Investor Update

For the year and quarter ended June 30, 2010

Key Highlights:

FY 2009 - 2010

- ✓Consolidated turnover increased by 27.6% to Rs 9786.94 crore
- ✓Consolidated EBIDTA increased by 56.4% to Rs 952.24 crore
- ✓Earnings Per Share (EPS) grew to Rs 3.18 from Rs 0.56, a growth of more than six times
- ✓Company announces a record dividend of 40% on Class A shares with face value of Rs 2

Q4 2009 – 2010

- ✓Core retail turnover increased by 49.98% to Rs.2493.72 crore
- ✓Core retail EBITDA increased by 57.8% to Rs 291.98 crore
- ✓Core retail PAT increased by 170.91% to Rs 98.84 crore
- ✓Same-store Sales Growth in Value Retailing was 11.46%, Lifestyle Retailing stood at 19.43% and Home Retailing at 57%

Operational Performance

Pantaloon Retail (India) Limited reported a consolidated turnover of Rs 9786.94 crore for the financial year ended 2009-2010 representing a CAGR of 29.4% over the last 3 years. The consolidated EBIDTA for FY 2009-10 is Rs 952.24 crore, compared to Rs 609 crore in FY 2008-09. The consolidated PAT for FY 2009-10 is Rs 76.35 crore, compared to a loss of Rs 7.46 crore in FY 2008-09. Profit after minority interest increased from Rs 10.07 crores in FY 2008-09 to Rs 67.49 crores in FY 2009-10, representing an increase of 570%.

During the year, the company in line with investor expectations realigned its business to create a focused retail pure-play. The objective was to divest as far as possible all non-retail businesses and consolidate all its retail businesses. As part of this realignment, the company divested its interests in subsidiaries involved in brand building, technology and knowledge services, training and manpower development and mall management and property services. To consolidate its retail businesses, it merged the home solutions business, Home Solutions Retail (India) Limited (HSRIL) with itself. Also, a wholly-owned subsidiary, Future Value Retail Limited (FVRL) was created to operate its fast growing value retail business. The company's core retail business for the current year therefore includes the retail businesses of PRIL, along with FVRL and HSRIL.

The quarterly and annual results take into account these changes and realignment taken within the company, which has resulted in the current balance sheet and profit and loss accounts not entirely comparable with that of the erstwhile year. For convenience of analysis, we are comparing the core retail business of PRIL this year with the standalone PRIL of previous year, which included the businesses of FVRL and doesn't include the business of HSRIL.

Quarterly Performance

For the fourth quarter, the company's core retail businesses posted a total turnover of Rs 2493.72 crore in Q4 FY 2009-10, compared to Rs 1662.73 crore in Q4 FY 2008-09. The company's core retail business' EBIDTA increased by 57.81% in Q4 FY 2010-09 to Rs 291.98 crore, compared to Rs 185.02 crore in Q4 FY 2008-09. The company's core retail business' Net Profit increased by 170.9% in Q4 FY 2010-09 to Rs 98.84 crore, compared to Rs 36.49 crore in Q4 FY 2008-09.

For Q4 FY10, Same-store Sales Growth (SSG) under Value Retailing was 11.46%, Lifestyle Retailing stood at 19.43% and Home Retailing at 56.9% per cent. For the year, SSG under Value Retailing was 9.48%, Lifestyle was 13.65% while Home Retailing registered 12.02%.

Annual Performance

During FY10, the company's retail business delivered a clear growth strategy to maintain the momentum of topline growth, despite a more conservative increase of 1.97 million square feet over FY09. In addition, a strong focus to address efficiencies and enhance productivity from the retail stores resulted in improved realizations, and reflected in healthy SSG in the Lifestyle, Value and Home retailing segments.

The company's core retail businesses, posted a total turnover of Rs 8926.08 crore in FY 2009-10, compared to Rs 6341.70 crore in FY 2008-09, representing an increase of 40.75%. The company's core retail business EBIDTA is Rs 891.90 crore for FY 2010-09, an increase 32.23%. Net Profit increased by 76.8% in FY 2010-09 to Rs 230.15 crore, compared to Rs 140.58 crore in FY 2008-09, representing a growth of 63.72%.

Margin enhancement in the business had been a focus area for the business during the year. EBITDA and Net Margins in core retail business stood at 10% and 2.58% respectively for FY2010-09. The company's renewed focus on working capital management, reduction in debt, improvement in store productivity, more efficient inventory and supply chain management and effective marketing initiatives resulted in higher growth in turnover on a limited incremental capital employed. This is reflected in over 10% reduction in efficiencies in inventory turns and a significant increase in the incremental sales to incremental capital employed ratio over a period of three years. Interests costs on a consolidated has decreased by 7.5% as a percentage of sales during FY 2009-10.

The company's Balance Sheet is also being addressed for the next phase of growth. During the year, company infused equity worth Rs 600 crores and the standalone debt of PRIL decreased from Rs 2850.29 crore to Rs 1386.22 crore. The debt levels for the core retail segment, i.e., including FVRL and HSRIL decreased from Rs 3198.76 crore to Rs 2915.19 crore. The overall debt maturity profile has also been enhanced to 3.9 years.

The company is cautiously optimistic that consumer sentiment will remain buoyant. The company believes that its realignment and improvement in operating efficiencies will deliver stronger performance in the forthcoming year both in terms of topline and bottomline growth. The company will continue to focus on increasing consumption demand and capturing it in the most efficient and profitable manner. The company is well positioned to support its growth objectives while protecting the balance sheet and enhancing shareholder value.

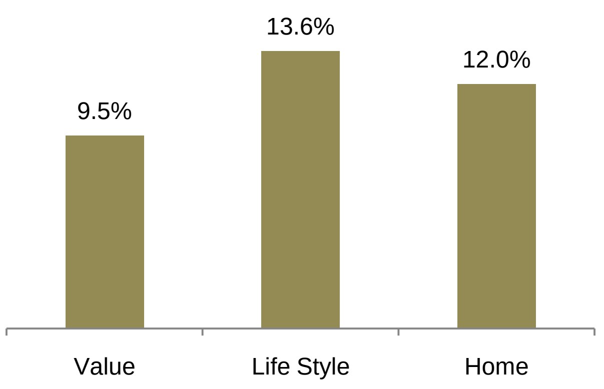
Financial Summary

	2009-10						2008-09	
	PRIL		FVRL		Core Retail [1]		PRIL	
Particulars (Rs cr.)	**Q4**	**FY**	**Q4**	**FY**	**Q4**	**FY**	**Q4**	**FY**
INCOME								
Sales & Operating Income	958	5,934	1,536	2,992	2,494	8,926	1,663	6,342
Other Income	78	85	1	1	79	86	2	6
Total Income	**1,036**	**6,019**	**1,537**	**2,993**	**2,573**	**9,012**	**1,665**	**6,348**
PBDIT	**173**	**677**	**119**	**228**	**292**	**905**	**185**	**674**
Depreciation	32	162	26	50	58	212	39	140
PBIT	**141**	**515**	**93**	**178**	**234**	**693**	**146**	**534**
Interest	43	288	54	103	97	391	91	318
PBT (before exceptional items)	**98**	**227**	**39**	**75**	**137**	**301**	**55**	**216**
Taxes	27	34	12	24	39	58	19	76
PAT	**72**	**192**	**27**	**51**	**99**	**243**	**36**	**141**
Cash Profit	103	354	54	101	157	455	75	281

Financial Summary – Consolidated

Particulars (Rs cr.)	**2009-10**	**2008-09**
INCOME		
Sales & Operating Income	9,787	7,669
Other Income	126	96
Total Income	**9,913**	**7,765**
PBDIT	**952**	**609**
Depreciation	278	207
PBIT	**674**	**402**
Interest	493	419
PBT	**181**	**(16)**
Taxes	104	(10)
PAT (Before Min. Interest)	**76**	**(6)**
Profit (After Min. Interest)	**67**	**10**

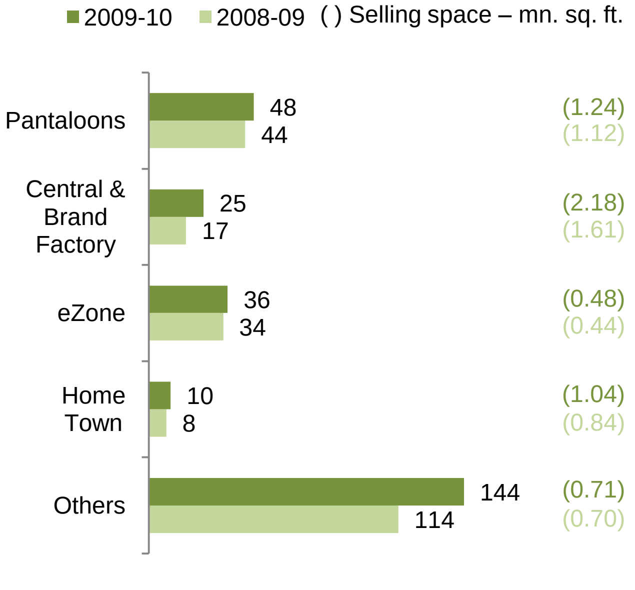
Same Store Sales Growth (FY 2010)



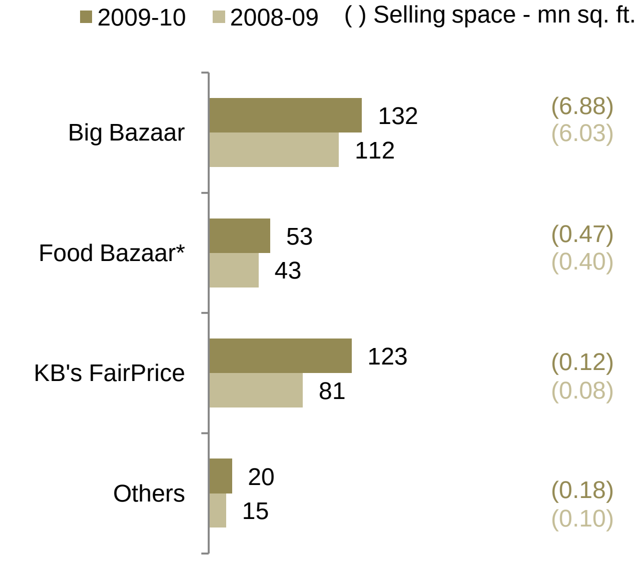
[1] Core Retail indicates summation of PRIL with demerged HSRIL and FVRL

Retail Stores Count And Selling Space As Of June 30, 2010

PRIL



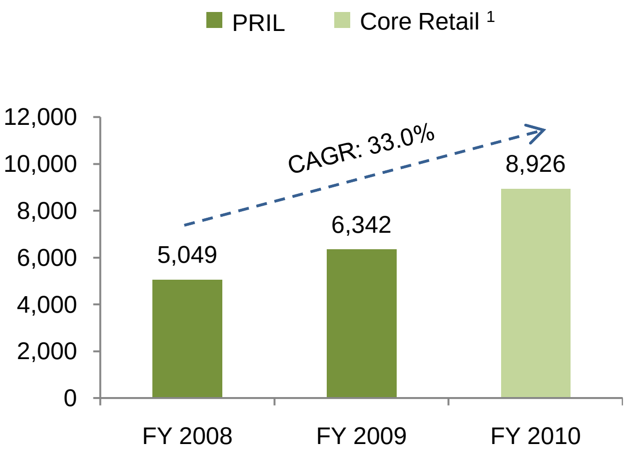
FVRL



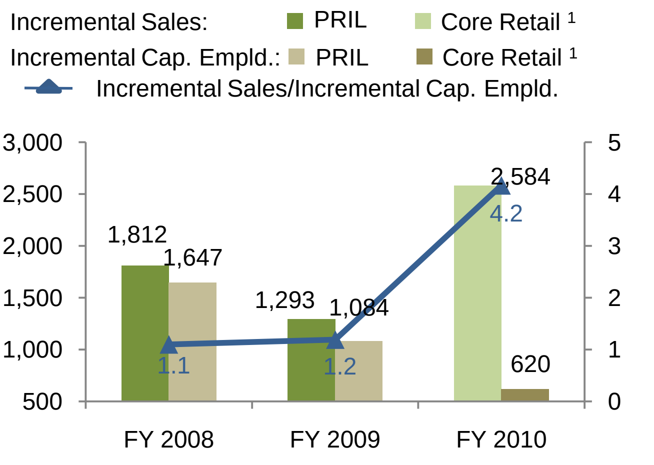
* Stand-alone Food Bazaar stores only. Does not include stores located within every Big Bazaar.

Key Financial And Operational Metrics

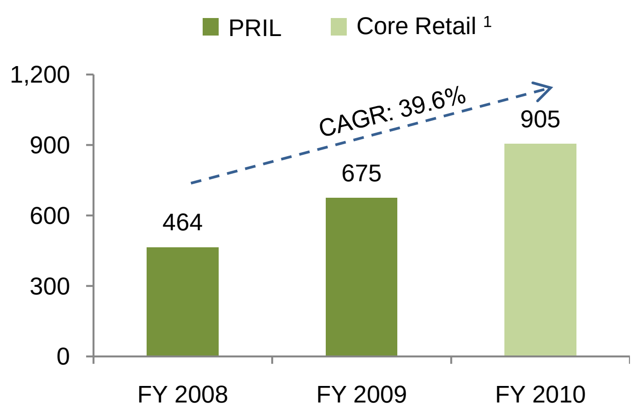
PRIL Net Sales and Other Income (Rs cr.)



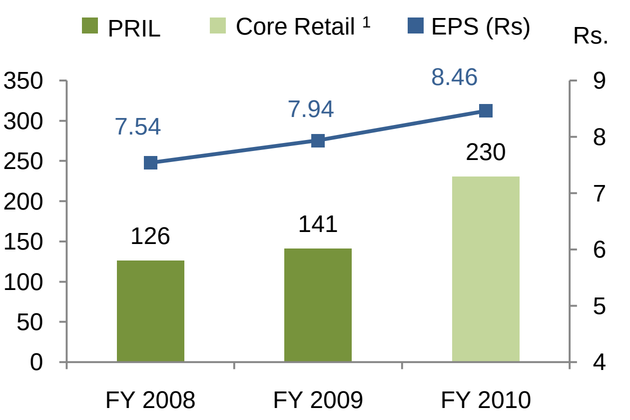
PRIL Incremental Sales vs. incremental Cap. Empld.



EBITDA Margin (%)



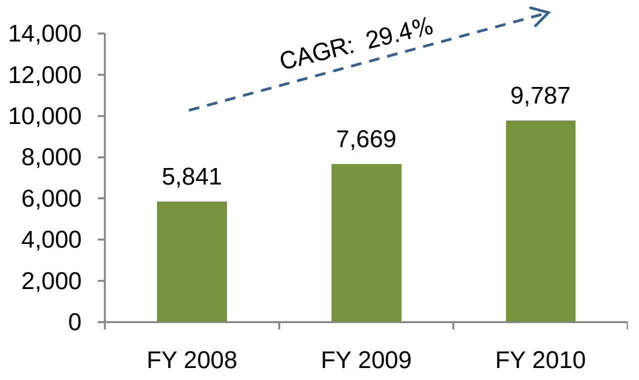
PAT (Rs. Crores) and EPS



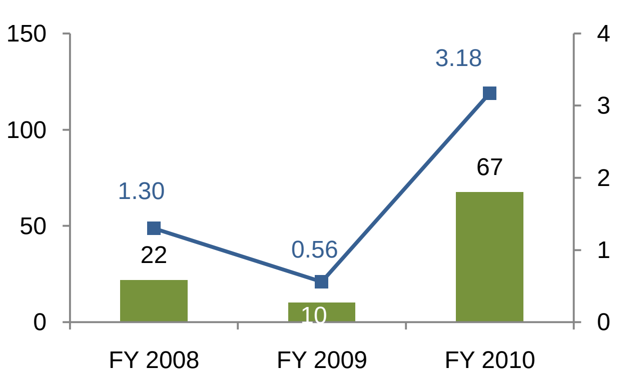
[1] Core Retail indicates summation of PRIL with demerged HSRIL and FVRL

Consolidated Key Financial And Operational Metrics

Net Sales and Other Income (Rs cr.)



PAT (Rs. cr.) and EPS



New Store Openings During Q4 2009-10

Format	Store Count	Square Feet	Date of Opening	Location
BIG BAZAAR Is se sasta aur accha kahin nahi!	127.	31,412 sq.ft.	28-Apr-10	Viva Collage Mall, Jalandhar
	128.	24,753 sq.ft.	30-Apr-10	Fortune Plaza, Ichalkaranji, Maharashtra
	129.	48,655 sq.ft.	28-May-10	Lido Mall, Bangalore
	130.	21,375 sq ft	28-May-10	Phoenix United Upal Mall, Lucknow
	131.	38,425 sq.ft	29-May-10	Deoghar, Jharkhand
	132.	66,667 sq.ft	19-Jun-10	Express Avenue, Chennai
FOOD BAZAAR	179.	4,510 sq.ft	28-Apr-10	Viva Collage Mall, Jalandhar
	180.	5,059 sq.ft	30-Apr-10	Fortune Plaza, Ichalkaranji, Maharashtra
	181.	5,096 sq.ft	28-May-10	Lido Mall, Bangalore
	182.	5,979 sq.ft	28-May-10	Phoenix United Upal Mall, Lucknow
	183.	4,464 sq.ft	29-May-10	Deoghar, Jharkhand
	184.	6,000 sq.ft	4-Jun-10	Sobo Central, Mumbai
	185.	11,600 sq.ft	19-Jun-10	Express Avenue, Chennai
pantaloons	47.	18,922 sq.ft.	23-Apr-10	Vinayak City Center, Allahabad
	48.	20,813 sq. ft	28-May-10	Phoenix Mall, Lucknow
KB's FAIRPRICE	107.	1,700 sq.ft.	9-Apr-10	Dilshad Colony, Delhi
	108.	1,000 sq.ft.	11-Apr-10	Mira Road, Mumbai
	109.	570 sq.ft	17-Apr-10	Mira Road, Mumbai
	110.	1,750 sq.ft	16-Apr-10	Narela, Delhi
	111.	1,265 sq.ft.	12-Apr-10	Model Town II Delhi
	112.	985 sq ft	24-Apr-10	Government Colony, Bandra, Mumbai
	113.	720 sq.ft.	12-May-10	Karam Pura, Delhi
	114.	850 sq.ft.	19-May-10	New Friends Colon, Delhi
	115.	720 sq.ft.	22-May-10	Rajouri Garden, Delhi
	116.	1,150 sq. ft.	29-May-10	Neb Sarai, Delhi
	117.	825 sq.ft	10-Jun-10	Lajpat Nagar, Delhi
	118.	650 sq.ft	14-Jun-10	Mira Road (E), Thane
	119.	900 sq.ft	14-Jun-10	Malviya Nagar, New Delhi
	120.	503 sq ft	19-Jun-10	Borivali (W), Mumbai
	121.	650 sq.ft	25-Jun-10	Village Palam, Delhi
	122.	1,946 sq.ft	26-Jun-10	Malleshwaram, Bangalore
	123.	590 sq.ft	29-Jun-10	Thane, Maharashtra

Creating Consumption Days

In India consumption demand at an individual customer level is still low compared to anywhere else in the world. The company had therefore pioneered the concept of creating Consumption Days that create additional demand from consumers and also bring in fresh set of customers to its stores.

During the year, at Big Bazaar, the Sabse Sasta 3 Din and Mahabachchat celebrations became iconic events that drew immense consumers to the stores and translated into creation of new consumption demand. Apart from such promotions, the format had created Wednesday Bazaar, Pehli Tarik and Shubh Muharat that were celebrated on a weekly and monthly basis to bring in new consumers as well as increase the consumption basket. Similar days and events are being created across formats.

During the quarter such a successful occasion was at eZone, when the format offered 48 hour non-stop sale. The objective of this sale was to increase the sales velocity in eZone stores and to reinforce its leadership position in the overall market. This was the first time in the history of Indian retail that any specialty store remained open for 48 hours non stop. During the 'Zero Margin Sale' stores were kept open from midnight of June 11th to midnight of June 13th so that customers could shop at their convenience in 'off peak' hours.

During this sale eZone clocked in highest ever sales on any single day, with increase of customer traffic by over 300% and conversions of over 30%. eZone sold more than 3500 Flat Panel Televisions, 4000 cameras and 2000 laptops amongst other products.

Our stronger value creation for customers was corroborated by the Nielsen Retail Index for Q4 2009 v/s Q1 2010 which indicates that, at an aggregate basket level, the price change in Big Bazaar stores was 5.8% lower than comparable changes in general trade.

Strengthening Private Brands

Food Bazaar now stocks over 350 SKUs in over 58 sub-categories that belong to the private brands portfolio. These products not only deliver better margins but also address price gaps and need gaps of consumers that are currently not addressed by existing brands. A major initiative towards the strengthening of the private brands portfolio was the launch of 'Ektaa' offering community-specific food products across the country.

The first product launched in this series is popular variants of rice from different states of India. 'Ektaa' branded rice is now available in five variants in all Big Bazaars and Food Bazaars across the country. The brand would also see a series of product launches like wheat, regional spices, pickles, papads etc in phases, giving customers a large basket of community foods to choose from. Last quarter also saw the introduction of a range of Chinese noodles under the 'Tasty Treat' brand. It came out with 3 variants - Hot Garlic, Manchurian and Schezwan, positioned at a unique price point of Rs. 39 and offered with a stainless steel fork and spoon free with it.

In the fashion category, Future Group's private brand 'John Miller' extended its footprint in the men's grooming category by launching a range of deodorant sprays in all Big Bazaars and Food Bazaars across the country. The product was launched in 3 unique fragrances.

Improvements In Warehousing And Logisitcs

During the year, the company's subsidiary, Future Supply Chain Solutions Limited (FSCSL) significantly streamlined and optimized its operations leading to better efficiencies for the business. The implementation of Warehouse Management System (WMS) and introduction of Material Handling Equipment (MHE), coupled with increased usage of technology yielded results. The consolidation of warehousing space has also been to derive maximum benefit from the up-coming GST regime. The improvements in warehousing and logistics were put to scrutiny when FSCSL Distribution Centre at Kalyan welcomed over 40 research and equity analysts visit for a detailed facility tour organised by the Investor Relations team in May 2010.

Registered Office:
Knowledge House, Shyam Nagar, Off Jogeshwari-Vikhroli Link Road, Jogeshwari (E), Mumbai 400 060. India
P +91 22 6644 2200 F +91 22 6644 2201 www.pantaloonretail.in

IR Contact
Ashish Chakravarti Mobile: +91 9323948747 Email: ashish.chakravarti@futuregroup.in