



PANTALOON RETAIL (I) LIMITED

PRIL Analyst Meet

17th November, 2009-Mumbai

SIZE... DOMINANCE...LEADERSHIP...

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This presentation may contain 'forward-looking statements' - that is, statements related to future, not past, events. In this context, forward-looking statements often address our expected future business and financial performance, and often contain words such as 'expects,' 'anticipates,' 'intends,' 'plans,' 'believes,' 'seeks,' or 'will.' Forward-looking statements by their nature address matters that are, to different degrees, uncertain.

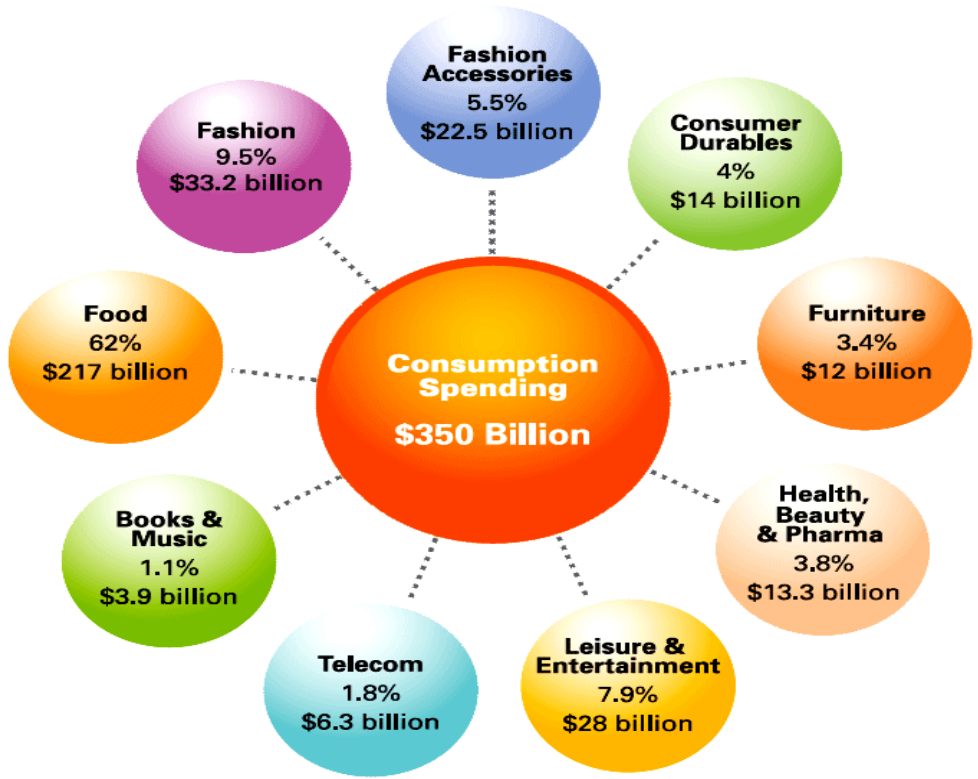
For us, uncertainties arise from the behaviour of financial markets and change in consumption patterns; from future integration of acquired businesses; and from numerous other matters of national, regional and global scale, including those of an environmental, climatic, natural, political, economic, business, competitive or regulatory nature. These uncertainties may cause our actual future results to be materially different than those expressed in our forward-looking statements.

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India Continues to be an Attractive Proposition for Retail

With over 28 states, 18 major languages, 8 major religions, 4000 different castes and communities celebrating 72 festivals, India is the most diverse country.



India is set to become a US\$ 450 billion market by 2015

Current share of organized retail is estimated to be 4-5% i.e US\$18-20 billion market.

It is expected to expand to 14-18% by 2015 i.e US\$ 75 billion

India is at the brink of a Creative Economy driven by speed and imagination

Shopping basket of average Indian ranges from US\$7-10 lower than international average is expected to increase

India is one of the youngest consumer markets in the world. Over 50% of the population is below the age of 25 years

Self employed people form a majority of consumers in India (organized sector accounts for less than 10% of jobs)

India's working population to be 68% in FY2020 from 63% in FY2008



Favorable economic conditions to drive retail growth

Competition

Rental Costs

Consumer Spending



- Customers are demanding value for money across price points
- Trading up for quality and healthy products
- Companies focusing on increasing product mix

- Companies are now focusing on operational efficiency and profitability
- Retailers Adopting such as revenue sharing

- Customers are back in stores
- Rising footfalls and improved conversion ratios

Market Poised for Recalibrated Growth...



External factors

- Signs of economic revival
- Reduced competition pressure
- Lower personnel costs
- Low rental costs due to oversupply of mall space in the near term
- Improved bargaining power over suppliers

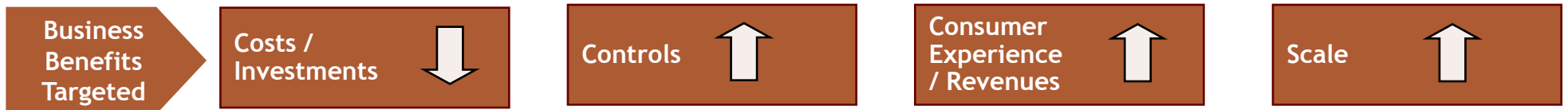
Internal factors

- Initiatives to strengthen supply chain and logistics platforms
- Technology initiatives to control costs and enhance operating efficiencies
- Focus on expanding private label portfolio to expand operating margins
- Selective expansion strategy to increase scale

Technology Initiatives Driving Efficiencies



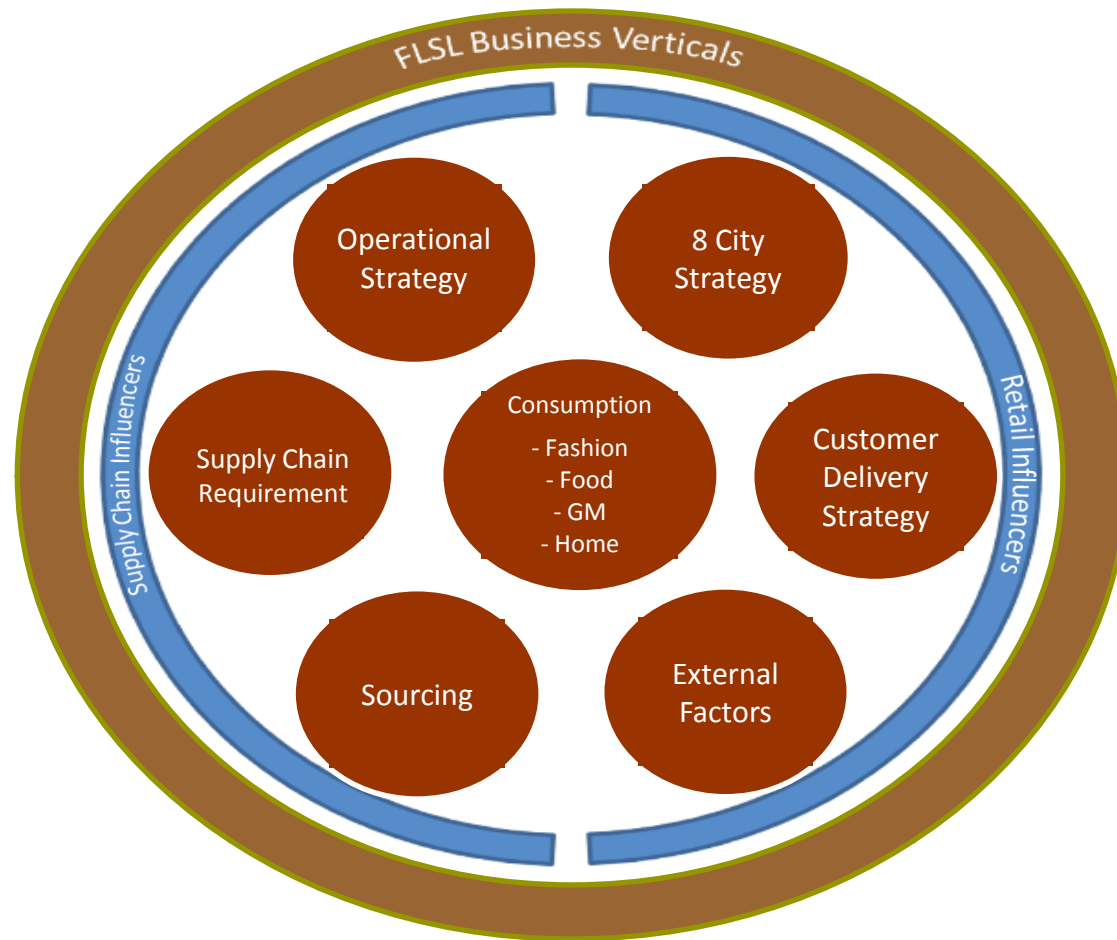
Technology Delivery to Retail



Key Retail Business and Technology Projects & Services

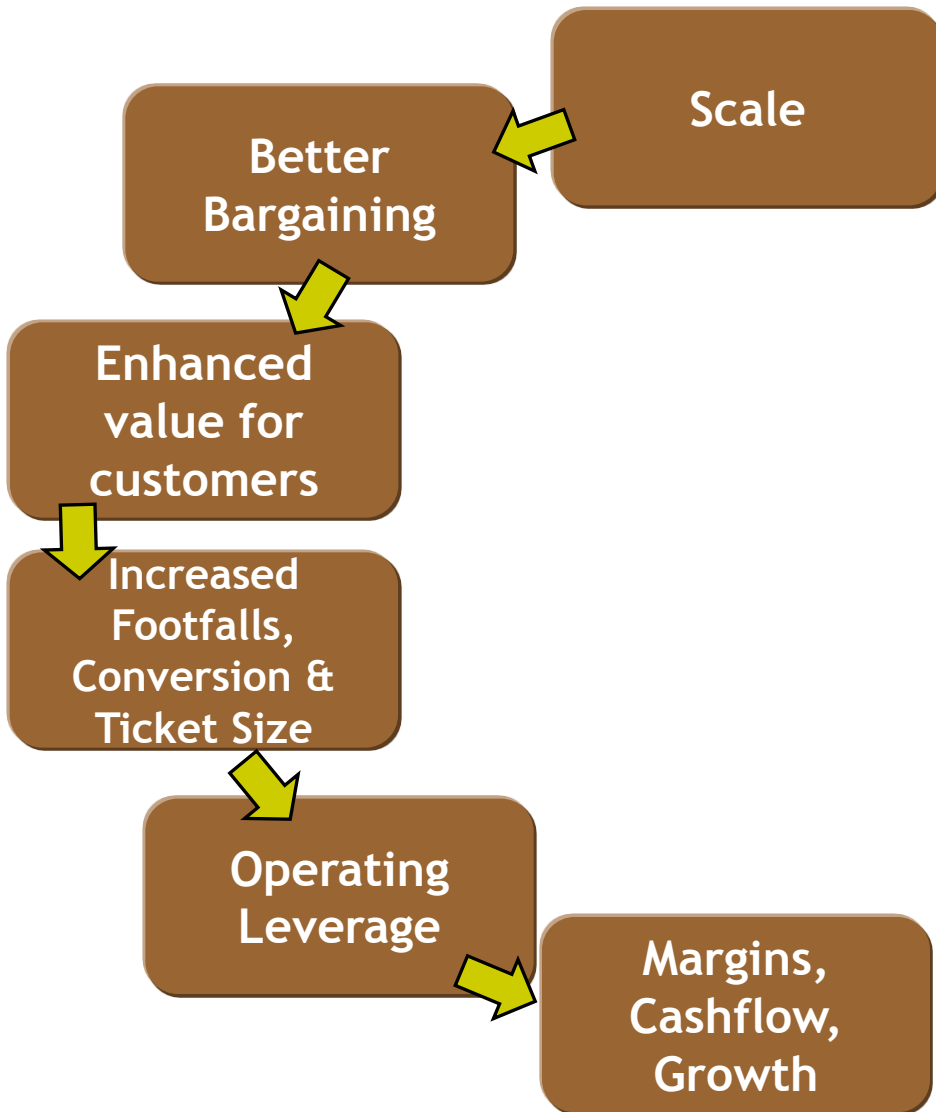
- Merchandise and Assortment Planning
- Perpetual Inventory Management
- Finance & Accounting Services
- Space Optimisation Services
- Business Intelligence
- Consumer Loyalty Programs
- Warehouse Management
- Store Management
- Data Centre and Network Optimisation & Upgrade
- Open Source Business & Technology Platforms





- **Consolidation of warehouse space**
- **WMS (Warehouse Management System)**
 - Mechanization and automation ensuring timely and accurate replenishment to the retail stores.
- **ARS (Automatic Replenishment System)**
 - Ensures timely product availability of all major fast moving items at stores.
 - Lower obsolescence and lower markdown.
 - Facilitate Stock Aging analysis.
 - Significantly reduced 'Time-to-Market'.
- **Improved Order Fulfillment and Accuracy**
- **Economies of scale**
 - Shared warehouse capex and overheads
 - Reduced inventory holding costs
 - Optimized load consolidation.
- **Rationalization of SKUs**

Size leads to Improved Shareholder Return



- Leveraging scale for better terms with suppliers
- Enhanced IT systems lead to lower inventory levels

Working Capital Compression

Margin Improvement

=

Higher Shareholder Return

- Reduction in Real Estate Costs
- People costs are moderating
- Improvement in Bargaining power with suppliers
- Economies of Scale Benefits

Future Group - Well Poised to Dominate



Future Group was conceived as a force to drive domestic consumption and capture every addressable consumption expenditure

Driven by creativity and innovation, Future Group is among the youngest business groups in India

Adopted a two pronged 'Dominance' and 'Leadership' strategy.

Lead in Thought, Design, Brand, People Management, Empowering & Nurturing Entrepreneurship

Achieve 'Dominance' by capturing minds, market share, geographical expanse, supply chain design and fueling purchasing power

A multi-format and largest retail network present in 72 cities and 66 rural locations and dominates over 13 million square feet at present



Strategy Going Forward



Move from top line growth to strong profitable growth

- Pantaloon had demonstrated aggressive growth in the last 3 years, touched ~13 million sqft in retail space.
- Going forward, top line growth to continue at 25%. With heavy focus on cost efficiencies, expect stronger profitable growth in the next 5 years.

Continue to dominate retail space

- To increase the retail space to ~ 25 million square feet by FY 13-14. This will give advantage of economies of scale to sustain and grow the business in competitive environment
- PRIL has already tied up ~ 20 mn sq. ft. of retail space with developers at rentals lower than industry average

Focus on efficiency, cost and ROI

- Increase in management bandwidth to focus on core activities by outsourcing back end activities like logistics, IT infrastructure, payroll processing, financial accounting
- With growth the focus of the company in the last 18 months has been to enhance efficiencies. With a size of USD 1.5 billion now, cost efficiencies are visible and balance sheet efficiencies like inventory management is leading to higher ROI

Enhance margins

- Margins across the board at Gross, EBIDTA and Net levels expected to increase format-wise, due to increased focus on product, offering, scale and communication.
- Nurture private brands to achieve higher margins and better consumption proposition

1 x 1 : Building customer loyalty

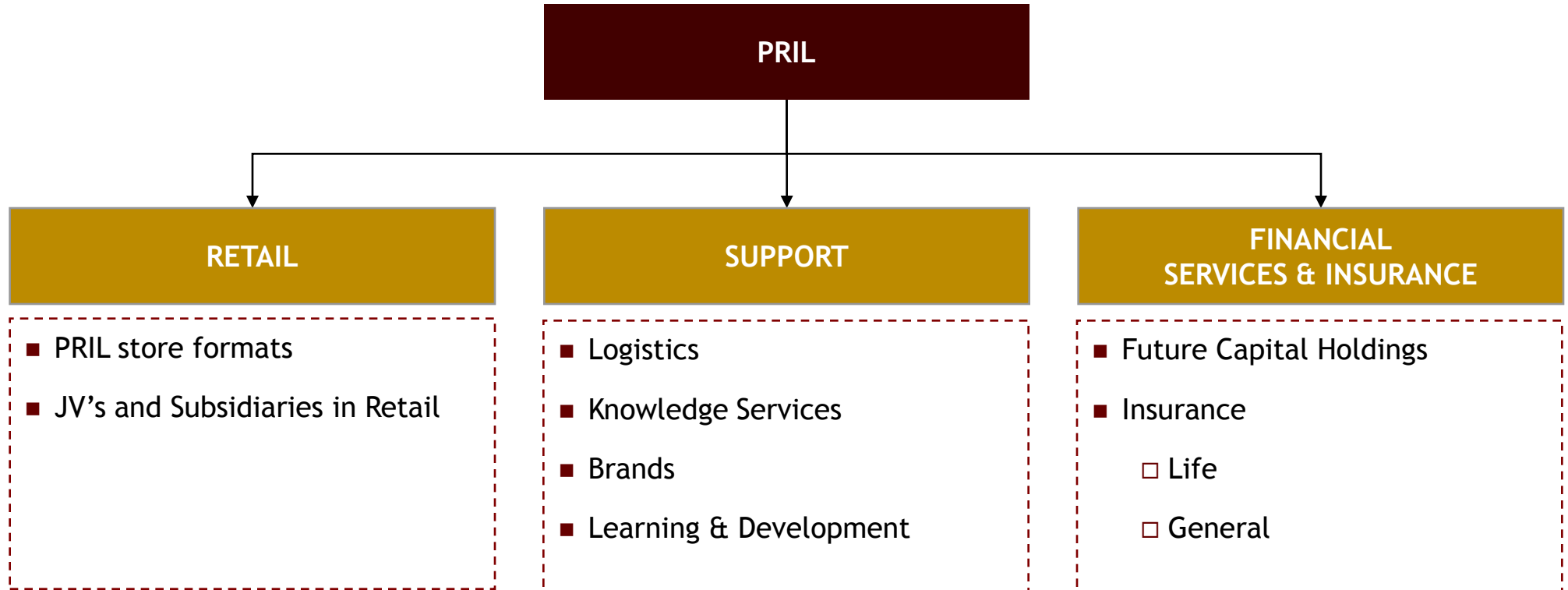
- 'Future Privilege Card' intending to get 1 crore customers to spend Rs. 1 lakh per annum with the group.
- Encourage movement of customers across Future Group cosmos and thereby retain and add more consumers to the pie annually; increase the wallet share of the customer; shift spending to better margin products

Business Realignment An Integral Part of Growth Strategy



- **Unlocking Of Shareholder Value in Non-Retail Businesses**
- **Consolidating Pantaloon Retail as a Pure Retail Play**
- **Big Bazaar & Food Bazaar to be a Wholly Owned Subsidiary**

Existing PRIL Structure



Potential for acceleration in retail due to market and competitive opportunities

Proposed Re-alignment To Unlock Value



NON RETAIL

Value Unlocking

- Creates cash flow for PRIL and strengthens its balance sheet
- Can pursue their growth plans independently and raise funds in future

RETAIL

100%

BIG BAZAAR + FOOD BAZAAR

- Value Retail Business has attained a reasonable size to chart its own independent growth
- Greater financial and strategic flexibility to fund future growth
- Creates headroom for future equity funding, if needed

FINANCIAL SERVICES & INSURANCE

Direct access to PRIL's shareholders

- Direct access of PRIL's shareholding in FCH, Insurance Cos. & SPVs to PRIL's shareholders leading to value unlocking
- Creation of financial services vertical
- Future cash required for growth can be independently funded

Strengthened focus on its core businesses



Thank you!