

Investor Update

For the year and quarter ended June 30, 2011



Key Highlights

Consolidated FY 2010 – 2011

- ❖ Turnover increased by 24.8% to Rs.12,212 cr.
- ❖ EBITDA increased by 26.4% to Rs.1,204
- ❖ Basic EPS grew 109.7% to Rs.6.54 from Rs.3.12
- ❖ Company announces a record dividend of 45% on Class A shares with face value of Rs.2

Core retail FY 2010 – 2011

- ❖ Turnover increased by 23.4% to Rs.11,012 cr.
- ❖ EBITDA increased by 8.4% to Rs.981 cr.
- ❖ PAT stood at Rs. 190 cr.
- ❖ Pipeline of 9 million square feet incremental retail space

Operational Performance

Pantaloon Retail (India) Limited reported a consolidated turnover of Rs.12,212 cr. for the financial year ended 2010-2011 representing a CAGR of 26.2% over the last 3 years. The consolidated EBITDA for FY 2010-11 is Rs.1,204 cr., compared to Rs.952 cr in FY 2009-10. The consolidated PAT for FY 2010-11 is Rs.145 cr., compared to Rs.73 cr. in FY 2009-10. Profit after minority interest increased from Rs.67 cr. in FY 2009-10 to Rs.141 cr. in FY 2010-11, representing an increase of 109.7%.

Quarterly performance

The company posted an increase of 14.7% in turnover for its core retail business for the quarter ended June 2011. The core retail business turnover increased from Rs.2,494 cr. in June 2010 to Rs.2,860 cr. in June 2011. In lifestyle retail, same store sales growth was 11.4 %, while in value retailing business 7.5% and in home business -4.5%.

This quarter witnessed a compounded effect of rise in raw material prices, inflation and additional excise duty. In apparels, raw material costs have been the biggest concern since last August. Though the prices of raw materials such as cotton have reduced, it is still high when compared to last year. Also there is a lag effect of seven months from sourcing yarn for fabric to production and retail sale.

In order to provide a new age shopping environment and proposition to the customer, stores across formats are being resized, refurbished and overhauled. After opening its first concept store in Vasant Kunj, Pantaloons rolled out new generation stores in Chennai and Coimbatore. In all five new Pantaloons stores were added during Q4 FY 2011, including the first in Durgapur. Bangalore welcomed its third Central and the largest in India.

In the value retail business, Big Bazaar debuted in Tirupur, Patna and Baddi. Two independent Food Bazaar stores were also added. The low-frills format, KB's Fairprice that focuses only on Delhi, Mumbai and Bengaluru crossed the 200th store landmark. In all twenty KB's Fairprice stores were opened. During the quarter, the company rationalized 120,000 square feet of retail space across formats. The net increase in retail space during the quarter was 0.39 million square feet, taking the total operational space to 15.24 million square feet.

Annual performance

The company posted an increase of 23.4% in turnover for its core retail business for the FY 2010-11. The core retail business turnover increased from Rs.8,926 cr. in FY 2009-10 to Rs.11,012 cr. in FY 2010-11. The company added 2.26 million square feet of retail space during the year. For FY 2010-11, same-store Sales Growth (SSG) under Value Retailing was 10.3%, Lifestyle Retailing stood at 15.6% and Home Retailing at 8.3%.

Outlook

The company believes in maintaining its high growth momentum and leadership position over the next few years and hence, intends to aggressively continue its retail expansion strategy. However, supply of fresh quality real estate space within large Indian metropolises is increasingly becoming scarcer . The demand for this space is also expected to increase significantly in the near future as more retail companies vie for this space. Envisaging this future scenario, the company went ahead with an aggressive strategy of securing quality real estate for its future expansion plan and has booked over 9 million square feet of retail space for its future expansion. The company believes that this will provide a significant competitive advantage in the near future.

To encash on the above opportunities, the company has taken a conscious decision to pursue growth and expansion, resulting in higher capital commitments and inventory in the current fiscal, to fuel and sustain this growth. While there has been an increase in capex and working capital on account of new store openings and refurbishments coupled with the inventory price increase, the company is committed to its guidance of progressively reducing its inventory days. The total debt for core retail stood at Rs.4,190 crores as on 30th June 2011 implying a debt equity ratio of 1:1.12. Further, in order to diversify its resource base, the company's subsidiary, Future Value Retail Limited (FVRL) issued CCD's (Compulsory Convertible Debentures) of Rs.685 crores carrying a coupon rate of 5% with conversion linked to the future value of FVRL. The company also managed to reduce interest costs by 50bps on account of prudent initiatives of moving to fixed rate loans and enhancing the maturity profile.

Given its medium term strategy of reducing its overall leverage, the company is also pursuing several initiatives towards monetizing some of its non retail assets. Against the possibility of FDI in retail, there exists scenarios in aligning across formats and categories which is expected to fuel disproportionate growth, strengthen the balance sheet and grow on a minimum capital employed base.

Key launches & initiatives

Launch of Foodhall

Food habits of Indians are undergoing as Indian households experiment with new cuisines and ingredients. Taking the focus on food strategy forward, the company launched Foodhall, a new concept that marks its first foray into the premium food retailing. The 12,000 square feet store located at Palladium Mall, Lower Parel, Mumbai is designed to cater to the discerning upscale Indian household and carries both Indian and international gourmet food. Foodhall carries an impressive range of fresh fruit & vegetables, staples and packaged foods with an extensive frozen section and a full range delicatessen. The bakery and confectionary has an array of domestic and overseas breads, snacks, desserts and savories. An interesting innovation is the fresh cooked food section which can be a great home meal replacement for a variety of palettes. The Foodhall pilot has been well received by the customers and has met its action standards. The company believes that every metro has a few catchments, evolved & ready for Foodhall. With the learning's from the pilot incorporated, Foodhall is proposed to be extended to other metros.



Launch of New Food & FMCG Distribution Center in Mumbai



Keeping in mind the importance of food as a consumption category and the infrastructure required in order to support and align supply and demand on time and in the best possible, cost effective, Future Supply Chains Solutions Limited opened the country's first state-of-the-art integrated food distribution centre in the outskirts of Mumbai. The 100,000 square feet DC will handle all major FMCG brands, the group's private brands, staples and commodities and the fresh category, i.e. fruits & vegetables. The company plans to achieve maximum fill rates and minimize shrinkage in the Foods & FMCG category. This DC currently caters to the Mumbai stores and will eventually service surrounding cities.

Joins multi partner loyalty program Payback

With the aim of strengthening the key pillars of the business – scale, efficiency & customer orientation - the Group is partnering with Payback, the customer loyalty program of Loyalty Partner, Germany.



Payback is India's first and foremost multi-partner loyalty program with a legacy of ~26 million active cardholders in Germany and Poland. The group's retail formats are set to join the sophisticated coalition loyalty program and introduce Payback in September 2011. This program will help improving the way millions of Indian customers shop, save and get rewarded. With Payback, customers will enjoy an even more rewarding shopping experience while the group will further deepen its understanding of shopper's wishes and buying behavior. The group will benefit from Payback's marketing platform with its proven track record in boosting customer loyalty and increasing sales substantially.

P&L Summary – Q4 FY11 & FY 2011

Q4 FY10 vs. Q4 FY11

Particulars (INR cr.)	Core Retail		Stand-Alone	
	Q4 FY10	Q4 FY11	Q4 FY10	Q4 FY11
Sales & operating income	2,494	2,860	958	1,050
Other income	79	4	78	3
Total income	2,573	2,864	1,036	1,053
PBDIT	292	265	173	122
Depreciation	58	74	32	41
PBIT	234	192	141	81
Interest	97	118	43	53
PBT (after exceptional items)	137	74	98	29
Tax	39	24	-30	9
PAT (before minority interest)	99	49	128	19
Cash profit	157	123	160	60

FY 2010 vs. FY 2011

Particulars (INR cr.)	Core Retail		Stand-Alone		Consolidated	
	FY 2010	FY 2011	FY 2010	FY 2011	FY 2010	FY 2011
Sales & operating income	8,926	11,012	5,934	4,097	9,787	12,212
Other income	86	21	85	17	126	155
Total income	9,012	11,033	6,019	4,114	9,913	12,366
PBDIT	905	981	677	451	952	1,204
Depreciation	212	268	162	146	278	308
PBIT	693	713	515	304	674	896
Interest	391	429	288	189	493	615
PBT (after exceptional items)	288	284	214	115	181	282
Tax	58	95	34	39	107	137
PAT (before minority interest)	230	190	180	77	73	145
Cash profit	442	457	341	223	352	452

Balance Sheet Summary – FY 2011

FY 2010 vs. FY 2011

Particulars (INR cr.)	Stand-Alone as of	
	30-Jun-10	30-Jun-11
Sources of Funds		
Shareholders Fund	2,756	2,902
Loan Funds	1,386	2,173
Deferred Tax Liability	72	87
Total Liabilities	4,215	5,162
Application of Funds		
Net Block	1,122	1,467
Capital WIP	60	100
Investment	2,003	2,255
Current Assets	1,918	2,512
Current Liabilities	888	1,173
Net Current Assets	1,030	1,339
Total Assets	4,215	5,162

Balance Sheet Highlights - Core Retail

- ❖ Core Retail Loans Rs.4,190 cr.
- ❖ Debt equity ratio at 1.12x
- ❖ Inventory at Rs.3,585 cr.

Q4 FY11 Operational Performance

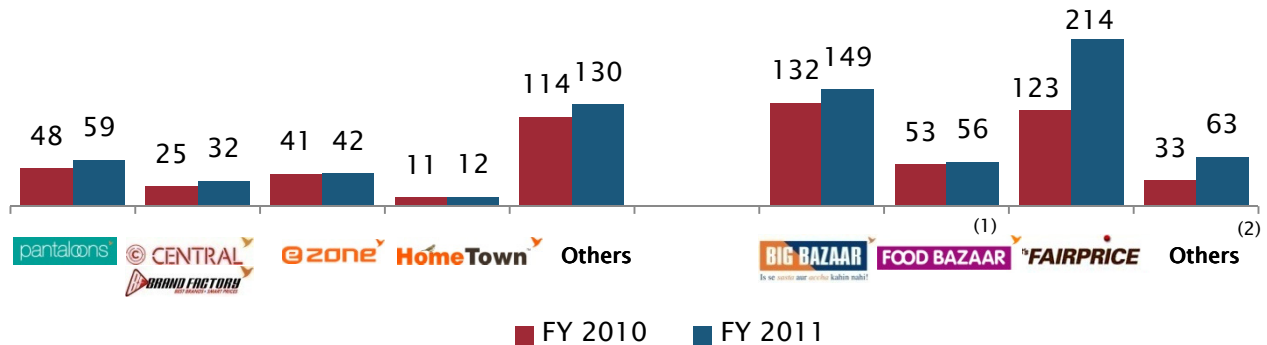
Store Count – PRIL

Selling Space (mn. sq. ft.)

1.24	2.01	0.52	1.11	0.34
1.74	2.59	0.50	1.15	0.45

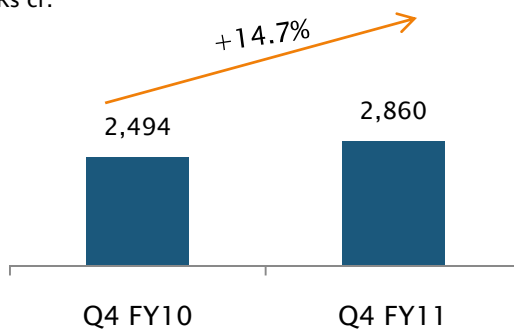
Store Count – FVRL

6.88	0.47	0.12	0.29
7.64	0.55	0.19	0.42



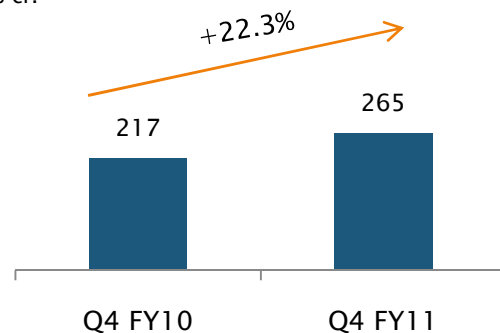
Core Retail Net Sales

Rs cr.



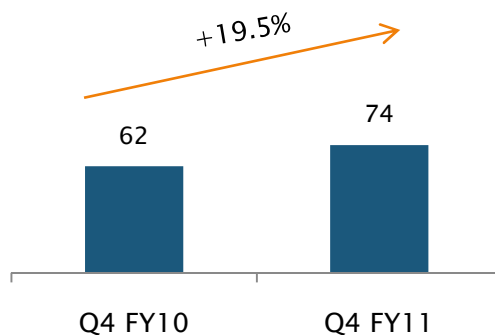
Core Retail EBITDA

Rs cr.

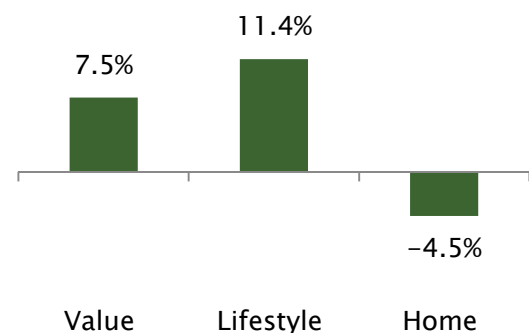


Core Retail PBT

Rs cr.



Q4 FY11 Same Store Sales



Note: EBITDA & PBT adjusted for profit on sale of investments of Rs.75.1 crs.

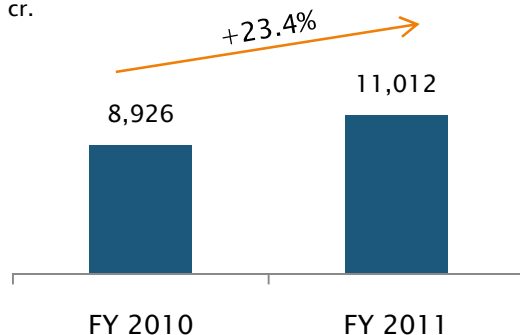
(1) Stand-alone Food Bazaar stores only. Does not include stores located within every Big Bazaar.

(2) Other stores includes 28 Lootmart stores with area of 0.08 mn sq. ft. which were consolidated with effect from January 2011.

FY11 Operational Performance

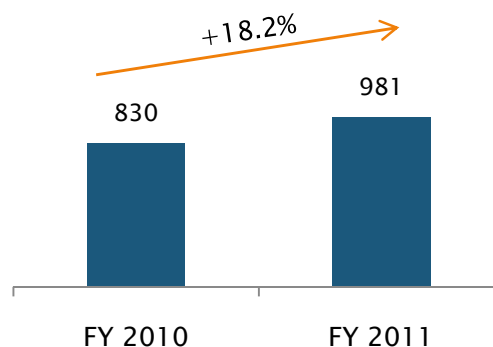
Core Retail Net Sales

Rs cr.



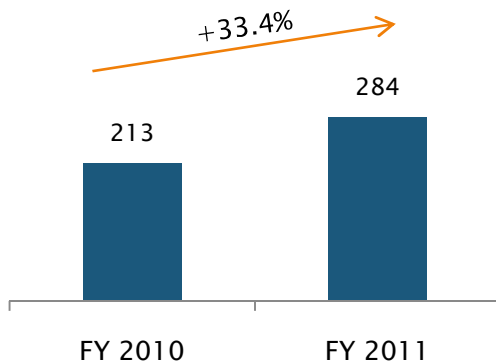
Core Retail EBITDA

Rs cr.

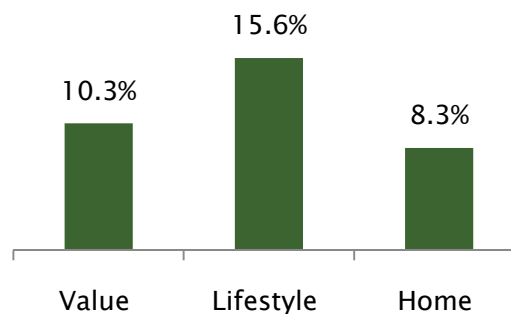


Core Retail PBT

Rs cr.







FY 2011 Same Store Sales






Net Space Additions

(Space in mn. sq. ft.)

Format	FY11		Outlook - Q1 FY12	
	Stores	Space	Stores	Space
	11	0.50	5	0.12
	7	0.58	4	0.17
	1	(0.01)	3	0.02
	1	0.04	1	0.06
Others	16	0.10	12	0.05

(Space in mn. sq. ft.)

Format	FY11		Outlook - Q1 FY12	
	Stores	Space	Stores	Space
	17	0.76	13	0.55
	3	0.08	2	0.01
	91	0.07	45	0.04
Others ⁽¹⁾	30	0.13	3	0.03

Note: EBITDA & PBT adjusted for profit on sale of investments of Rs.75.1 crs.

(1) Other stores includes 28 Lootmart stores with area of 0.08 mn sq. ft. which were consolidated with effect from January 2011.

Q4 FY11 New Store Additions

Net space addition of nearly 0.39 million square feet during Q4 FY11 across all major formats

PRIL

Format	Store count	Sq. Ft.	Date of opening	Location
pantaloons	55	44,387	8-Apr-11	Chandra Metro Mall, Chennai
	56	31,348	15-Apr-11	Inorbit Mall, Madhapur, Hyderabad
	57	67,055	21-May-11	Brookefields Plaza, Coimbatore
	58	36,249	24-Jun-11	Junction Mall, City Center, Durgapur
	59	31,276	29-Jun-11	Infinity Mall, Malad (W), Mumbai
© CENTRAL	18	172,193	30-Apr-11	Soul Space Spirit, Bengaluru
ezone	41	2,510	29-Apr-11	Soul Space Spirit, Bengaluru
	42	23,100	25-Jun-11	Infinity Mall, Malad (W), Mumbai

FVRL

Format	Store count	Sq. Ft.	Date of opening	Location
BIG BAZAAR	147	43,864	8-Apr-11	Municipal Office Road, Tirupur
	148	40,801	14-Apr-11	P & M Mall, Pataliputra Colony, Patna
	149	29,787	21-May-11	Home Land City Mall, Solan
FOOD BAZAAR	55	26,899	29-Apr-11	Soul Space Spirit (Central), Bengaluru
	56	5,991	10-Jun-11	Papamma layout, Bengaluru
FAIRPRICE	195	792	31-Mar-11	Chander Vihar, Mandawali, Delhi
	196	880	8-Apr-11	Katwaria Sarai, New Delhi, Delhi
	197	715	13-Apr-11	Pocket IV, Mayur Vihar, Phare-I, Delhi
	198	901	17-Apr-11	A Block, Main Devilli Road, Khanpur, Delhi
	201	737	20-Apr-11	Sheetal Darshan Co-op Hsg Society, Thane
	200	880	21-Apr-11	Plot No. 69, New Uttam Nagar, Delhi
	199	880	24-Apr-11	Mansarover Garden, Delhi
	203	713	29-Apr-11	Akanksha Co-operative Hsg Soc., Mumbai
	202	1,650	30-Apr-11	Main Delhi Road Bawan, Delhi
	204	853	1-May-11	L-58 A, Malviya Nagar, Delhi
	205	715	10-May-11	Ramdayal Gothi Marg, Mauj Pur, Delhi
	208	825	16-May-11	Bylappa Circle, T. Dasarahalli, Bengaluru
	207	935	17-May-11	Peepal Chowk, Mohan Garden, Delhi
	209	770	20-May-11	Mukherjee Park, Tilak Nagar, Delhi
210	715	21-May-11	Seva Samiti Co-operative Hsg Soc., Mumbai	
206	1,100	22-May-11	Bengre Nagar, Bengaluru	
211	880	31-May-11	Gautam Vihar, Fateh Sing Marg, Delhi	
212	715	4-Jun-11	F Type Building, Vashi Navi Mumbai	
213	770	18-Jun-11	C V Raman Nagar, Kagadapura, Bengaluru	
214	750	21-Jun-11	Sangam Vihar, Delhi	

Geographic expansion



Note: As of 30th June 2011. Map is illustrative and not to scale.

Only standalone Food Bazaar stores plotted; all Big Bazaar stores have a Food Bazaar.

KB's FairPrice operates in only three cities, Bangalore, Mumbai & Delhi/NCR

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