

# Pantaloon Retail (India) Limited

Demerger of  
Future Mall Management Limited (FMML)

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We do not undertake to update our forward-looking statements.

# Details of the Demerger of FMML from PRIL

- The demerger of FMML has been approved by the court
- FMML operates the following businesses:
  - Mall Management
  - Project Management
- Operated through wholly owned subsidiary Future Merchandising Ltd. (FML)
  - Mall Asset Management (Property Leasing business)
  - Food Services
- Shares of FMML will be issued to the existing shareholders of PRIL, who hold PRIL shares as on the record date of 20<sup>th</sup> September 2010, as per the approved allocation ratio.
- PRIL shares will be traded ex FMML from 17<sup>th</sup> September, 2010
- Rationale of the demerger:
  - PRIL to focus on its core retail operations
  - Will help take the investment in real estate off its balance sheet, and also unlock value for PRIL shareholders
  - FMML is ready to pursue its own growth path independently, and sees large opportunities that it can better serve as an independent company in retail real estate and related services that it currently offers, and the overall real estate business that it plans to be in

# Impact on PRIL Balance Sheet

Particulars	FMML consolidated 01.04.2010 Rs. Cr.	PRIL Consolidated excl FMML 30.06.10 Rs. Cr.
<b>SOURCES OF FUNDS:</b>		
Share Capital	11.17	110.75
Share Capital (Allotment Pending)		64.66
Share Application Money		16.42
Equity Warrants		122.88
Reserves & Surplus, Securities Premium	254.93	2561.66
<u>Minority Interest</u>		318.30
<u>Loan Funds</u>		
Secured Loans		3257.13
Short Term Loans from Banks		1094.91
Unsecured Loans	98.18	
Deferred Tax Liability - Net		110.17
	<b>364.28</b>	<b>7656.88</b>
<b>APPLICATION OF FUNDS :</b>		
Fixed Assets	225.44	2646.81
Capital work-in-progress		304.38
Investments	11.07	909.77
<u>Net Current Assets</u>		
Current Assets, Loans & Advances	170.50	5846.72
Less: Current Liabilities & Provisions	42.73	2050.80
	<b>364.28</b>	<b>7656.88</b>
<b>Net Worth</b>	<b>266.10</b>	<b>2876.38</b>
<b>Debt - Equity Ratio</b>	<b>0.37</b>	<b>1.50</b>

FMML Consolidated includes Standalone Mall Management and Project Management businesses and its 100% subsidiary, Future Merchandising Limited (FML), which operates the Mall Asset Management business and Food Services business. PRIL consolidated results for June'10 is excluding FMML consolidated.

## FMML – Focus on Real Estate

- FMML currently focuses on retail real estate and services around the same
  - Growth of organized retail in India will require quality retail real estate space and services
  - Globally, quality malls and their management has been identified as a critical factor for the success of retail
  - In India, most developers have seen retail space as another segment and thus have created shopping centres without skill sets on managing or running them efficiently, as a result of which a large number of such developments are lying vacant
  - Large opportunity therefore exists for FMML, with experience in management of Retail Real Estate, to step in and enjoy first mover advantage
- Eventually, FMML plans to be in the gambit of real estate offerings and commercial development

# Management Services

- **Mall Management:**

- Builds on Future Group understanding of retail and expertise in managing consumers
- Provides upkeeping services such as security, housekeeping, mall promotions and parking services and creating a favorable shopping ambience
- Services provided to mall spaces leased by FMML and third parties, Business with steady annuity income such as CAM charges, parking and SOH income
- Currently manages 6 malls with total area under management of 9.18 lakh square feet
- This division registered revenue of Rs. 14.75 crores for year ending March 31, 2010

- **Project Management:**

- Engineering and design services as well as complete project management for retail stores being set up by Future Group as well as other retailers and mall owners. Completed 17.5 lakh square feet in FY10
- Growth in store roll outs by Future Group, complemented by addition of new customers
- This division registered revenue of Rs. 9.8 crores for year ending March 31, 2010

# Mall Ownership and Leasing through FML

- **Property Leasing Division:**

- Takes on lease entire malls and large spaces in malls, part of this is leased to Future Groups formats and the rest is leased out to other retailers
- FMML invests in the fit outs etc in the mall, manages it and creates customer traction
- Total area under management is currently 9.18 lakh square feet
- Additional contracted area of 6.23 lakh square feet to be operational by 2012
- This division registered revenue of Rs. 47.24 crores for year ending March 31, 2010

- **Owned Assets:**

- FMML also has investments in two malls

Name	FMML Equity Stake	Retail Area in sq ft
Vizag	25 %	82,640
Raipur	20 %	Yet to be operational

# Food Services through FML

- **Food Services:**
  - Managing outlets providing food services at various malls including self operated and third party operated formats
  - Outlets includes food courts, bakery, live kitchen, food kiosks, cafes etc
  - Currently there are 4 operational food courts
  - This division registered revenue of Rs. 3.25 crores for year ending March 31, 2010