

FUTURE GROUP DEMERGES PANTALOONS RETAIL FORMAT FROM FLAGSHIP COMPANY

ADITYA BIRLA NUVO TO INVEST IN PANTALOONS FORMAT

30th April 2012; Mumbai: Future Group today announced the intent to execute a full demerger of Pantaloons retail format from Pantaloon Retail India Limited [PRIL]. On completion of the demerger process, subject to necessary and statutory approvals, the demerged entity will be automatically listed in the National Stock Exchange and The Stock Exchange, Bombay.

The Pantaloons format, launched in 1997, has over the years become the leading fashion retail format in the country with 65 stores in 35 cities, along with the reverse logistics chain Pantaloons Factory Outlet that has 21 stores. These operate through a combined retail space of over 2 million square feet.

The business is expected to post a turnover of around Rs 1700 crore by the end of the financial year in June 2012. In the medium term, the format is expected to add 20 stores annually and reach out to a larger customer base in leading cities across the country.

Future Group also announced that the demerged entity, subject to necessary and statutory approvals, will invite an investment from Aditya Birla Nuvo Limited [ABNL]. ABNL will subscribe to debentures amounting to Rs 800 crore issued by PRIL. On completion of the demerger process, the debentures will convert into equity in the demerged entity of the Pantaloons format. The existing shareholders of PRIL, including its promoters will continue to own shares in the demerged entity. Post demerger, the total debt of Pantaloon Retail will reduce by Rs 1600 crore.

Commenting on this development, Mr. Kishore Biyani, Founder and Group CEO, Future Group said, “We are honored to be associated with India’s pre-eminent and among the most respected business houses. We always had a great admiration and respect for the businesses developed by Madura Garments. This marks a unique coming together of brands and enterprise that will create significant value for customers, suppliers and all stakeholders.”

Mr. Rakesh Biyani and Mr. Kailash Bhatia will continue to manage the business. A Fashion Council, bringing in the leadership teams of Madura Garments and Future Group will aid and advise the management with the objective to fully leverage the strengths of Madura Garments and Pantaloons. Madura Fashion & Lifestyle is defined by its brands — Louis Philippe, Van Heusen, Allen Solly, Peter England and People — that personify style, attitude, luxury and comfort. These brands will join the reach, distribution and customer loyalty enjoyed by Pantaloons format across the country.

The Board of Directors of ABNL and PRIL has in-principally approved the proposed transaction and it is subject to the finalization of the Scheme of Arrangement, due diligence and statutory and other approvals.

JM Financial acted as the sole financial advisor to the transaction.

Future Group

Future Group operates some of India's most popular retail chains including Pantaloons, Central, Big Bazaar, Food Bazaar, Home Town and eZone and also has allied businesses in consumer finance, life and non-life insurance, logistics infrastructure and supply chain and brand development. The group operates over 17 million square feet of retail space in over 90 cities and towns and 60 rural locations across India. The group's retail formats connect over 300 million customers to over 30,000 small, medium and large enterprises that supply products and services to its retail chains. Future Group believes in developing strong insights on Indian consumers and building businesses based on Indian ideas, as espoused in the group's core value of 'Indianness.' The group's corporate credo is, 'Rewrite rules, Retain values'

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