



YOUTHING

YOUTH INC

Organized retail in India is a bit like India itself.

Young, optimistic, networked, upwardly mobile and growing...

It's been the coming of age ... of retail in India ... of India Itself.
Young Ideas, Young Markets, Young Approach,
Young Minds, a Movement – Youth Inc.

It's time to change, innovate and connect with this India.
As an Organization, as a Business, as an Approach.
As the way forward. We are young, ambitious and passionate,
constantly innovating and experimenting.
Exploring new avenues, creating new systems.

Youth – The mantra for business this year.





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OUR BOARD

Kishore Biyani
Managing Director

Shailesh Haribhakti
Chairman - Director

Dr. Darlie Koshy
Director

S Doreswamy
Director

Anil Harish
Director

Bala Deshpande
Director

Kailash Bhatia
Wholetime Director

V K Chopra
Director

Gopikishan Biyani
Director

Rakesh Biyani
Wholetime Director

Vijay Biyani
Wholetime Director

COMPANY SECRETARY
Deepak Tanna

STATUTORY AUDITORS
NGS & Co

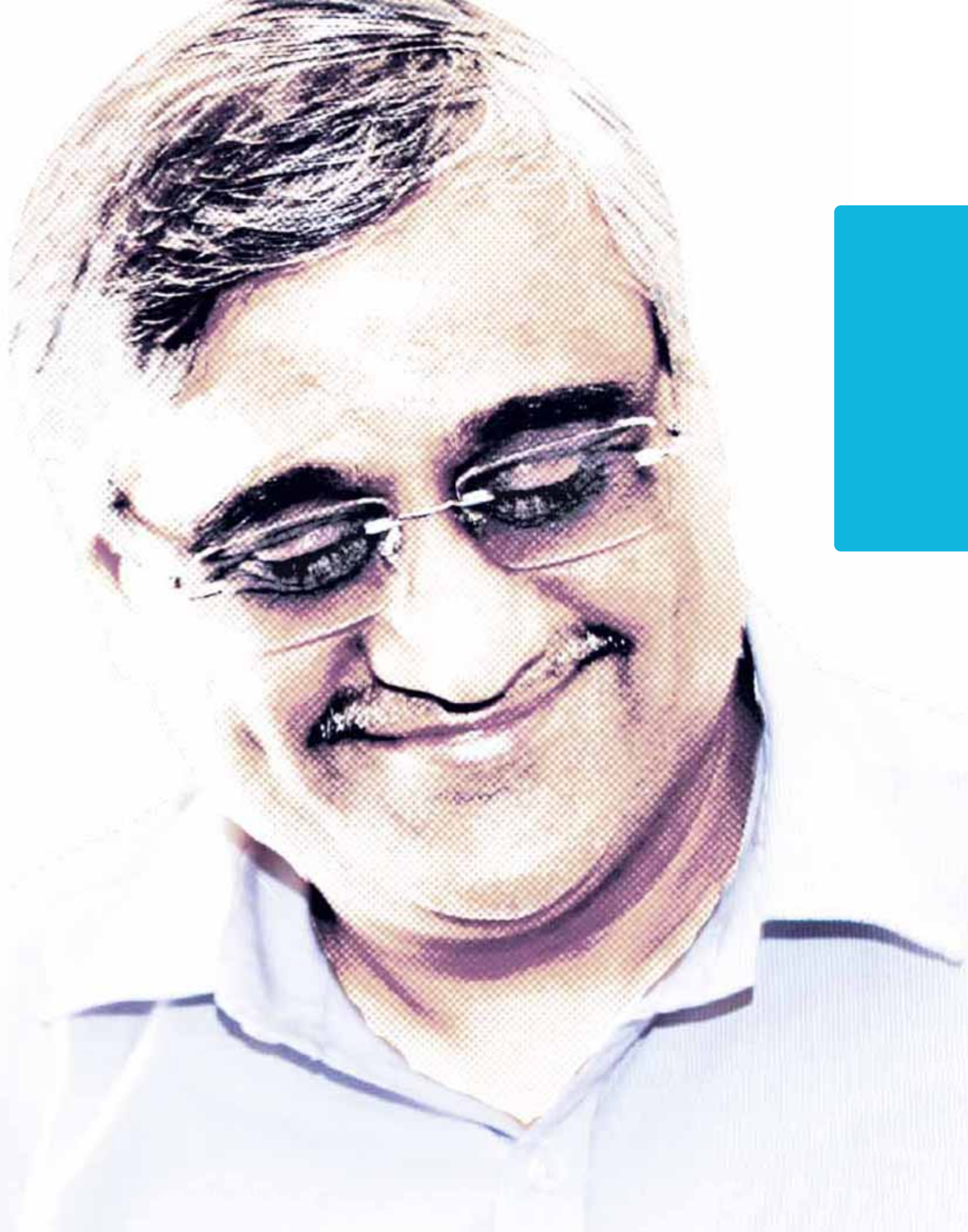
RISK ADVISORS
Ernst & Young Pvt. Ltd.

BANKERS
Bank of India
Axis Bank Ltd.
Andhra Bank
Corporation Bank
HDFC Bank Ltd.
IDBI Bank Ltd.
State Bank of Travancore
UCO Bank
Standard Chartered Bank
The Federal Bank Ltd.
Union Bank of India
Bank of Baroda
Allahabad Bank

SHARE TRANSFER AGENTS
Link Intime India Pvt.Ltd.
(Formerly Known As
Intime Spectrum Registry
Limited) C-13, Pannala
Silk Mills Compound,
LBS Marg, Bhandup (West),
Mumbai – 400 078.
Tel + 91 22 2596 3838
Fax + 91 22 2594 6969

REGISTERED OFFICE & CORPORATE OFFICE
Knowledge House,
Shyam Nagar,
Off. Jogeshwari-
Vikhroli Link Road,
Jogeshwari (East),
Mumbai – 400 060.
Tel : + 91 22 3084 1300
Fax : + 91 22 3084 2201

WEBSITE
www.pantaloonretail.in



MD TALKS

I believe that your company is now poised to enter its youth. Most of our retail formats have now matured. More importantly, the systems and processes that we have built, the infrastructure that we have developed and the management bandwidth and talent we have created are capable of delivering disproportionate and profitable growth. From here on, our mantra is of getting “more from the same.”

Dear Stakeholders

We are pleased to share the Annual Report of your company for the financial year 2010-2011. It was an eventful year and seen in the context of the last three years, the period has been marked by unprecedented challenges and exciting opportunities. The core retail business of your company grew at the compounded growth rate of 31.84% during these last three years. The year on year same-stores-sales growth in lifestyle segment was 15.56%, value segment was 10.31%, and in home segment was 8.32%. These growth rates are comparable with the industry, but we believe that your company is now poised to deliver much more.

Building an enterprise is much like rearing a child from infancy to adulthood. As a new born grows up, she requires a huge amount of nurturing and nourishment. From infancy to childhood and from childhood till she reaches youth, the kid demands attention and most importantly patience. And then one day, the kid matures into a youth, ready to stand on their own, make their own mark and make their parents and family members who took in all the hardships proud. So it is with organizations.

From a start-up to its growth phase and till it reaches a steady-state, an organization demands disproportionate amount of nurturing and resources. It needs to explore possibilities and opportunities, gain knowledge and expertise, and build an ecosystem around it to strengthen

its foundation for the future. Organizations are like living organisms and it is equally important to inculcate the right culture and values, develop symbiotic relationships with its stakeholders and know the world around it. And then one day, it transforms from childhood to youth – ready with veins and muscles that can create significant value for all stakeholders.

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From Infancy to Youth

Ten years back when we opened the first three Big Bazaar stores, we were starting a new journey - going beyond our traditional area of strength in the fashion category. Most retailers like us then were primarily focused on the fashion category. However, we decided to go beyond and over the period of time have developed substantial scale and strength in food and fmCG, general merchandise and homewares, home improvement and consumer electronics. The size and scale of these operations is somewhat unparalleled in the industry. Our operations are spread across the country and our retail brands are most trusted and well recognized across India.

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We are leveraging our sourcing strengths in all product categories, our logistics and delivery network and lower cost of customer acquisition and integrating it with a strong technology backbone. This has the potential to be a game changer and a significant value creator for the organization in the longer run. We believe that our connected commerce platform on the digital space has the potential to contribute around 15% of our turnover at significantly lower cost.

However, developing this comes with a demand for patience, management bandwidth and resources. In most countries, retailers dealing in these categories can focus on retailing alone. But when we started to grow, we realized the need to create the industry around retail that could enable retail to take off. We started developing many of these businesses. And as we developed we also matured. Many of the businesses we had built, gained significant traction and had acquired a life of their own. Some of course didn't. In this journey, since we were often the first, we made the maximum number of mistakes and learnt the most. And today, we are proud to say that we know each business threadbare, where the opportunities lie, which is the mirage and which is the oasis.

Our retail business had supported the building of these businesses. A relatively small investment in setting up a financial services business few years back has today created more than ten times value for the company. But that is clearly far, far below our expectation. A similar investment in setting up logistics network has created a far more significant value and attracted the world's most prominent retail logistics business to invest, partner and grow it. Likewise other businesses too have matured and can now grow on their own without the financial support of the mothership.

Pantaloon Retail was meant to be a retail business and that's what it should be. Hence, we started to divest each of these non-core, non-retail businesses. It allowed Pantaloon Retail to focus its resources on retail and each of the other businesses to take their own wings.

Over the last eighteen months, we have divested Pantaloon Retail's stake in most non-retail businesses and created a focused, wholly-owned subsidiary to operate its value retail business that includes Big Bazaar. The only large non-retail business still partially owned by Pantaloon Retail is our consumer finance and insurance business and we intend to separate them from Pantaloon Retail and create a retail pure-play. However, these are substantial businesses it takes time and patience to track external factors and find the most opportune time.

Challenges & Opportunities

As we move ahead, we foresee new challenges and new opportunities. The most significant of this relates to our most crucial raw material – good spaces in good locations in key Indian cities. Domestic consumption is expected to double within this decade and a large part of it will happen through modern retail. However in all our crowded metropolises, there is little new space available to build the next generation of shopping mall and consumption centers. As modern retail grows, quality real estate will get more and more scarce. Through our scenario

For the near term, we have booked more than 9 million square feet of prime spaces in India's largest cities. We believe that this will give us a key competitive advantage as completion gains traction and with the imminent entry of foreign players. This real estate pipeline will help us secure our growth at a lower cost than competitors.

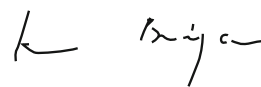
planning exercises we have made an indepth analysis of such a situation. And keeping this in mind, we have taken two key strategic directions.

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For the longer term, we are building a strong presence in the digital space. Through a connected commerce platform, our strategy is to capture a substantial part of new consumption across categories through the digital space. We are leveraging our sourcing strengths in all product categories, our logistics and delivery network and lower cost of customer acquisition and integrating it with a strong technology backbone. This has the potential to be a game changer and a significant value creator for the organization in the longer run. We believe that our connected commerce platform on the digital space has the potential to contribute around 15% of our turnover at significantly lower cost.

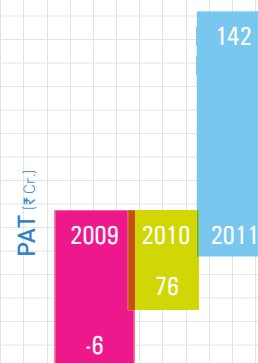
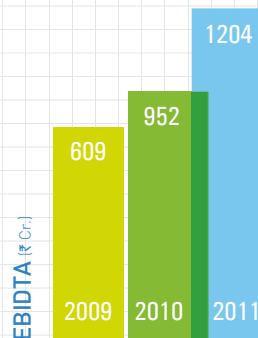
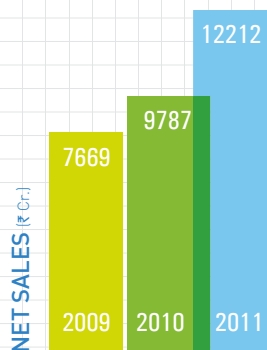
With all the investments in technology, infrastructure and manpower, we believe we have today built an organization that is capable of delivering far more growth and productivity. And therefore we believe that the best of times is ahead of us. The Indian consumption story is yet to begin in its full glory. In all developed economies, retailers are among the largest businesses, wealth creators, employers and we will expand prudently and wait patiently for our turn. We thank you for your attention, nurturing and patience in helping transform this very unique organization from its infancy to its youth.

Rewrite Rules, Retain Values

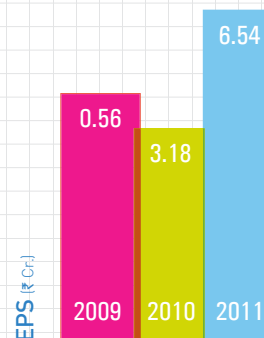


Kishore Biyani

2010



Company announces a record dividend of ₹0.90 (45%) on equity shares with face value of ₹.2
The net increase in retail space during the year was 2.26million square feet, taking the total operational space to 15.24 million square feet.



24.8% GROWTH IN TURNOVER

85.96% GROWTH IN PAT

105.7% GROWTH IN EPS

