



September 16, 2015

**BSE Limited**  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai – 400 001.  
Fax # 022 2272 3121

**National Stock Exchange of India Limited**  
Exchange Plaza, 5<sup>th</sup> Floor,  
Plot No. C/1, G-Block,  
Bandra-Kurla Complex, Bandra (East),  
Mumbai – 400 051.  
Fax # 022- 022 2659 8237/38  
022 2659 8120

Sub.: **“Fashion & Life style Business” Analyst Meet of Pantaloons Fashion & Retail Limited (“Company”)**  
Ref: **Clause 49 of the Equity Listing Agreement [Scrip Code: BSE – 535755; NSE – PFRL]**

Dear Sir(s),

Pantaloons Fashion & Retail Limited (“the Company”) alongwith Aditya Birla Nuvo Limited (“ABNL”) is holding a ‘Fashion & Lifestyle Business’ Analyst Meet today i.e. on Wednesday, September 16, 2015 (9:30 a.m. to 11 a.m.) at ITC Maratha, Sahar Road, Mumbai. . The senior management team of ‘Fashion & Lifestyle Business’ will be present to share their perspective on the business.

On May 3, 2015, the Company had announced demerger of Madura Fashion & Lifestyle, currently a division of ABNL, into the Company.

#### **Event Details**

Date : September 16, 2015 (Wednesday)  
Time : 0930 HRS to 1100 HRS (IST)  
Venue : Ball Room, ITC Maratha, Sahar Road, Mumbai

The presentation as will be made by the management at the analyst meet is enclosed herewith for uploading on the stock exchange’s website. The same is also available on the Corporate website [www.pantaloons.com](http://www.pantaloons.com).

Thanking you,

Yours faithfully,

**For Pantaloons Fashion & Retail Limited**

GEETIKA  
ANAND

**Geetika Anand**

**Company Secretary & Compliance Officer**

Encl: a/a.

### **Pantaloons Fashion & Retail Limited**

Regd. Office: 701-704, 7<sup>th</sup> Floor, Skyline Icon Business Park, 86-92 Off Andheri-Kurla Road, Marol Village, Andheri East, Mumbai, Maharashtra-400059, India

Tel: +91-8652905000 Fax: +91-8652905400

CIN: L18101MH2007FLC233901 Email: [plrf@pantaloons.adityabirla.com](mailto:plrf@pantaloons.adityabirla.com) Website: [www.pantaloons.com](http://www.pantaloons.com)



ADITYA BIRLA GROUP

PREMIUM GLOBAL  
CONGLOMERATE

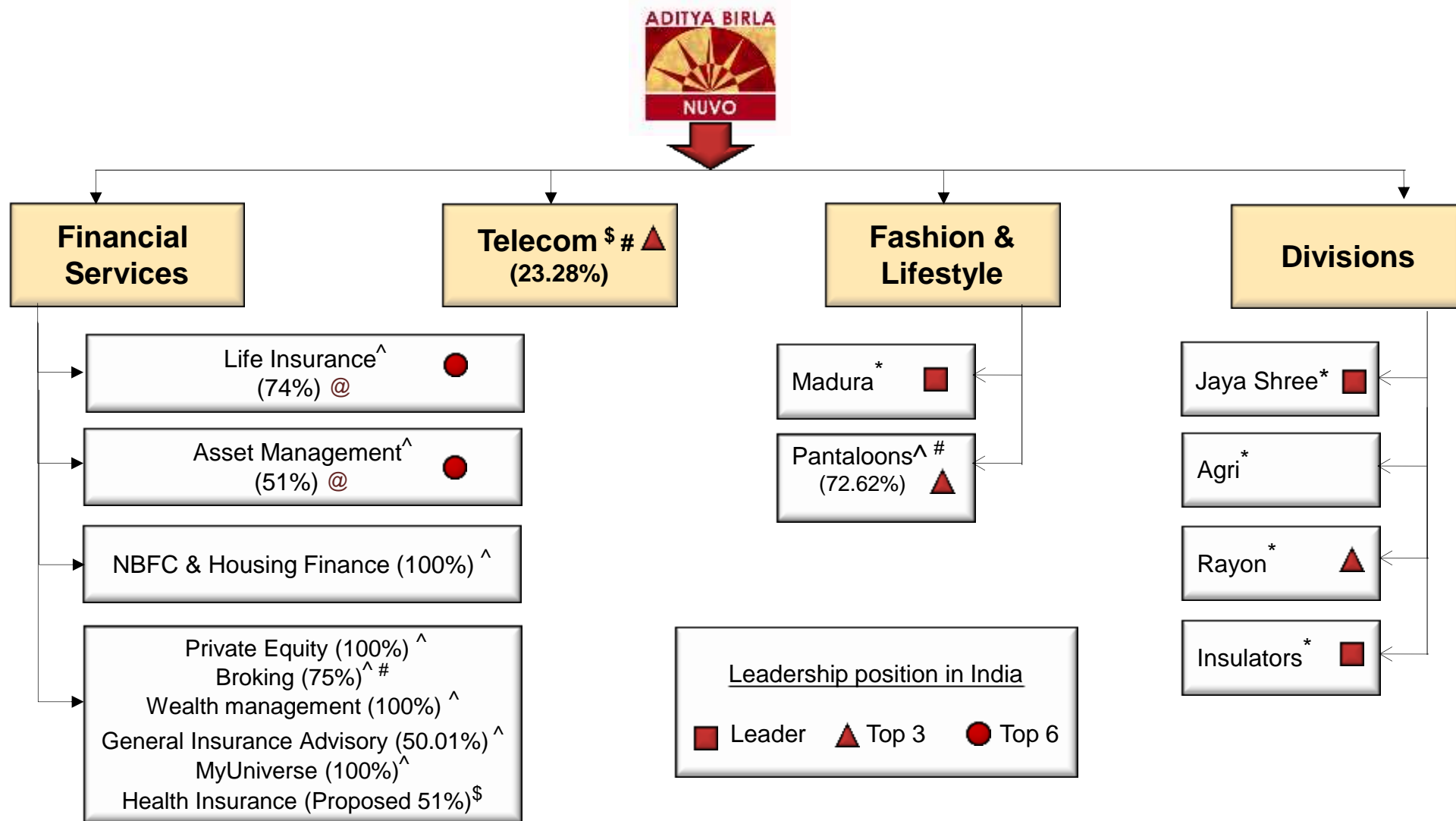
# Aditya Birla Fashion & Retail

India's largest branded apparel player



# Transaction Overview

# Aditya Birla Nuvo Limited - A USD 4.4 billion Conglomerate

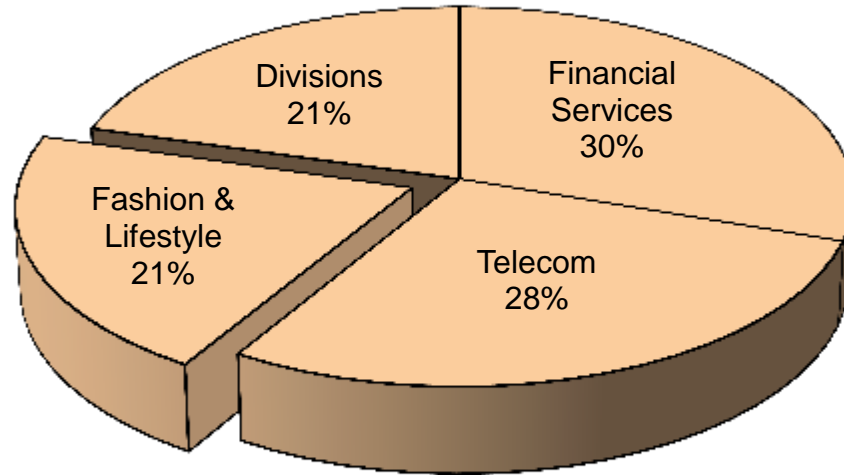


\* Represent Divisions    ^ Represent Subsidiaries    \$ Represent Joint Ventures    @ JV with Sun Life Financial, Canada    # Listed  
 Note : Percentage figures indicated above represent ABNL's shareholding in its subsidiaries /JV's

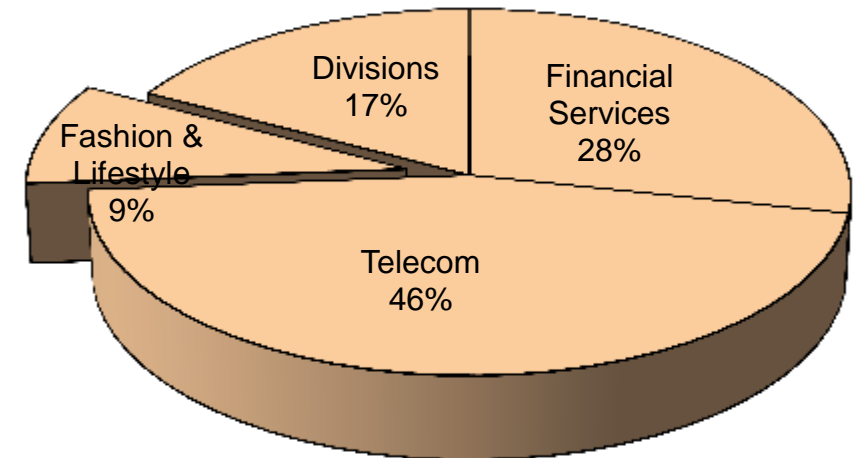
# Consolidated Earnings Mix – FY15



## Segment Revenue<sup>1</sup>



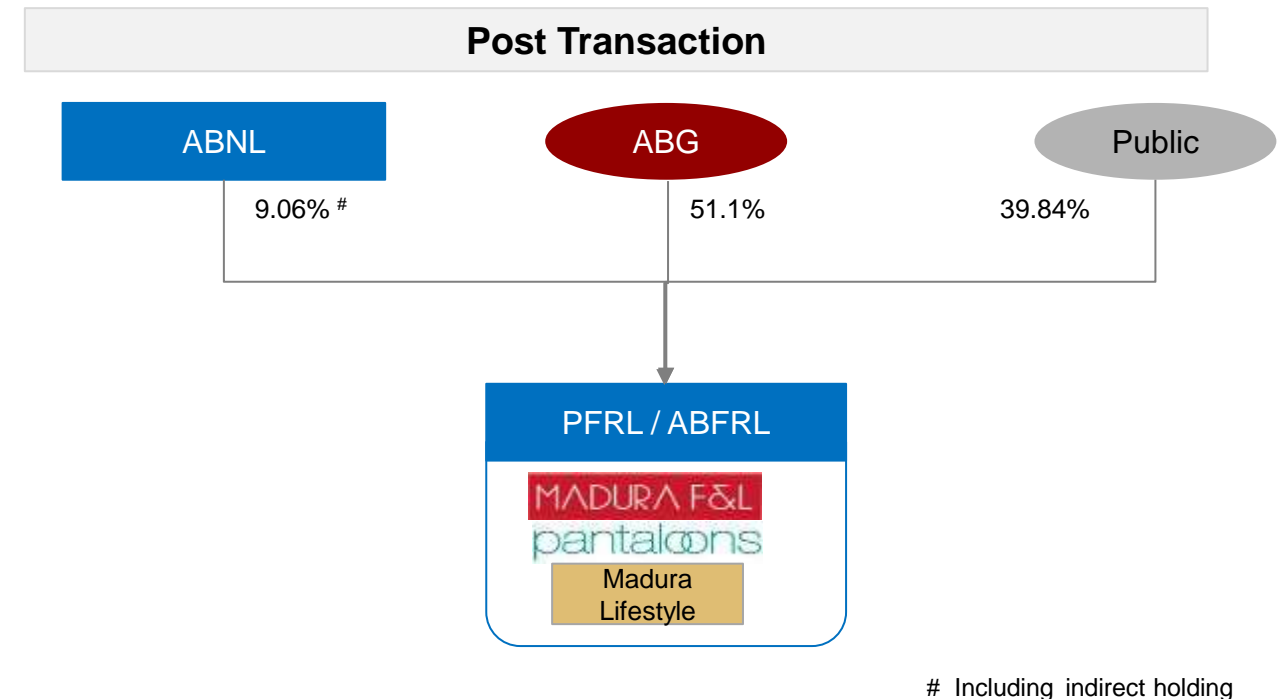
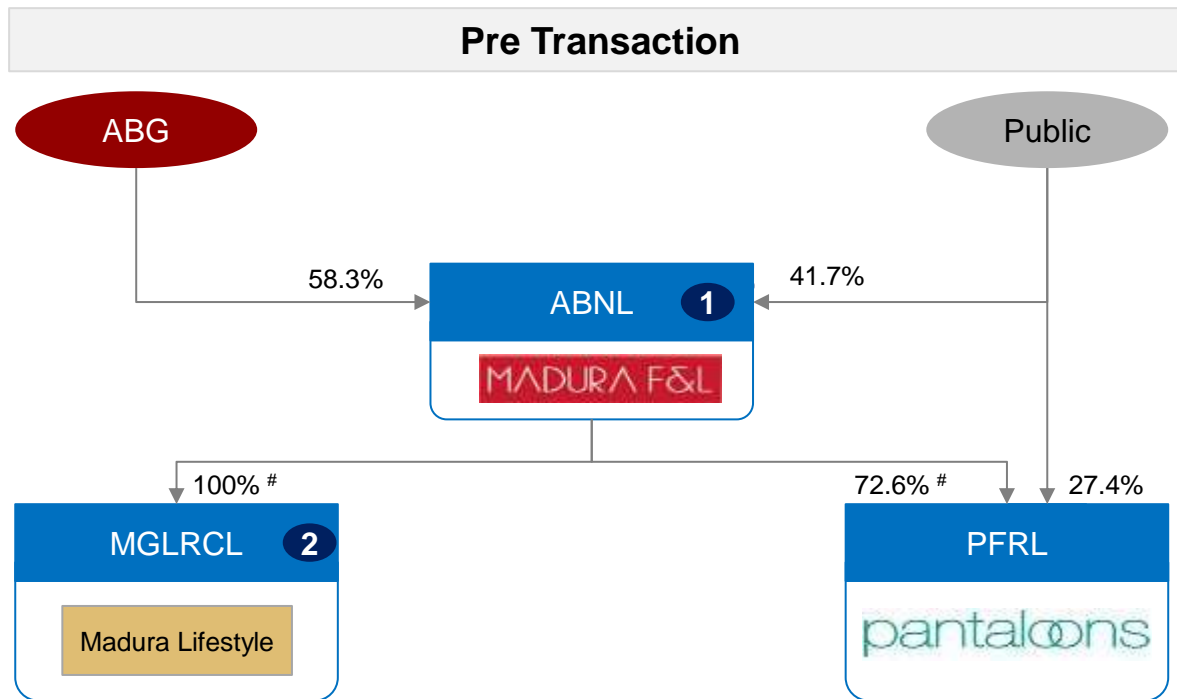
## Segment EBIT<sup>1</sup>



Note 1 : Revenue and EBIT Mix are excluding IT-ITeS business which was divested w.e.f. 9<sup>th</sup> May 2014

Note 2 : Madura Fashion, a division of ABNL, is being demerged into Pantaloons Fashion & Retail Ltd., a listed subsidiary of ABNL, w.e.f. 1<sup>st</sup> April, 2015,

# Transaction Structure



## Transaction Steps

- 1 Mirror Demerger of Madura Fashion division into PFRL
- 2 Mirror Demerger of Madura Lifestyle division into PFRL

The transaction is subject to corporate & regulatory approvals and is expected to take further 3 to 4 months

## Swap Ratio

- 26 equity shares of PFRL for every 5 equity shares of ABNL
- 7 equity shares of PFRL for every 500 equity shares of MGLRCL
- 1 equity share of PFRL for all o/s preference shares of MGLRCL

**A shareholder holding 100 shares in ABNL will continue to hold 100 shares in ABNL & in addition will get 520 shares of PFRL**



ADITYA BIRLA GROUP

PREMIUM GLOBAL  
CONGLOMERATE

# Aditya Birla Fashion & Retail



# Vision and Values | The Glue that Binds Us





# Our value system

## *At the core of our existence*

Our Values are non – negotiable. I believe that great and lasting businesses are never built on the quick sands of opportunism. If living by our values means, perhaps growing at a pace slower than we otherwise have liked, so be it.

-Kumar Mangalam Birla

### **Integrity**

*Honesty in every action*

- Ethical, transparent, truthful, upright, principled, respectful

### **Commitment**

*Deliver on the promise*

- Accountability, discipline, responsibility, results orientation Self Confidence, reliability

### **Passion**

*Energized action*

- Intensity, innovation, transformational, fire in the belly, inspirational, deep sense of purpose

### **Seamlessness**

*Boundary less in letter and spirit*

- Team work, integration, involvement, openness, global, learning from the best, empowering

### **Speed**

*One step ahead always*

- Response time, agile, accelerated, timelines, nimble, prompt, pro-active, decisive

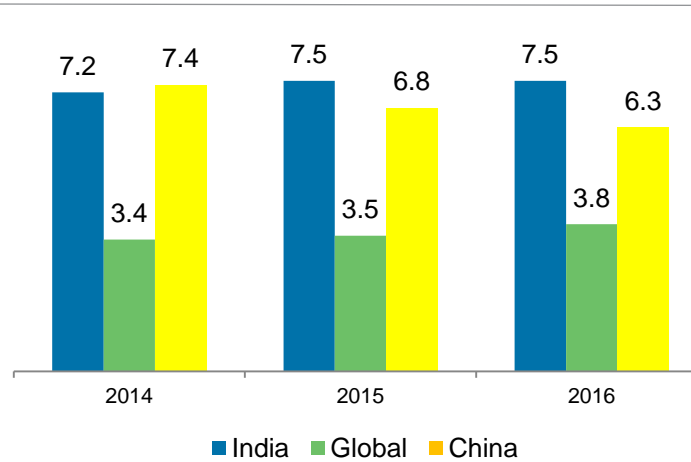
# Attractive Industry Fundamentals

# Right Ingredients for Growth in Organized Retail

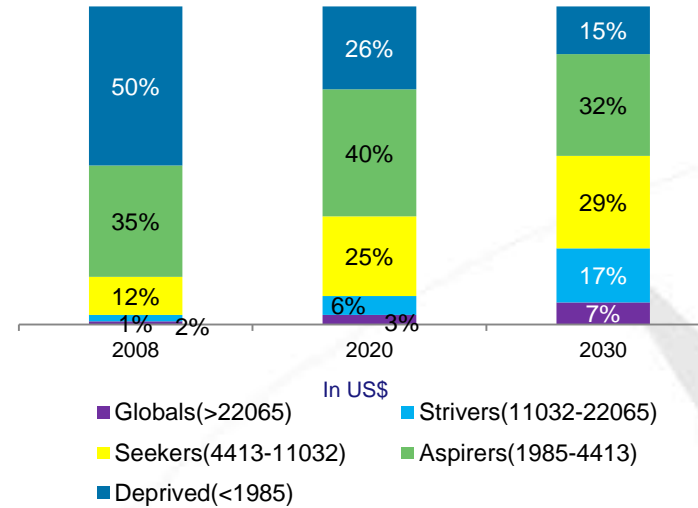
## Favorable Macro Economic & Demographic Factors

- India is expected to witness healthy GDP growth rates which is expected to increase given the formation of a stable, pro-reform government
- With low median age of 27 and 50% of population in the working age group (20 – 60 years of age), consumption in India is expected to grow rapidly
- Further, consumption expenditure will be driven by rising share of discretionary spending, attitudinal shifts, increase in disposable income, urbanization, nuclearization and other enablers

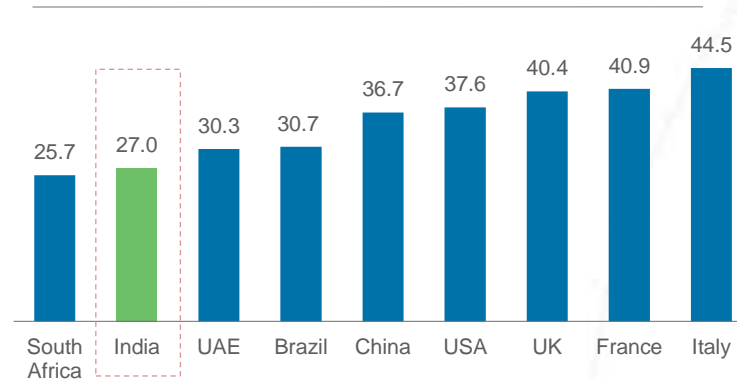
Healthy GDP Growth Rate...  
%, Poised to eclipse China



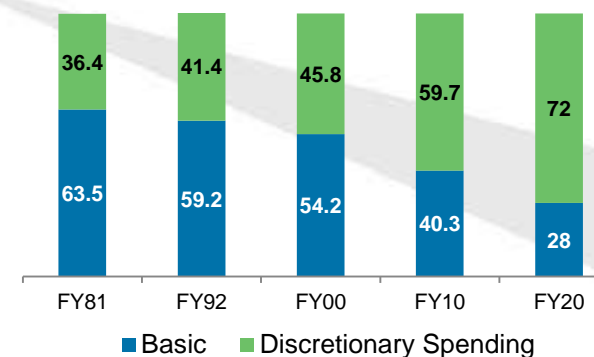
...And Changing Economic fortune by segment...  
%, mn households



...With a Low Median Age...  
Years, 2014 estimates



...And Rising share of Discretionary spending...  
% of private final consumption expenditure, 2015 estimates

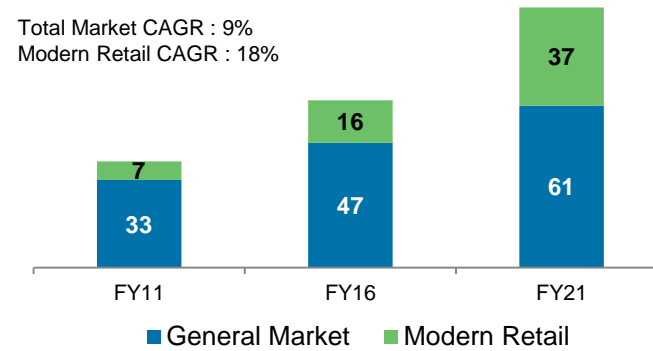


Source: World Factbook, CIA; IMF, GDP Growth Projections ; IMF, Mckinsey April 2010, Aranca Research ; CSO, D&B India

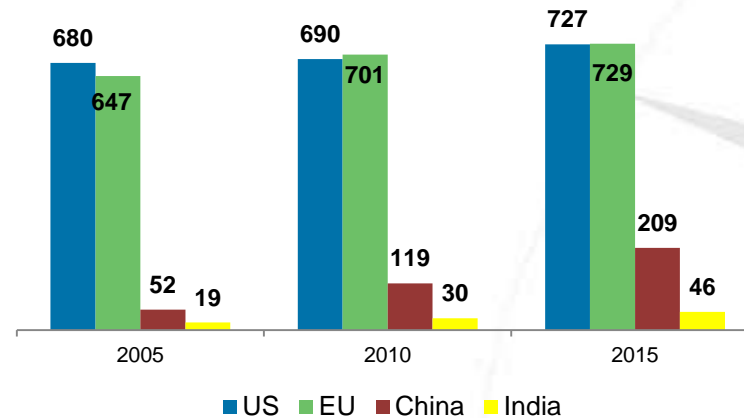
# Increase in modern retail market, per capita consumption lower than others, changing consumer trend

- Growth in the apparel market will be primarily driven by the growth in Modern Retail. Estimated at 25% of total apparel market in FY16, the modern apparel retail market is poised to grow sharply over the next 5 years to contribute a share of 38%
- The per capita consumption of apparel is very low in India in comparison to other countries. Changing trends of the economy will bring about an increase in the per capita consumption of 50% and the trend is likely to continue through 2020 and beyond.
- Further, the changing trend of consumer habits, growth of online retail, fashion consciousness will lead to increase in the demand for modern retail.

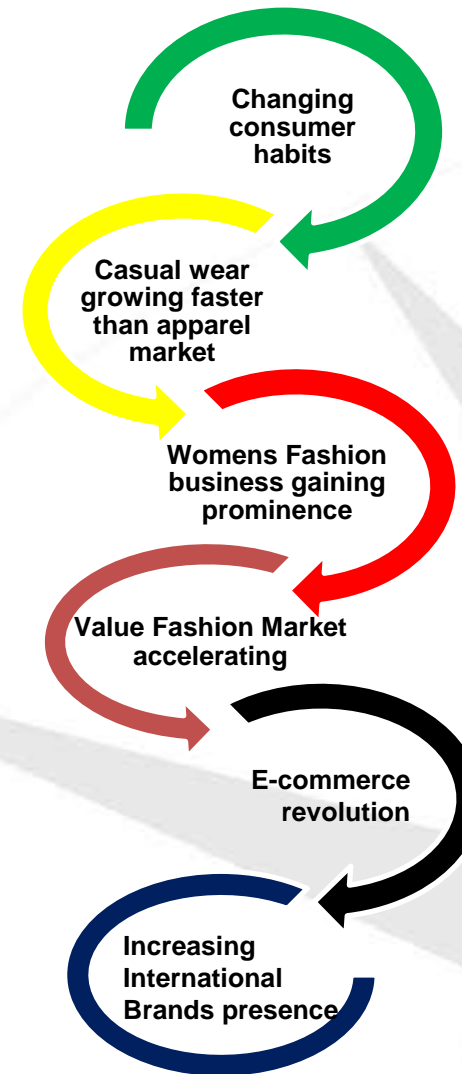
Apparel Market Size and Growth in India  
USD bn



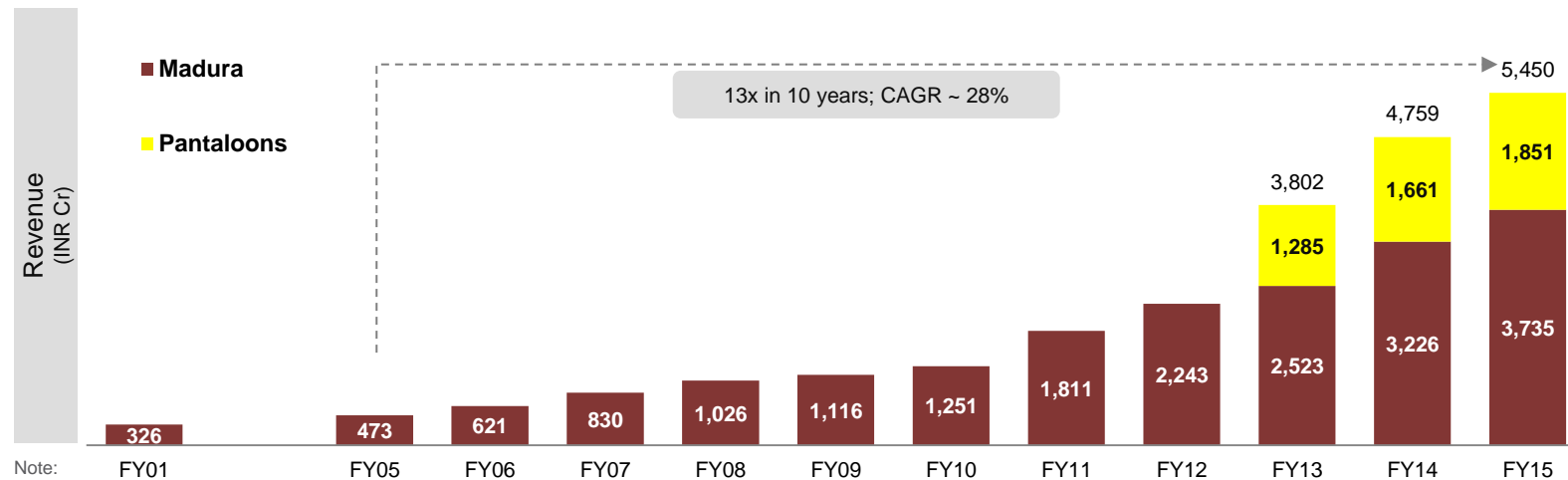
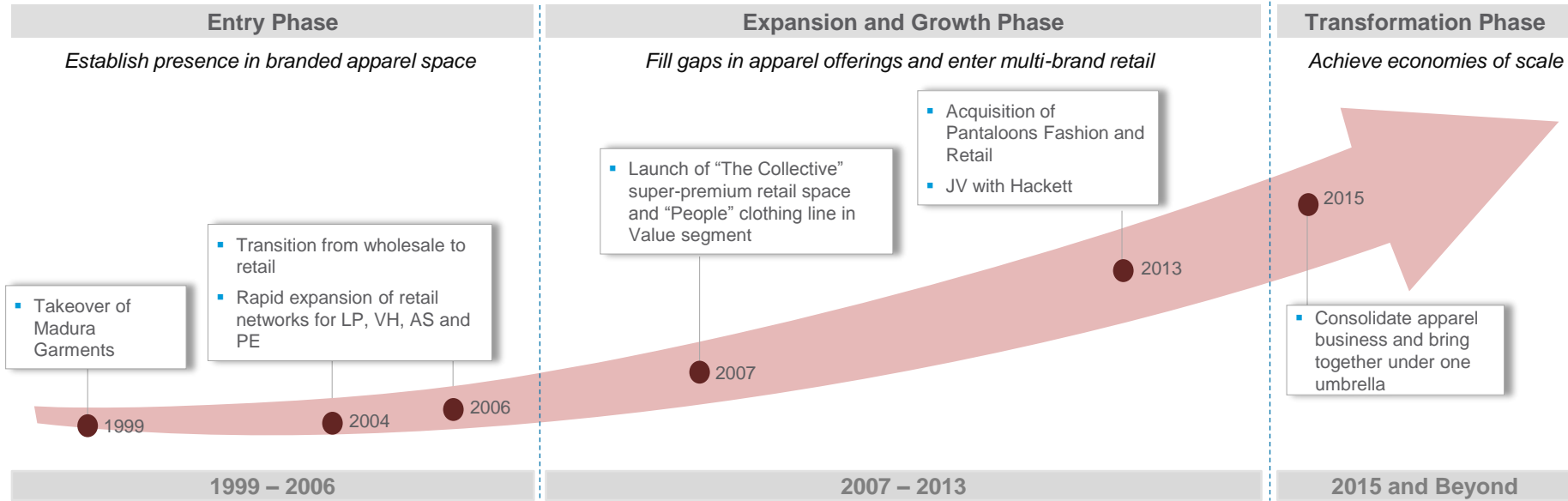
Potential high growth in Per Capita Apparel Consumption  
USD per capita



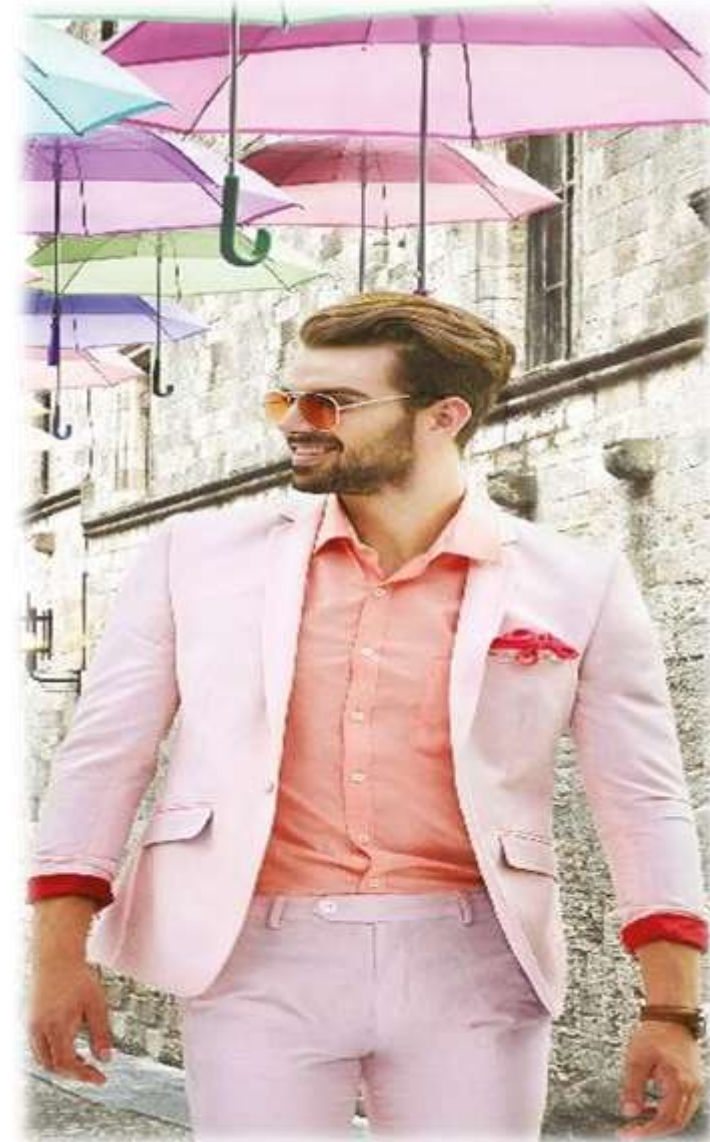
## Changing trend of the consumers



# ABG's journey in Apparel



Note: (1) LP: Louis Philippe; VH: Van Heusen; AS: Allen Solly; PE: Peter England



# Aditya Birla Fashion & Retail (ABFRL)



# ABFRL BY THE NUMBERS

NO. **1** PURE-PLAY FASHION  
LIFESTYLE COMPANY

---

OUR FY15 COMBINED  
REVENUES ARE

c. **INR 55  
BILLION**

TOP **4** BRANDS OF INDIA  
EACH CLOCKING MRP SALES OVER  
**INR 1000 CRORES**

---

**48,00,000 sq ft**

LARGEST RETAIL NETWORK IN INDIA

---

WE OPERATE IN OVER

**185** CITIES & TOWNS

STYLING

**2** CONSUMERS

EVERY SECOND

---

**6,000+**  
POINTS OF SALE

---

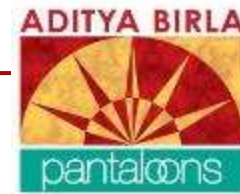
**1,850+**  
EXCLUSIVE  
BRAND OUTLETS

# Winning Combination of Brands & Retail



- Powerhouse of **India's leading fashion brands**: Louis Philippe, Van Heusen, Allen Solly, Peter England
- Extensive reach through **multi-channel distribution** network: 1759 Retail stores & 6000+ additional points of sale
- Established **global supply chain**
- **Strong in-house design** & product development capabilities
- Track record of **robust financial performance**

India's #1 Menswear Player



- One of **India's largest big-box** fashion retailer
- Unique business model: **Design to Retail**
- Strong portfolio of **exclusive private brands**: ~56% of Revenue
- **Wide reach**: 50 cities & 104 stores
- **Rich portfolio** spanning mens, womens western, womens ethnic and kids
- One of the **largest loyalty programs**: ~4.5 Mn members - 60% of sales

India's #1 Womenswear Retailer

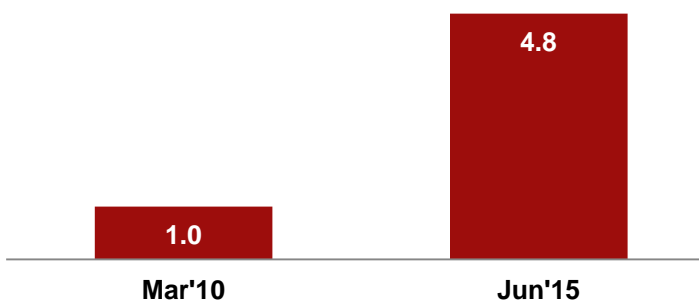
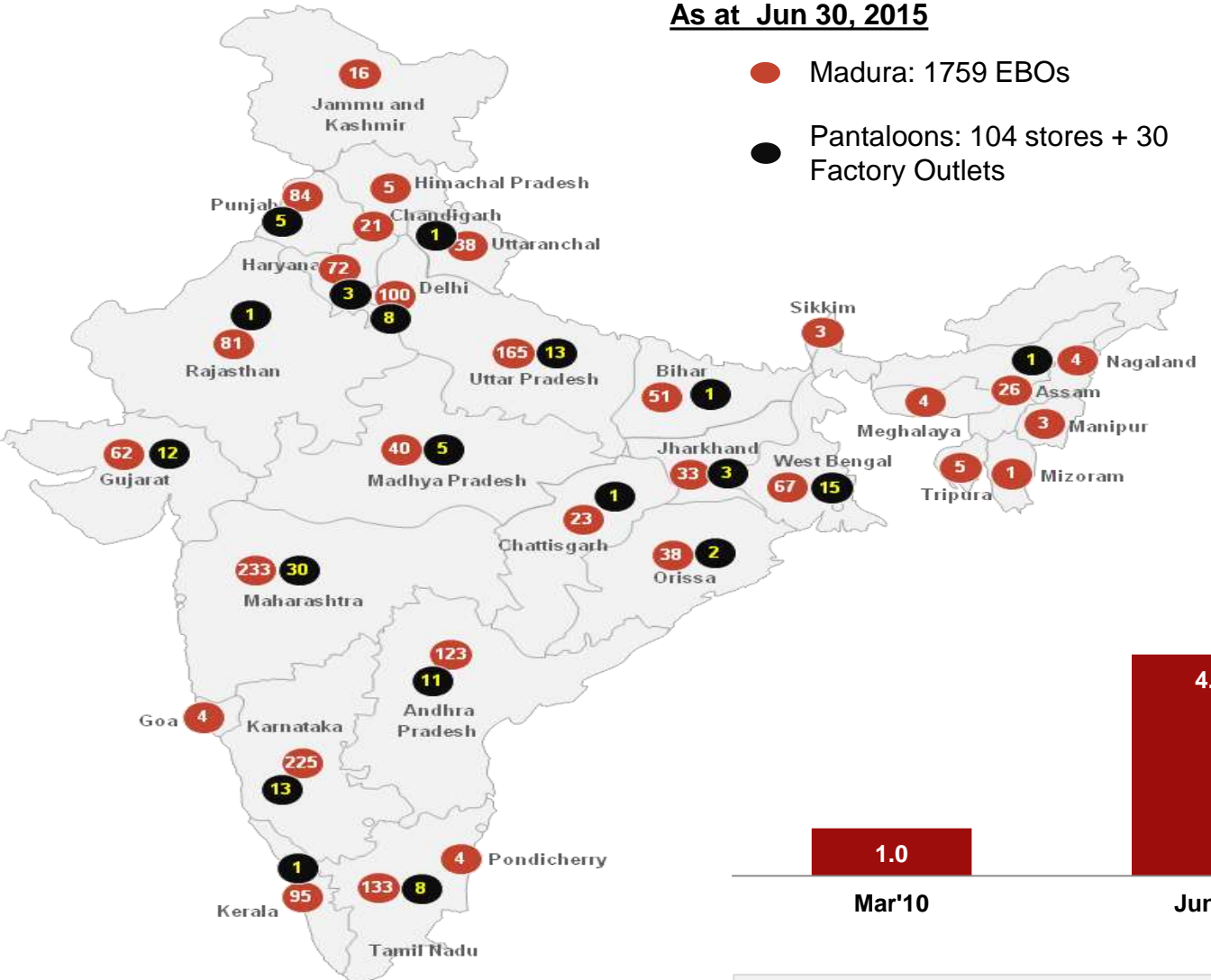




# ABFRL: Wide distribution network in the fashion space

As at Jun 30, 2015

- Madura: 1759 EBOs
- Pantaloons: 104 stores + 30 Factory Outlets



Combined Retail Footprint (million sq. ft.)



WHOLESALE

~4000 DOORS



DEPT. STORES

Presence in ~500 DS



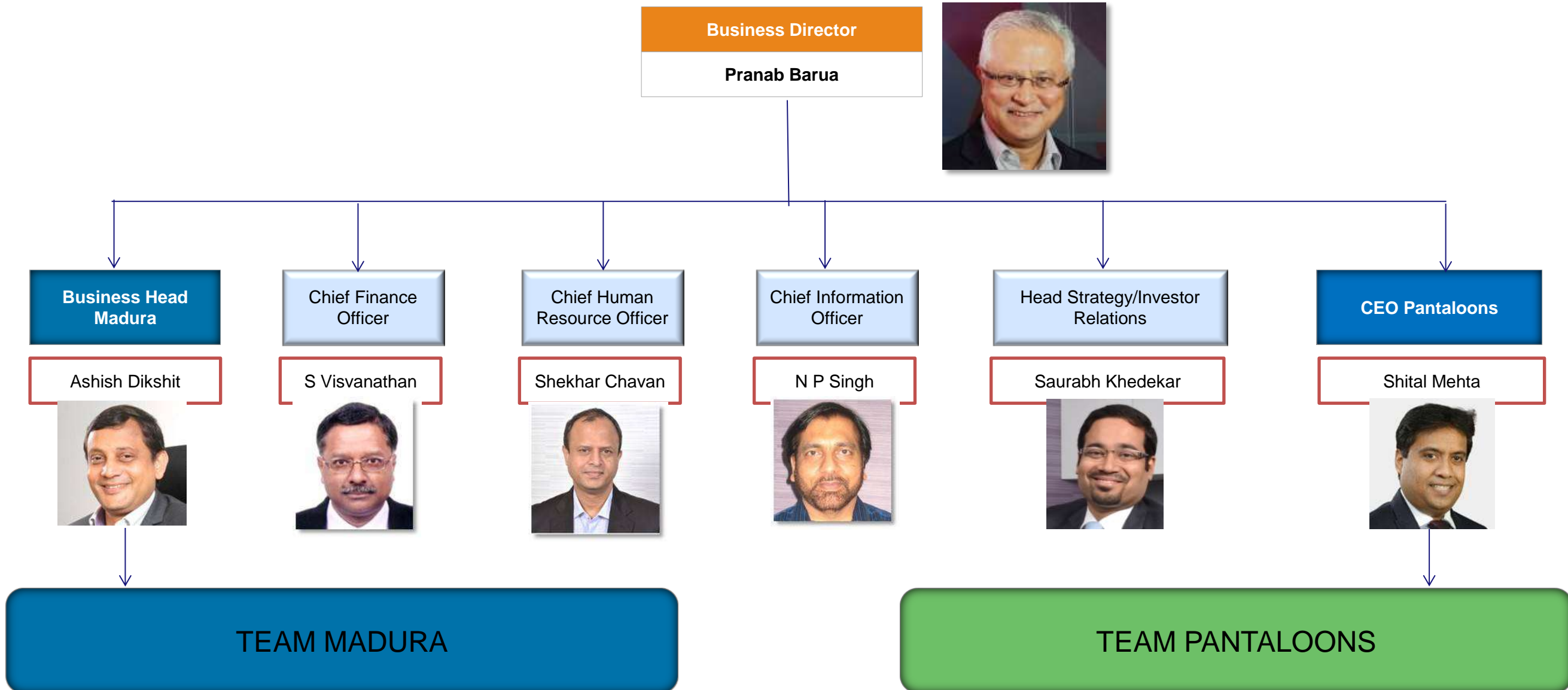
E-COMMERCE

TREND//N.COM

## OMNI-CHANNEL INITIATIVE



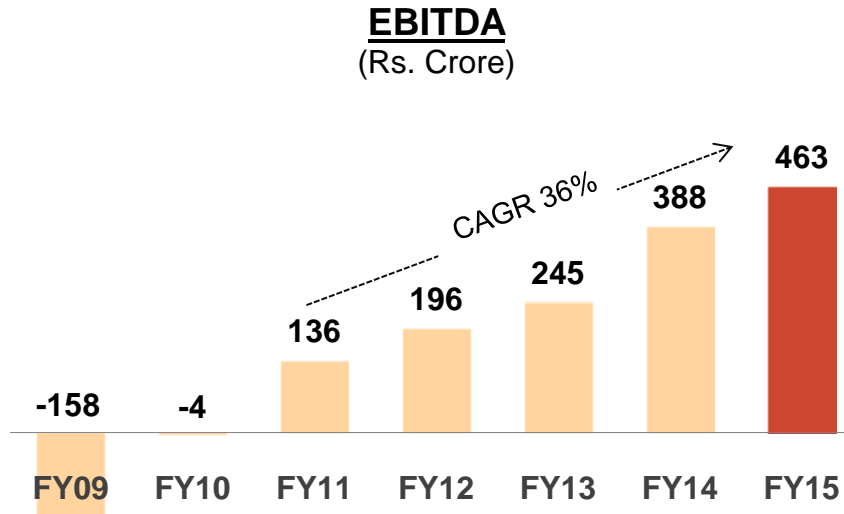
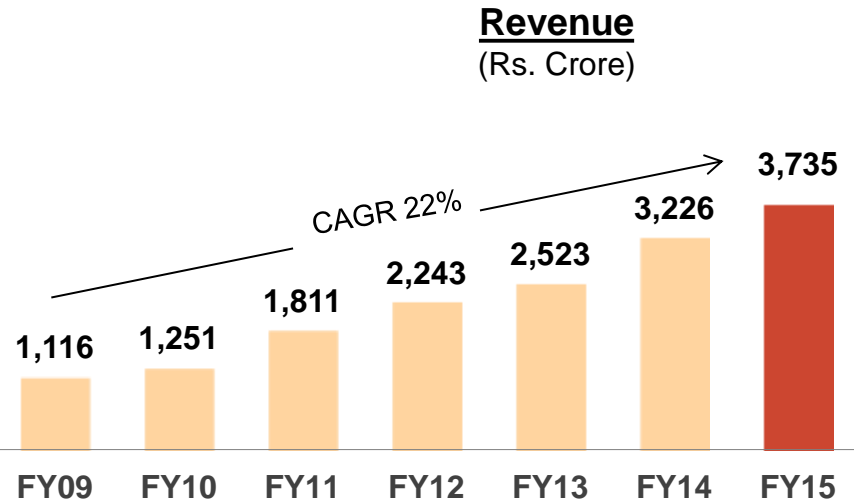
# Management Structure



# Madura Fashion & Lifestyle



# Madura : Track record of robust financial performance



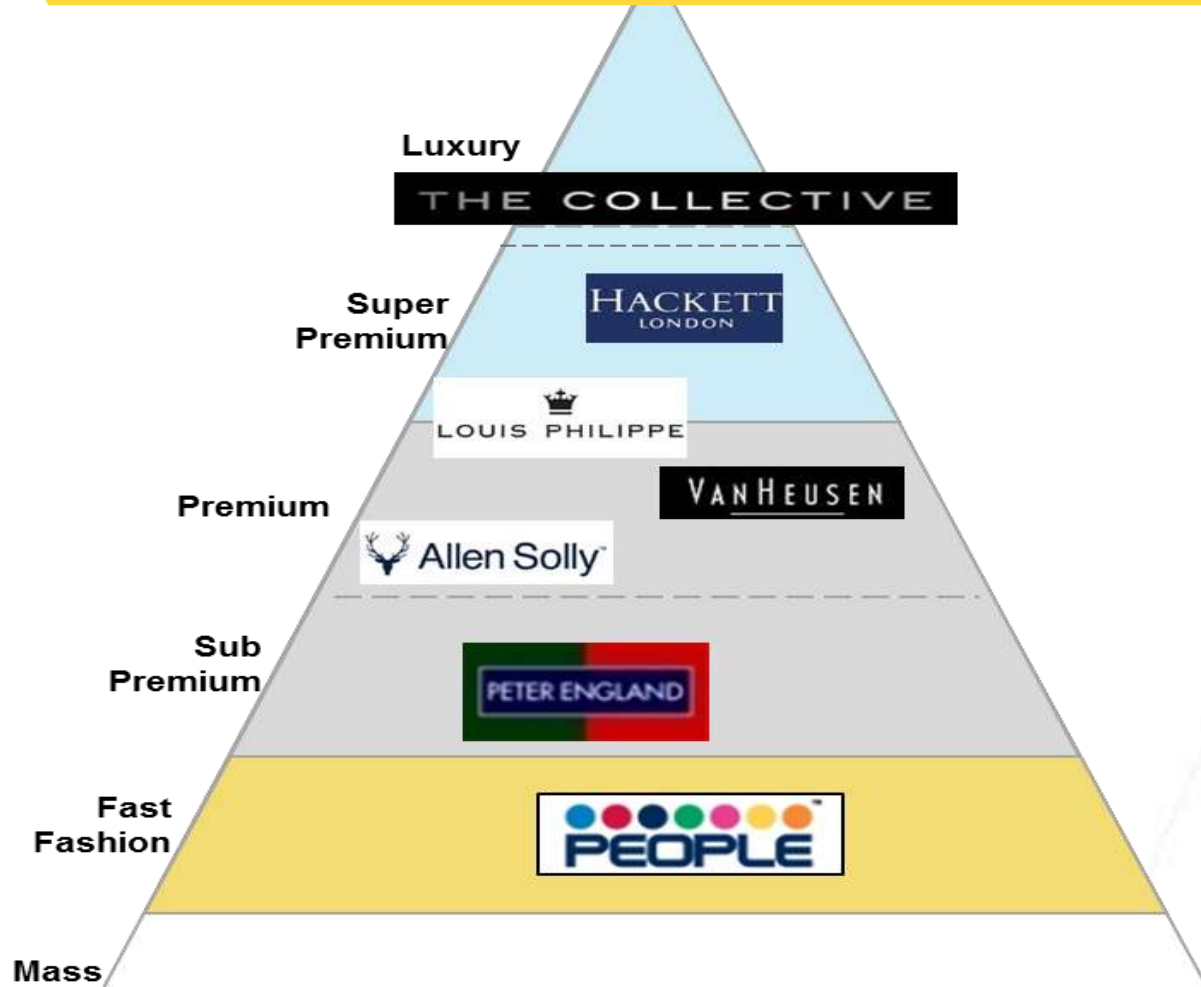
	FY09	FY10	FY 11	FY 12	FY 13	FY 14	FY 15
EBITDA %	-14.2%	-0.3%	7.5%	8.8%	9.7%	12%	12.4%
ROACE % (annualised)	-32%	-13%	11%	20%	29%	64%	72%

**Combination of High ROACE & Robust Growth**

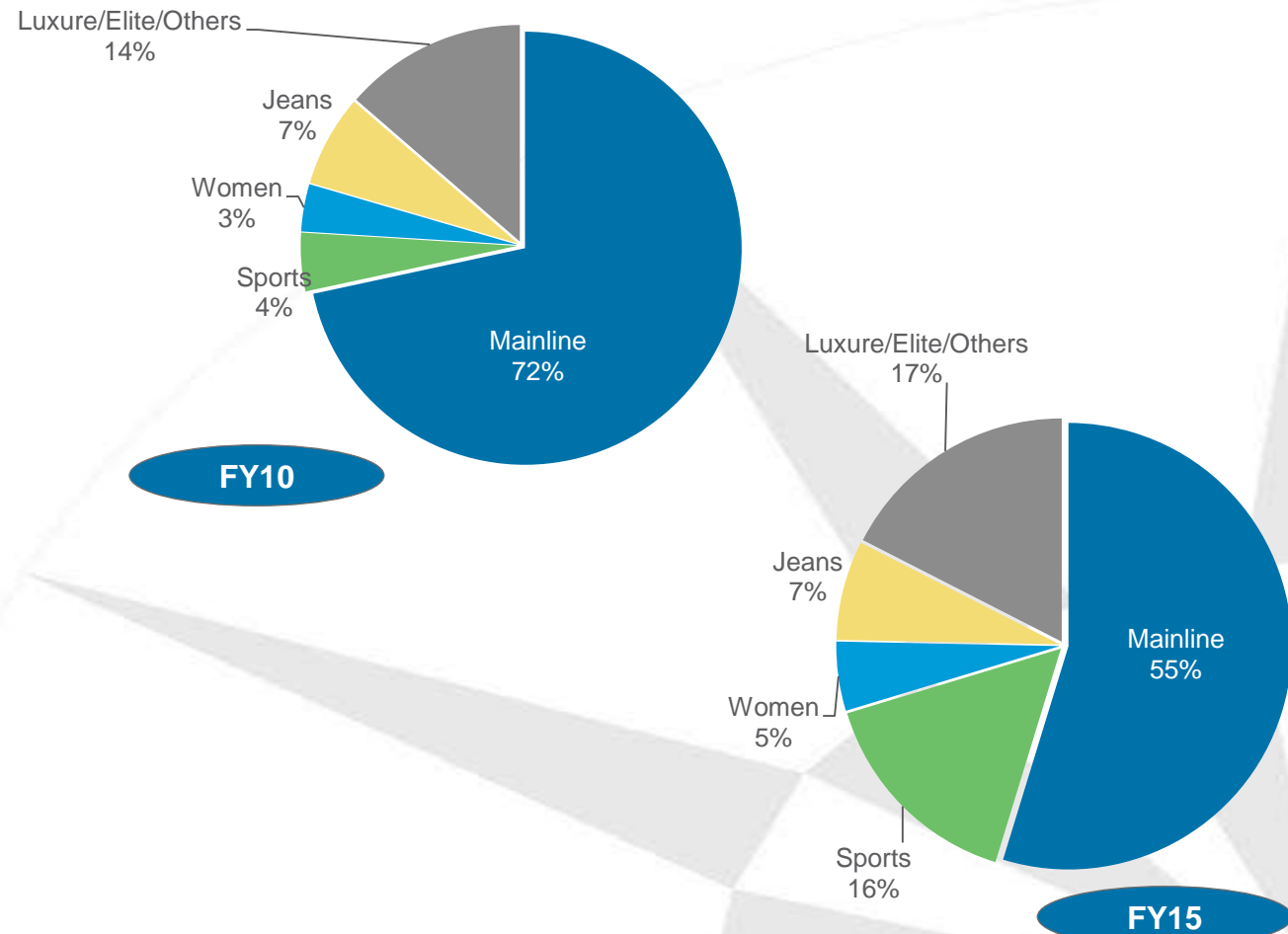


# We have rapidly grown our 'Power Brands' by successfully extending them into fast growing segments

## Brand Positioning at Madura

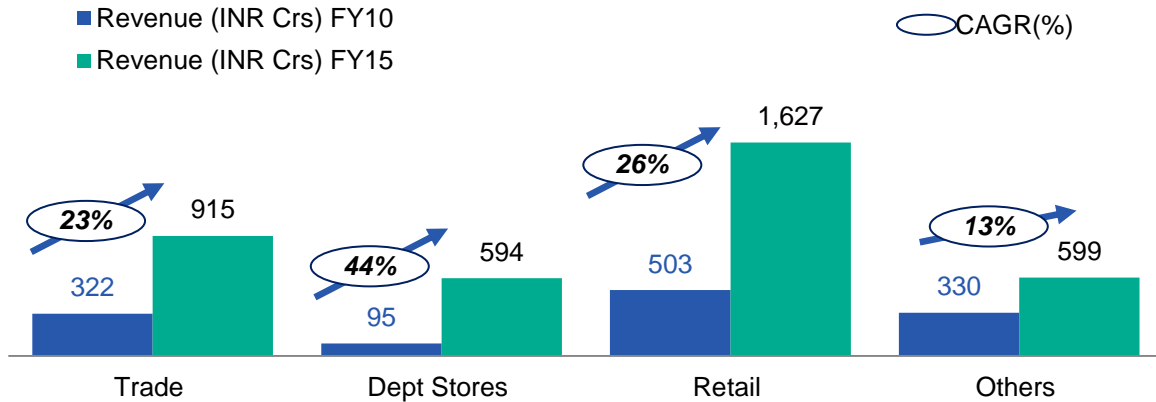


## Breakdown of Revenue – Top 4 brands FY10 v/s FY15

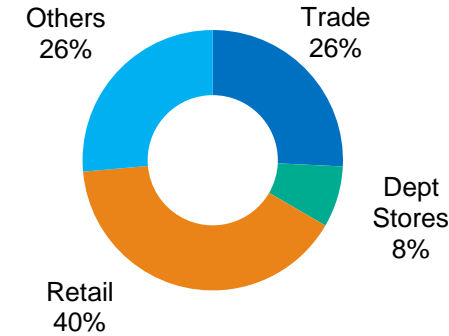


# Its multi-channel distribution strategy has allowed Madura to exploit the market opportunity

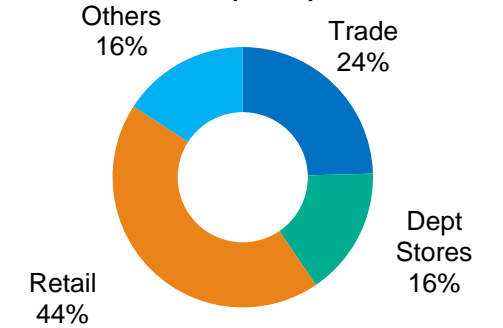
## Robust growth across channels with an increased focus on retail and department stores



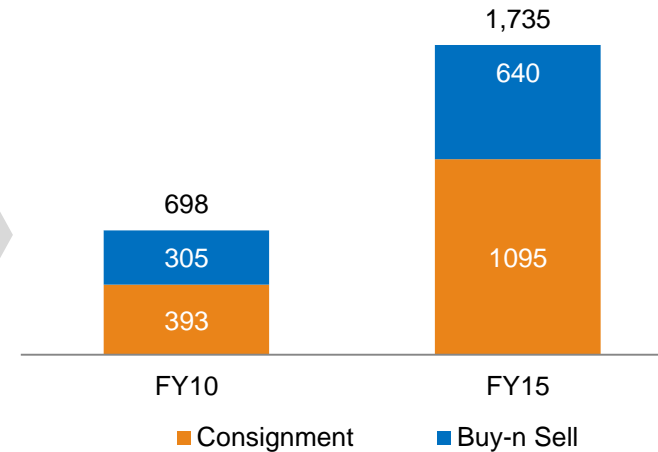
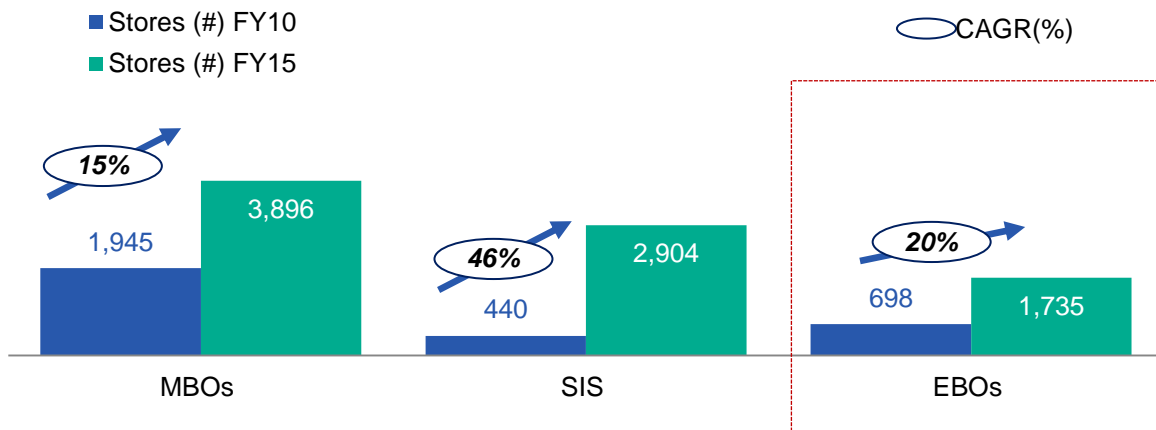
### Channel Mix (FY10)



### Channel Mix (FY15)



## Driven through a clear 'reach & penetration' strategy



Only ~15% of the expansion has been funded by the business

# The Winning Strategy

## Strong Consumer Understanding

- Consumer engagement
- Building consumer loyalty
- Net Promoter Score
- EPIC Centre - eyes and ears of Madura on the social media

## Leading Brands in key market segments

- Sharply positioned brands
- Strategic Brand extensions

## Driving growth through retail excellence

- Retail Management System
- Many industry-first initiatives
- Multiple models to drive retail expansion
- Investments in contemporary retail identity
- Retail Next Practice

## Design & merchandising capabilities

- Madura introduces more than 20,000 designs every year
- Knowledge Management Centre
- Technology Management Centre focused on women
- Investments – Product Lifecycle M'ment, Sampling Infrastructure, People
- Expertise & Collaborations

## Strategic investments in IT, Supply Chain & Manufacturing

- Lean, efficient and agile supply chain
- IT for differentiation

## Organization of Doers & Go-getters

- Culture of focus on Employee Value Proposition – Talent management, development, careers, engagement, Performance Management, Rewards, Communication & Manager / Leader development
- ABCRE - Aditya Birla Centre for Retail Excellence

# Pantaloons Fashion & Retail Limited





# Pantaloons acquisition

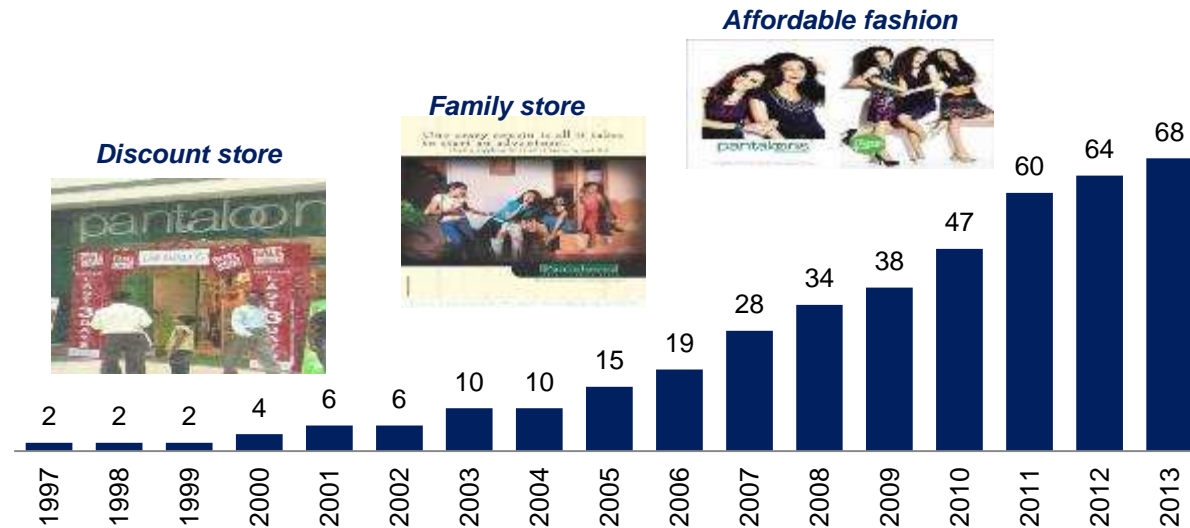
## Acquiring a 'famous' big box retailer

### An established brand

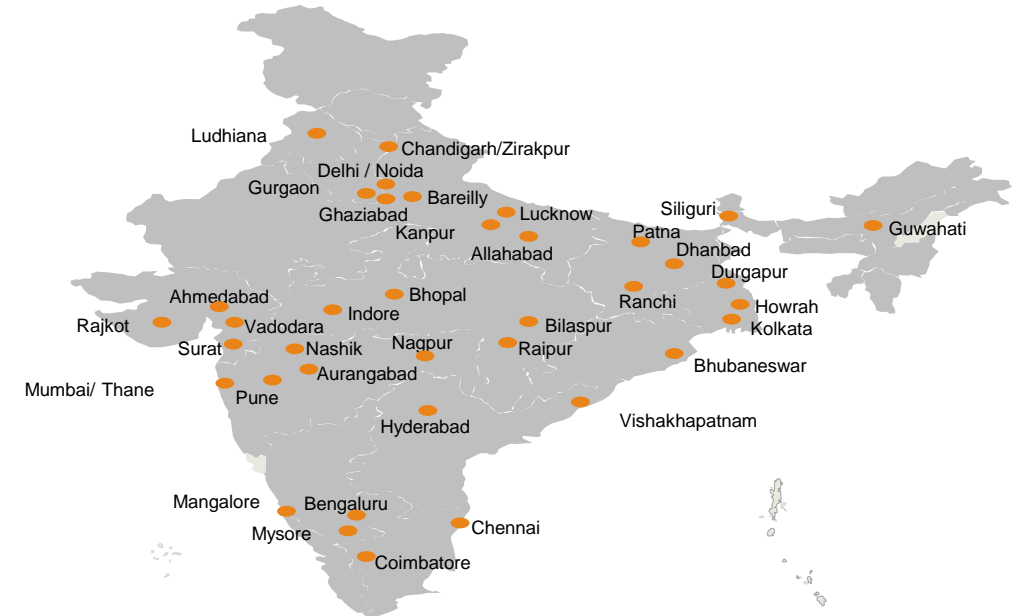
- ✓ One of the oldest brands with strong recall in big box apparel retail
- ✓ Voted India's most trusted Apparel Retailer by Brand Equity

### Well positioned: 'Affordable fashion'

- ✓ Has successfully moved from being a 'Discount store' brand in late 90's to an 'Affordable branded fashion' now



### National store presence

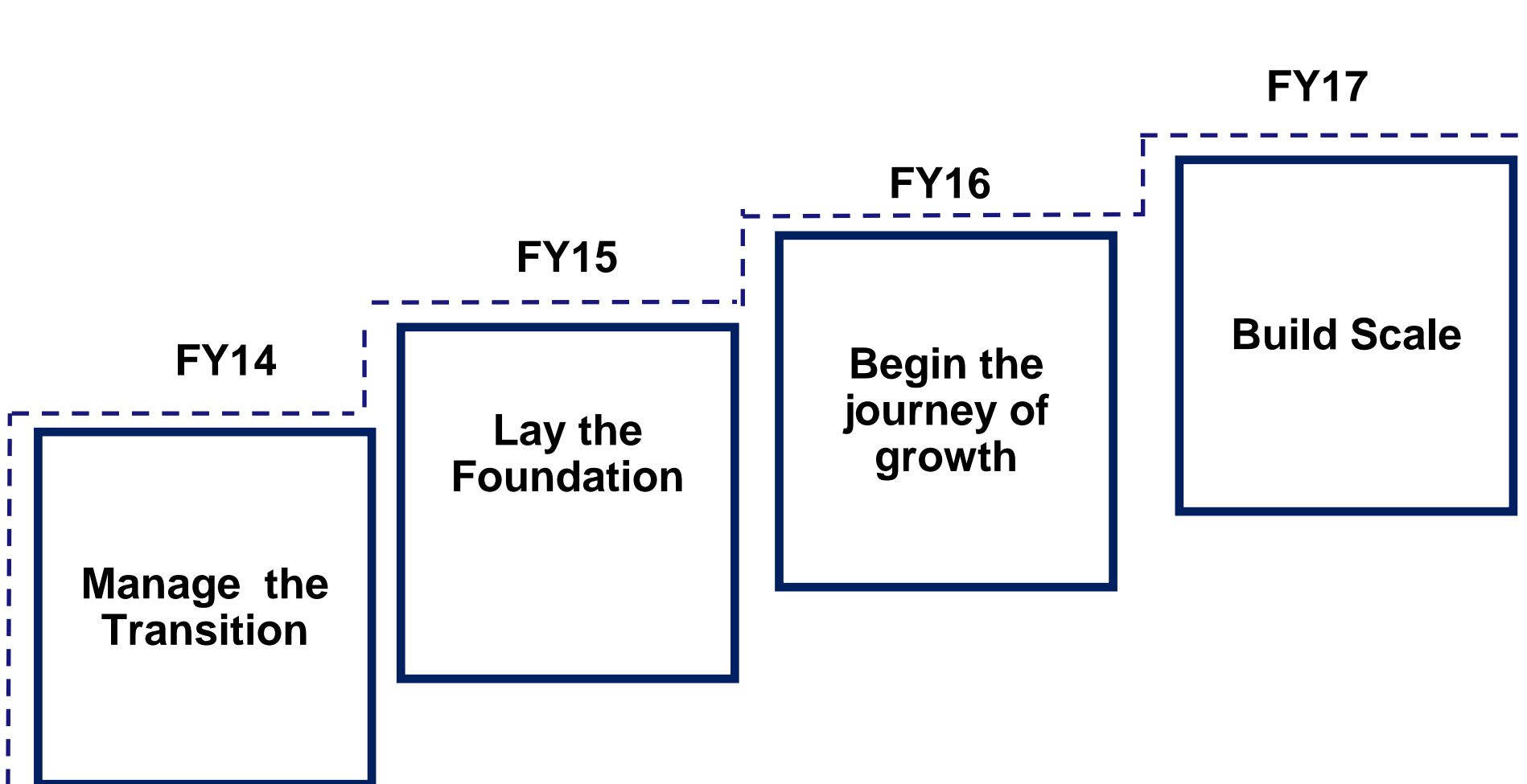


- ✓ Present across the country with 68 PT & 26 PFO (on takeover)
- ✓ Leader in Eastern India
- ✓ Offers a platform for growth in all regions

### Acquisition: Fortification of leadership position

- ✓ Acquisition fortifies the leadership position of Fashion & Lifestyle business by entering into value segment including women and kids

# To drive our vision and mission, we laid down a 4 year roadmap



# FY14 – Managing the Transition & Achievements beyond numbers

**Enhanced the store network**

- 14 new stores, 22 store refreshes / renovation and 100% store re-layouts (1.8 mn sq. ft.) in FY14

**Merchandise creation**

- Set up new in-house “Design Studio”, recruiting experts in product design, brand aesthetics and fixture design, with more than 90% of the team consisting of a fresh team
- In-house team delivered on 5000+ designs consistently every season

**New vendor network**

- Virtually created a new vendor network (more than 35% were new vendors) for SS14 and AW 14
- Built relationships with 240+ vendors to deliver on our availability, quality and cost targets

**Built the organization**

- Recruited ~280 people at HO
- Detailed all key business processes, defined all Job Descriptions and KRAs for key functional positions



**E.g. Gariahat (Before)**



**E.g. Gariahat (After)**

# FY15 – Laying the foundations : Key highlights

**Store expansion**

- Launched 25 new stores, moving from a run rate of a new store every 2 months prior to the acquisition to a new store every 2 weeks in FY15

**Margin Expansion**

- Delivered an unprecedented >3% improvement in gross margins, led by cost efficiencies, pricing improvement, optimization of the mix of exclusive brands as well as margin re-negotiation for external brands

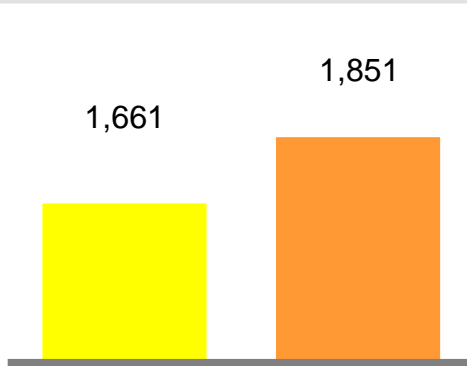
**Portfolio overhaul**

- Launched 6 new brands, completing key niches and gaps in our brand portfolio

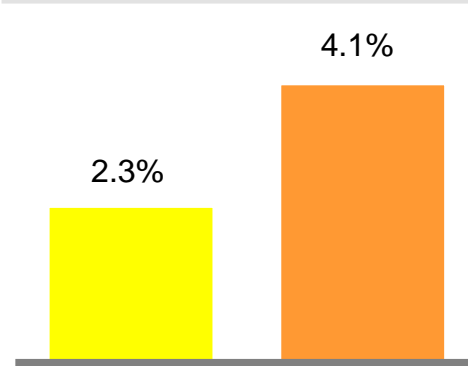
**SAP transition**

- Rollout of new systems completed in all Stores (120+) and Warehouses
- More than 10 lakh articles cutover from legacy systems to new ABG systems, with no business disruption

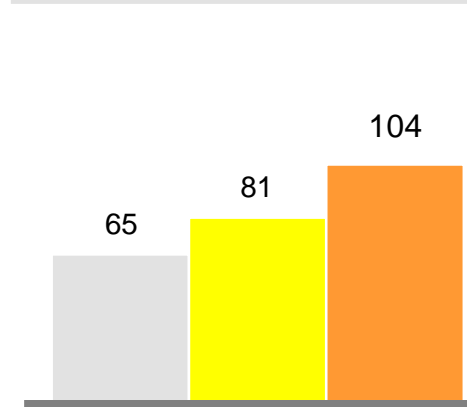
Revenue (INR Cr)



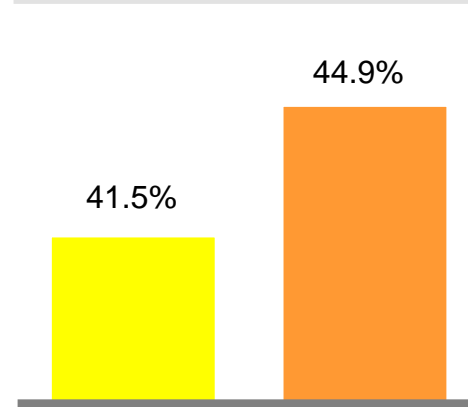
EBITDA Margin



# Pantaloon's stores



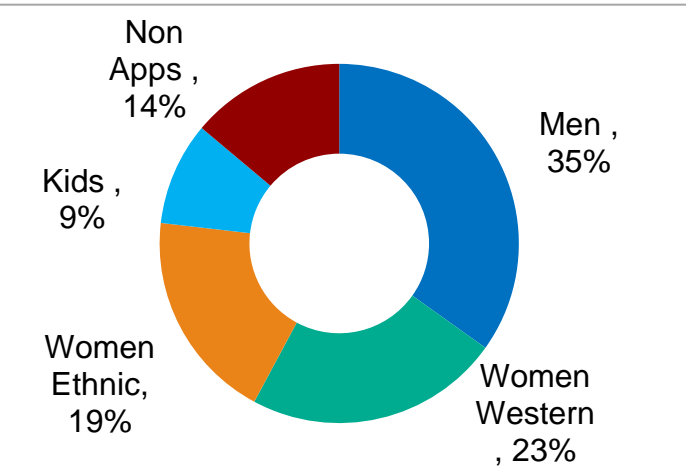
Gross Margin %



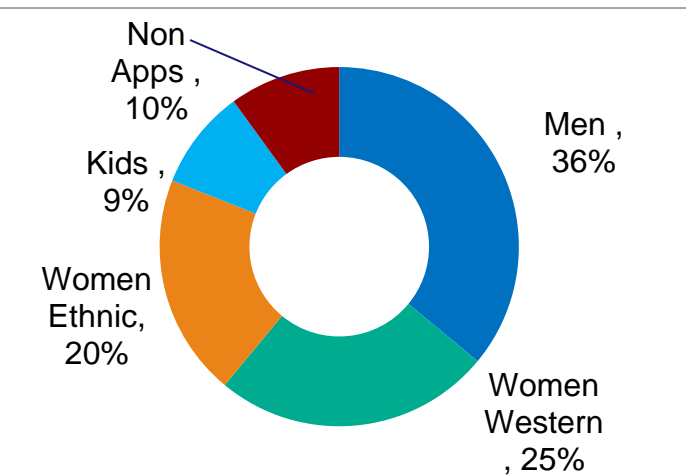
Takeover(Net) FY14 FY15

# Pantaloons – Diversified geographically as well as across categories of merchandise, now has a brand portfolio positioned for the future

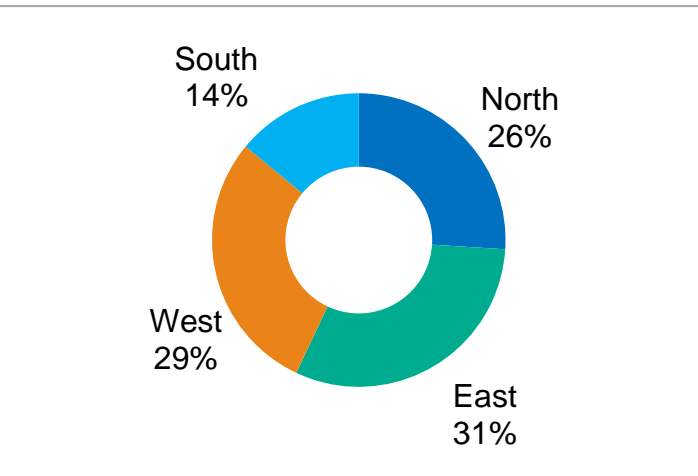
**PT Revenue Mix FY15 (Category)**



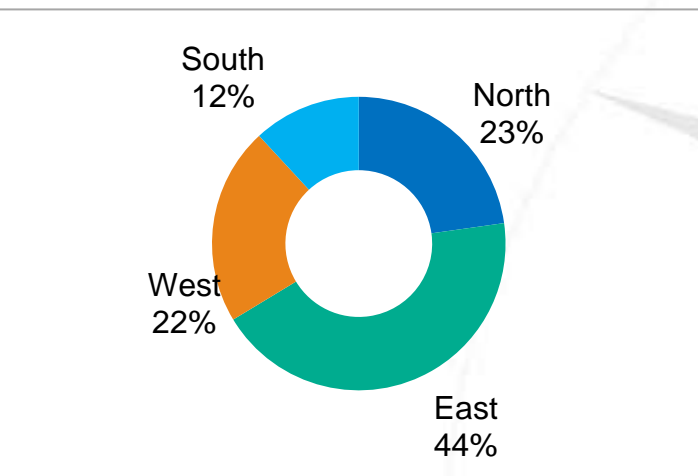
**Rupee Gross Margin Mix FY15 (Category)**



**Revenue Mix FY15 (Zone)**


















**Store Profitability Mix FY15 (Zone)**



## New Brand Launches

World	Brand Identity	New Brands
Men	British Sport inspired sub-premium brand for men	
	Mainstream everyday colorful men's casual brand	
	Leverage Pantaloons' ethnic destination status with exclusive men's ethnic brand	
Men & Women	Young, Edgy Fashion-Denim sub-premium brand	
	Complete Wardrobe Brand for Plus Size Customer	
Women-Western	Chic, High-fashion brand for Young Women	
	Mainstream Casual Western wear brand for mature women	
Women-Ethnic	Premium Women's Ethnic Brand with Classic, Elegant look	
Kids	Colorful, Peppy Kids Brand for 7-14 year olds	
	Dedicated Infant Brand	

# To deliver on our promise of affordable branded fashion, we have built a healthy mix of exclusive brands (56% of sales) as well as external brands

	Own & in-Licensed brands	New Own / in-Licensed brands	Madura brands	External brands
Men				
Women-Western				
Women-Ethnic				
Kids				

# The winning strategy



Asymmetrical dress with  
geometric print  
₹ 10,000

## Where we will play

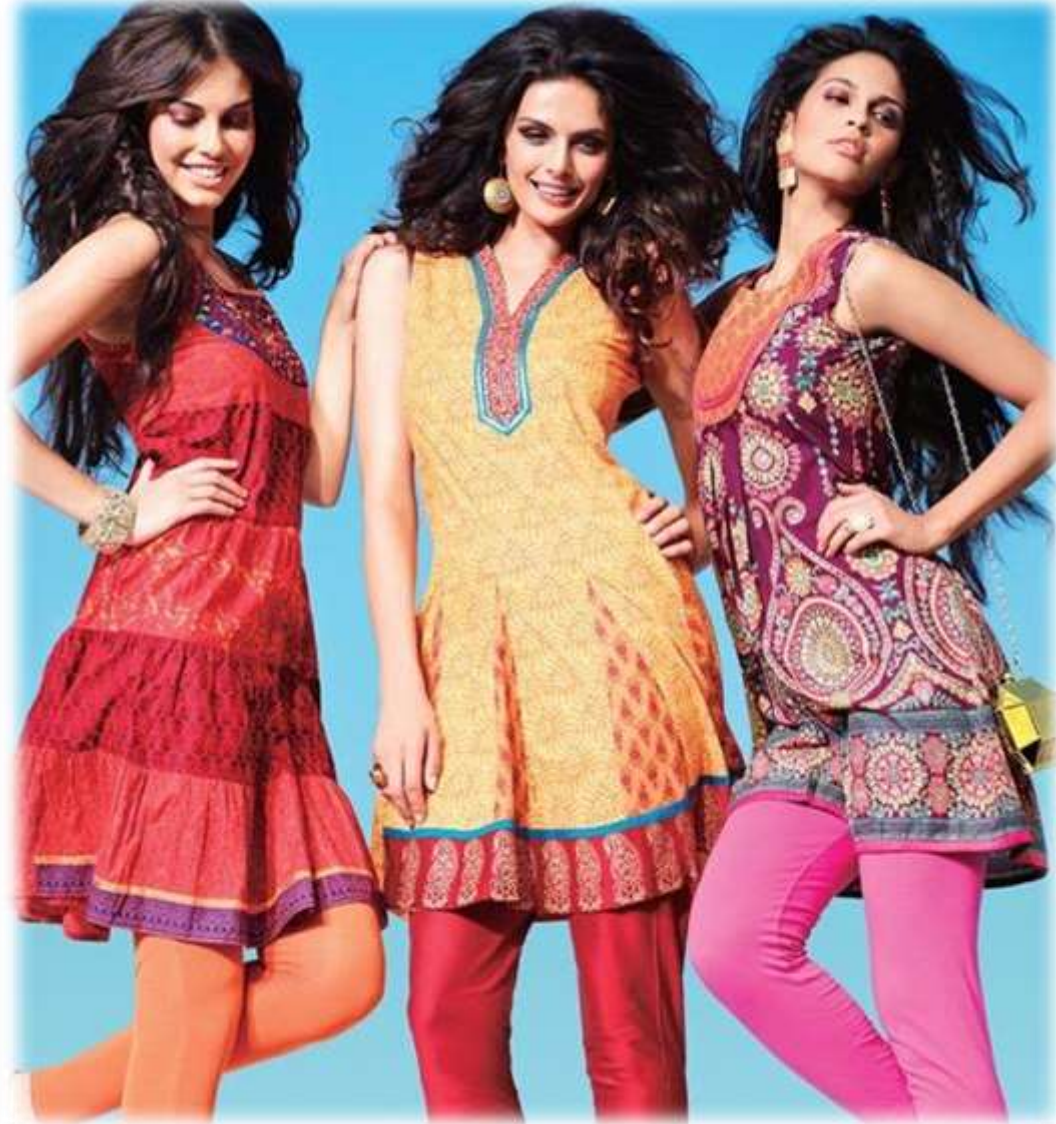
- Create Destination Categories around Women Ethnic and Western wear apparel
- Dominant play in Men's Casual & Kids apparel
- Strong entry into Woman's Footwear & handbags categories
- Increase "Own Brands" as part of the Portfolio
- Increase the network reach by tapping into the next set of cities for expansion as well as deepen the penetration in top cities across the country by opening new stores

## Why we will win – Differentiators

- Unique Value Proposition of Branded Fashion @ Affordable price
- Strong connect with Women consumers across age groups and town class
- "Inclusive experience" – Indian ness, Warmth & Service orientation
- Strong CRM
- First mover advantage



# Madura & Pantaloons – The winning combination





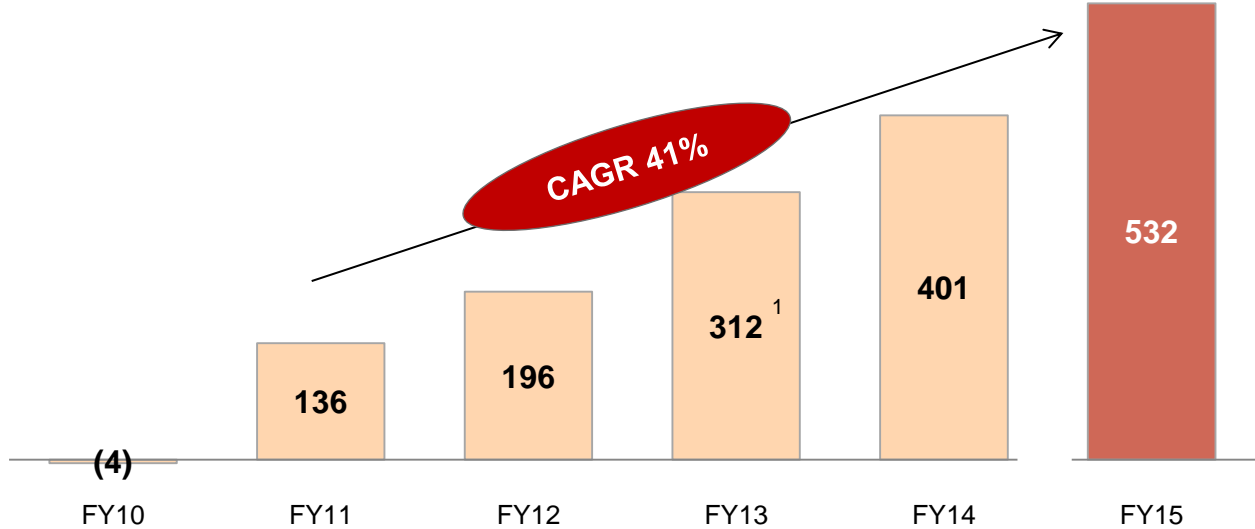
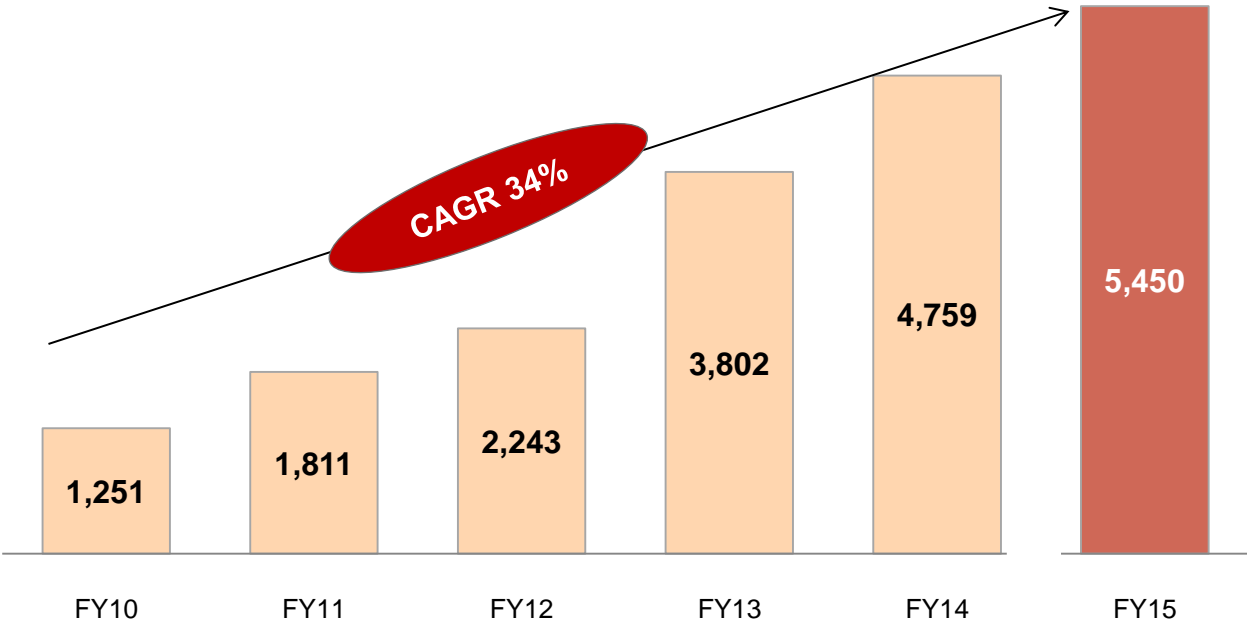
# **Consolidated Financial Highlights**

# ABFRL: Pro-forma Consolidated Financial Statements

**ABFRL will be the largest branded apparel player in India  
with a track record of having delivered substantially higher growth than market**

Revenue (INR Crs)

EBITDA (INR Crs)



Note 1 : Excluding one-time investment income

# ABFRL: Pro-forma Profit & Loss Statements

Particulars	Aditya Birla Fashion & Retail (net of eliminations)	
	FY15	FY14
Revenue from Operations	5,450	4,800
Less : Excise Duty	-	(40)
<b>Net Revenue from Operations</b>	<b>5,450</b>	<b>4,759</b>
Other Income	10	8
<b>Total Revenue</b>	<b>5,460</b>	<b>4,768</b>
<b>Expenses</b>		
Cost of Materials Consumed	521	487
Purchase of Stock-in-Trade	2,008	1,794
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	(130)	(134)
Employee Benefits Expenses	532	445
Other Expenses	1,997	1,774
<b>Total Expenses</b>	<b>4,928</b>	<b>4,366</b>
<b>Profit before Depreciation/Amortisation, Interest and Tax (PBDIT)</b>	<b>532</b>	<b>401</b>
Depreciation and Amortisation Expenses	264	195
PBIT (incl. other income)	268	207

# ABFRL: Pro-forma Capital Employed Statement

Particulars	Aditya Birla Fashion & Lifestyle (net of elimination)	
	Mar'15	Mar'14
<b>Assets</b>	<b>3,842</b>	<b>3,642</b>
Gross Fixed Assets	1,815	1,652
Accumulated Depreciation	1,126	901
Net Fixed Assets	689	752
Goodwill	1,188	1,188
Long-term Loans & Advances and other Non-Current Assets	1,877	1,940
<b>Non-Current Assets</b>	<b>2,122</b>	<b>2,148</b>
Current Investments	-	6
Inventories	1,103	944
Trade Receivables	437	349
Cash and Bank Balances	26	39
Short-term Loans and Advances	133	127
Other Current Assets	21	30
<b>Current Assets</b>	<b>1,720</b>	<b>1,494</b>
<b>Liabilities</b>	<b>1,709</b>	<b>1,966</b>
<b>Non-Current Liabilities</b>	<b>158</b>	<b>124</b>
Trade Payables	1,235	1,259
Other Current Liabilities	251	536
Short-term Provisions	65	48
<b>Current Liabilities</b>	<b>1,551</b>	<b>1,842</b>
<b>Assets - Liabilities</b>	<b>2,133</b>	<b>1,676</b>
Add : Current Portion of Long term loan	84	343
Less : Current Investments	-	6
Add : Unallocated Corporate Liabilities (Net)	19	63
<b>Segment Capital Employed</b>	<b>2,235</b>	<b>2,076</b>

Net Debt as on Mar 31, 2015: INR 1811 Cr

# **In Summary**

# Opportunities: Branded apparel and retail

## Multiple opportunities to capture

**Organised Apparel Market Segments (Total Market = ~INR 96,000 Crs)**  
(FY 15/16, Market Size in INR Crs)

Price Segment	Formal (Men)	Formal (Women)	Casual (Men)	Casual (Women)	Denim	Ethnic	Kids	Accessories
Super Premium	1. Super-Premium / Luxury ~7,500							
Premium	2. Formals ~12,500		3. Casual ~12,500		4. Denim ~5,000	5. Ethnic ~4,000	6. Kids ~11,500	9. Acc. ~1000
Sub-Premium								
Value			7. Fast Fashion ~22,000					
Mass	8. Mass ~20,000							

### Strategy

- Core Strength Areas
- Emerging Focus Areas
- New Areas / Segments

*This segment is not proposed to be addressed in our strategy*

- We are India's **largest Menswear business** (led by Madura) and **largest womens' wear** business (led by Pantaloons)
- **Luxury / Super premium** is a fast emerging segment where we have good opportunity to dominate
- **Fast Fashion & Kids** are two large segments which present a huge opportunity for us
- Scaling up **Denims & casual** play rapidly

# ABFRL Well Positioned for Future



Maintain & Consolidate Leadership position as  
India's Leading Apparel Business

1

Portfolio of  
**Strong  
Brands**

2

Capability to  
exploit the  
**distribution  
opportunity**

3

Well  
positioned  
for **Omni  
Channel  
play**

4

Large **white  
spaces**  
available

5

Strong  
experienced  
**Talent**

Building a **sustainable & future-ready business**

# Thank You

