	(75)	-23.7	(75)	0.0
Abnormal items (pre-tax)	0	0	0	0	0	0	-	0	-	0	-
Profit before tax	1,119	1,557	2,023	2,306	3,213	5,461	70.0	6,477	18.6	8,394	29.6
Tax	(133)	(375)	(520)	(716)	(710)	(1,495)	110.5	(1,619)	8.3	(2,099)	29.6
Profit after tax	986	1,181	1,503	1,590	2,503	3,967	58.5	4,857	22.4	6,296	29.6
Abnormal items (post-tax)	250	240	0	0	0	0	-	0	-	0	-
Minorities / pref dividends	(27)	(4)	0	0	0	0	-	0	-	0	-
Net income (local GAAP)	1,209	1,417	1,503	1,590	2,503	3,967	58.5	4,857	22.4	6,296	29.6
Net Income (UBS)	959	1,177	1,503	1,590	2,503	3,967	58.5	4,857	22.4	6,296	29.6
Tax rate (%)	12	24	26	31	22	27	23.9	25	-8.6	25	0.0
Pre-abnormal tax rate (%)	12	24	26	31	22	27	23.9	25	-8.6	25	0.0
Per share (Rs)	03/06	03/07	03/08	03/09	03/10	03/11E	% ch	03/12E	% ch	03/13E	% ch
EPS (local GAAP)	28.60	31.93	33.85	35.81	56.39	89.37	58.5	109.43	22.4	141.83	29.6
EPS (UBS)	22.68	26.52	33.85	35.81	56.39	89.37	58.5	109.43	22.4	141.83	29.6
Net DPS	3.15	5.00	8.00	10.00	15.00	26.81	78.7	32.83	22.4	42.55	29.6
Cash EPS	27.33	32.29	40.55	45.22	69.93	102.76	46.9	124.06	20.7	155.58	25.4
BVPS	55.01	73.77	98.26	124.18	163.19	221.18	35.5	292.20	32.1	384.25	31.5
Balance sheet (Rsm)	03/06	03/07	03/08	03/09	03/10	03/11E	% ch	03/12E	% ch	03/13E	% ch
Net tangible fixed assets	1,960	2,671	2,825	2,940	2,749	3,655	32.9	3,755	2.8	3,595	-4.3
Net intangible fixed assets	0	0	0	0	0	0	-	0	-	0	-
Net working capital (incl. other assets)	2,629	2,470	3,366	3,885	3,327	5,346	60.7	6,645	24.3	7,934	19.4
Other liabilities	(238)	(174)	(247)	(182)	(48)	(48)	0.0	(48)	0.0	(48)	0.0
Operating invested capital	4,352	4,967	5,943	6,643	6,028	8,954	48.5	10,353	15.6	11,481	10.9
Investments	270	270	474	77	76	76	0.0	76	0.0	76	0.0
Total capital employed	4,622	5,237	6,417	6,720	6,105	9,030	47.9	10,429	15.5	11,558	10.8
Shareholders' equity	2,326	3,274	4,362	5,512	7,244	9,818	35.5	12,971	32.1	17,057	31.5
Minority interests	0	0	0	0	0	0	-	0	-	0	-
Total equity	2,326	3,274	4,362	5,512	7,244	9,818	35.5	12,971	32.1	17,057	31.5
Net debt / (cash)	2,296	1,963	2,056	1,207	(1,139)	(788)	-30.8	(2,542)	222.4	(5,499)	116.3
Other debt-deemed items	0	0	0	0	0	0	-	0	-	0	-
Total capital employed	4,622	5,237	6,417	6,720	6,105	9,030	47.9	10,429	15.5	11,558	10.8
Cash flow (Rsm)	03/06	03/07	03/08	03/09	03/10	03/11E	% ch	03/12E	% ch	03/13E	% ch
Operating income (EBIT, UBS)	1,343	1,729	2,207	2,547	3,349	5,159	54.0	6,070	17.7	7,940	30.8
Depreciation	197	256	297	418	601	594	-1.1	649	9.3	610	-6.0
Net change in working capital	56	58	(938)	(519)	558	(2,020)	-	(1,299)	-35.7	(1,289)	-0.7
Other (operating)	(226)	(208)	18	53	119	401	238.1	481	20.0	529	10.0
Operating cash flow (pre tax/interest)	1,370	1,835	1,584	2,499	4,626	4,134	-10.6	5,903	42.8	7,791	32.0
Net interest received / (paid)	(248)	(204)	(201)	(294)	(254)	(98)	-61.4	(75)	-23.7	(75)	0.0
Dividends paid	(133)	(222)	(355)	(444)	(666)	(1,190)	78.7	(1,457)	22.4	(1,889)	29.6
Tax paid	(188)	(438)	(448)	(781)	(844)	(1,495)	77.0	(1,619)	8.3	(2,099)	29.6
Capital expenditure	(408)	(967)	(451)	(533)	(410)	(1,500)	265.9	(750)	-50.0	(450)	-40.0
Net (acquisitions) / disposals	0	0	0	0	0	0	-	0	-	0	-
Other	78	63	(222)	322	(110)	(202)	83.5	(248)	22.4	(321)	29.6
Share issues	0	272	0	80	5	0	-	0	-	0	-
Cash flow (inc)/dec in net debt	444	334	(93)	849	2,346	(351)	-	1,753	-	2,957	68.7
FX / non cash items	0	0	0	0	0	0	-	0	-	0	-
Balance sheet (inc)/dec in net debt	444	334	(93)	849	2,346	(351)	-	1,753	-	2,957	68.7
Core EBITDA	1,540	1,984	2,504	2,965	3,950	5,753	45.7	6,720	16.8	8,550	27.2
Maintenance capital expenditure	(197)	(256)	(297)	(418)	(601)	(594)	-1.1	(649)	9.3	(610)	-6.0
Maintenance net working capital	0	0	0	0	0	0	-	0	-	0	-
Operating free cash flow, pre-tax	1,343	1,729	2,207	2,547	3,349	5,159	54.0	6,070	17.7	7,940	30.8

Source: Company accounts, UBS estimates. (UBS) valuations are stated before goodwill, exceptional and other special items. Note: For some companies, the data represents an extract of the full company accounts.

12-month rating

Buy

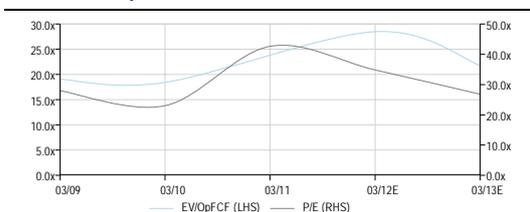
12m price target

Rs4,100.00

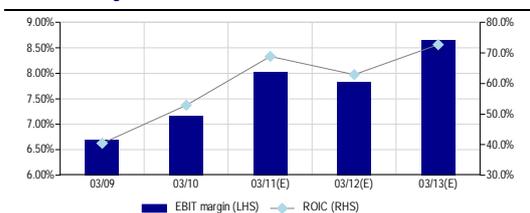
Company profile

Titan Industries is a diversified specialty retailer in India with exposure to the watch, jewellery and eyewear segments. It began operations as a watch company, diversifying into the jewellery business in 1995, and the eyewear business in 2007. Watches contributed 22%, jewellery 75%, and eyewear 2% of its revenue in FY10. The company operates around 0.7m sqf of retail space. Its brands include Sonata, Titan, Fastrack, Xylus in watches; Tanishq, GoldPlus and Zoya in jewellery; and Titan Eye+ in its eyewear division

Value (EV/OpFCF & P/E)



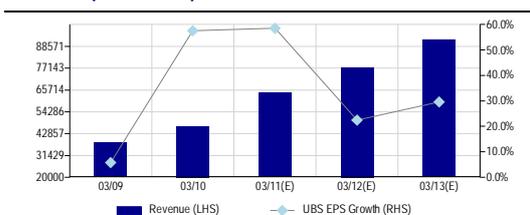
Profitability



ROE v Price to book value



Growth (UBS EPS)



Valuation (x)	5Yr Avg	03/09	03/10	03/11E	03/12E	03/13E
P/E (local GAAP)	23.1	28.0	23.0	42.6	34.8	26.9
P/E (UBS)	25.9	28.0	23.0	42.6	34.8	26.9
P/CEPS	21.1	22.2	18.6	37.1	30.7	24.5
Net dividend yield (%)	0.8	1.0	1.2	0.7	0.9	1.1
P/BV	9.0	8.1	8.0	17.2	13.0	9.9
EV/revenue (core)	1.6	1.3	1.3	2.7	2.2	1.9
EV/EBITDA (core)	18.1	16.4	15.6	30.1	25.8	20.3
EV/EBIT (core)	20.9	19.1	18.4	NM	28.5	21.8
EV/OpFCF (core)	20.9	19.1	18.4	NM	28.5	21.8
EV/op. invested capital	7.2	7.7	9.7	NM	NM	NM

Enterprise value (Rsm)	03/09	03/10	03/11E	03/12E	03/13E
Average market cap	44,542	57,691	169,164	169,164	169,164
+ minority interests	0	0	0	0	0
+ average net debt (cash)	4,115	4,115	4,115	4,115	4,115
+ pension obligations and other	0	0	0	0	0
- non-core asset value	(77)	(76)	(76)	(76)	(76)
Core enterprise value	48,580	61,729	173,202	173,202	173,202

Growth (%)	5Yr Avg	03/09	03/10	03/11E	03/12E	03/13E
Revenue	37.0	27.0	22.9	37.4	20.6	18.5
EBITDA (UBS)	26.7	18.4	33.2	45.7	16.8	27.2
EBIT (UBS)	27.8	15.4	31.5	54.0	17.7	30.8
EPS (UBS)	27.6	5.8	57.5	58.5	22.4	29.6
Cash EPS	25.6	11.5	54.6	46.9	20.7	25.4
Net DPS	49.5	25.0	50.0	78.7	22.4	29.6
BVPS	31.2	26.4	31.4	35.5	32.1	31.5

Margins (%)	5Yr Avg	03/09	03/10	03/11E	03/12E	03/13E
EBITDA / revenue	9.4	7.8	8.4	9.0	8.7	9.3
EBIT / revenue	8.1	6.7	7.2	8.0	7.8	8.7
Net profit (UBS) / revenue	5.4	4.2	5.4	6.2	6.3	6.9

Return on capital (%)	5Yr Avg	03/09	03/10	03/11E	03/12E	03/13E
EBIT ROIC (UBS)	34.6	40.5	52.9	68.9	62.9	72.7
ROIC post tax	-	27.9	41.2	50.0	47.2	54.5
Net ROE	38.8	32.2	39.2	46.5	42.6	41.9

Coverage ratios (x)	5Yr Avg	03/09	03/10	03/11E	03/12E	03/13E
EBIT / net interest	7.4	8.8	13.6	NM	NM	NM
Dividend cover (UBS EPS)	5.4	3.6	3.8	3.3	3.3	3.3
Div. payout ratio (% , UBS EPS)	19.8	27.9	26.6	30.0	30.0	30.0
Net debt / EBITDA	1.0	0.4	NM	NM	NM	NM

Efficiency ratios (x)	5Yr Avg	03/09	03/10	03/11E	03/12E	03/13E
Revenue / op. invested capital	4.5	6.0	7.4	8.6	8.0	8.4
Revenue / fixed assets	9.9	13.2	16.4	20.1	20.9	25.0
Revenue / net working capital	7.9	10.5	13.0	14.8	12.9	12.6

Investment ratios (x)	5Yr Avg	03/09	03/10	03/11E	03/12E	03/13E
OpFCF / EBIT	1.0	1.0	1.0	1.0	1.0	1.0
Capex / revenue (%)	2.2	1.4	0.9	2.3	1.0	0.5
Capex / depreciation	1.9	1.3	0.7	2.5	1.2	0.7

Capital structure (%)	5Yr Avg	03/09	03/10	03/11E	03/12E	03/13E
Net debt / total equity	59.5	21.9	(15.7)	(8.0)	(19.6)	(32.2)
Net debt / (net debt + equity)	37.3	18.0	(18.7)	(8.7)	(24.4)	(47.6)
Net debt (core) / EV	11.2	8.5	6.7	2.4	2.4	2.4

Source: Company accounts, UBS estimates. (UBS) valuations are stated before goodwill, exceptionals and other special items. Valuations: based on an average share price that year, (E): based on a share price of Rs3,810.85 on 31 Mar 2011 22:32 SGT Market cap(E) may include forecast share issues/buybacks.

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We believe consumer sentiment, aggressive competition, regulatory change and high rentals are some of the major macro risks to our sector view. Availability of funds and therefore high leverage along with execution capability could be risks to individual company-related growth.

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UBS Investment Research: Global Equity Rating Allocations

UBS 12-Month Rating	Rating Category	Coverage ¹	IB Services ²
Buy	Buy	49%	40%
Neutral	Hold/Neutral	42%	35%
Sell	Sell	8%	21%
UBS Short-Term Rating	Rating Category	Coverage ³	IB Services ⁴
Buy	Buy	less than 1%	14%
Sell	Sell	less than 1%	0%

1:Percentage of companies under coverage globally within the 12-month rating category.

2:Percentage of companies within the 12-month rating category for which investment banking (IB) services were provided within the past 12 months.

3:Percentage of companies under coverage globally within the Short-Term rating category.

4:Percentage of companies within the Short-Term rating category for which investment banking (IB) services were provided within the past 12 months.

Source: UBS. Rating allocations are as of 31 December 2010.

UBS Investment Research: Global Equity Rating Definitions

UBS 12-Month Rating	Definition
Buy	FSR is > 6% above the MRA.
Neutral	FSR is between -6% and 6% of the MRA.
Sell	FSR is > 6% below the MRA.
UBS Short-Term Rating	Definition
Buy	Buy: Stock price expected to rise within three months from the time the rating was assigned because of a specific catalyst or event.
Sell	Sell: Stock price expected to fall within three months from the time the rating was assigned because of a specific catalyst or event.

KEY DEFINITIONS

Forecast Stock Return (FSR) is defined as expected percentage price appreciation plus gross dividend yield over the next 12 months.

Market Return Assumption (MRA) is defined as the one-year local market interest rate plus 5% (a proxy for, and not a forecast of, the equity risk premium).

Under Review (UR) Stocks may be flagged as UR by the analyst, indicating that the stock's price target and/or rating are subject to possible change in the near term, usually in response to an event that may affect the investment case or valuation.

Short-Term Ratings reflect the expected near-term (up to three months) performance of the stock and do not reflect any change in the fundamental view or investment case.

Equity Price Targets have an investment horizon of 12 months.

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UBS Securities India Private Ltd: Sunita Sachdev; Deepa Mirchandani.

Company Disclosures

Company Name	Reuters	12-mo rating	Short-term rating	Price	Price date
Pantaloon Retail (India) Ltd. ²⁰	PART.BO	Buy (CBE)	N/A	Rs259.20	31 Mar 2011
Titan Industries	TITN.BO	Buy	N/A	Rs3,810.85	31 Mar 2011

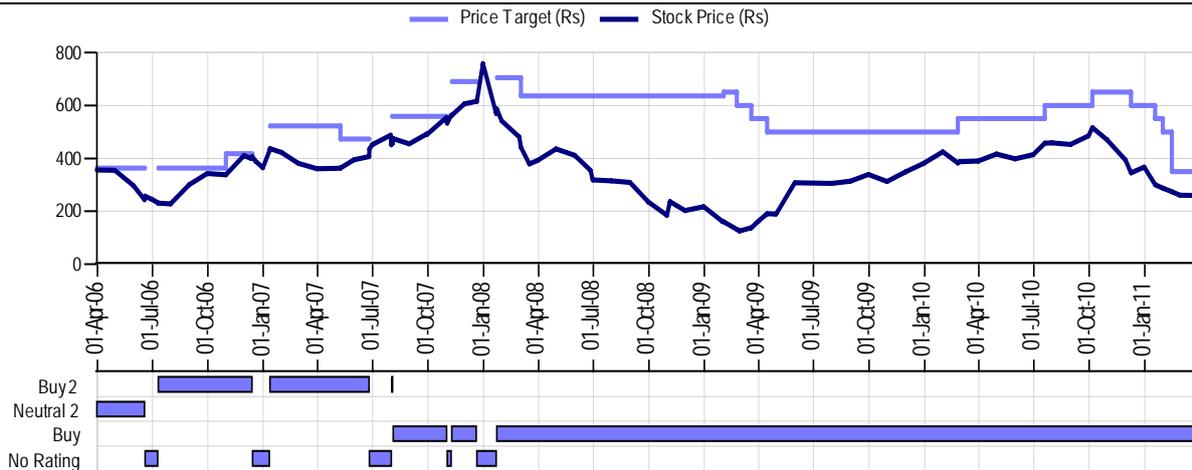
Source: UBS. All prices as of local market close.

Ratings in this table are the most current published ratings prior to this report. They may be more recent than the stock pricing date

20. Because UBS believes this security presents significantly higher-than-normal risk, its rating is deemed Buy if the FSR exceeds the MRA by 10% (compared with 6% under the normal rating system).

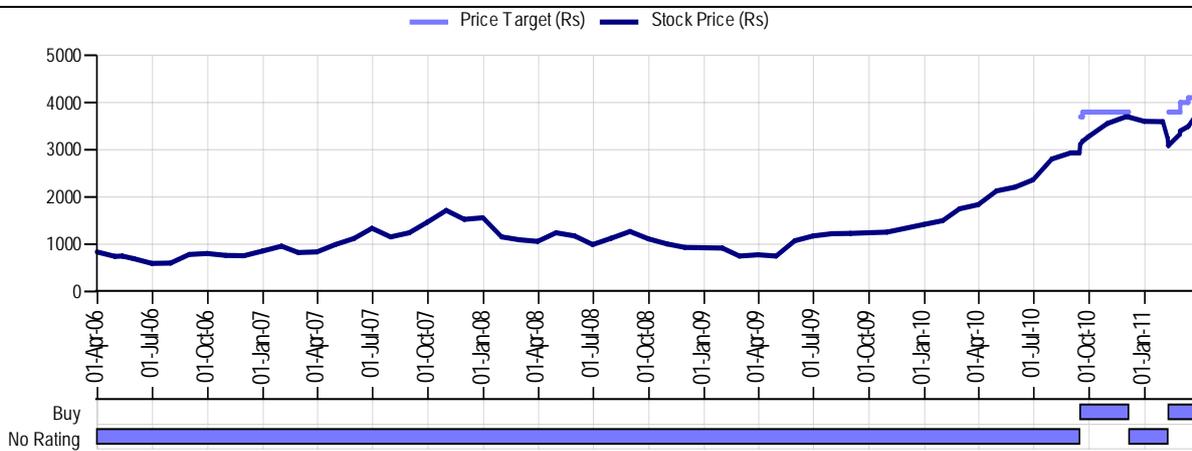
Unless otherwise indicated, please refer to the Valuation and Risk sections within the body of this report.

Pantaloon Retail (India) Ltd. (Rs)



Source: UBS; as of 31 Mar 2011

Titan Industries (Rs)



Source: UBS; as of 31 Mar 2011

Note: On August 4, 2007 UBS revised its rating system. (See 'UBS Investment Research: Global Equity Rating Definitions' table for details). From September 9, 2006 through August 3, 2007 the UBS ratings and their definitions were: Buy 1 = FSR is > 6% above the MRA, higher degree of predictability; Buy 2 = FSR is > 6% above the MRA, lower degree of predictability; Neutral 1 = FSR is between -6% and 6% of the MRA, higher degree of predictability; Neutral 2 = FSR is between -6% and 6% of the MRA, lower degree of predictability; Reduce 1 = FSR is > 6% below the MRA, higher degree of predictability; Reduce 2 = FSR is > 6% below the MRA, lower degree of predictability. The predictability level indicates an analyst's conviction in the FSR. A predictability level of '1' means that the analyst's estimate of FSR is in the middle of a narrower, or smaller, range of possibilities. A predictability level of '2' means that the analyst's estimate of FSR is in the middle of a broader, or larger, range of possibilities. From October 13, 2003 through September 8, 2006 the percentage band criteria used in the rating system was 10%.

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