

o/c



Ref: PRIL/SE/2011-12

27th September, 2012

Dept. of Corporate Services (CRD)
Bombay Stock Exchange Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400 001

Fax Nos.: 22723121 / 22722037 / 22722039
22722041 / 22722061 / 22723719 / 22721082

Re: Scrip Code of Debt : 947649

Dear Sir,

Sub: Half yearly results and the in formations as required by the Clause 6 of the Debt Listing Agreement

Pursuant to the Debt Listing Agreement, please find enclosed herewith the Unaudited Financial Results for the fourth quarter and half year ended 30th June, 2012 along with the details of debt ratios. Other details as on 30th June, 2012 are mentioned below:

Credit Rating by Care Analysis & Research Ltd. : A
Asset Coverage Ratio : 1.46
Debt Equity Ratio : 1.08
Dates of Interest Payment to the Debenture Holders

Particulars	Dates
Last Date of Interest Paid	30-08-2012
Next Due Date	30-08-2013

Kindly take the above information on your records.

Thanking you,

Yours truly,
For **Pantaloon Retail (India) Limited**

Deepak Tanna
Company Secretary

Encl.: As Above

for **CENTBANK FINANCIAL SERVICES LTD.**
For **Centbank Financial Services Limited** (Services Ltd.
erstwhile: The Central Bank Executor & Trustee Co. Ltd.)

HV KAMDAR
Company Secretary & Asstt. Vice President
Authorised Signatory

Unaudited Financial Results of Core Retail Business for the Quarter and twelve month ended 30 June 2012
For the convenience of the shareholders and stakeholders, given hereunder is the unaudited financial results for the quarter and twelve month ended 30 June, 2012 of the Core Retail Business comprising businesses of Pantaloon Retail (India) Limited and its wholly owned subsidiary, Future Value Retail Limited
(₹ in Crores)

Sr. No.	Particulars	3 months ended	Preceding	Corresponding	12 months ended	Corresponding	Year ended
		30-06-2012	3 months ended	3 months ended	30-06-2012	12 months ended	30-06-2011
		Unaudited	Unaudited	Unaudited	Unaudited	Audited	Audited
1	Income From Operations						
	a) Net sales/income from operations (Net of excise duty)	2901.92	2958.75	2768.58	11509.27	10720.04	10720.04
	b) Other Operating Income	60.76	67.69	91.79	283.82	292.22	292.22
	Total income from operations (net)	2962.68	3026.44	2860.37	11793.09	11012.26	11012.26
2	Expenses						
	a) Cost of materials consumed	3.44	2.90	7.32	15.84	27.55	27.55
	b) Purchases of stock in trade	2072.97	2243.01	2253.38	8686.09	8984.05	8984.05
	c) Changes in inventories of finished goods, work in progress, and stock in trade - (Increase) / Decrease	16.20	(94.99)	(244.76)	(353.22)	(1,184.19)	(1,184.19)
	d) Employee benefits expenses	120.89	125.79	127.92	501.54	488.25	488.25
	e) Depreciation and amortization expense	92.91	88.69	73.54	352.18	267.54	267.54
	f) Rent Including Lease Rental	227.37	217.71	211.08	843.07	747.36	747.36
	g) Other Expenditure	245.48	261.99	246.95	1045.64	995.07	995.07
	Total Expenses	2779.26	2845.10	2675.43	11091.14	10325.63	10325.63
3	Profit from Operations before other Income and finance cost (1-2)	183.42	181.34	184.94	701.95	686.63	686.63
4	Other Income	2.76	1.82	6.29	17.02	25.16	25.16
5	Profit from ordinary activities before finance cost (3 +4)	186.18	183.16	191.23	718.97	711.79	711.79
6	Finance costs	180.39	165.15	117.67	629.05	427.29	427.29
7	Profit from ordinary activities before tax (5-6)	5.79	18.01	73.56	89.92	284.50	284.50

Unaudited Financial Results as per requirements of Clause 41
Unaudited Financial Results for the Quarter and Twelve months ended 30th June, 2012
(₹ in Crores)

Sr. No.	Particulars	3 months ended	Preceding	Corresponding	12 months ended	Corresponding	Year ended
		30-06-2012	3 months ended	3 months ended	30-06-2012	12 months ended	30-06-2011
		Unaudited	Unaudited	Unaudited	Unaudited	Audited	Audited
1	Income From Operations						
	a) Net sales/income from operations (Net of excise duty)	1117.59	1105.94	999.56	4326.79	3943.74	3943.74
	b) Other Operating Income	32.17	35.40	50.11	150.70	153.69	153.69
	Total income from operations (net)	1149.76	1141.34	1,049.67	4477.49	4097.43	4097.43
2	Expenses						
	a) Cost of materials consumed	3.44	2.90	7.32	15.84	27.55	27.55
	b) Purchases of stock in trade	699.55	760.39	773.03	2945.71	3118.29	3118.29
	c) Changes in inventories of finished goods, work in progress, and stock in trade - (Increase) / Decrease	22.97	(32.01)	(111.86)	(110.87)	(496.22)	(496.22)
	d) Employee benefits expenses	54.98	54.23	56.42	221.38	221.85	221.85
	e) Depreciation and amortization expense	50.42	48.46	40.74	192.46	146.37	146.37
	f) Rent Including Lease rental	127.76	119.79	103.35	464.48	400.24	400.24
	g) Other Expenditure	104.63	105.62	104.95	429.66	397.63	397.63
	Total Expenses	1063.75	1059.38	973.95	4158.68	3815.71	3815.71
3	Profit from Operations before other Income and finance cost (1-2)	86.01	81.96	75.72	318.81	281.72	281.72
4	Other Income	2.46	1.53	5.21	15.32	21.40	21.40
5	Profit from ordinary activities before finance cost (3 +4)	88.47	83.49	80.93	334.13	303.12	303.12
6	Finance costs	84.64	75.35	52.39	298.57	187.83	187.83
7	Profit from ordinary activities after finance costs but before exceptional items	3.83	8.14	28.54	35.56	115.29	115.29
8	Exceptional Items						
	Profit on sale of investment	258.97	-	-	258.97	-	-
	Profit from ordinary activities before tax (7 + 8)	262.80	8.14	28.54	294.53	115.29	115.29
9	Tax Expenses	1.27	2.71	9.48	9.48	36.54	36.54
10	Earlier year's income tax	-	-	-	-	2.08	2.08
11	Net Profit for the Period (7-8-9-10)	261.53	5.42	19.07	285.05	76.67	76.67
12	Paid up equity share capital (Face value of Rs.2 per share)	46.32	44.68	43.42	46.32	43.42	43.42
13	Reserves excluding Revaluation Reserves	-	-	-	-	-	2671.23
14	Basic EPS :						
	a) Equity Shares	11.59	0.24	0.92	12.75	3.54	3.54
	b) Class B Shares(Series 1)	11.63	0.34	1.02	12.79	3.64	3.64
	Diluted EPS:						
	a) Equity Shares	11.59	0.24	0.89	12.75	3.44	3.44
	b) Class B Shares(Series 1)	11.63	0.34	0.99	12.79	3.54	3.54

15	Debt redemption Reserve	-	-	60.00	60.00	60.00
16	Debt Equity Ratio	-	-	1.08	0.76	0.76
17	Debt Service Coverage Ratio (DSCR)	-	-	1.55	1.60	1.60
18	Interest Service Coverage Ratio (ISCR)	-	-	2.38	2.38	2.38

Sr. No.	Particulars	3 months ended 30-06-2012	Preceding 3 months ended 31-03-2012	Corresponding 3 months ended in previous year 30-06-2011	12 months ended 30-06-2012	Corresponding 12 months ended 30-06-2011	Year ended 30-06-2011
A	PARTICULARS OF SHAREHOLDING						
1	Public share holdings:						
a)	Equity shares:-Number of shares	121508021	114657388	110779291	121,508,021	110779291	110779291
	-Percentage of shareholdings	56.34	55.26	55.08	56.34	55.08	55.08
b)	Class B Shares(Series 1):- Number of Shares	8511459	8511459	8521459	8,511,459	8521459	8521459
	-Percentage of shareholdings	53.43	53.43	53.50	53.43	53.50	53.50
2	Promoters and Promoter group shareholding:						
a)	Pledged/Encumbered						
	- Number of Equity Shares	63341819	62369419	26863587	63,341,819	26863587	26863587
	- Number of Class B Shares(Series 1)	5150000	3000000	200000	5,150,000	200000	200000
	-Percentage of Equity Shares(as a % of total equity shareholding of Promoters and promoter group)	67.28	67.18	29.73	67.28	29.73	29.73
	-Percentage of Class B Shares(Series 1) (as a % of total Class B Shares(Series 1) shareholding of Promoters and promoter group)	69.43	40.44	2.70	69.43	2.70	2.70
	-Percentage of Equity Shares (as a % of total equity share capital of company)	29.37	30.06	13.36	29.37	13.36	13.36
	-Percentage of Class B Shares(Series 1) (as a % of total Class B shares(Series 1) share capital of company)	32.33	18.83	1.26	32.33	1.26	1.26
b)	Non-Encumbered						
	- Number of Equity Shares	30803599	30463367	63499661	30,803,599	63499661	63499661
	- Number of Class B Shares(Series 1)	2267693	4417693	7207693	2,267,693	7207693	7207693
	-Percentage of Equity Shares(as a % of total equity shareholding of Promoters and promoter group)	32.72	32.82	70.27	32.72	70.27	70.27
	-Percentage of Class B Shares(Series 1) (as a % of total Class B Shares(Series 1)shareholding of Promoters and promoter group)	30.57	59.56	97.30	30.57	97.30	97.30
	-Percentage of Equity Shares (as a % of total equity share capital of company)	14.28	14.68	31.57	14.28	31.57	31.57
	-Percentage of Class B Shares(Series 1) (as a % of total Class B shares(Series 1) share capital of company)	14.24	27.73	45.25	14.24	45.25	45.25
	Particulars	3 months ended 30-06-2012	Particulars	3 months ended 30-06-2012			
B	INVESTOR COMPLAINTS						
	Pending at the begning of the quarter	NIL	Received during the quarter			6	
	Disposed of during the quarter		6 Remaining unresolved at the end of the quarter			NIL	

Notes :

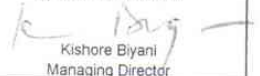
1 UNAUDITED STATEMENT OF ASSETS & LIABILITIES AS AT 30TH JUNE, 2012

Sr. No.	Particulars	As At 30-06-2012	As At 30-06-2011
A	EQUITY AND LIABILITIES		
1	Shareholders' funds		
(a)	Share capital	46.32	106.89
(b)	Reserves and surplus	3,319.67	2,671.24
(c)	Money received against share warrants	-	100.00
	Sub Total - Shareholders' funds	3,365.99	2,878.13
2	Non-current liabilities		
(a)	Long-term borrowings	2,787.29	1,540.21
(b)	Deferred tax liabilities (Net)	90.85	87.05
(c)	Long-term provisions	6.36	6.36
	Sub Total - Non current liabilities	2,884.50	1,633.62
3	Current liabilities		
(a)	Short-term borrowings	848.78	535.77
(b)	Trade payables	745.23	969.77
(c)	Other current liabilities	645.15	293.84
(d)	Short-term provisions	-	23.56
	Sub Total - Current liabilities	2,239.16	1,822.94
	TOTAL - EQUITY AND LIABILITIES	8,489.65	6,334.69
B	ASSETS		
	Non-current assets		
1	(a) Fixed assets	2,183.74	1,567.16
	(b) Non-current investments	2,225.76	2,255.41
	(c) Long-term loans and advances	847.92	304.26
	Subtotal - Non current assets	5,257.42	4,126.83
2	Current assets		
(a)	Current investments	44.65	-
(b)	Inventories	1,877.82	1,762.20
(c)	Trade receivables	188.93	185.24
(d)	Cash and Bank balances	337.40	85.77
(e)	Short-term loans and advances	782.53	173.29
(f)	Other current assets	0.90	1.36
	Subtotal -Current assets	3,232.23	2,207.86
	TOTAL - ASSETS	8,489.65	6,334.69

2	The above results have been reviewed by the Audit Committee and the same were taken on record by the Board of Directors of the Company at its Meeting held on 8th August, 2012.
3	The financial results given above pertains to the unaudited fourth quarter, since the Company has already received consent from Registrar of Companies, Maharashtra under Ministry of Corporate Affairs, for extension of financial period from 12 month period to 18 month period
4	During the quarter company has allotted 81,63,265 equity shares of Rs. 2/- each at a premium of Rs. 243/- per share.
5	On 14th June, 2012, 800 Optionally Fully Convertible Debentures (OFCDs) of Rs. 1,00,00,000 each were allotted on preferential basis.
6	The proceeds from allotment of shares and OFCDs in this quarter have been utilized for the purposes for which the funds were raised except for Rs. 300 Crores which is lying in Escrow Account.
7	There were no investor complaints during the beginning of the quarter. A total of 6 complaints were received during the quarter ended 30th June, 2012, which were resolved. There are no complaints at the end of the quarter.
8	Figures for the previous year have been re-arranged wherever necessary.
9	Company has only one business segment i.e. "Retail".
10	For the convenience of the shareholders and stakeholders, the company is also presenting the consolidated results for the quarter and twelve months ended 30th June 2012, as additional information.

(₹ in Crores)							
Sr. No.	Particulars	3 months ended 30-06-2012	Preceding 3 months ended 31-03-2012	Corresponding 3 months ended in previous year 30-06-2011	12 months ended 30-06-2012	Corresponding 12 months ended 30-06-2011	Year ended 30-06-2011
		Unaudited	Unaudited	Unaudited	Unaudited	Audited	Audited
1	Income From Operations						
	a) Net sales/income from operations (Net of excise duty)	3,552.45	3,277.28	3,335.61	13,031.29	11,954.85	11,954.85
	b) Other Operating Income	63.10	67.32	41.46	283.92	256.94	256.94
	Total income from operations (net)	3,615.55	3,344.60	3,377.07	13,315.21	12,211.79	12,211.79
2	Expenses						
	a) Cost of materials consumed	3.47	3.07	5.47	15.09	25.48	25.48
	b) Purchases of stock in trade	2,318.45	2,250.90	2,471.11	8,942.14	9,374.01	9,374.01
	c) Changes in inventories of finished goods, work in progress, and stock in trade - (Increase) / Decrease	21.39	(101.12)	(246.65)	(361.56)	(1,199.11)	(1,199.11)
	d) Employee benefits expenses	177.03	192.19	194.39	740.77	698.05	698.05
	e) Depreciation and amortization expense	106.01	98.05	84.27	395.02	307.70	307.70
	f) Other Expenditure	647.56	617.08	655.75	2,452.46	2,269.22	2,269.22
	Total Expenses	3,273.91	3,060.17	3,164.34	12,183.92	11,475.35	11,475.35
3	Profit from Operations before other income and finance cost (1-2)	341.64	284.43	212.73	1,131.29	736.44	736.44
4	Other Income	17.93	17.03	121.24	65.49	171.41	171.41
5	Profit from ordinary activities before finance cost (3 +4)	359.57	301.46	333.97	1,196.78	907.85	907.85
6	Finance costs	323.68	270.57	188.16	1,053.39	626.22	626.22
7	Profit from ordinary activities before tax (5-6)	35.89	30.89	147.81	143.39	281.63	281.63
8	Tax Expenses	14.71	16.11	49.03	79.78	137.08	137.08
9	Earlier years Income Tax	0.02	0.08	-	0.10	2.08	2.08
10	Net Profit for the Period (7-8-9)	21.16	14.70	98.78	63.51	142.47	142.47
11	Prior Period Items	(0.02)	(0.04)	0.50	(0.06)	0.50	0.50
12	Share in Loss of associates company	1.04	0.52	1.09	2.54	2.37	2.37
13	Minority Interest	(2.57)	14.28	(4.20)	31.29	(1.94)	(1.94)
14	Net Profit / (Loss) after taxes , prior period item, minority interest and share of loss of associates (10-11-12-13)	22.71	(0.06)	101.39	29.74	141.54	141.54

By order of the Board


Kishore Biyani
Managing Director

Place : Mumbai
Date : 8 August 2012

LIMITED REVIEW REPORT

**Review Report to
The Board of Directors
Pantaloon Retail (India) Limited**

1. We have reviewed the accompanying statement of unaudited financial results of **Pantaloon Retail (India) Limited** (the 'Company') for the quarter ended June 30, 2012 (the "Statement"), being submitted by the Company, except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from disclosures made by the management and have not been reviewed by us. This Statement is the responsibility of the Company's management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.
2. We conducted our review in accordance with the Standard of Review Engagement (SRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
3. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement of unaudited financial results prepared in accordance with recognition and measurement principles laid down in Accounting Standard (AS) 25, Interim Financial Reporting notified pursuant to the Companies (Accounting Standards) Rules, 2006 (as amended) and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreement including the manner in which it is to be disclosed, or that it contains any material misstatement.

For NGS & Co. LLP
Chartered Accountants
Firm Registration No: 119850W



Navin T. Gupta
Partner
Membership No. 40334



Place: Mumbai
Date: August 8, 2012

R.S.AJWANI & CO.

Chartered Accountants

Ravi Ajwani
B.Com,LLB,F CA.
Mob.No 92210 39100

12-Ramsaran,
Sion, Bombay 400 022
rajwani1115@rediffmail.com

TO WHOMSOEVER IT MAY CONCERN

At the request of M/s. Pantaloon Retail (India) Limited, situated at Knowledge House, Shyam Nagar, Off Jogeshwari-Vikroli Link Road, Jogeshwari – East, Mumbai – 400 060, we have examined the necessary records and documents and certify that the Fixed Assets Coverage Ratio of the Company for First Pari-Passu Charge Lenders (including NCD's) stood at 1.46x as on 30th June 2012.

Place : Mumbai

Date : 10/09/2012

For R. S. AJWANI & CO.
Chartered Accountants


RAVI AJWANI
Proprietor



R.S.AJWANI & CO.

Chartered Accountants

Ravi Ajwani
B.Com,LLB,F CA.
Mob.No 92210 39100

12-Ramsaran,
Sion, Bombay 400 022
rajwani1115@rediffmail.com

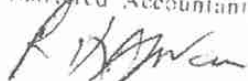
TO WHOMSOEVER IT MAY CONCERN

At the request of M/s. Pantaloon Retail (India) Limited, situated at Knowledge House, Shyam Nagar, Off Jogeshwari-Vikroli Link Road, Jogeshwari – East, Mumbai – 400 060, we have examined the necessary records and documents and certify that the Debt Equity Ratio of the Company stood at 1.08x and the Debt Service Coverage Ratio of the Company stood at 1.55x as on 30th June 2012.

Place : Mumbai

Date : 10/09/2012

For R. S. AJWANI & CO.
Chartered Accountants


RAVI AJWANI
Proprietor



Mr. Hemal Zaveri,
Chief Treasury
Pantaloon Retail (India) Ltd.
Knowledge House, Shyam Nagar,
Off Jogeshwari Vikroli Link Road,
Jogeshwari (E), Mumbai - 60

4TH Floor, Godrej Coliseum,
Somaiya Hospital Road,
Off Eastern Express Highway,
Sion (East), Mumbai - 400 022, INDIA.
☎ : 67543456 Fax : (022) 67543457
E-mail : care@careratings.com
www.careratings.com

March 31, 2012

Confidential

Dear Sir,

**Credit rating for outstanding Non-Convertible Debenture issue
aggregating Rs.225 crore**

On a review of recent developments including operational and financial performance of your company for FY11 and H1FY12, our Rating Committee has *reaffirmed* the rating of CARE A [Single A] to the non-convertible debenture (NCD) issue of the company for an outstanding amount of Rs.225 crore. The NCDs have tenure of 6 years & would be would be repayable in four installments in third (10%), fourth (10%), fifth (30%) & sixth year (50%).

2. Instruments with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations. Such instruments carry low credit risk. Our rating symbols for various medium and long term instruments (including NCDs) are annexed. The rationale for the rating will be communicated to you separately.
3. CARE reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.
4. CARE reserves the right to suspend/withdraw/revise the rating assigned on the basis of new information or in the event of failure on the part of the company to

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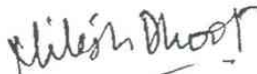
furnish such information, material or clarifications as may be required by CARE. CARE shall also be entitled to publicize/disseminate such suspension / withdrawal / revision in the assigned rating in any manner considered appropriate by it, without reference to you.


5. CARE ratings are **not** recommendations to buy, sell, or hold any securities.

If you need any clarification, you are welcome to approach us in this regard.

Thanking you,

Yours faithfully,


[Nitesh Dhoot]
Dy. Manager


[Rashmi N Shah]
Sr. Manager

Encl : As above

Disclaimer

Mr. V. K. Chopra, Non-Executive Director on the board of PRIL, is CARE's Rating Committee Member. To comply with the regulations, the member has not participated in the rating process and in the rating committee meeting. CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

"Credit Analysis and Research Limited proposes, subject to receipt of requisite approvals, market conditions and other considerations, to make an initial public offer of its equity shares and has filed a draft red herring prospectus ("DRHP") with the Securities and Exchange Board of India (the "SEBI"). The DRHP is available on the website of SEBI at www.sebi.gov.in as well as on the websites of the Book Running Lead Managers at www.investmentbank.kotak.com, www.dspml.com, www.edelcap.com, www.icicisecurities.com, www.idbicapital.com, and www.sbicaps.com. Investors should note that investment in equity shares involves a high degree of risk and for details relating to the same, see the section titled "Risk Factors" of the DRHP."

"This press release is not for publication or distribution to persons in the United States, and is not an offer for sale within the United States of any equity shares or any other security of Credit Analysis and Research Limited. Securities of Credit Analysis and Research Limited, including its equity shares, may not be offered or sold in the United States absent registration under U.S. securities laws or unless exempt from registration under such laws.

Annexure

A. Rating Symbols and Definitions for Long /Medium Term Debt Instruments –

Symbols	Rating Definition
CARE AAA	Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.
CARE AA	Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.
CARE A	Instruments with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations. Such instruments carry low credit risk.
CARE BBB	Instruments with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations. Such instruments carry moderate credit risk.
CARE BB	Instruments with this rating are considered to have moderate risk of default regarding timely servicing of financial obligations.
CARE B	Instruments with this rating are considered to have high risk of default regarding timely servicing of financial obligations.
CARE C	Instruments with this rating are considered to have very high risk of default regarding timely servicing of financial obligations.
CARE D	Instruments with this rating are in default or are expected to be in default soon.

Modifiers {"+" (plus) / "-"(minus)} can be used with the rating symbols for the categories CARE AA to CARE C. The modifiers reflect the comparative standing within the category.

Wilson

Fitch Logo



Fitch : Info Center : Press Releases

Pantaloon Retail India Affirmed at 'Fitch A-(ind)'/Stable

National Long-Term rating	'Fitch A-(ind)'
INR10,569m long-term loans (reduced from INR25,950m)	'Fitch A-(ind)'
INR13,500m working capital limits (reduced from INR 18,750m)	'Fitch A-(ind)'/Fitch A1(ind)'
INR5bn non-convertible debenture	'Fitch A-(ind)'

Fitch Ratings-Mumbai/Singapore-31 October 2011: Fitch Ratings has affirmed Pantaloon Retail (India) Ltd.'s (PRIL) National Long-Term rating at 'Fitch A-(ind)'. The Outlook is Stable. A list of additional rating actions is provided at the end of this commentary.

The ratings reflect PRIL's leadership position in India's organised retail sector with an area of 15.3m square feet (sq ft), over 14 years management experience, a large focus on value retail (FY11 (end-June 2011) revenues: 60%), and a large size that puts it in a favourable bargaining position with various suppliers. Further, Fitch expects PRIL's investments in strong back-end operations to ease pressure on its operating cash flows, to improve overall inventory filling rates and to reduce execution risk as now new space additions would account for less than 20% of overall space.

For the purpose of analysis, Fitch takes a consolidated view of PRIL (all retail operations) and excludes Future Capital Holdings (FCH; its non-retail business), given differences in their operating business profiles. PRIL's ratings are constrained by its high adjusted financial leverage (adjusted debt/EBITDAR) of 6.6x and working capital intensity (mainly due to inventory), which may negatively affect overall operating cash flows. Fitch also notes that the company may be required to financially support its loss-making subsidiaries through investments, inter-corporate deposits and corporate guarantees. In FY11, PRIL's working capital cycle increased considerably due to its non-proportionately higher inventories in the lifestyle business, which accounted for around INR18bn on consolidated revenues of INR40bn (excluding PRIL's wholly owned subsidiary Future Value Retail Limited's (FVRL, 'Fitch A-(ind)'/Stable) revenues).

Fitch notes that PRIL is undertaking various initiatives to improve its operating parameters with regards to same-store sales growth (SSSG), inventory turnover and operating margins. Further, the company intends to monetise its various investments such as those in Future Capital Holdings, Staples and Generali (its life and non-life businesses), as well as raise equity at FVRL. The agency has not factored in equity infusions or asset monetisations, and will assess the cash impact of these events and factor in them when they occur.

Positive rating guidelines would include an improvement in PRIL's operating parameters (such as inventory turns and operating margins) leading to lower adjusted leverage levels of around 5x and higher fixed charge (operating EBITDAR/net interest expense + rents) of above 1.5x on a sustained basis. Negative rating guidelines include a weakening in SSSG, resulting in lower EBITDA margins or higher-than-expected debt-led capex/investment in its core business/subsidiaries, leading to adjusted leverage exceeding 7.0x on a sustained basis.

In FY11, PRIL's revenues grew 24% yoy to INR118,390m led largely by space additions. Average sales per sq ft grew 5.4% yoy to INR8,288 and average space grew 17.6% yoy to 14.3m sq ft. Overall space grew 17.1% yoy to 15.4m sq feet. During the year the company's value, lifestyle and home segments registered SSSG of 10.3%, 15.6% and 8.3%, respectively, (9.5%, 13.6% and 12%, respectively, in FY10). SSSG was slow in the home retail segment given inflationary pressures on consumer spending.

Fitch has also affirmed PRIL's bank loans as follows:

- INR10,569m long-term loans (reduced from INR25,950m) affirmed at 'Fitch A-(ind)';
- INR13,500m working capital limits (reduced from INR 18,750m) affirmed at 'Fitch A-(ind)'/Fitch A1(ind); and
- INR5bn non-convertible debenture affirmed at 'Fitch A-(ind)'.

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Note to Editors: Fitch's National ratings provide a relative measure of creditworthiness for rated entities in countries with relatively low international sovereign ratings and where there is demand for such ratings. National ratings are designed for use mainly by local investors in local markets and are signified by the addition of an identifier for the country concerned, such as 'Fitch AAA(ind)' for National ratings in India. Specific letter grades are not therefore internationally comparable.

Additional information is available at www.fitchratings.com. The ratings above were solicited by, or on behalf of, the issuer, and therefore, Fitch has been compensated for the provision of the ratings.

Applicable criteria, 'Corporate Rating Methodology', dated 12 August 2011, and 'Treatment of Hybrids in Corporate and REIT Credit Analysis', dated 11 July 2011, are available at www.fitchratings.com.

Applicable Criteria and Related Research:

Corporate Rating Methodology

Treatment of Hybrids in Corporate and REIT Credit Analysis

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Fitch Ratings currently maintains coverage of approximately 6,000 financial institutions, including over 3,500 banks and 1,400 insurance companies. Finance & leasing companies, broker-dealers, asset managers, managed funds, and covered bonds make up the remainder of Fitch Ratings' financial institution coverage universe.

Additionally, the agency currently rates more than 2,000 corporate issuers, 100 sovereigns, 200 sub-sovereigns, 300 global infrastructure ratings, and 46,000 U.S. municipal transactions. Fitch Ratings maintains surveillance on over 6,500 U.S., 1,300 European and 400 Asian structured finance transactions.

Fitch India has six rating offices located at Mumbai, Delhi, Chennai, Kolkata, Bangalore and Hyderabad. Fitch is recognised by Reserve Bank of India, Securities Exchange Board of India (SEBI) and National Housing Bank.
