

Outcome of Board Meeting of Pantaloon Retail (India) Limited held on 30th October, 2009

Board Approves Realignment of Businesses with a Focus On:

- Unlocking Shareholder Value in Non-Retail Businesses
- Consolidating Pantaloon Retail as a Pure Retail Play
- Big Bazaar & Food Bazaar to be a Wholly Owned Subsidiary

Mumbai, 30th October 2009: The Meeting of the Board of Directors of Pantaloon Retail (India) Limited was held on 30th October, 2009.

The Board reviewed the realignment decisions approved earlier. Favourable market and competitive dynamics have opened up opportunities for the Company to accelerate its retail business growth and market leadership. The Board considered plans to reorganize the businesses with a view to encash value created in non retail businesses, create greater financing flexibility and offer investors an opportunity to benefit from sector-focused business entities.

Commenting on the proposal made by the Management to the Board, Kishore Biyani, Managing Director, Pantaloon Retail (India) Limited said, "In the last few years, the Company had forayed into allied businesses in the consumption sector with a view to strengthen the retail business as well as leverage on new opportunities that the Indian economy provides. In order to unlock more value for the shareholders, the Management had proposed to independently govern and build these businesses, while retaining the character of Pantaloon Retail as a pure retail play, focusing on retail businesses."

The Board considered the proposal of unlocking the value and consolidate its investments made in the financial services business of the Company (viz. holding in Future Capital Holdings Limited & in the Insurance Joint Venture Companies) to enable direct participation of the shareholders, while continuing the management control. The Board approved the same and authorized the Committee of Directors to take necessary steps including regulatory approvals, appointment of various professional agencies, approval of scheme and / or any other arrangements and its implementation.

The Board also approved transfer of investment in Future Brands Limited and transfer of assets held by non retail businesses held through its wholly owned subsidiaries such as Future Knowledge Services Limited and Future Learning and Development Limited for an aggregate consideration of Rs.190 crores to PFH Entertainment Limited (a promoter company). The consideration has been agreed based on valuation of the investments and assets were done by two independent valuers – global accountancy firm Grant Thornton India & merchant banker, Enam Securities Private Limited.

The Company's Value Retail business, led by its format divisions, Big Bazaar and Food Bazaar has gained tremendously in size and scale and emerged as a market leader in modern retail. The Management believes that it now demands a focused approach for further growth and expansion. The Company operates 119 Big Bazaar stores in over 70 cities across the country and plans to expand and operate close to 275 stores by 2014. In order to enable the same, The Board approved the revised proposal to drop down Big Bazaar, Food Bazaar and related formats into a wholly owned subsidiary with a view to enable capital infusion. The drop down is subject to consent by the requisite majority of Shareholders of the Company and any other statutory or regulatory authorities, which by law may be necessary for giving effect to the above decision.

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