

Pantaloon Retail India Ltd

BUY

C.M.P:
Rs.414.50

Target Price:
Rs.477.00

April 10, 2010

1 Year Comparative Graph



Pantaloon Retail

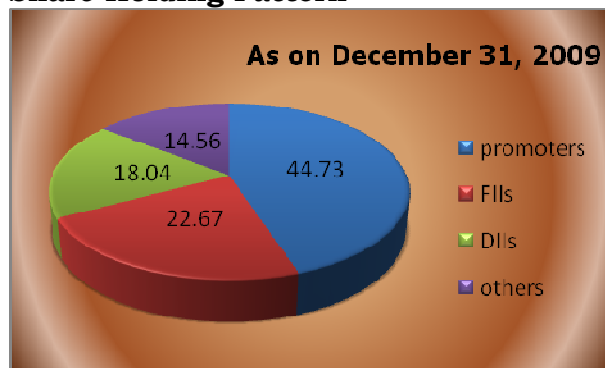
BSE SENSEX

Stock Data

Sector	Retail
Face Value Rs.	2.00
52 wk. High/Low (Rs.)	455.00/162.00
Volume (2 wk. Avg.)	35000
BSE Code	523574
Market Cap (Rs.inMn)	85449.17

Share Holding Pattern

As on December 31, 2009



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SYNOPSIS

- Pantaloon Retail (India) Limited, is India's leading retailer that operates multiple retail formats in both the value and lifestyle segment of the Indian consumer market. It operates over 12 million square feet of retail space, has over 1000 stores across 71 cities in India and employs over 30,000 people.
- Pantaloon Retail (India) had its qualified institutional placement (QIP) issue, a move which will help raise the company Rs 5 billion.
- Pantaloon Retail India Ltd has declared final dividend of 30% amounting to Rs.0.60 per share of Rs.2/- each for the year 2008-09.
- Net sales and PAT of the company are expected to grow at a CAGR of 21% and 27% over 2008 to 2011E respectively.

Financials (Rs.in mn)

	FY09	FY10E	FY11E
Net Sales	63417.0	76734.5	88244.7
EBIDTA	6745.0	8494.5	9845.0
Net Profit	1405.8	2076.0	2553.3
EPS	7.39	10.07	12.39
P/E	56.11	41.16	33.47

Financials (Rs.in mn)	Dec09	Dec08	% Change
Net sales	19128.4	15256.8	25.38
Net profit	506.7	335.4	51.07
EPS	2.46	1.91	28.39

Investment Rationale

✚ Merge consumer durable business with it

Retail major Pantaloon Retail (India) will merge the consumer durable business of its subsidiary with itself. The demerger units would be merged with Pantaloon Retail (India). Further, the company would acquire the sports retail business from its wholly-owned subsidiary, Winner Sports.

✚ Raise of Rs.5bn Via QIP

Pantaloon Retail (India) had its qualified institutional placement (QIP) issue, a move which will help raise the company Rs 5 billion. The duly authorized committee of directors has decided to make an issuance of equity shares of face value Rs 2 each to qualified institutional buyers (QIBs) under QIP route.

Valuation

At the current market price of Rs.414.50, the stock is trading at 41.16 x FY10E and 33.47 x FY11E respectively. Price to Book Value of the stock is expected to be at 3.47 x and 3.15 x respectively for FY10E and FY11E. Earning per share (EPS) of the company for the earnings for FY10E and FY11E is seen at Rs.10.07 and Rs.12.39 respectively. We expect that the company will keep its growth story in the coming quarters also. We recommend 'Buy' in this particular scrip with a target price of Rs.477.00 for Medium to Long term investment.

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