



PANTALOONS FASHION & RETAIL LIMITED

PERFORMANCE UPDATE FOR THE HALF YEAR ENDED ON SEPTEMBER 30, 2013

Dear Shareholder,

I am pleased to share with you the half yearly performance update on your Company.

Industry Scenario

The testing macro-economic environment did have a bearing on the growth of the branded apparels sector. Slowdown in the Indian economy and persistently high inflation continued to affect customer footfalls and spending in the sector.

Performance Highlights

- Pantaloon business was transferred to your Company with effect from the appointed date i.e., July 1, 2012. Hence, to that extent, half year performance is not comparable with the previous year.
- For half year ended 30th September 2013, your Company posted turnover of Rs. 832 Crore with breakeven at Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) level.
- During the quarter ended 30th September 2013, your Company registered net sales of Rs. 488 Crore, a growth of 9.5% over last year. Same store sales growth in the Company's flagship format of Pantaloon stores was 3.2%
- Your Company is implementing strategic initiatives to enhance business performance in the medium to long run.
- During the half year, your Company opened 4 new stores – 1 each in Delhi, Mumbai, Chandigarh and Mangalore and closed 2 non-performing stores. Pantaloon has a large pan India retail presence, with 71 stores and 25 Factory Outlets spanning across 1.8 million square feet.

Key Highlights

- Introduction of Madura Fashion and Lifestyle (MFL) brands namely Peter England, Louis Philippe, Van Heusen and Allen Solly has been well received by the customers.
- Sales from Private Labels have been robust and contributed to 49% of net sales.
- Men's and Women's wear continue to contribute evenly to your Company's sales. Together these segments constituted almost three-quarter of the sales.
- Store renovation and refurbishments continue to be an area of focus for the Company to provide its customers a superior shopping experience. Your Company has completed renovation of 4 stores during the first half year.

Growth Strategy

Keeping fresh fashion and value conscious youth customers at its centre, your Company has laid out its growth strategy for the next few years which includes:

- Pan India retail space expansion with a focus on Tier II / III cities
- Renovation of existing stores to drive walk-ins, conversions and same store sales growth
- Improving product mix in favour of private labels leading to increase in profitability and return on capital employed (ROCE).

Outlook

The outlook for the domestic branded apparels sector remains challenging in the short run, given the economic and industry scenario. However the medium to long term outlook remains positive on the back of favourable demographics viz., rising disposable income, burgeoning aspiring middle class segment, large young and working population, and increasing shift towards branded apparels.

Driven by aforementioned strategic initiatives, your Company aims to accelerate the pace of growth and enhance shareholders' returns.

Wishing you a very happy Diwali and a prosperous New Year ahead.

Yours Truly,

Pranab Barua
Managing Director

Date : 25th October 2013
Place : Mumbai

PANTALOONS FASHION & RETAIL LIMITED

PANTALOONS FASHION & RETAIL LIMITED
 UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30TH SEPTEMBER 2013

In Rupee Lakhs

	Particulars	Quarter Ended			Six Months Ended		Year Ended
		30th Sept 13 (Unaudited)	30th June 13 (Unaudited)	30th Sept 12 (Unaudited)	30th Sept 13 (Unaudited)	30th Sept 12 (Unaudited)	31st Mar 13 (Audited)
1	Income from Operation						
	(a) Net Sales / Income from Operations	48,122	33,604	43,681	81,726	44,095	125,671
	(b) Other Operating Income	663	828	882	1,491	906	2,843
	Total Income from Operations (Net)	48,785	34,432	44,563	83,217	45,001	128,514
2	Expenses						
	(a) Purchase of Stock-In-Trade	31,631	17,989	23,625	49,620	23,905	75,104
	(b) Change in Inventories of Stock-in-Trade	(1,282)	758	4,481	(524)	4,467	2,334
	(c) Employee Benefit Expense	3,893	3,095	2,594	6,988	2,607	9,115
	(d) Depreciation and Amortisation Expense	2,042	1,675	1,793	3,717	1,793	5,443
	(e) Rent	6,223	5,981	5,043	12,204	5,045	16,315
	(f) Other Expenditure	7,901	7,316	5,517	15,217	5,549	19,034
	Total Expenses	50,408	36,814	43,053	87,222	43,366	127,345
3	Profit from Operations before Other Income, Finance Costs and Exceptional Items (1 - 2)	(1,623)	(2,382)	1,510	(4,005)	1,635	1,169
4	Other Income	100	205	2,335	305	2,354	6,322
5	Profit before Finance Costs and Exceptional Items (3 + 4)	(1,523)	(2,177)	3,845	(3,700)	3,989	7,491
6	Finance Costs	2,827	3,605	4,948	6,432	4,948	14,380
7	Profit after Finance Costs but before Exceptional Items (5 - 6)	(4,350)	(5,782)	(1,103)	(10,132)	(959)	(6,889)
8	Exceptional Items	-	-	-	-	-	-
9	Profit before Tax (7 + 8)	(4,350)	(5,782)	(1,103)	(10,132)	(959)	(6,889)
10	Tax Expenses	-	-	(24)	-	-	-
11	Net Profit for the Period (9 - 10)	(4,350)	(5,782)	(1,079)	(10,132)	(959)	(6,889)
12	Paid Up Equity Share Capital (Face Value of Rs 10 each)	9,279	9,279	50	9,279	50	50
13	Reserve excluding Revaluation Reserve	-	-	-	-	-	(7,780)
14	Earning per Share of Rs 10 each (not annualised)						
	(a) Basic - Rs	(4.69)	(6.23)	(1.16)	(10.92)	(2.06)	(9.89)
	(b) Diluted - Rs	(4.69)	(6.23)	(1.16)	(10.92)	(2.06)	(9.89)
15	Debt Equity Ratio	-	-	-	1.516	2.068	2.251
16	Debt Service Coverage Ratio	-	-	-	0.002	0.159	0.229
17	Interest Service Coverage Ratio	-	-	-	0.002	1.169	0.899
A	PARTICULARS OF SHAREHOLDING						
1	Public Shareholding						
	- Number of Shares	29,737,333	29,737,333	-	29,737,333	-	-
	- Percentage of Shareholding	32.05%	32.05%	-	32.05%	-	-
2	Promoter and Promoter Group Shareholding						
	(a) Pledged/ Encumbered						
	- Number of Shares	-	-	-	-	-	-
	- Percentage of shares (as a % of the total Shareholding of promoter and promoter group)	-	-	-	-	-	-
	- Percentage of shares (as a % of the total Share Capital of the Company)	-	-	-	-	-	-
	(b) Non - encumbered						
	- Number of Shares	63,056,196	63,056,196	500,000	63,056,196	500,000	500,000
	- Percentage of shares (as a % of the total Shareholding of promoter and promoter group)	100%	100%	100%	100%	100%	100%
	- Percentage of shares (as a % of the total Share Capital of the Company)	67.95%	67.95%	100.00%	67.95%	100.00%	100.00%

Notes:

1 Statement of Assets and Liabilities:

In Rupee Lakhs

	As at 30th Sept., 2013 (Unaudited)	As at 31st March, 2013 (Audited)
A EQUITY AND LIABILITIES		
1 Shareholders' Funds:		
(a) Share Capital	9,330	101
(b) Share Suspense account	-	84,632
(c) Reserves & Surplus	57,225	(7,780)
Sub Total - Shareholders' Fund	66,555	76,953
2 Non-current Liabilities		
(a) Long-term Borrowings	98,250	48,493
(b) Other Long-term Liabilities	4,269	3,646
(c) Long-term Provisions	308	229
Sub Total - Non-current Liabilities	102,827	52,368
3 Current Liabilities		
(a) Short-term Borrowings	794	99,881
(b) Trade Payables	37,312	31,630
(c) Other Current Liabilities*	6,175	27,115
(d) Short-term Provisions	461	281
Sub Total - Current Liabilities	44,742	158,907
TOTAL - EQUITY AND LIABILITIES	214,124	288,228
B ASSETS		
1 Non-current Assets		
(a) Fixed Assets	164,649	165,081
(b) Long-term Loans and Advances	7,900	6,255
Sub Total - Non-current Assets	172,549	171,336
2 Current Assets		
(a) Current Investments	502	80,000
(b) Inventories	32,815	32,487
(c) Trade Receivables	4,326	698
(d) Cash & Bank Balance	1,108	1,923
(e) Short-term Loans and Advances	1,296	1,185
(f) Other Current Assets	1,528	599
Sub Total - Current Assets	41,575	116,892
TOTAL - ASSETS	214,124	288,228

* Other Current Liabilities includes current maturities of long term borrowings 1,750 24,695

2 The Equity Shares of the Company were listed and permitted for trading on the BSE Limited and National Stock Exchange of India Limited w.e.f. July 17, 2013.

3 The Scheme of Arrangement under Sections 391-394 of the Companies Act, 1956 between Pantaloon Fashion & Retail Limited ["PFRL" or "the Company"] [formerly Peter England Fashions and Retail Limited], Future Retail Limited ["FRL"] [formerly Pantaloon Retail (India) Limited], and Indigold Trade and Services Limited ["ITSL"] as shareholder of PFRL, and their respective shareholders and creditors, ['Scheme'], was sanctioned by Hon'ble High Court of Bombay vide its order dated March 1, 2013. The Board of Directors of FRL and PFRL at their respective meetings held on April 8, 2013, have declared the Effective Date of the Scheme to be April 8, 2013 ("Effective Date"). Accordingly, in terms of the Scheme, upon the Scheme coming into effect, the Pantaloon & PFO Division of FRL (demerged undertaking) stands transferred to PFRL on a going concern basis with effect from July 1, 2012. Upon this Scheme coming into effect :-

- In consideration of the transfer of the Demerged Undertaking by FRL to PFRL, in terms of this Scheme, on April 19, 2013, PFRL has issued and allotted 43,130,688 and 3,185,830 Equity shares of Rs.10/- each fully paid-up for every 5 (Five) fully paid-up equity shares and DVRs of Rs. 2/- each held in FRL, respectively to all those shareholders whose names appear in the records of FRL or as beneficiary in the records of the depositories of FRL on April 18, 2013, the Record Date, without payment being received in cash as per the Share Entitlement Ratio under the Scheme.
- on April 8, 2013, 800 Zero Coupon Optionally Fully Convertible Debentures of face value of Rs. 1,00,00,000/- each held by the holding Company, Indigold Trade and Services limited (ITSL) were converted into 45,977,011 Equity shares of Rs.10/- each fully paid up of the Company and an amount of Rs. 75,402 Lacs has been credited to the Securities Premium Account.

- 4 The Company is operating in a single segment "Retail" and hence no segment disclosures have been made.
- 5 The figures for the six months ended Sept 30, 2012 includes figures of the Demerged Undertaking which has been transferred to the Company with effect from July 1, 2012 and are the therefore to that extend not comparable with the six months ended Sept 30, 2013.
- 6 Ratios has been computed as under.
 Debt comprises Long-Term borrowings, Short-Term borrowings and Current maturities of Long Term borrowings
 Debts Service Coverage Ratio =Earnings before Depreciation & Amortisation, Interest and Tax /(Finance Cost +Principal Repayments of Long term borrowings)
 (excluding prepayments of Rs. 73,188 Lakhs during the half year ended September 31, 2013)
 Interest Service Coverage Ratio =Earning before Depreciation & Amortisation, Interest and Tax/Finance cost
 Debt Equity Ratio = Debt / Net Worth ; (Net Worth : Equity Share Capital + Reserves and Surplus + Share Suspense Account)
- 7 Status of Investor Complaints for the quarter ended Sept 30, 2013
- | | Opening | Received | Redressed | Pending |
|--|---------|----------|-----------|---------|
| | — | 10 | 10 | — |
- 8 Previous periods/years figures have been regrouped or rearranged wherever necessary.
- 9 The above unaudited financial results have been reviewed by the Audit Committee of the Board and later on taken on record at the meeting of the Board of Directors held on October 25, 2013. The statutory auditor have carried out a limited review of the above results as required under the clause 41 of the listing agreement with the stock exchange.

Pranab Barua
 Managing Director

Place : Mumbai
 Date : October 25, 2013

Disclaimer : *Certain statements in this "Performance Update" may not be based on historical information or facts and may be "forward looking statements" within the meaning of applicable securities laws and regulations, including, but not limited to, those relating to general business plans & strategy of the Company, its future outlook & growth prospects, future developments in its businesses, its competitive & regulatory environment and management's current views & assumptions which may not remain constant due to risks and uncertainties. Actual results could differ materially from those expressed or implied. The Company assumes no responsibility to publicly amend, modify or revise any statement, on the basis of any subsequent development, information or events, or otherwise. This "Performance Update" does not constitute a prospectus, offering circular or offering memorandum or an offer to acquire any shares and should not be considered as a recommendation that any investor should subscribe for or purchase any of the Company's shares.*

Pantaloon Fashion & Retail Limited

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Stock Code: BSE: 535755 NSE: PFRL

For attention of the members holding shares of the Company in physical form.

Shareholders holding shares of the Company in physical form, are hereby requested to affix the enclosed name change stickers on your share certificate(s).

For any assistance in this matter, you may get in touch with the Company or its Registrar & Share Transfer Agent (RTA) viz. Link InTime India Pvt Ltd. at the Correspondence address.