



Good things come to those who *innovate.*
To those who weather the storm,
who challenge the norms,
who stay true to their vision, values and beliefs.

To those who follow their *passion,*
stick to their commitments and keep
their heads up high in times of difficulty.

As we continue on our path to growth & success
we will tackle setbacks and difficulties with the same focus,

persistence
strength
that we believe in.

ANNUAL REPORT | 2012 - 2013
PANTALOONS FASHION & RETAIL LIMITED



Mr. Aditya Birla
We live by his values.
Integrity, Commitment, Passion, Seamlessness and Speed.



Pantaloons is now an integral part of the Aditya Birla Group. To give our shareholders a flavour of the Group's philosophy and people processes, we felt it worthwhile sharing excerpts of the Chairman's letter to shareholders published in the Group Companies Annual Report.

Dear Shareholder,

The Aditya Birla Group in perspective

Over the last two years, significant changes have impacted the global and domestic business scenario. Given our resilience, our Group has managed to weather the storm. Our consolidated revenue at US 42 billion dollars is marginally above that of the last year.

I believe, that if we have been able to sustain our revenues, it is because of the quality of our 136,000 strong workforce spread over 36 countries and 42 nationalities. The hallmark of our overall leadership development efforts has been our belief in taking "bets on our people". And it has indeed paid off.

Our entrepreneurial DNA also encourages risk taking which includes taking risks with people, ofcourse with safety nets. We believe that people are endowed with immense capability - our task is to spot them, early in their careers and provide them with suitable opportunities to try their hand at and test their skills. Our investment in people processes has enabled us have a robust bench strength of talent. Our entire focus is on ensuring that we always remain a meritocracy. This pool of talent is developed through a series of planned exposures, assignments and training

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opportunities so that they are prepared to take on leadership roles as and when these emerge.

Let me elucidate these aspects with an overview of our talent management and leadership development processes.

Two new programmes namely "Step UP" and "Turning Point" have been launched. These aim primarily to prepare Departmental Heads and Functional Heads for the next stage of their career development as Functional heads and Cost Centre heads respectively. The first pilot batches have already undergone the initial rounds of training. These programmes will be further institutionalized.

Last year, I had alluded to the launch of our *P&L Leaders Development Program*, called – "The Cutting Edge". The objective of this program is to prepare our high-performing functional heads to take on P&L roles. The program has taken off to a solid start. The first batch of participants has been already absorbed in the global immersion program across 4 different countries. The second batch of "The Cutting Edge" will soon start their programme.

To augment talent on the technical side, we have also been hiring, for the first time, a select set of manufacturing professionals directly at the Group level – The first group has already moved into our businesses.

Our in-house learning university 'Gyanodaya' is a globally benchmarked institution. It leverages resources from around the world to meet the development needs of our leadership. Last year it had 28,000 touch points and partnered with several external institutions and corporations for collaborative learning. More than a 1,000 executives take courses at Gyanodaya each year.

Furthermore, we have institutionalized global career paths - driven both by the individual and the organization's needs. To a great extent this allows an individual to 'take charge of his own career'. We leverage vacancies across the Group and stimulate talent mobility by identifying and moving leaders across geographies and functions and into new roles as part of their career development. Development for us today means providing people opportunities to learn from their work rather than taking them away from their work to learn.

Let me give you some statistics relating to fast tracking of talent. Since April 2011, from our management cadre comprising of 37,600 colleagues 15%, i.e. 5,824 have been promoted, 18% i.e. 6,481 have moved roles and 12% i.e. 4,543 have moved location.

Additionally, we seek feedback in an institutionalized way and conduct conversations with our people across the Group to gauge their engagement with our Group. We call it 'Vibes'. The Vibes survey is carried out by a global reputed external HR research agency. This year 94% of our 35,000 Executives participated in the Vibes survey – which is an indication of their engagement with the Group. It was very heartening for me to see that 92% of employees have an overwhelming sense of pride in our Group. More than 80% are engaged employees and again over 90% say that they understand the connect between their work and goals of business.

Today, we are reckoned as an Employer of Choice that offers a World of Opportunities for talent.

I take great pride in sharing with you that our Group (Aditya Birla Group) has topped Nielsen's Corporate Image Monitor 2012-13. An extract from their media release would interest you –

"Aditya Birla Group has emerged as the Number 1 corporate, the 'Best in Class' across all the six pillars of Corporate Image, according to the annual Corporate Image Monitor 2012-13, conducted by Nielsen, a leading global provider of insights and information into what consumers watch and buy. The six pillars of Corporate Image comprise of Product & Service quality, Vision and Leadership, Workplace Management, Financial Performance, Operating style and Social responsibility.

Nielsen's Corporate Image Monitor measures the reputation of the 40 leading companies in India across sectors and serves as an important indicator of the strength of the corporate brand".

The survey was conducted among policy makers, the financial media, financial analysts, investors, professionals from the corporate sector and the general public across 7 metros.

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The 40 corporates covered in this survey were selected using The Economic Times-500 and the Business Today-500 list of listed companies. Nielsen is a global market research company, headquartered in New York and operating in 60 countries.

In sum

Let me conclude that we have strong Balance Sheets, robust cash-flows and gearing levels well within reasonable limits. The global presence of our Group and the experience of operating in 36 countries invests us with the strength to acquire assets or grow organically anywhere in the world in different business environments.

And finally, our indomitable strength of running low cost, highly-efficient and vastly productive operations, through our embedded culture of continuous improvement and innovation, will see us through good times as well as tough times.

Yours sincerely,



Kumar Mangalam Birla
Chairman
Aditya Birla Group





A chain of stores for every Indian. Pantaloons has a repertoire of lifestyle brands, to cater to every consumer needs across multiple occasions. The warm and personalised service offered by every store staff truly brings in the unique value proposition of the format.

BRAND'S JOURNEY

The first Pantaloons store was launched in Gariahat, Kolkata in 1997. Over the years, the brand has undergone several transitions therefore re-inventing itself to bring forth compelling trends and styles for women, men and kids. It started as a discount format,

moving to a family concept store and finally evolved into a fashion destination with a sharp focus on bringing the latest in fashion.



THE BRANDS

The greatest asset of Fantaloon is our in-house brands which draw people to it. Besides the fact that they also set trends and highlight personalities.

¶ **Annabelle** is for the stylish woman of today who is at the helm of the corporate world, a collection of trousers, skirts and jackets. Extending this idea further to the after-hours is Annabelle evening with a muted touch of bling to brighten up the evening.



¶ **Trishoo** is for the woman who fully embraces her Indian-ness and loves to flaunt it. The beautifully designed salwar suits have elegant embroidery work which is just perfect for traditional moments.



¶ **Honey** presents a cheerful mix of tees, tops, shorts and trousers that come in solid colors as well as florals and are all delightfully feminine and chic.



¶ **Rangmanch**, is a colorful, ethnic and contemporary Indian brand that offers kurtas and chandars with classic cuts that have clean, simple lines. This brand is for women only.



¶ **Akkriti** is a range for both men and women who like trendy ethnic Indian wear. From unique Indo-western silhouettes for women to dhoti pants for the millennium man, there is something for any occasion.