

Pantaloon Retail (I) Limited

Q2 / H1 FY11 Results Call

Cautionary Statement & Disclaimer

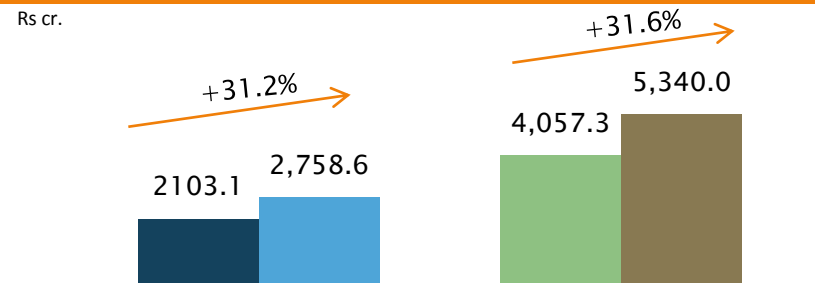
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Operational Performance - Q2 / H1 FY11

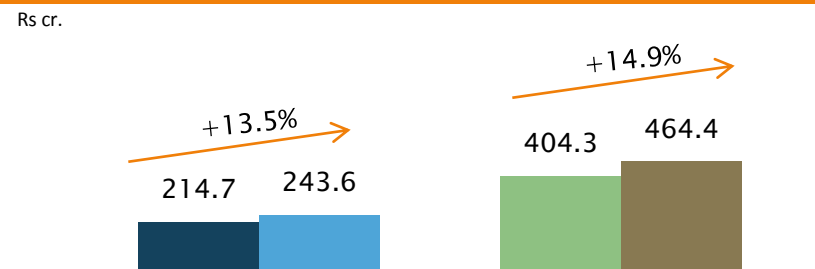
Key Highlights

- Turnover in Core Retail Business increased by 31.2% for Q2 FY11 at Rs.2,759 cr.
- H1 FY11 revenues increased by 31.6% over the previous period and stood at Rs.5,340 cr
- A good space expansion of 0.8 million sft during Q2 FY11 as well as robust SSG's in the Lifestyle, Value and Home segments, contributed to this growth
- Festive season sales, despite December being a slow month, ensured the growth momentum is maintained
- EBITDA for Core Retail business expanded by 13.5% for Q2 FY11 and 14.9% for H1FY11 and stood at Rs. 243.6 cr and Rs. 464.4 cr respectively
- Gross Margins & employee costs have maintained at about 29% & 4.5% of sales for H1 FY11
- EBITDA trending would be a function of the category mix focus
- Core Retail PAT expanded by 26.5% for H1 FY11 to Rs.90 cr over Rs. 71 cr for the corresponding period last year
- Compressions were witnessed in margins on account of poor performance of electronics category

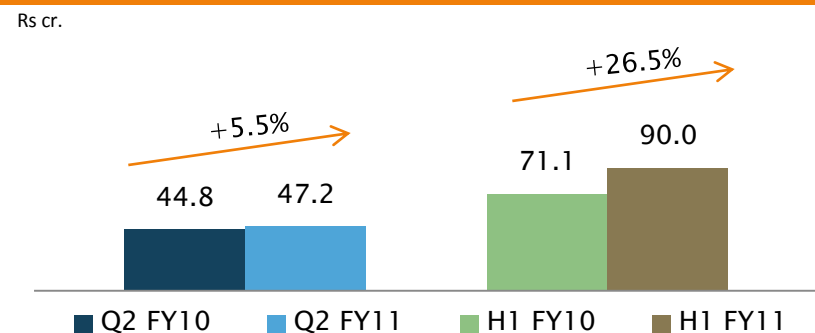
Core Retail Net Sales



Core Retail EBITDA



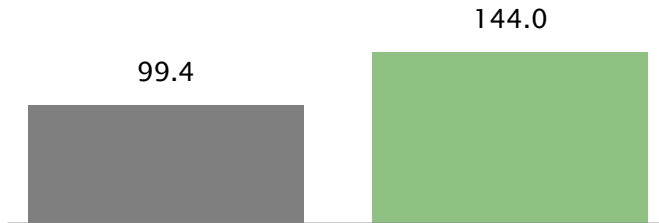
Core Retail PAT



Operational Performance - Q2 / H1 FY11 (cont'd)

Customer Entry

(In millions)



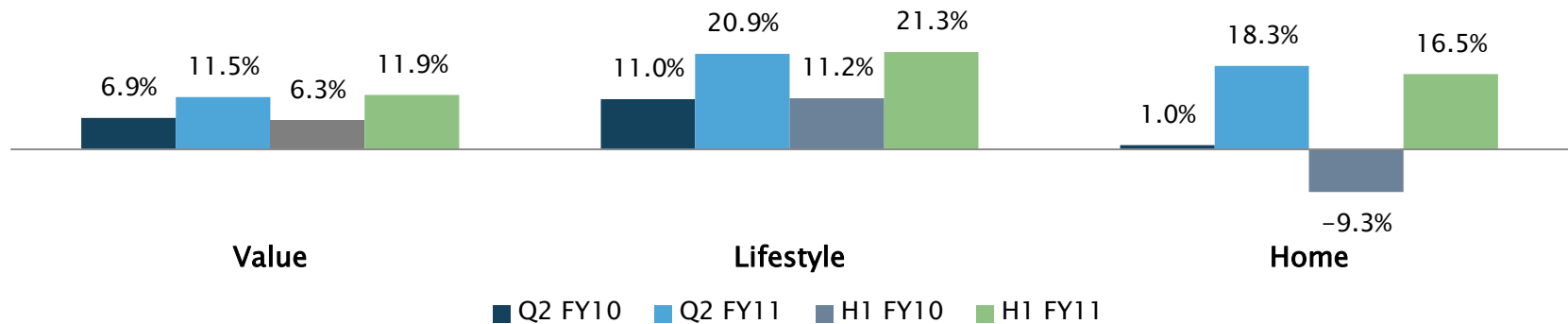
Average Ticket Size

(In Rs)



- Customer footfalls For H1 FY11 stood at 144 million while the average ticket size increased to Rs.892 in H1 FY11 on account of improved traction in the lifestyle segment.

Same Store Sales Growth Trends

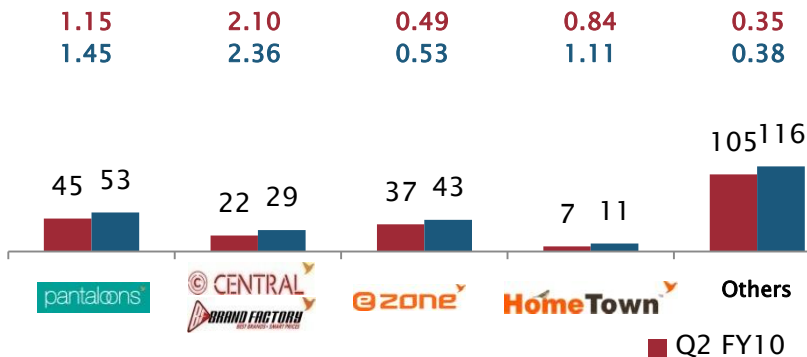


- For H1 FY11, same store sales growth in value retail business was 11.9% while in lifestyle retail it was 21.3%. Improved growth in the home category was reflected in the home retailing business clocking SSGs of 16.5%.

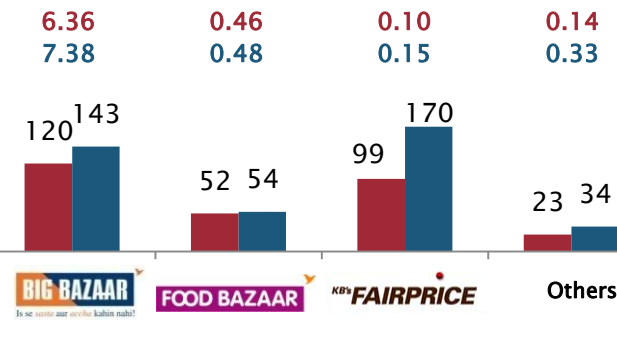
Q2 / H1 FY11 Store Count & Additions

Store Count and Space- PRIL

Selling Space (mn. sq. ft.)



Store Count and Space – FVRL



➔ Net space addition for Q2 FY11 was ~0.8 million square feet. Total space addition as on H1 FY11 was ~1.2 million square feet

Net Store Additions / Outlook - PRIL

(Space in mn. sq. ft.)

Format	Q2 FY11		Outlook - H2 FY11	
	Stores	Space	Stores	Space
pantaloons	5	0.20	8	0.22
CENTRAL BRAND FACTORY	2	0.16	5	0.37
@zone	1	0.00	2	0.02
HomeTown	-	0.00	1	0.06
Others	-	0.03	25	0.09

Net Store Additions / Outlook – FVRL

(Space in mn. sq. ft.)

Format	Q2 FY11		Outlook - H2 FY11	
	Stores	Space	Stores	Space
BIG BAZAAR	7	0.36	19	0.71
FOOD BAZAAR	(1)	0.00	7	0.07
KB'S FAIRPRICE	36	0.02	98	0.08
Others	-	0.03	3	0.03

➔ Total incremental estimated space addition of ~1.6 million square feet in H2 FY11

Note: Re classification of cut-ins within Central & Brand Factory and other formats.

Financial Summary – Profit & Loss for Q2 FY11 vs. Q2 FY10

Particulars (INR cr.)	Core Retail		Stand-Alone	
	Q2 FY10	Q2 FY11	Q2 FY10	Q2 FY11
Sales & operating income	2,103.07	2,758.55	1,912.84	1,024.26
Other income	2.16	5.24	2.02	3.73
Total income	2,105.23	2,763.79	1,914.86	1,027.99
PBDIT	214.70	243.56	205.46	111.08
Depreciation	50.60	65.03	45.17	35.12
PBIT	164.10	178.53	160.29	75.96
Interest	96.23	107.78	83.53	46.15
PBT	67.86	70.75	76.76	29.81
Tax	23.07	23.50	26.09	9.90
PAT (before minority interest)	44.79	47.25	50.67	19.91
Cash profit	95.39	112.28	95.84	55.03

Financial Summary – Profit & Loss for H1 FY11 vs. H1 FY10

Particulars (INR cr.)	Core Retail		Stand-Alone	
	H1 FY10	H1 FY11	H1 FY10	H1 FY11
Sales & operating income	4,057.29	5,339.97	3,689.86	2,015.75
Other income	7.28	13.36	6.74	11.29
Total income	4,064.56	5,353.32	3,696.60	2,027.03
PBDIT	404.27	464.38	400.30	214.46
Depreciation	98.68	128.03	88.45	69.69
PBIT	305.59	336.35	311.85	144.77
Interest	199.11	201.08	170.38	88.12
PBT	106.48	135.27	141.47	56.65
Tax	35.35	45.27	46.98	19.14
PAT (before minority interest)	71.13	90.00	94.49	37.51
Cash profit	169.81	218.03	182.94	107.20

- ➔ CAGR in excess of 30% maintained
- ➔ EBITDA growth of 14.9%
- ➔ Interest cost maintained at H1 FY10 levels
- ➔ Interest cost as a percentage of sales reduced by 120bps
- ➔ PAT growth of 26.5%

Financial Summary – Consolidated Profit & Loss

Particulars (INR cr.)	Consolidated	
	Q2 FY11	H1 FY11
Sales & operating income	3,061.85	5,812.61
Other income	19.85	33.42
Total income	3,081.70	5,846.03
PBDIT	267.44	516.16
Depreciation	74.42	146.92
PBIT	193.02	369.24
Interest	149.83	273.21
PBT	43.19	96.04
Tax	29.23	58.09
PAT (before minority interest)	13.97	37.94
Cash profit	88.38	184.86

Financial Summary – Stand-Alone Balance Sheet

Particulars (INR cr.)	Stand-Alone as of	
	30-Jun-10	31-Dec-10
Sources of Funds		
Shareholders Fund	2,756.25	2,862.52
Loan Funds	1,386.22	1,832.87
Deferred Tax Liability	72.43	79.26
Total Liabilities	4,214.90	4,774.65
Application of Funds		
Net Block	1,122.15	1,189.62
Capital WIP	59.68	115.14
Investment	2,002.91	2,202.16
Current Assets	1,917.80	2,161.94
Current Liabilities	887.63	894.21
Net Current Assets	1,030.17	1,267.73
Total	4,214.90	4,774.65

As of 31, Dec 2010

- Core Retail loans Rs. 3,554 crs
- Debt equity ratio at 1.06x
- Inventory at Rs. 2,996 crs
- Inventory days of 98

Subsidiaries & JV Performance for H1 FY11

Company Name	% Stake	Revenue (Rs. Cr.)	EBITDA (Rs. Cr.)	PRIL Investment (Rs. Cr.)
Future Capital Holdings Limited (Consolidated)	53.7%	141	105	60
Future Value Retail Limited	100.0%	3,326	248	979
Future Agrovvet Limited	96.2%	323	3	35
Future E-Commerce Infrastructure Limited	72.0%	36	(10)	17
Future Axiom Telecom Ltd.	50.0%	60	(9)	10
Future Media (India) Limited	84.2%	14	1	11
Future Generali India Insurance Co. Ltd.	25.5%	151	(46)	102
Future Generali India Life Insurance Co. Ltd.	25.5%	287	(152)	236

Outlook

- Inflation will continue to be a permanent reality and we are developing strategies to benefit from it
- Working with Future Ventures and group companies to invest and improve upon in creating efficiencies in sourcing and supply chain
- Business expansion and same store sales growth expected to be on track in Q3 and Q4
- Better efficiencies, category creation for new products and prudent investment in new store expansion to drive growth
- Drop down of e-Zone into a wholly owned company to manage and grow the electronics business more efficiently
- Focus on upgrading customers at higher price points yielding results. Price points in fashion products to increase, reflecting higher input costs for textile and fabrics
- Focus on Balance Sheet improvements through debt reduction by divesting / monetizing various investments