

## Provogue India Ltd. - Analyst Meeting Notes

May 6, 2008

**Price: Rs1207.05**

**52-wk High/Low: 1460/451**

**MCap: Rs24bn (\$593mn)**

**BSE Sensex: 17373**

**Rating: Not Rated**

The meet was aimed at discussing plans of Provogue subsidiary Prozone Liberty International, which is engaged in retail infrastructure and mall management.

### Company Background

Incorporated in 1997, Provogue is one of India's leading fashion brands. It went public in July 2005 @ Rs150 per share, raising Rs60Cr. Provogue's merchandise is available in over 120 stores and 65 shop-in-shops.

### Key Takeaways

- Size of the Indian retail industry is estimated at \$373bn in FY08 and is expected to grow to \$525bn by FY12. The share of organized retail will likely rise from 4% to 17% in FY12.
- Present Mall infrastructure in India
  - 342 shopping malls under development
  - 80% are on the built to sell model
  - 137 malls are currently in operation. Of these, only 22 are in excess of 300,000 sq. ft.
- Liberty International Plc has picked up a 25% stake in Provogue's subsidiary Prozone Liberty International, with an investment of Rs220Cr. Liberty International Plc, a FTSE-100 company, has 30 years of experience in retail infrastructure development and management business and assets of GBP 8.2bn.
- Prozone Liberty International will develop commercial properties including shopping malls.
- Management Team
 

Prozone's board of directors comprises of Nikhil Chaturvedi, Salil Chaturvedi, David Fischel (CEO of Liberty), Rakesh Jhunjunwala and Nigam Patel.
- Key Anchors
 

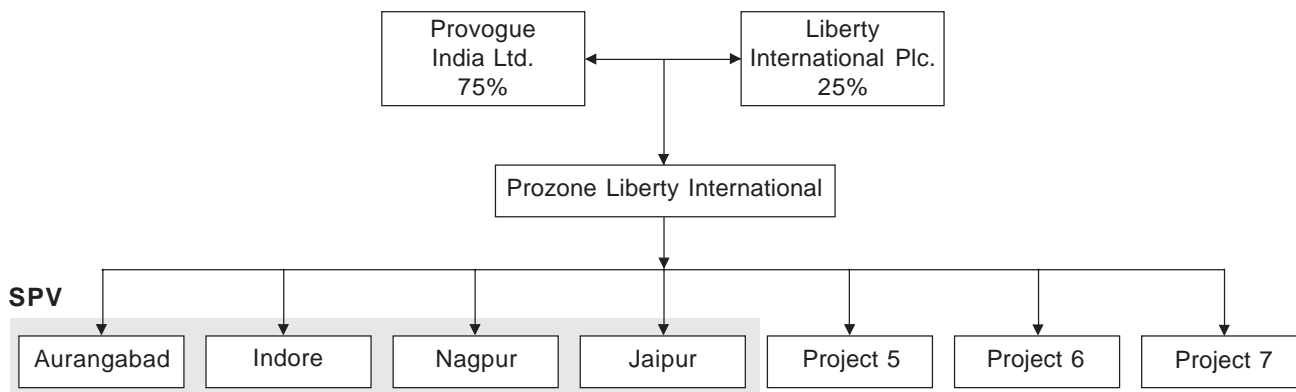
Shoppers Stop, Lifestyle, Pantaloons, Pyramid Retail, Reliance Retail, PVR Cinemas, Westside, Inox, etc.
- Projects in pipeline
 

Provogue plans to complete 12 projects across India in next 5 years. The projects involve setting up malls across tier 2 cities like Aurangabad, Indore, Nagpur and Jaipur. The first project at Aurangabad is likely to be completed by mid next year.
- Prozone Liberty International has set up 6 subsidiaries as SPVs.
- Funding Pattern
 

The total funding requirement for all 12 projects would be about Rs48bn, to be funded through a debt-equity mix of 1:2.
- It has already raised Rs9.34bn for funding the expansion as follows:

Mode of raising funds	Name of investor	Amount (Rsbn)
Preferential Allotment	Altima Partners, T Rowe Price, Genesis, New Vernon, Liberty International, Acacia Partners and Dharmayug Investment @ Rs1100 per share	3.14
Warrants	Promoter Group @ Rs1100 per share	1.63
Offloaded 27% stake in down stream subsidiary of ProzoneLiberty	Triangle India Real Estate Fund LLC, co-promoted by Old Mutual Investment Group Property Investment (OMIGPI) and ICS Realty	4.57
<b>Total</b>		<b>9.34</b>

**Prozone Structure**



**Valuation**

	FY08E		FY09E	
	EPS (Rs)	P/E (x)	EPS (Rs)	P/E (x)
Pantaloon Retail	9.37	52.5	14.05	35.0
Shoppers' Stop	7.60*	53.5	16.37	24.8
Vishal Retail	21.62	36.4	31.14	25.3
Trent	33.66	16.0	21.33	25.3
Koutons Retail	24.60	30.6	37.32	20.2
Provogue	15.31	80.3	21.01	58.5
Bombay Rayon Fashion	15.72	24.6	26.57	14.6
Aditya Birla Nuvo	32.78	46.0	44.41	33.9
Raymond	19.63	13.9	24.44	11.2

\* EPS FY08 for Shoppers' Stop at actuals  
Consensus earnings estimates

**Keynote Capitals Ltd.**

**Member**

Stock Exchange, Mumbai (INB 230930539)  
National Stock Exchange of India Ltd. (INB 010930556)  
Over the Counter Exchange of India Ltd. (INB 200930535)  
Central Depository Services Ltd. (IN-DP-CDSL-152-2001)

**Registered Office**

4th Floor, Balmer Lawrie Building,  
5, J. N. Heredia Marg,  
Ballard Estate, Mumbai 400 001.  
Tel Nos. 022-22694322-25

---

**Disclaimer**

This report has been prepared and issued by Keynote Capitals Ltd, based solely on public information and sources believed to be reliable. Neither the information nor any opinion, expressed herein, constitutes an offer, or an invitation to make an offer, to buy or sell any securities or any options, futures or other derivatives related to such securities. Directors, officers, clients or employees of Keynote Capitals or its affiliates may have positions in securities covered in this report or in related investments. Keynote Capitals Ltd may also have proprietary trading positions in securities covered in this report or in related investments. An affiliate of Keynote Capitals Ltd. may also perform or seek to perform broking, investment banking and other banking services for the company under coverage. Opinions presented herein are liable to change without notice. While due care has been taken in the preparation of this report, Keynote Capitals Ltd. or any of its directors, officers or employees shall not in any way be responsible for any loss arising from the use thereof. Investors are advised to apply their own judgment before acting on the contents of this report.