



PANTALOON



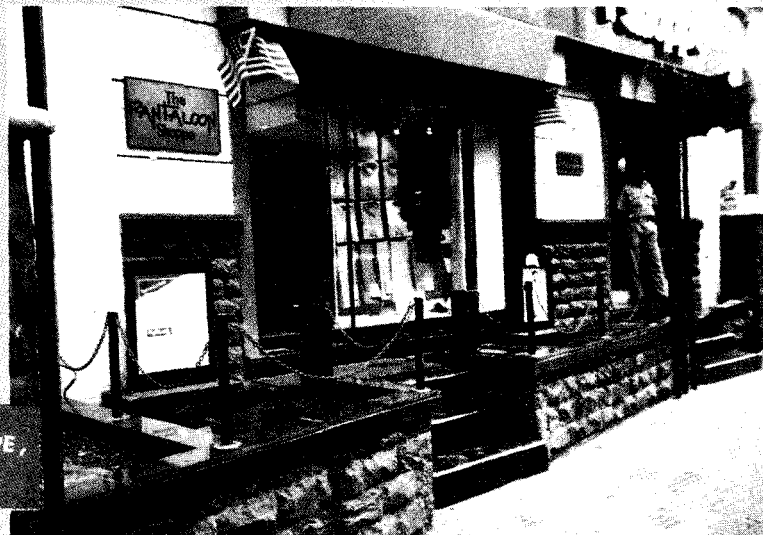
INDIA'S FASTEST GROWING

fashion

HOUSE

ANNUAL REPORT
1995-1996

PANTALOONTM



**PANTALOON SHOPPE,
COLABA**



**SANATH JAYASURIYA BEING
PRESENTED THE BARE
SRI LANKAN CRICKETER OF
THE YEAR AWARD.**



**DIRECTORS, PANTALOON
PERSONNEL & PANTALOON
FRANCHISEES (PARTNERS IN
PROGRESS) AT A MEET**



Pantaloons Fashion House (India) Limited

Corporate Mission



"We share the vision and belief that by improving our performance through innovative spirit and dedication, we shall serve our customers and stakeholders satisfactorily.

We shall be the trendsetters in fashion & offer a fair deal to all our customers.

The Company shall strive to be the Indian Retailing Conglomerate, with a commitment to quality.

Our positive attitude from our devotion, sincerity and united determination shall be the driving force to make us globally competitive."





Pantaloons Fashions (India) Limited

Corporate Review

Pantaloons fashion House is re-inventing itself and getting ready for the retailing revolution that is going to set in the country.

Our mission to be "Indian Retailing Conglomerate" is now taking shape in the following forms.

PANTALOON SHOPPE

These shoppe retail all the Pantaloons brands namely John Miller, BARE, Knightood, Manz & Pantaloons. Today we have over 40 such retail outlets spread across the country and plans to add another 20 more such shoppe in the coming year.

PANTALOON CONNECTION

These are store in store in Multi-brand outlets selling PFH brands. Today there are a few of these "Connections" and we plan to open them in areas, where the market potential is limited.

BARE STORE

A very new concept in marketing and promoting a Brand store. This was with the idea of shifting the focus from a Denim brand to a Casual line of ready-mades. These stores will house the entire range of casual wear which will be unisex, hi-fashion present a young urban image catering an age group of 16 - 40. This idea was prompted by the fact of consumers changing perception of casual wear. The Company plans to open 8 such stores in the coming year.

PANTALOON MEGA STORE

The developed world has seen the success of retailing to the entire family under one roof. Pantaloons is bringing the proven success of the west to the east. This also is a new idea of retailing from a store of over 2500 sq. feets which will house everything in clothing for Women, Children, Men. Two such projects are underway and will become operational by this year end.

PFH DISCOUNT CLUB

This offers an exclusive facility to members to enjoy discounts throughout the year on branded products. This is a closed door facility offered to only members on products whose prices are known to them and the same is available only to the PFH Discount Club members and not to everybody.

DOOR TO DOOR RETAILING

The concept of retailing trouser lengths right at the door step of the customer has met with unprecedented success. The marketing team of young boys and girls go retailing these ready to wear trousers from door to door giving retailing a whole new dimension. This venture of the Company has met with enormous success in the last one year and has helped the company to improve its performance besides doing a social job of giving a chance to the unemployed youth of this country to stand on its own feet.





Pantaloons Fashions (India) Limited

Our brands which have registered impressive perception at consumer levels are :

PANTALOON TROUSERS - INDIA'S NO. 1 TROUSER

Launched in 1987, today this product is the main recognised name in this segment of mens ready-mades. The formal, executive and cotton collections are characterised by perfect fits, flawless falls, knife-edge creases and classic cuts. This brand is targeted at the age group from 16-40 and has positioned itself very strongly in the market. It is synonymous with the ready-made trousers for the contemporary Indian male.

BARE - THE ORIGINAL INDIAN JEANS

The year 1991 saw a revolution in casual wear and saw the launch of BARE the original Indian Jeans. It symbolizes the "Modern" Indian who is progressive and liberal, yet very Indian. This brand has caught the fancy of not only the Indian market but is today being exported to countries like UAE, Middle East and South Asia. This brand is competing with many a reputed international brands. This product also saw the introduction of Jeans for women and the launch of "Mr. BIG" for men in size 40, 42, 44 & 46.

KNIGHTHOOD SHIRTS - TITLE OF EXCELLENCE

A premium range of shirts that are "engineered" keeping in mind the customer who was looking out for a shirt which can be worn with the same ease to work and parties. This brand which is called "Title of Excellence" finds itself standing proudly in this segment of mens wear. All Knighthood shirts have specially crafted cuffs which fit the wrist perfectly, preventing accidental staining.

JOHN MILLER SHIRTS - A SHIRT INSPIRED BY AMERICA

A brand which has seen phenomenal growth over the last one year and today is the forerunner in the branded shirts competitive market. The highly affordable "international" shirt brings all of America's quality features like double stitching, plackets, pearl buttons, button down and savior collars and other distinctive features to India. This brand is comfortable and most important affordable.

LOGISTICS

The company has set up a huge centralised warehouse in the heart of the city, which is computerised and is being linked to all major retail outlets in the country by Electronic Mail. The company also has started computerisation and networking of all offices in the country with corporate headquarters.

The company has set up a Pantaloons Privilege Club for frequent Pantaloons shoppers. Membership to the club is exclusive and available to only a select few by invitation. These members get discounts on all purchases, get invited to all Pantaloons sponsored shows, events.

The company has also set up a **customer support cell** which is very actively involved in helping the customer get complete satisfaction and also with the idea of redefining the role of marketing by shifting emphasis from selling to customer satisfaction thus making Pantaloons a market responsive institution. Synergic efforts for development of Human Resources to make it more dynamic and by inducting the best talent available, the company is poised to take a gigantic step into the future. The Company with this infrastructure, stores and brands is ready to meet the retailing revolution to be set in this Country.

BOARD OF DIRECTORS

Mr. Kishore Biyani *Managing Director*
 Mr. Bajranglal Biyani
 Mr. Sitaram Biyani
 Mr. Gopikishan Biyani
 Mr. Radheshyam Poddar
 Mr. Suneel Bhambani
 Mr. Sushil Sain
 Mr. Rakesh Biyani
 Mr. Praveen Gupta

AUDITORS

S. M. Kabra & Co., Mumbai

REGISTERED OFFICE

Pantaloen House, G-11,
 M.I.D.C., Cross Road 'A',
 Andheri (East), Mumbai- 400 093.

PLANT

24, Y. A. Chunawala Ind. Estate,
 Kondivita Road, Andheri (East),
 Mumbai - 400 059.

BANKERS

State Bank of India

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Pantaloons Fashions (India) Limited

NOTICE

Notice is hereby given that the Ninth Annual General Meeting of PANTALOON FASHIONS (INDIA) LIMITED will be held at 4 p.m. on Monday, 30th September, 1996 at the Registered Office of the Company situated at Pantaloons House, G-11, MIDC Cross Road "A" Andheri (E), Mumbai - 400 093 to transact the following business.

Ordinary Business

1. To receive, consider, and adopt the audited Balance Sheet as at 31st March, 1996 and the Profit & Loss Account for the year ended on that date and the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Sushil Sain who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

Special Business

4. To consider and, if thought fit, to pass with or without modifications, the following resolution as Special Resolution :

"RESOLVED THAT in accordance with the provisions of section 81 (1-A), and all other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification or re-enactment thereof for the time being in force), and the enabling provisions in the Memorandum & Articles of Association of the Company and in the Listing Agreements entered into by the Company with the Stock Exchanges where the shares of the Company are listed and subject to the approval, if so required by law of the Securities and Exchange Board of India ("SEBI"), the Government of India, the Reserve Bank of India ("RBI") and all other authorities concerned, if any, and subject further to such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions, which the Board of Directors of the Company (hereinafter referred to as the "Board") is hereby authorised to agree to, the consent of the company be and is hereby accorded to the Board to issue and allot 10,00,000 (Ten Lakhs) 11% Non-cumulative Redeemable Preference Shares (The " Preference Shares") of the face value of Rs.10/- each at par, on the terms and conditions stated below:

- a) Number of Preference Shares : 10,00,000 (Ten Lakhs)
- b) Face Value and issue price : Rs.10/- (Rupees Ten) per Preference Share at par

- c) Coupon rate : 11%
- d) Holding period : Maximum 7 Years
- e) The Preference Shares will carry the right to a fixed non-cumulative dividend per annum (less any withholding tax) equal to 11 per cent of the capital paid up thereon, such dividends to be payable every year ended 31st March, within two months of the close of the financial year.
- f) The first dividend payment will be made within two months from the close of accounting year of the Company, that is 31st March, 1997.
- g) No dividend will be declared or paid in respect of any other share capital of the Company unless and until any arrears, deficiencies or accruals of the Non-Cumulative Dividends on the Preference Shares have been paid in full in respect of that and all accounting periods of the Company.
- h) The Preference Shares shall carry the right to receive notice of meetings of the Company but shall not carry the right to vote unless :
 - i) the preference dividend is 24 months in arrears ;
 - ii) the company has failed to redeem the Preference Shares on the due date for redemption;
 - iii) the business of the meeting includes a resolution for the winding up of the company or the reduction and repayment of its share capital or a resolution otherwise affecting the right of the holders of the Preference Shares.
- i) If the company fails to make any payment to the holders of the Preference Shares upon the due date for the payment, it will pay interest on the amount payable at the rate of 11% per annum from such date till the actual date of payment.
- j) The Preference shareholders have an option to convert their preference shares into equity shares, at such premium as the Board may decide at the period of redemption".

5. To consider and, if thought fit, to pass with or without modification the resolution as Special Resolution :

"RESOLVED THAT Clause V of the Memorandum of Association and Article 6 of the Articles of Association be altered to read as follows :

MEMORANDUM OF ASSOCIATION

Clause V : The Authorised Share Capital of the Company is Rs.8,00,00,000/- (Rupees Eight Crores) consisting of Rs.7,00,00,000/- (Rupees Seven Crores) divided into 70,00,000 (Seventy Lakhs)

Equity Shares of Rs.10/- (Rupees Ten) each and Rs.1,00,00,000/- (Rupees One Crore) divided into 10,00,000/- (Ten Lakhs) Preference Shares of Rs.10/- (Rupees Ten) each. Any shares of the original or increased capital may from time to time be issued with guarantee of any right of preference whether in respect of dividend or repayment of capital or both or any other special privilege or advantage over any shares previously issued or then about to be issued or with deferred or qualified rights as compared with any previously issued or subject to any provisions or conditions and with any special rights or limited right or without any right of voting and generally in such terms as the Company may from time to time determine.

ARTICLES OF ASSOCIATION

Article 6 : The Authorised Share capital of the Company is Rs.8,00,00,000/- (Rupees Eight Crores) consisting of Rs.7,00,00,000/- (Rupees Seven Crores) divided into 70,00,000 (Seventy Lakhs) Equity Shares of Rs.10/- (Rupees Ten) each and Rs.1,00,00,000/- (Rupees One Crore) divided into 10,00,000 (Ten Lakhs) Preference Shares of Rs.10/- (Rupees Ten) each".

6. To consider and, if thought fit, to pass with or without modifications, following resolution as Special Resolution.

"RESOLVED THAT in pursuant to the provisions of Section 293 (1) (d) and the applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the Board of Directors to borrow any sum or sums of money from time to time, with or without security and upon such terms and conditions as they may think fit notwithstanding that the moneys, to be borrowed by the company alongwith the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserve not set apart for any specific purpose, provided however, that the total amount so borrowed by the Board of Directors shall not exceed the sum of Rs.75 Crores (Rupees Seventy Five Crores Only)".

7. To consider and, if thought fit, to pass with or without modifications, following resolution as Special Resolution.

"RESOLVED THAT pursuant to the provision of Section 293 (1) (a) and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded by the Board of Directors of the Company, to the creation of such mortgage, charges and/or hypothecations

and other encumbrances, if any by the Company, as the Board may deem fit, on the assets of the Company, both present and future, for securing the sum or sums of moneys aggregating Rs.75 Crores (Rupees Seventy Five Crores Only), borrowed by the company from Banks, Financial Institutions and others as set out in the above Resolution".

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to finalise the documents for creating the aforesaid mortgage, charges and/or hypothecation and other encumbrances if any by the Company to do all such acts, deeds, matters and things as may be necessary to give effect to this Resolution".

NOTES :

- a) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
- b) An Instrument appointing the proxy however be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
- c) An explanatory statement pursuant to Section 173 of the Companies Act, 1956, in respect of Special Business at item no.4 to 7 is appended hereto.
- d) The Register of Members and the Share Transfer Books of the Company will remain closed from 14th September, 1996 to 30th September, 1996 (both days inclusive).
- e) The Dividend on the Equity Shares when declared will be paid to those members whose names appear on the Register of Members of the Company on 30th September, 1996.
- f) No tax will be deducted at source of dividend payable to member who is an individual and resident in India where such dividend does not exceed Rs.2500/- during the financial year. Any member who is otherwise entitled to exemption should submit Tax Exemption Certificate or declaration in Form 15-G in duplicate to the Share Department at the Registered Office of the Company before 30th September, 1996.
- g) Members are requested to notify immediately to the Share Department of the Company if there is a change in their address registered with us.
- h) Members are requested to inform their Bank Account details to the Company to enable it to be included in the dividend warrants and, thus minimise the malpractices of theft of dividend warrants. The above said informations should be given to the Company's Share Department on or before 30th September, 1996.

Pantaloons Fashions (India) Limited

- i) Members are requested to bring their copies of the Annual Report to the Meeting.

By Order of the Board of Directors
For **PANTALOON FASHIONS (INDIA) LTD.**

KISHORE BIYANI
MANAGING DIRECTOR

Place : Mumbai.

Date : 29th August, 1996

Regd. Office :

Pantaloons House, G-11,

MIDC Cross Road "A"

Andheri (E). Mumbai - 400 093.

Explanatory Statement Pursuant to Section 173 of the Companies Act, 1956.

Item No. 4 :

The Company is setting up a modern state of the art trouser manufacturing plant in Jogeshwari (East) in the suburbs of Mumbai in the State of Maharashtra. The total cost of the project is estimated at Rs.8.5 crores. The company will fund the project from external borrowings and internal sources, the company is in the process of negotiating with foreign manufacturers of high-tech machinery required for the manufacturing process. The foreign state of the art plant will be the new technology brought in India. The output will increase by multifold by using such technology and know-how.

The Pantaloons Group is one of the fastest growing fashion houses of India. The finest garments are produced by this group and are marketed under the brand name of 'PANTALOON', 'BARE NECESSITIES', 'JOHN MILLER', 'KNIGHT HOOD', and 'MANZ'

As a measure of its commitment to the project Pantaloons Fashions (India) Ltd. proposed to invite foreign suppliers of machinery and equipments to invest in Pantaloons Fashions (India) Ltd. in the form of 11% Non-cumulative Redeemable Preference Shares of Rs.10/- each. Part of the Preference Share issued will be subscribed by Durkopp Addlers, Germany, the main supplier of machinery to Pantaloons Fashions (India) Ltd.

None of the Director is any way concerned or interested in the said resolution.

Item No. 5 :

At present the Authorised Share Capital of the Company is Rs.8 Crores divided into 80,00,000 Equity Shares of Rs.10/- each. It is considered desirable to sub divide the Authorised Share Capital from Rs.8 Crores into 70,00,000 Equity Shares of Rs.10/- each aggregating Rs.7 Crores and 10,00,000 Preference Shares of Rs.10/- each aggregating Rs.1 Crore to facilitate the

company to issue 10,00,000 Preference Shares as and when required for meeting the requirements of the Company.

The proposed sub-division in the Authorised Share Capital of the Company requires the approval of the members in General Meeting as Memorandum and Articles of Association are required to be altered to reflect the sub-division in share capital. The Board recommends the resolution.

None of the Directors is any way concerned or interested in the said resolution.

Item No.6 :

At the Annual General Meeting of the Company held on 29th September, 1995 the members had pursuant to the Section 293 (1) (d) of the Companies Act, 1956 authorised the Board of Directors of the Company to borrow from time to time a sum of money apart from temporary borrowings from bankers in ordinary course of business in excess of the aggregate of the paid up capital of the Company and its free reserves provided that the sum or sums so borrowed and remaining outstanding at one time shall not exceed Rs.50 Crores (Rupees Fifty Crores Only). This limits of Rs.50 Crores (Rupees Fifty Crores Only) is likely to be utilised considerably. It is therefore proposed to increase the limit from Rs.50 Crores to Rs. 75 Crores and the resolution of item no.7 is being proposed in view of the provisions contained in Section 293 (1) (d) of the Companies Act, 1956.

None of the Director is any way concerned or interested in the said resolution.

Item No. 7 :

Under Section 293 (1) (a) of the Companies Act, 1956 the Board of Directors of the Company needs consent of the Shareholders at a General Meeting to mortgage, hypothecate, lease or create any charge on the present or future properties/assets of the Company. It is therefore proposed to authorise the Board of Directors to create charge on the properties of the Company to secure present and future borrowings within the limit of Rs.75 Crores (Rupees Seventy Five Crores Only)

None of the Director is any way concerned or interested in the said resolution.

By Order of the Board of Directors
For **PANTALOON FASHIONS (INDIA) LTD.**

KISHORE BIYANI
MANAGING DIRECTOR

Place : Mumbai.

Date : 29th August, 1996

DIRECTORS' REPORT

To,

The Members of the
Pantaloons Fashions (India) Limited,

Your Directors are pleased to present the Ninth Annual Report with the Audited Statement of Accounts for the year ended 31st March, 1996.

1. FINANCIAL HIGHLIGHTS :

(Rupees in lacs)

	As at 31.03.1996	As at 31.03.1995
Income	5832.61	2226.97
Gross Operating Profit	419.28	191.43
Interest	188.25	79.01
Depreciation	17.91	12.98
Profit Before Taxation	213.12	99.44
Provision for Taxation	—	—
Profit After Taxation	213.12	99.44

2. OPERATIONAL REVIEW :

During the financial year ended March 31st 1996, your company has achieved a turnover of Rs. 5746.61 lacs showing an increase of 162% over the last year.

This year under review, the company has created a good name for all its brands and all stores of the company have recorded impressive growth in sales.

The company's brand "John Miller" has done reasonably well and has become one of the forerunner in the branded shirts competitive market.

The company's "Direct Marketing" venture has borne good fruits and has helped the company in improving the performance of the company and doing a social job by giving income to the unemployed youth in the country.

3. EXPORTS :

Exports during the year were Rs.366.65 lakhs (FOB) showing a growth of 211.56% over the previous year. The Company ventured into exporting its brands to the new markets in Middle East. The Company introduced a new brand exclusively for the export market and also has reached an understanding with a leading retailer for pushing its brands in the Gulf markets. This should enable your company to enhance its earnings in foreign currencies.

4. FUTURE PROSPECTS :

The company plans to open another 20 new Pantaloons shoppe or rather add 15000 - 20000 sq.ft of Retailing area this year. This company is now visible and present in all major cities of India.

The company is also planning to open a new line of casual stores called "BARE" and eight such stores are to open shortly in the year to come.

The company is also venturing into a new concept of "Retailing" which shall be more than 2500 sq. ft of retailing called "The Mega Store" which shall house everything in clothing. Two of this kind of stores totaling around 10,000 sq. ft. should be operational this year.

The company is also experimenting with the concept of "Discount Club" for which company has opened two stores and shall become one of the major revenue earner in time to come.

The company is also looking for a possible tie-up with a foreign company for setting up stores in casual knit wear for women, children and men. This is expected to be finalised this year.

The company is also negotiating to buy out some brands which can enable them to have a product range at all price points.

All this endeavor which the company is striving for shall help them to come closer to their mission of becoming a "Retailing conglomerate" and achieve a turnover of close to Rs. 100 crores in the coming year.

5. INVESTMENT IN SUBSIDIARY COMPANY:

Pursuant to Section 212(3) of the Companies Act, 1956 the Annual Accounts of M/s. Kishore Textile Mills Limited for the year ended 31st March, 1996, as also the Auditors' and Directors' Report are attached to the accounts of the Company.

6. FIXED DEPOSITS

The Company has not invited nor accepted any fixed deposits during the year.

7. DIRECTORS :

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association Mr. Radheshyam Poddar is due to retire by rotation and is eligible for re-appointment.