



INDIA'S MOST  
**RESPECTED**  
**RETAILER**

SHOPPERS STOP

ANNUAL REPORT 2013-14









Earning our customers' respect, trust and loyalty is of paramount importance to us.

Day in and day out we work tirelessly, relentlessly and most of all, smilingly, to delight our customers. This unwavering intent has enabled us to amass a wealth of customer loyalty.

Our focus has always been to give our customers a world-class shopping experience, unparalleled service and a wide assortment of superior brands. Coupled with today's technological advancements, we are able to provide our customers with a seamless shopping experience like never before. It is this customer-centric approach that sets us apart. Seeing our customers happy is what makes us tick.

This past year, we have received numerous industry accolades which only further underscore our efforts. Most notably, we were conferred the title of the 'Most Respected Company in the Retail Sector' by BWIBusinessworld's Survey of 'India's Most Respected Companies'. We also received the award for the 'Most Trusted Retailer' by the Economic Times Retail Awards.

We dedicate this Annual Report to all our customers. We are humbled by the trust and love you have for us.





FORMATS

RENOWNED FOR  
OUR RETAIL FORMATS





From fashion to home needs, from books to infant care, from brick to click stores, our diversified formats are an intrinsic part of every household. We ensure that our customers are spoilt for choice across products, brands and formats. We are an integral part of every customer's journey of personal transformation. Be it a life-time event or a small occasion or even a daily need, our formats provide customers with exactly what they are looking for.

### Shoppers Stop

Shoppers Stop is the Company's flagship business of department stores. It offers customers a world class shopping experience through its 67 stores, including 5 airport stores, across 31 cities. Shoppers Stop offers a wide assortment of national and international brands across categories such as fashion apparel, accessories, cosmetics, perfumes, homeware and more. Tommy Hilfiger, CK Jeans, French Connection, Guess, United Colors of Benetton, Jack & Jones, Vero Moda, Being Human and US Polo are just a few of the many brands available in Shoppers Stop. In addition to the host of such national and international brands, Shoppers Stop offers a wide variety of merchandise across categories under its exclusive brands STOP, Kashish, Life, haute curry, Elliza Donatein, inSense', iJeanswear, Mario Zegnoti and Vettorino Fratini, amongst others.

### HomeStop

HomeStop is the first-of-its-kind premium home concept store from Shoppers Stop Ltd. It has 18 stores across 12 cities. It is a one-stop shop for all home needs ranging from home décor to furniture, bath accessories to bedroom furnishings, mattresses

to draperies, kitchen accessories to tools & gadgets, appliances to storage solutions and carpets, etc. all under one roof. The extensive choice of brands available at HomeStop includes the exclusive brands such as IVY, Fern, Treasures, Harrisa and STOP. Also available are renowned national and international brands like Philips, Morphy Richards, Esprit, Portico, Spaces, Swayam, Bombay Dyeing, Spirella, Interdesign, Progressive, Norpro, Umbra, OXO, Joseph Joseph, Lock & Lock, Wonderchef, Bergner, Corelle, Luminarc, Ocean and Soul Flower, amongst many more.

### Crossword

Crossword is the leader in the lifestyle bookstore category with a unique product mix of books, magazines, movies, music, stationery, toys, hardware, accessories and gifting. A wholly owned subsidiary of the Company, Crossword has 87 stores across 28 cities in India. Its online foray, [www.crossword.in](http://www.crossword.in), includes more than 50 lac book titles. It has also introduced categories like toys, games, movies, music, gifts and eReader to its online store. There is a cash-on-delivery service as well.



## HyperCITY

HyperCITY has redefined the experience of the Indian consumer in the 'big box mixed retail' format. Its offerings include food and grocery, fashion, electronics, home furniture, home needs, sports, toys and stationery. The business operates a 'Big Store Big Savings' byline and delivers quality products at a great value all under one roof. HyperCITY operates 15 stores in 9 cities of Mumbai, Bengaluru, Pune, Ahmedabad, Hyderabad, Bhopal, Jaipur, Vadodara and Amritsar. HyperCITY is a 51% subsidiary of the Company.

## Mothercare

Shoppers Stop Ltd. (SSL) has an exclusive retail arrangement with Mothercare PLC of UK to open and operate Mothercare shop-in-shops in India within Shoppers Stop stores. Mothercare, UK's premium international brand for maternity, infant and childcare products, has 41 stores operated by SSL, including 4 standalone stores, with a presence in 18 cities.





### Estee Lauder Group of Companies

Shoppers Stop Ltd. (SSL) has entered into a non-exclusive retail agreement with world renowned cosmetics major Estee Lauder to open stores for international brands like M.A.C, Estee Lauder, Clinique and Bobbi Brown in India. Shoppers Stop Ltd. has 33 M.A.C stores with a presence in Mumbai, Bengaluru, Delhi, Amritsar, Chennai, Hyderabad, Pune, Gurgaon, Noida, Ludhiana, Chandigarh, Surat and Kolkata. There are 9 stores of Estee Lauder, one each in Bengaluru, Mumbai, Chennai, Delhi, Gurgaon and Kolkata. There are 23 stores of Clinique with a presence in Mumbai, Bengaluru, Delhi, Kolkata, Hyderabad, Amritsar, Chandigarh, Surat, Kolkata and Pune. There is 1 Bobbi Brown store in Delhi.

### www.shoppersstop.com

Shoppers Stop Ltd. has reached out to customers across India, and also to NRIs, through its e-commerce website [www.shoppersstop.com](http://www.shoppersstop.com). It offers over 32,000 products across categories such as apparel, accessories, home décor, etc. It delivers to more than 1000 cities and towns across the country.

The online shopping website offers the ease and convenience to shop for leading lifestyle brands from anywhere with secure payment options. This financial year, [www.shoppersstop.com](http://www.shoppersstop.com) was successfully re-launched on a new platform to support the Company's vision and growth for the online medium. Through the very successful 'Style Hub' fashion property, we help style customers' wardrobes by showcasing the season's must-haves and latest trends.

### Timezone

Shoppers Stop Ltd. has a 48.42% stake in Timezone Entertainment Private Limited which is the business of operating Family Entertainment Centres (FECs). It has 23 doors.

### Nuance Group (India) Pvt. Ltd.

The Company and The Nuance Group AG, Switzerland has inked a 50:50 joint venture for operating duty free stores at airports. This JV Company, Nuance Group (India) Pvt. Ltd., operates a duty free store at the international airport in Bengaluru.





BRANDS

POWERED BY  
FASHIONABLE BRANDS





Powerful brands that have timeless appeal and are yet always in sync with the latest trends. Our brands make our customers look good and feel great. Attuned to our philosophy of 'Start Something New', Shoppers Stop offers top-notch quality brands that are aspirational and always make a statement.

Over the years, Shoppers Stop has continued to introduce exciting new brands and collections and has created a differentiator through its exclusive and non-exclusive retail arrangements with world-class brands. The range of Indian and international brands have been carefully selected to meet the desires of the discerning modern shopper.

Having acquired unique insights through its extensive retail experience, Shoppers Stop has been able to anticipate the needs of today's shoppers and has consequently introduced several bridge-to-luxury international brands in India much before others. Shoppers Stop has set a benchmark for a truly world-class shopping experience.

**S T O P**  
every wear

Smart clothes and accessories that are a perfect mix of classic and contemporary style.

**LIFE**  
LIVE IT NOW

Trendy casual clothes and accessories based on global fashion trends.

**kashish**

Elegant and ornate occasion wear and accessories for ethnic chic. The ever-graceful actress Soha Ali Khan has been appointed the brand ambassador for Kashish. Her personal style statement perfectly reflects the essence of the brand.

**VETTORIO ZFRATINI**  
SPORTSWEAR

Contemporary, trendy and casual sportswear and accessories for upwardly mobile image-conscious men.





## haute curry

haute curry is a young and funky ethno-fusion brand for today's young fashion divas. Vivid Indian colours and motifs are fashionably captured in modern silhouettes and designs. The line comprises stylish kurtis, trendy salwaar kameez and dupatta sets, as well as a chic range of accessories. The young, stylish and talented actress Shruti Hassan has been chosen as the brand ambassador for haute curry. Her versatile style, youthful energy and panache make her a perfect choice for the brand. Her funky fashion sense mirrors the modernised ethnicity of haute curry's designs and styles.



Fashion denim wear for the urban youth that epitomises individuality.

## insense'

Elegantly stylish yet practical and comfortable women's wear for special occasions.



Fashion and party wear for stylish and flamboyant men.



Fashionable corporate wear and accessories for women.



#### INTERNATIONAL BRANDS

### AUSTIN REED

Shoppers Stop enjoys an exclusive retail arrangement with the British fashion and lifestyle brand Austin Reed. Under this, the Austin Reed range of formal business wear for men and women is exclusively available at Shoppers Stop stores.



This German brand has been brought to the Indian market through an exclusive retail arrangement, in the department store segment, with Shoppers Stop Ltd. The apparel exhibits significant international influence in style and finesse and it exudes urban chic with its authentic style and unmatched comfort.

#### OTHER BRANDS INCLUDE

HomeStop



IVY



HyperCITY



e b a n o



A V O R I O





LOYALTY PROGRAMME

TRUSTED BY OVER  
3.29 MILLION  
LOYAL CUSTOMERS







Our customers' loyalty is priceless. Our focus has always been to nurture and strengthen our relationship with our customers. Earning their trust and loyalty is what drives us every single day. Today, over 3.29 million loyal customers are a part of the First Citizen Loyalty Programme. This is a testament of their loyalty and a matter of great pride for us.

#### **Shoppers Stop First Citizen Loyalty Programme**

Shoppers Stop believes that it is every employee's duty to do whatever it takes to delight customers. It is this customer-centric approach that has enabled Shoppers Stop to garner such commendable customer loyalty. The First Citizen Loyalty Programme is the first of its kind to be instituted in the retail industry in India. It has more than 3.29 million loyal members who contribute to over 72% of sales. Today, it is one of the most successful customer relationship and loyalty programmes in the industry. What makes this programme even more special is that it attracts more and more members every day. With an addition of upwards of 0.40 million members, Shoppers Stop's First Citizen Loyalty Programme continues to flourish.

The objective of the First Citizen Loyalty Programme is to ensure customer delight and enhance customer satisfaction. To truly know and understand customers, Shoppers Stop analyses the proprietary First Citizen data on a continuous basis. The insight thus gleaned, termed 'First Insight', helps to plan targeted offers, brands and communications. In FY 14, Shoppers Stop was able to generate over ₹ 100 crores of incremental turnover through such targeted initiatives.

#### **Crossword Book Rewards Programme**

Customer satisfaction and customer loyalty being the no. 1 priority for Crossword, The Crossword Book Rewards Programme rewards its loyal members with points, discounts, previews during sales, event updates, news on various upcoming titles, offers and much more. 'eWords', a monthly e-newsletter with reviews of new books, news about in-store events and best seller lists, is mailed to these members. Crossword has added 50000 plus members this year, increasing the total loyalty base to 4.5 lac members. The Book Rewards Programme contributes to 48% of sales of Crossword bookstores.

#### **Discovery Club Programme**

The HyperCITY Discovery Club brings every customer great savings, exclusive promotions, special previews and a whole lot more. One can earn discovery reward points and redeem them against purchases. This loyalty programme reflects HyperCITY's commitment to offer its customers the ultimate shopping experience. HyperCITY's loyalty programme Discovery Club, launched in 2009, continues to grow and represents 55% of sales. There are a total of 8.2 lac members.





MARKETING INITIATIVES

ADMIRED FOR OUR  
MARKETING  
INNOVATIONS





Our clutter-breaking campaigns and innovative offerings have always been conversation-starters. We believe in constantly pushing the envelope and doing all it takes to ensure that our customers have the best shopping experience with us.

### Brand Campaign

Shoppers Stop's brand campaigns have always been distinctive and memorable. In line with the brand philosophy of 'Start Something New', the latest campaign has been crafted to inspire customers to keep changing and reinventing themselves. The campaign features Shoppers Stop's signature style and chic imagery and is laced with tongue-in-cheek undertones that urge customers to reinvent themselves.

### End of Season Sale

Shoppers Stop's 'Delightfully Low Prices Up To 51% Off Sale' is one of the most anticipated offers of the year. In order to promote the End of Season Sale, Shoppers Stop crafted distinctive elements across media platforms such as press, outdoor, radio, along with a dedicated focus on social and digital media.

As a first, Shoppers Stop also promoted the End of Season Sale by launching TV ads in specific cities through geo-targeted TV advertising.

Moreover, Shoppers Stop created exclusive audio-visual communications on YouTube which communicated the core message of this campaign in a youthful tone. The Sale campaign was also supported by advertisements in leading publications across cities with Shoppers Stop stores.

### Choose Your Own Gift

Shoppers Stop's loyal customers are treated to annual promotions that are exclusively crafted for their benefit. 'Choose Your Own Gift' offered customers the chance to select their own gifts from within the store. Instead of offering a pre-selected gift,

Shoppers Stop offered its loyalty programme members bonus reward points on their purchases, which could be redeemed on any product of their choice.

### First Citizens' Fiesta

Shoppers Stop gave its First Citizens another reason to rejoice with the launch of the First Citizens' Fiesta. This promotion provided loyal customers with a discount voucher worth ₹ 500 on a single transaction of ₹ 5000 or more.

### e-Gift Vouchers

With an aim to transform the gifting experience, Shoppers Stop launched the perfect gifting option: e-Gift Vouchers. The e-Gift Vouchers empower customers with the option to instantly gift their loved ones, irrespective of time or location. It can be seamlessly delivered to the recipient through email and can be utilised at both physical and online stores. The recipients have the freedom and flexibility to indulge in their personal choices and preferences with the Shoppers Stop e-Gift Voucher.

### Shoes, Bags & Shades Mania

This promotion gave customers the opportunity to enjoy exclusive offers on shoes, bags and sunglasses. The offer was available on the choicest brands in each category.

### Denim Exchange

The 'Denim Exchange' offer invited customers to donate their old but wearable denims and in return, enjoy discounts on their new purchases of denim wear. The old denims collected through this offer were donated to the NGO partner - 'A Hundred Hands'.

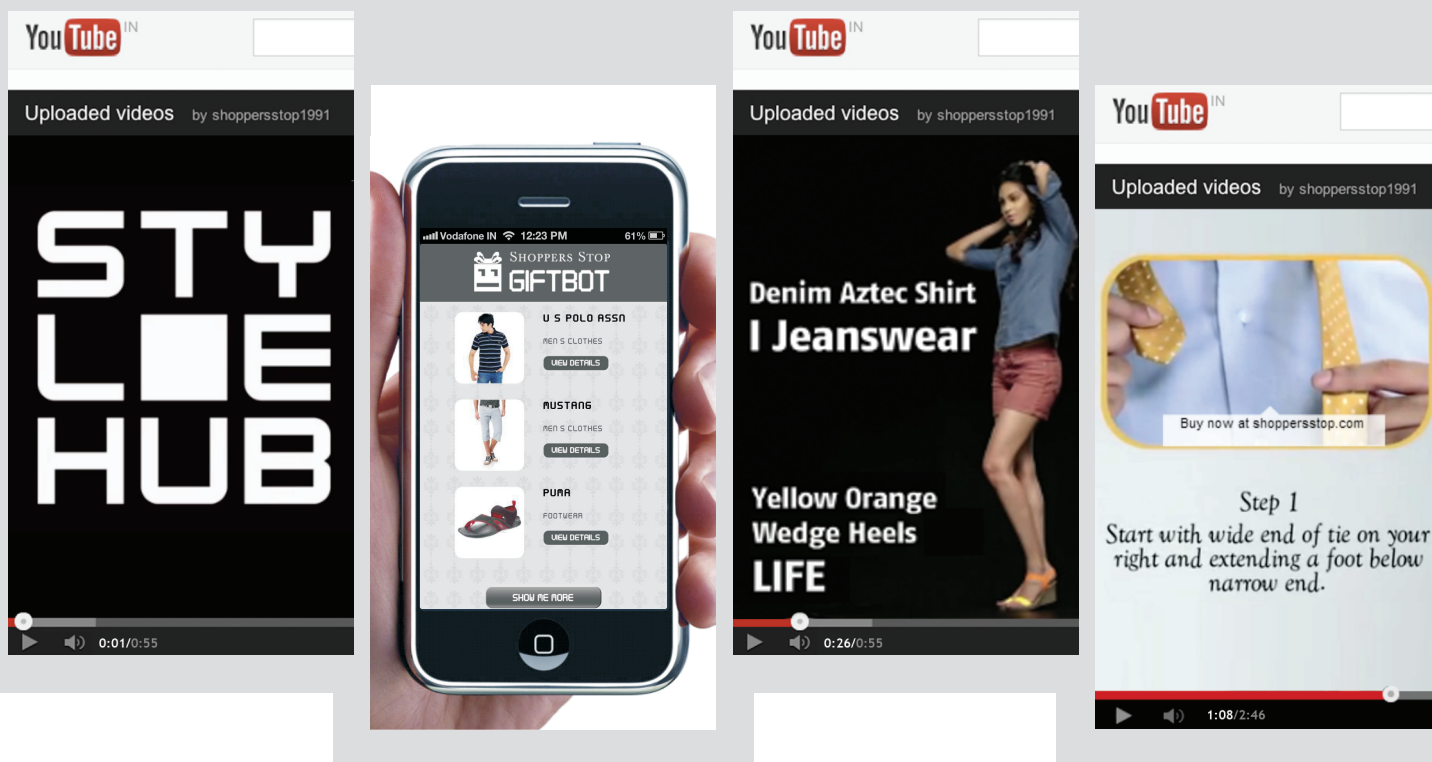




DIGITAL INITIATIVES

# CONNECTED TO OUR CUSTOMERS





Digital technology and social media afford us uninhibited interaction with our customers. Staying connected and engaged with them allows us to further strengthen our relationship. From Facebook interactions to viral Twitter campaigns, from informative YouTube videos to unique mobile apps, our objective is to use this medium to communicate and engage with our customers in a more meaningful way.

#### Facebook

Shoppers Stop actively engages with customers on its popular Facebook page. It constantly churns out interesting and engaging content on Facebook to keep fans hooked. It is little wonder that Shoppers Stop has over 5.33 million fans on Facebook, making it the largest big-box retailer on Facebook in India. It engages its fans and followers on a real-time basis through constructive dialogues, innovative contests and unique promotions such as the 'Perfect For Me' app, 'Denim Memes', etc.

#### Twitter

Shoppers Stop engages its followers on Twitter with contests and quirky campaigns. It has successfully tapped into the 'hashtag' trend with exciting and innovative games and contests. For instance, it created the world's first '#TwitterAuction', an online auction in which bidders could bid for a product from Shoppers Stop using a tweet instead of real money. Similarly, contests such as '#GuessTheProduct', '#ShoppersStopBDay', '#OnlyAWomanCan', etc. kept Shoppers Stop's twitter followers hooked all through the year.

#### YouTube

Shoppers Stop has a dedicated channel on YouTube (shoppersstop1991) that offers customers an opportunity to experience audio-visual content crafted by the brand. It has created exclusive audio-visual communications regarding various offers and promotions. These include the popular digital

ads for the 'End of Season Sale', 'Choose Your Own Gift', 'First Citizen Sale Preview', 'Gift Card', etc. that have garnered numerous views.

Another exciting YouTube innovation is the Shoppers Stop 'How to.' series. This is a series of fun, instructive, engaging and youth-centric videos that give customers fashion and grooming tips. The videos range across topics such as 'How to dress for a party' to 'How to tie a tie' to 'How to apply make-up', etc. Customers also have the choice to buy the products showcased in these videos via the e-store.

In the past year, Shoppers Stop introduced 'Style Hub' videos on its YouTube channel. It is a fashion content property that features a set of videos which showcase different styles and looks.

#### Exclusive Apps

Shoppers Stop continues to offer its loyal customers an exclusive mobile application. Using this tailor-made app, Shoppers Stop First Citizen members can swipe their card without actually having the card, check card number and card details, get information on promotions and offers in stores, check reward points and much more. The First Citizen mobile app has been made available across mobile platforms such as Blackberry, iPhone and Android. Shoppers Stop also created an exclusive app called the GiftBot app. Using this application, customers can get gifting ideas based on certain criteria such as budget, age, etc.





REACH



PREFERRED BY  
CUSTOMERS ACROSS  
THE COUNTRY





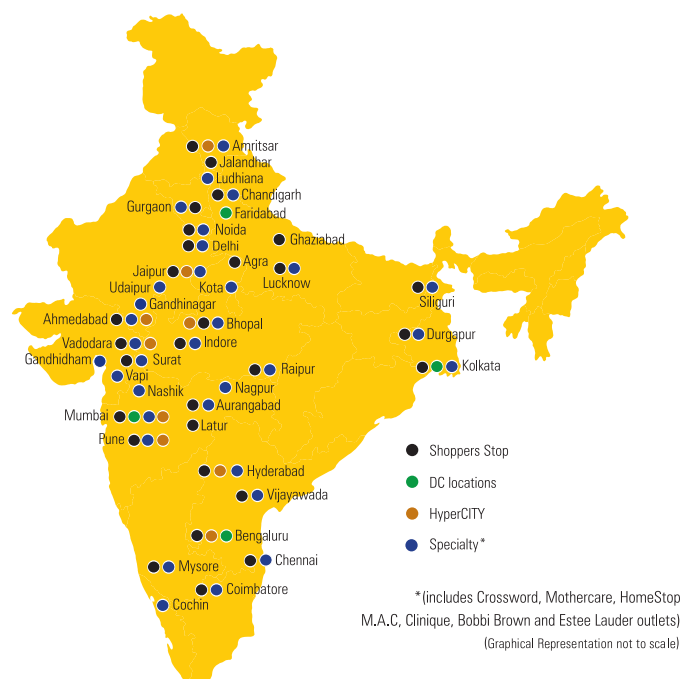
Customers have come to expect no less than a world-class shopping environment at our stores. We aim to extend this experience to new cities and towns across the country. Our sights are firmly set on profitable growth and steady expansion.

Customers are treated to a complete sensorial experience while shopping at Shoppers Stop stores. The soothing fragrance of the Beauty hall at the entrance mesmerises customers as soon as they step in. The luxurious and uncluttered layout of the stores helps customers shop at ease, while the peppy Shoppers Stop Radio brightens up their mood. The liberty to try out products without the obligation of purchase, like make-up, adds to the overall shopping experience. The in-store café ensures a refreshing break in-between shopping.

During the year, the Company extended this unparalleled shopping experience to newer cities and catchments by launching 13 Shoppers Stop stores. HomeStop added 5 stores, Estee Lauder added 3 stores, M.A.C added 6 stores, Clinique added 8 stores, Crossword Bookstores added 13 stores (including franchise stores) and HyperCITY added 4 stores. Shoppers Stop Ltd. also launched 1 Bobbi Brown store in Delhi.

Where physical stores are not present, Shoppers Stop has reached out to customers across India and also to NRIs, through its e-commerce website [www.shoppersstop.com](http://www.shoppersstop.com). It delivers to more than 1000 cities and towns across the country. The online shopping website offers the ease and convenience to shop for leading lifestyle brands from anywhere with secure payment options. What's more, customers who shop online can even avail free home delivery, cash-on-delivery payment options in 250 cities and utilise Shoppers Stop Gift Cards and e-Gift Vouchers too. First Citizen members can earn and redeem points on their online purchases as well. Customers also have the option to exchange products purchased online at any physical store.

Shoppers Stop has broadened its reach even further by firmly establishing itself in the digital space. From an active presence on social networking websites to introducing apps that take the experience to the next level, Shoppers Stop is moving toward a digital omnipresence.







FINANCIAL



FOCUSED ON  
STEADY AND  
STRATEGIC GROWTH

SHOPPERS STOP

SHOPPERS STOP

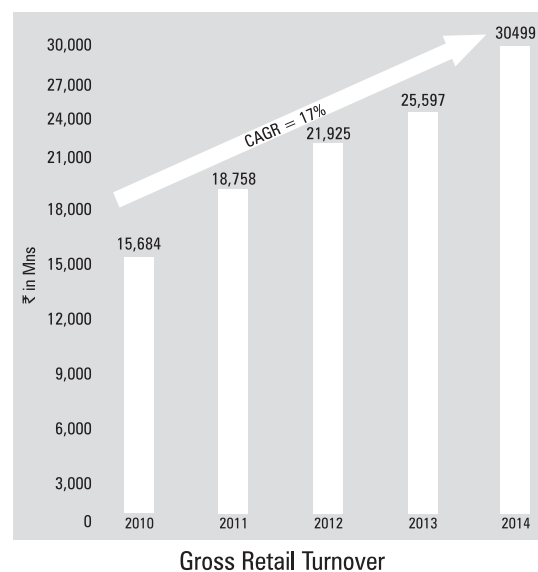




We pride ourselves on our sound business model. A resolute focus on customer delight, stringent cost rationalisation and sound business practices contributes to our steady growth.

The Company is focused on building a profitable business that not only provides great value to its customers but also to its shareholders. Amidst uncertain macro headwinds, the Company has undertaken numerous initiatives and designed multiple activations to boost overall growth. In FY 2014, Shoppers Stop Ltd. achieved a Gross Retail Turnover of ₹ 3050 crores, up by 19%.

The Company witnessed a challenging environment in the past year with the first half seeing a double-digit growth while the second half was relatively subdued. The overall like-to-like growth was at 10.2% for the year. The Company continues to extend the retail footprint of its various formats in the country with a keen focus on existing as well as tier II cities.







HONoured WITH  
NUMEROUS INDUSTRY  
ACCOLADES AND AWARDS





A smile from our customers, a simple 'thank you', a note of appreciation, their firm loyalty – these are our biggest rewards. Therefore, the recognition we receive from the industry and peers is the icing on the cake! The awards and accolades motivate us to keep working hard for our customers. During the year, Shoppers Stop was the proud recipient of many industry accolades, few of which are mentioned below.

BWIBusinessworld magazine named Shoppers Stop Ltd. as 'India's Most Respected Company in the Retail Sector'.

Great Place To Work® Institute ranked Shoppers Stop as the '3rd Best Retailer' in the 'Best Places to Work – Retail Category'. Shoppers Stop has been ranked the 3rd best retailer to work for from among other retail organisations in India.

At the prestigious Economic Times Retail Awards, Shoppers Stop walked away with the awards for the 'Most Trusted Retailer of the Year' and 'Customer Loyalty Initiative of the Year'.

The Indian Retail Forum 2013 conferred Shoppers Stop with the 'Most Admired Retailer – Department Store' and the 'Most Admired Retailer – Effective Technology Usage' awards. HomeStop was awarded the 'Most Admired Retailer – Home and Office Improvement'.

Shoppers Stop received the 'Retail Supply Chain Excellence' award at the 7th Express Logistics and Supply Chain Conclave.

Shoppers Stop was bestowed the 'Best Green Energy Efficiency Initiative' award at the Global Green Leadership Awards 2014. It also received the 'Eco Recognition & Green Crusade' award from Green Enterprise.

HomeStop received the prestigious 'Global Innovation Award (GIA)' for retail house-ware excellence.

At the Asia Manufacturing Supply Chain Summit, Shoppers Stop received the 'Best Supply Chain Initiative of the Year' award for its GS1 initiative as well as a joint award for 'Manufacturing/ Supply Chain Leadership and Strategy'.

The World HRD Congress awarded Shoppers Stop the 'Coaching Organisation of the Year' and the 'Best Organisational Leadership Development Programme'.

At the prestigious Loyalty Summit 2014, Shoppers Stop won the coveted 'Loyalty Programme of the Year' in the large-format retail sector.

The VM&RD awards bestowed upon Shoppers Stop the award for 'Best Department Store – Thane' as well as merit awards for 'Best Visual Merchandising across India' and 'Best Window Display across India'.





CSR

A black and white photograph of two children running joyfully in a city street. The boy in the foreground is wearing a plaid shirt over a t-shirt that says 'NEW YORK UNIVERSITY PHYS. ED. 08' and jeans. The girl behind him is wearing a dark long-sleeved shirt, a plaid skirt, and polka-dot leggings. They are both smiling and looking towards the camera. In the background, there is a large, multi-story building with many windows and a parked car.

COMMITTED TO  
MAKING A DIFFERENCE





We are committed to conducting our business in an environmentally sustainable manner. Avid efforts are made to integrate social concerns into the very core of our business and strategy. We firmly believe that giving back to the society enriches us that much more. Some of the initiatives are listed below.

#### Energy Conservation

Shoppers Stop's energy management policy is built on the tenets of the 3 R's i.e. Reduce, Reuse, Recycle. It has introduced numerous energy monitoring and energy control tools to avoid wastage and indiscriminate use of all forms of energy. The Company has deployed systems such as Variable Frequency Drives (VFD), eco-friendly refrigerant in chillers, LED lights, etc. The Company undertakes recycling of electronic waste in an organised manner. Moreover, left-over materials from projects are used to create infrastructure at underprivileged schools.

#### Solar Power Initiative

In a first of its kind in the retail sector, Shoppers Stop introduced a unique energy management initiative of using solar power at its Andheri store in Mumbai. Solar panels have been installed on the roof of the store. The 30KW energy generated from these solar

panels is utilised to power the second floor of the store. This initiative not only aims to conserve energy but also permits savings on power costs.

#### Back to Earth by HomeStop

HomeStop continued to offer the eco-friendly brand 'Back to Earth'. This collection has been inspired by nature and the products are made of rubber wood, dead wood, Chinese jujube, bamboo, jute, natural fibre, recycled wood and linen. One can choose from a wide range of products across categories like furnishing, bed linen, kitchen accessories and home decor.

#### Foundation Day celebration

The Foundation Day of Shoppers Stop is celebrated by adopting various social causes. Each store, region and Services Office helps an NGO of its choice.





## BOARD OF DIRECTORS



CHANDRU L. RAHEJA



RAVI C. RAHEJA



NEEL C. RAHEJA



GULU MIRCHANDANI



SHAHZAAD DALAL



NITIN SANGHAVI



DEEPAK GHAISAS



NIRVIK SINGH



AVNISH BAJAJ



ABANTI SANKARANARAYANAN



B. S. NAGESH



GOVIND SHRIKHANDE



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SHOPPERS STOP



## CHAIRMAN'S STATEMENT

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## CHAIRMAN'S STATEMENT

Last year the economic environment continued to be challenging. In spite of that, your Company registered a double digit same store growth, which speaks highly of the resilience of the business model and the quality of the management. We continue to invest in the future, and the current investment cycle into new stores and their ramp up towards profitability are inevitably having a drag effect on profits in the near term. Once these stores achieve profitability, your company's overall profitability will show a marked improvement.

Effective 1st March, 2014, Mr. Salil Nair was elevated to the position of Chief Executive Officer (CEO) of the Company. He has spent over 19 years working at Shoppers Stop. Over the last few years, in his capacity as COO, Mr. Salil Nair has spearheaded Operations, Buying & Merchandising and Store Design teams. His keen focus on customer service, strong product assortment and systematic operating procedures has enabled the company to grow from strength to strength. His vision and leadership will help the company grow by leaps and bounds.

During the year your company has launched 13 Shoppers Stop department stores, 5 HomeStop stores, 6 M.A.C stores, 8 Clinique stores, 3 Estee stores and 1 Bobbi Brown store.

For the year 2013-14, your Company has achieved revenues of ₹ 3050 crores, up by 19%.

In the year gone by, your Company saw a Like-to-Like sales growth of 10.2% at departmental format level whilst chain level growth in sales was 19.1%. The Average Selling Price & Transaction Size have seen growths of 5.4% and 7.3% respectively over the last year. Footfalls grew by 17.6%.

As part of our continuous endeavour to grow and penetrate the market, your Company opened 13 new Shoppers Stop stores during the year. At a chain level your Company has added more than 5,00,000 square feet in the year 2013-14 which is one of the largest additions ever that we have done over the past 23 years.

E-Commerce is an emerging sales channel and your Company strongly believes that it is an opportunity to expand its sales and customer base. We have, in the last 2 years, invested in this channel and will continue to do so and leverage the power of technology and the reach of e-commerce to take advantage of this channel.

Your Company's loyalty program, The First Citizens Club achieved a major milestone in FY 13-14. The total membership of the programme crossed the 3.29 million mark and today is one of the largest loyalty programmes across sectors. Your Company's First Citizens continue to be a huge bastion of support for your Company, and have contributed to 72% of your Company's sales.

As our loyalty program grows, our Facebook fan club is also growing very fast. It has now crossed 5.3 millions fans. It is very important for a retail company like yours to remain in touch with customers at all the times and social media is an important avenue to remain in constant touch with customers.

In the year under review, your Company received a number of coveted awards. These have been featured on page nos 20 and 21 of this Annual Report. The significant awards are 'India's Most Respected Retail Company' by BWIBusinessworld's survey of 'India's Most Respected Companies', '3rd Best Retailer' in the 'Best Places to Work – Retail Category' by Great Place To Work® Institute, 'Most Trusted Retailer – Popular Choice Award' at the ET Retail Awards ceremony. HomeStop won the most prestigious GIA (the Global Innovation Award) for Retail Houseware Excellence. At the World HRD Congress, the HR Team was awarded 'Coaching Organisation of the Year'. Shoppers Stop won the 'Best Loyalty Programme' award at the Loyalty Summit 2014. Shoppers Stop was also awarded the 'Retail Supply Chain Excellence' award at the 7th Express Logistics and Supply Chain Conclave. IRF 2013 has awarded us 'The Most Admired Retailer - Department Store' for Shoppers Stop, 'The Most Admired Retailer - Home and Office improvement' for HomeStop and 'The Most Admired Retailer – Effective Technology Usage' for our Solutions and Technology Team. At the Global Green Leadership Awards, Shoppers Stop won the award for 'Best Green Energy Efficiency'.

These awards only reiterate the respect and admiration that your Company commands in the industry and amongst its peers.

Your Company continues to focus on profitable growth in all its business formats and endeavors. With the unwavering support of your Company's customers, shareholders, associates and vendor partners, your Company and its management is confident of riding the crest of Indian retail and consumption.



CHANDRU L. RAHEJA  
Chairman

## Board of Directors

Chandru L. Raheja	– Chairman
Ravi C. Raheja	– Director
Neel C. Raheja	– Director
Gulu L. Mirchandani (upto 31.07.14)	– Director
Shahzaad S. Dalal (upto 31.07.14)	– Director
Prof. Nitin Sanghavi	– Director
Deepak Ghaisas	– Director
Nirvik Singh	– Director
Avnish Bajaj (w.e.f. 25.10.13)	– Director
Abanti Sankaranarayanan (w.e.f. 19.06.14)	– Director
B. S. Nagesh	– Vice Chairman
Govind Shrikhande	– Managing Director

### Audit Committee

Deepak Ghaisas	– Chairman
Ravi C. Raheja	– Member
Prof. Nitin Sanghavi	– Member
Shahzaad S. Dalal	– Member

### Nomination and Remuneration Committee

Gulu L. Mirchandani	– Chairman
Ravi C. Raheja	– Member
Prof. Nitin Sanghavi	– Member
Shahzaad S. Dalal	– Member

### Finance Committee

Ravi C. Raheja	– Chairman
Neel C. Raheja	– Member
B. S. Nagesh	– Member
Govind Shrikhande	– Member

### Stakeholders Relationship Committee

Ravi C. Raheja	– Chairman
Neel C. Raheja	– Member
B. S. Nagesh	– Member

### Vice President – Legal & Company Secretary

Prashant Mehta

### Registered Office & Service Office

Eureka Towers, B-Wing,  
9th Floor, Mindspace,  
Link Road, Malad (West),  
Mumbai - 400 064

Website: [www.shoppersstop.com](http://www.shoppersstop.com)

Email: [investor@shoppersstop.com](mailto:investor@shoppersstop.com)

CIN: L51900MH1997PLC108798

### Statutory Auditors

Deloitte Haskins & Sells LLP

### Internal Auditors

KPMG

### Registrars & Transfer Agents

Karvy Computershare Pvt. Ltd.

17-24 Vittal Rao Nagar,

Madhapur, Hyderabad 500 081

Tel: 91 40 44655000

Fax: 91 40 23420814

e-mail: [einward.ris@karvy.com](mailto:einward.ris@karvy.com)

### Bankers

Axis Bank Limited

Deutsche Bank AG

IDBI Bank Limited

ICICI Bank Limited

Kotak Mahindra Bank Limited

HDFC Bank Limited

Bank of India

YES Bank Ltd.

### Management Team

Govind Shrikhande

Salil Nair

Anil Shankar

Ashwin Babbar

BVM Rao

CK Nair

Gopal Asthana

Manohar Kamath

Prashant Mehta

Sanjay Chakravarti

Vinay Bhatia

### Advocates & Solicitors

Wadia Ghandy & Co.

## Financial Highlights &amp; Key Ratios

Shoppers Stop Ltd.

(₹ in lacs)

**Profitability Statement**

	<b>2013-14</b>	<b>2012-13</b>	<b>2011-12</b>	<b>2010-11</b>	<b>2009-10</b>
No of Stores	<b>137</b>	104	91	97	93
<b>Income</b>					
Gross Retail Sales	<b>3,05,215</b>	2,56,050	2,18,919	1,87,344	1,59,845
Less: Value Added Tax	<b>14,582</b>	12,074	10,505	8,960	6,857
Gross Retail Sales (Net of taxes)	<b>2,90,633</b>	2,43,977	2,08,414	1,78,384	1,52,988
Other Operating & Miscellaneous Income	<b>3,381</b>	3,241	2,799	2,412	2,435
	<b>2,94,014</b>	2,47,218	2,11,213	1,80,796	1,55,423
<b>Expenditure</b>					
Cost of goods sold	<b>1,88,096</b>	1,59,065	1,36,775	1,16,554	1,02,376
Employee cost	<b>20,445</b>	16,106	12,764	9,898	8,759
Operating and administrative expenses	<b>70,108</b>	58,973	47,369	39,132	32,938
	<b>2,78,648</b>	2,34,145	1,96,908	1,65,585	1,44,072
<b>EBIDTA</b>	<b>15,366</b>	13,073	14,305	15,211	11,351
Interest and finance charges	<b>2,850</b>	1,899	752	734	1,869
Depreciation	<b>6,178</b>	5,075	3,772	3,100	3,103
Profit Before Tax before exceptional items	<b>6,338</b>	6,100	9,781	11,377	6,379
Exceptional Items	<b>67</b>	74	—	(5)	(188)
Profit Before Tax after exceptional items	<b>6,271</b>	6,026	9,781	11,383	6,567
Profit After tax	<b>3,700</b>	3,917	6,426	7,518	5,023
<b>Balance Sheet items</b>					
Share Capital	<b>4,161</b>	4,149	4,128	4,108	3,491
Optionally Convertible Warrants	<b>—</b>	—	—	—	3,072
Reserve & Surplus	<b>69,437</b>	65,233	61,722	55,702	24,326
Loan Funds	<b>45,131</b>	32,934	25,907	14,549	19,935
Deferred Tax (Liability)/Assets	<b>(996)</b>	(625)	(23)	325	455
Capital Employed	<b>1,19,724</b>	1,02,941	91,780	74,359	50,824
Fixed Assets	<b>58,090</b>	48,336	44,659	34,561	29,867
Net Working Capital	<b>22,873</b>	21,510	18,700	15,754	8,534
<b>Profit &amp; Loss Ratios</b>					
Sales (Chain level growth)	<b>19.2%</b>	17.0%	16.9%	23.0%	12.0%
Sales (Like to Like growth)	<b>10.2%</b>	7.4%	6.5%	16.7%	3.7%
Gross Profit Margin	<b>33.6%</b>	33.2%	32.7%	33.0%	31.7%
Operating Expenses Ratio	<b>29.7%</b>	29.3%	27.5%	26.2%	26.1%
Operating Margin (EBIDTA) (Before exceptional item)	<b>5.0%</b>	5.1%	6.5%	8.1%	7.1%
PBT Margin before exceptional item	<b>2.1%</b>	2.4%	4.5%	6.1%	4.0%
PAT Margin	<b>1.2%</b>	1.5%	2.9%	4.0%	3.1%
Interest Coverage	<b>4.49</b>	5.77	14.55	15.47	5.25
<b>Balance Sheet Ratios</b>					
Debtors No. of Days	<b>3</b>	3	3	3	3
Creditors No. of Days	<b>90</b>	90	86	86	93
Stock Turnover Ratio	<b>2.3</b>	2.6	2.7	3.7	3.5
Current Ratio	<b>0.9</b>	1.0	0.9	0.7	0.8
Assets Turnover Ratio	<b>2.8</b>	2.7	2.7	3.0	3.4
Debt Equity Ratio	<b>0.6</b>	0.5	0.4	0.2	0.6
<b>Return to Investors</b>					
Return on Network	<b>12.9%</b>	11.8%	16.8%	26.7%	30.4%
Return on Capital Employed	<b>8.3%</b>	8.2%	12.7%	19.3%	17.4%
Book Value Per Share (in ₹)	<b>88.90</b>	83.81	79.89	75.71	88.58
EPS (taking equity share for FY 09-10 at ₹ 10/- each & thereafter at ₹ 5/- each ) (In ₹)					
Basic	<b>4.5</b>	4.7	7.8	9.5	14.4
Diluted	<b>4.4</b>	4.7	7.8	9.4	14.3
Cash EPS	<b>11.93</b>	10.86	12.37	13.44	23.30
Dividend Per Share	<b>0.75</b>	0.75	0.75	0.75	1.50

**Note:** 1. Number of stores includes the Shoppers Stop Department stores and Speciality Stores (viz Home Stop, Mother Care, Crossword Bookstores, Arcelia, M.A.C, Clinique, Bobbi Brown, Estee Lauder & Airport Business).  
2. Figures have been regrouped for Presentation purpose.



Dear Members,

Your Directors present herewith 17<sup>th</sup> Annual Report on the business and operations of the Company together with the Audited Statements of Accounts for the year ended March 31, 2014.

### Financial Performance

Particulars	(₹ in lacs)	
	Year ended March 31, 2014	Year ended March 31, 2013
<b>Retail Turnover</b>		
Own merchandise (including concession sales)	274,109.89	227,048.25
Consignment merchandise	27,590.06	26,111.84
Other Retail operating income	3,290.47	2,809.26
	<b>304,990.42</b>	255,969.35
Less: Value Added Tax	14,581.77	12,240.40
Less: Cost of consignment merchandise	19,051.33	18,306.59
	<b>271,357.32</b>	225,422.36
Other Income	1,338.88	1,721.47
	<b>272,696.20</b>	227,143.83
Profit before Depreciation & Tax	12,448.43	11,100.34
Less: Depreciation	6,177.89	5,074.71
Profit before Tax	6,270.54	6,025.63
Less: Provision for Tax	2,570.07	2,108.78
Profit after Tax	3,700.47	3,916.85
Add: Balance brought forward from previous year	17,508.89	14,516.00
Amount available for appropriation	21,209.36	18,432.85
<b>Appropriation</b>		
Proposed Dividend (incl. Dividend Distribution Tax)	730.19	728.12
Transfer to General Reserve	185.02	195.84
Balance carried forward	20,294.15	17,508.89

### Performance Review

Your Company has opened 14 departmental stores i.e., one store each at Chandigarh, Kalyan, Surat, Thane, Agra, Vadodara, Raipur, Hyderabad, Chennai, Ghaziabad, Kolkata and Airports at Delhi, Jaipur and Raipur taking its chain of stores to 68 stores (including five airport stores) spread across India. Further, the Company has also opened 5 HomeStop stores at Chandigarh, Jaipur, Hyderabad and two at Bengaluru taking its tally to 18 stores.

The revenue of the Company is ₹ 272,696.20 lacs (previous year ₹ 227,143.83 lacs), registering a growth of 20.05% y-o-y basis. The net Profit achieved was ₹ 3,700.47 lacs (previous year ₹ 3,916.85 lacs).

### Dividend

Your Directors are pleased to recommend a dividend of ₹ 0.75 per equity share of ₹ 5 each. (Previous year ₹ 0.75 per equity share of ₹ 5 each). The payment of dividend is subject to approval of the members in the ensuing Annual General Meeting.

### Awards and Recognition

As in the past years, awards and recognitions were conferred on your Company by leading organisations during the year under review: Some of them are:

- World HRD Congress has conferred the Company with following awards:
  1. Excellence in Training & Development Award for Best Custom Built Content.
  2. Excellence in Training & Development Award for Best Training Partnership with External Vendors.
- India's Most Respected Retail Company and Top 50 Most Respected Companies of India by BWIBusinessworld Magazine.
- Best Supply Chain Company in Retail vertical, Award at 7<sup>th</sup> Express, Logistics & Supply Chain Leadership Awards 2013.
- Best Anchor Store award, for Inorbit Mall, Vashi store.
- GIA Award by International Home Ware Association (IHA), Chicago for Homestop.
- A certificate for best practice of "Innovative Eco Friendly Practices in Retail - Qualifier Top 20 Best Practices" at 5<sup>th</sup> Business Excellence Global Conference and 8th International Benchmarking Conference, Singapore.
- Runner Up BestPrax Prize for the project Innovative Eco Friendly Practices at 25<sup>th</sup> Qimpro Convention.
- The Silver Award for Viva City Store design at the Designomics Awards.
- VM&RD Awards has conferred the Company with following awards:
  1. Best Department Store - Thane Viviana Mall
  2. Merit award - Best Visual Merchandising across India
  3. Merit award - Best Window Display across India
- Best Loyalty Program Award at the Loyalty Summit 2014.
- Third position in great places to work in Retail Industry by Great Place to Work Institute and Retailers Association of India.
- Coaching Organisation of the Year and Best Organisational Leadership Development Programme at Learning & Development WHRD Awards 2014.
- Best Green Energy Efficiency Initiative Award at Global Green Leadership Awards, 2014, by World CSR Congress.
- 3<sup>rd</sup> Asia Manufacturing Supply Chain Summit has conferred the Company with following awards:
  1. Manufacturing/Supply Chain Leadership and Strategy Award for ASN initiative with Madura Garments.
  2. Best Supply Chain Initiative of the Year Award for GS1 Initiative.
- Best Green Energy Efficiency Initiative Award at Global Green Leadership Awards – 2014 conducted by World CSR Congress.
- Most Trusted Retailer - Popular choice award and Best Customer Loyalty Initiative of the Year award at the ET Retail Awards ceremony.

### Credit Rating

During the year, the following credit ratings were assigned to the Company:

1. India Ratings & Research Private Limited (A Fitch Group Company):
  - IND A1 for Commercial Paper Programme of ₹ 500 million.
  - IND A1 for Short Term Debt Programme of ₹ 500 million.
2. Credit Analysis & Research Limited has assigned the following credit ratings:
  - CARE A to the long term facilities of ₹ 547 crore and CARE A1 to the short term facilities of ₹ 31.50 crore.
  - CARE A1 for Commercial Paper issue/ Short Term Debt (Series I) issue aggregating to ₹ 100 crore.
  - CARE A1 for Commercial Paper issue/ Short Term Debt (Series II) issue aggregating to ₹ 40 crore.
  - CARE A for Non Convertible Debentures issue amounting to ₹ 100 crore.
3. CRISIL Limited has assigned CRISIL A1 rating for Commercial Paper programme of ₹ 50 crore.



## Finance

Your Company continues with various initiatives for bringing down the cost of borrowings which includes application of short-term instruments like commercial paper, working capital demand loans within working capital borrowing, vendor bill discounting facility, long term loans for expansion at competitive terms, so as to have funds at competitive cost.

## Employees Stock Option Plan

The grant of stock options to employees is a mechanism to align the interest of employees with those of the Company, to provide them with an opportunity to share the growth of the Company and also to foster the long-term commitment. Your Company has formulated and designed Employees Stock Option Plan Scheme for its and its subsidiary's employees and options were granted in accordance with Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999, as amended. The Nomination and Remuneration Committee of the Company administer and monitor the same.

During the year under review, the Company has granted 200,000 Employee Stock Options at a grant price of ₹ 344/- per option to the specified employees of the Company and its subsidiary Companies.

During the year under review, the Company has allotted 236,243 equity shares of ₹ 5/- each on exercise of vested options by certain employees under the said ESOP Schemes.

The particulars of Employees Stock Option Plan (ESOP) Schemes, as required by SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended, are appended herewith and forms part of this Report.

The Company has received a certificate from its Statutory Auditors, that the scheme has been implemented in accordance with SEBI Guidelines and resolution passed by the Shareholders of the Company. The said Certificate would be placed at the Annual General Meeting of the Company.

## Subsidiary Companies and Consolidated Financial Statements

In accordance with the Accounting Standard AS-21, the consolidated financial statements form part of this Annual Report. These consolidated financial statements provide financial information about your Company and its subsidiaries as a single entity.

Ministry of Corporate Affairs, Government of India vide General Circular No : 2/2011 dated February 8, 2011, has granted general exemption under Section 212 of the Companies Act, 1956, to the holding companies, from attaching the specified documents of its subsidiary companies, as referred in Section 212(1) of the said Act, with its Balance Sheet, on fulfillment of certain conditions. The Company has fulfilled these specified conditions and accordingly, the said documents of subsidiary companies are not attached to the financial statements of the Company. A summary of the financial performance of the subsidiary companies is given in this Annual Report. The annual accounts of the subsidiary companies and the related detailed information are made available to shareholders of the company and subsidiary companies seeking such information. The Annual Accounts of subsidiary companies are also open for inspection by any member at the registered office of the company and of the subsidiary companies.

## Human Resources

The Company continued to create a productive, learning and caring environment by implementing robust and comprehensive HR processes and taking new initiatives to further align its Human Resource policies to meet the growing needs of its business. People development continues to be a key focus area in the Company. Special designed training modules for the frontline employees are being delivered from time to time to meet the training needs of the employees. Human relations remained cordial throughout the year. During the year, your Company organised various training programmes.

As on date of the Balance Sheet, the Company had a total of 6,821 Customer Care Associates.

## Deposits

During the year under review, the Company has not accepted any deposit under Section 58A of the Companies Act, 1956, read with Companies (Acceptance of Deposits) Rules, 1975. No amount of principal or interest was outstanding as on the Balance Sheet date.

## Auditors

Your Company's Statutory Auditors, Deloitte Haskins & Sells LLP, Chartered Accountants, Mumbai, will retire at the conclusion of the ensuing Annual General Meeting. Deloitte Haskins & Sells LLP have sought re-appointment and have confirmed that they are eligible for re-appointment, if made, as a Statutory Auditors of the Company.

## Directors' Report

Shoppers Stop Ltd.

The Audit Committee and the Board of Directors recommend the re-appointment of Deloitte Haskins & Sells LLP, as the Statutory Auditors of the Company.

**Directors**

Mr. Ravi Raheja and Mr. Neel Raheja the promoters of the Company, have thus far been the permanent & non-executive promoter directors of the Company. Your directors have, however, now re-designated them as retiring directors whose office shall be liable to determination by retirement by rotation in accordance with the provisions of Section 152 of the Companies Act, 2013.

Accordingly, in accordance with the provision of the Companies Act, 2013 and Articles of Association of the Company, Mr. Ravi C Raheja, Non-Executive & Non Independent Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Mr. Avnish Bajaj and Ms. Abanti Sankaranarayanan were appointed as Additional Directors of the Company on October 25, 2013 and June 19, 2014 respectively. These directors hold their office as Directors upto the date of ensuing Annual General Meeting of the Company and are eligible for re-appointment.

Pursuant to Section 149, 152 and other applicable provisions of the Companies Act, 2013 and amendment to the Listing Agreement, your directors are seeking appointment of Prof. Nitin Sanghavi, Mr. Deepak Ghaisas and Mr. Nirvik Singh as non-retiring Independent Directors of the Company, for five consecutive years for a term upto March 31, 2019 and Mr. Avnish Bajaj and Ms. Abanti Sankaranarayanan as non-retiring Independent Directors of the Company, for five consecutive years for a term upto July 30, 2019. The Company has received requisite notice from a member proposing their appointment as Independent Directors of the Company.

The Company has received declarations from all the Independent Directors of the Company confirming that they satisfy the criteria of Independence as prescribed under Section 149(6) of the Companies Act, 2013 and clause 49 of the listing agreement with the Stock Exchanges.

Mr. Govind Shrikhande, Managing Director of the Company is liable to retire by rotation. Your directors seek to re-designate him as a permanent director of the Company whose office shall not be liable to determination by rotation, till such time as he remains a Managing Director of the Company, in accordance with the terms of his appointment and in accordance with the provisions of Section 152 of the Companies Act, 2013.

Brief particulars of these Directors are annexed to the notice convening the 17<sup>th</sup> Annual General Meeting in accordance with the provisions of the Companies Act, 2013 and the Listing Agreement entered into with the Stock Exchanges.

Mr. Shahzaad Dalal and Mr. Gulu L Mirchandani have informed the Board that due to time constraints and other personal commitments, they would not like that their appointment as Independent Directors under the Companies Act, 2013 be approved at the forthcoming Annual General Meeting of the Company and would continue as Independent Directors only till such date. The Board of Directors records its sincere appreciation and recognition of the valuable contribution and services rendered by them during their long association with the Company.

**Corporate Governance**

The Report on corporate governance as stipulated under clause 49 of the Listing Agreement forms part of this Report. The certificate from the Statutory Auditors of the Company, confirming the compliance with the conditions of corporate governance as stipulated under the aforesaid clause 49, is annexed to the Report on corporate governance.

**Compliance with the Code of Conduct**

The Company had evolved and adopted a Code of Conduct for its Board of Directors and its management personnel based on the principles of good corporate governance and best management practices. The declaration of compliance with the Code of Conduct has been received from them. The Code is available on the website of the Company. A certificate to this effect from Mr. Govind Shrikhande, Managing Director forms part of this Report.

**Demat Suspense Account Unclaimed Shares**

As on date there are 13 shareholders, holding 700 Equity Shares of ₹ 5/- each (post sub-division) allotted in Initial Public Offering of 2005, lying in the escrow account due to non-availability of their correct particulars. Despite various reminders to them, by Karvy Computershare Private Limited, our Registrar and Share Transfer Agent, no response has been received. As a result, the said unclaimed shares have been credited to 'Shoppers Stop Ltd - Unclaimed Shares Demat Suspense Account' in view of compliance of clause 5A of the Listing Agreement.

Such shareholders may approach the Company with their correct particulars and proof of their identity for crediting requisite shares from Demat Suspense Account to their individual demat Account. During the year under review, no shares were transferred from the suspense account to any of the aforesaid shareholders. The voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

### Conservation of Energy, Technology absorption and Foreign Exchange earnings & outgo.

The Company is engaged in the continuous process of energy conservation through improved operational and maintenance practices. The brief of the particulars in respect of various steps and initiatives taken regarding conservation of energy and technology absorption and its disclosure as stipulated by the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is as under:

1. All the Store Unit maintenance head and store managers were made aware about energy consumption of their store as per the connected load. Based on the connected load and operating hours, budgeted energy consumption is given to each stores and practice of taking daily logs and cross-checking the daily consumption with the budgeted units is adopted. This helps in curbing the unwanted consumption, motivated users to take all the possible measures to save the energy and helps in pointing out the discrepancies in the energy consumption pattern and corrective action to eliminate the discrepancies.
2. Controlled the energy consumption of HVAC system by optimizing the temperature inside the stores (24 °C). This drive is the major contributor for the energy conservation for the stores.
3. Optimized lighting consumption by strictly controlling the operating hours as per the usage pattern. Colour coding is followed for distinguishing the different lighting (emergency, show window, signage's, floor lighting, indirect lighting) switches; so that energy usage can be optimised.
4. Eliminated the unwanted night consumption and restricted usage of the night lighting during night work.
5. Installed capacitor banks to maintain the power factor to reduce the losses and avail PF incentive there by receiving 5% to 7% incentive on the energy bills.
6. These cumulative efforts resulted in the saving of 2,915,343 Units (Cost ₹ 303 Lacs) cumulatively by consistent monitoring and controlling the consumption at optimum level as compared to the consumption of the last year.
7. Company has also finalized the supplier of Wind Power for two of its stores in the state of Maharashtra. This should help reduce the power cost of these stores substantially, viability of this option purely depends on the MSEDCL & MERC norms.

The Company earns Foreign Exchange on sale of its merchandise to its customers. Foreign Exchange outgo during the year included purchase of capital goods, merchandise, professional fees etc. The foreign exchange earnings during the year was ₹ 6,194.01 lacs (previous year ₹ 5,393.36 lacs), whereas Foreign Exchange outgo was ₹ 5,058.93 lacs (previous year ₹ 4,821.10 lacs).

### Particulars of Employees

The particulars of employees as required under Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules 1975, as amended, forms part of this Report. However, in pursuance of Section 219(1)(b)(iv) of the Companies Act, 1956, the report and accounts are being sent to all shareholders of the Company, excluding the aforesaid information. The aforesaid information is also available for inspection at the Registered Office of the Company during its working hours. Any shareholder interested in such particulars may inspect the same.

### Directors' Responsibility Statement

Pursuant to the requirements of Section 217 (2AA) of the Companies Act, 1956, the Board of Directors confirms that:

1. In the preparation of the annual accounts for the year ended March 31, 2014, the applicable accounting standards have been followed along and no material departures have been made from the same;
2. They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2014 and of the profit of the Company for the year ended on that date;

## Directors' Report

Shoppers Stop Ltd.

3. They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
4. They have prepared the annual accounts on a 'going concern' basis.

**Auditors Report**

The Board has duly examined the Statutory Auditors report to accounts and the clarifications, wherever necessary, have been included in the Notes to Accounts, section of Annual Report.

**Acknowledgement**

Your Directors wish to express their appreciation to all customers, business partners, suppliers, banks and financial institutions for their invaluable support and look forward to their continued support in the future. Your Directors place on record their sincere appreciation for the significant contributions made by all the associates at all levels; through their dedication, hard work and commitment towards the growth of the Company.

The Directors also acknowledges the confidence and faith reposed by Shareholders in the Company and look forward to have the same in future as well.

**For and on behalf of the Board of Directors**

June 19, 2014

**Chandru L. Raheja**  
Chairman

## Certificate of Compliance with the code of conduct for the financial year 2013-14

I, Govind Shrikhande, Managing Director of the Company, hereby declare that the Company has adopted a Code of Conduct for its Board Members and its management personnel and they have affirmed compliance with the said Code of Conduct.

**For Shoppers Stop Limited**

April 29, 2014

**Govind Shrikhande**  
Customer Care Associate &  
Managing Director

## Information required to be disclosed under SEBI (ESOS and ESPS) Guidelines, 1999 as on March 31, 2014

Description	ESOP 2008 - 1*	ESOP 2008 - 2*	ESOP 2008 - 3	ESOP 2008 - 4	ESOP 2008 - 5
Options Granted	1,032,800	400,000	189,382	200,000	200,000
Date of Grant	29.04.2009	24.03.2010	29.04.2011	09.06.2012	28.08.2013
The pricing formula	The options are granted to eligible employees at the closing price of the Equity Shares of the Company at BSE on the working day immediately preceding the date of grant. The options were granted at an exercise price of ₹ 55/-	The options are granted to eligible employees at the closing price of the Equity Shares of the Company at BSE on the working day immediately preceding the date of grant. The options were granted at an exercise price of ₹ 191/-	The options are granted to eligible employees at the closing price of the Equity Shares of the Company at BSE on the working day immediately preceding the date of grant. The options were granted at an exercise price of ₹ 336/-	The options are granted to eligible employees at the closing price of the Equity Shares of the Company at BSE on the working day immediately preceding the date of grant. The options were granted at an exercise price of ₹ 297/-	The options are granted to eligible employees at the closing price of the Equity Shares of the Company at BSE on the working day immediately preceding the date of grant. The options were granted at an exercise price of ₹ 344/-
Options vested	958,740	359,800	92,026	52,644	—
Options exercised and total number of Equity Shares arising as a result of exercise of options	925,440	290,200	52,212	25,134	—
Options lapsed/Cancelled	74,060	40,200	43,877	31,599	13,725
Variation of terms of options	—	—	—	—	—
Money realised by exercise of options (in ₹)	50,899,200	55,428,200	17,543,232	7,464,798	—
Total number of options in force	33,300	69,600	93,293	143,267	186,275
Options granted to Senior Management personnels					
Govind Shrikhande	The Company has not granted options during the current financial year under these ESOP schemes				13,650
Options granted to any employee during the year amounting to 5% or more of options granted during the year.					
Govind Shrikhande	The Company has not granted options during the current financial year under these ESOP schemes				13,650

<b>Options granted to any employee equal to or exceeding 1% of the issued capital of the Company at the time of grant.</b>		
No such options have been granted		
Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with (AS) 20 Earnings Per Share.	The diluted EPS of the Company calculated after considering the effect of potential equity shares arising on account of exercise of options is ₹ 4.25 per share.	
Where the Company has calculated the employee compensation cost using the intrinsic value of the stock option, the difference between employee compensation cost so computed and the employee compensation cost that shall have been recognised if it had used the fair value of the option, shall be disclosed. The impact of this difference on profits and on EPS of the Company shall also be disclosed.	Had the Company followed fair value method for accounting the stock option compensation, the compensation expenses would have been higher by ₹ 166.10 lacs. Consequently profit after tax would have been lower by ₹ 166.10 lacs and the basic EPS of the Company would have been ₹ 4.26 per share (lower by ₹ 0.20 per share) and the diluted EPS would have been ₹ 4.25 per share (lower by ₹ 0.20 per share).	
Weighted average exercise prices and weighted average fair value of the options shall be disclosed separately for options whose exercise price either equals or is less than the market price of the stock.	The Company has not granted options during the current financial year	Exercise price is ₹ 344 per option which is less than the market price; the fair value is ₹ 127.20 per option
A description of the method and significant assumption used during the year to estimate the fair values of options.	The Company has not granted options during the current financial year	Black Scholes Option Pricing model using Volatility of 38.55%, risk free rate of 9.44%, expected life of 3.05 years, dividend yield of 0.22% and stock price of ₹ 344.25.
* The Equity Share of the Company was sub-divided from face value of ₹10/- each into two Equity Shares of ₹ 5/- each w.e.f. January 13, 2011, consequently the options and its related information has been adjusted.		



## Certification by MD & CFO

Shoppers Stop Ltd.

To,  
The Board of Directors  
Shoppers Stop Limited  
Eureka Towers,  
B-Wing, 9th Floor,  
MindSPACE, Link Road,  
Malad (West),  
Mumbai – 400 064

Dear Sirs,

We hereby certify that:

- (a) We have reviewed the financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
  - i. these statements do not contain any materially untrue statement or omit any material fact or contain statement that might be misleading; and
  - ii. these statements together present a true and a fair view of the Company's affair and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transaction entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit Committee :
  - i. significant changes in internal control over the financial reporting during the year;
  - ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

For Shoppers Stop Limited

**Govind Shrikhande**  
Customer Care Associate &  
Managing Director

**Sanjay Chakravarti**  
Customer Care Associate &  
Chief Financial Officer

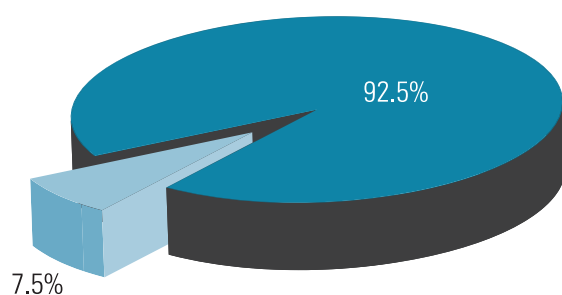
April 29, 2014



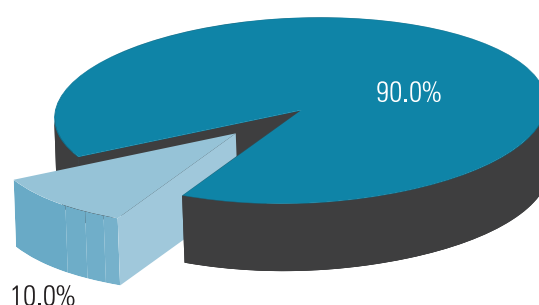
### Indian Retail

This sector is one of the fastest growing in India over the last few years. The Indian retail industry which comprises Organised and Unorganised retail, is currently estimated at US\$ 520 billion approx. Last decade has evidenced high growth in this sector with a material shift towards organised retailing format. Increasing urbanisation, increase in purchasing power, favourable demographics, nuclear families, changing consumer preferences and higher aspirations are some of the factors which will continue to drive the retail consumption in India.

Though the global slowdown hasn't spared India, the long term fundamentals remain strong. In particular, a large, young, increasingly brand and fashion conscious population would be key growth drivers. Retail growth of 14 to 15 percent per year is expected through 2015. By 2018, the Indian retail sector is likely to grow at a CAGR of 13% to reach a size of US\$ 950 billion.



Currently  
India retail USD 520 billion approx.  
Organised retail USD 39 billion (7.5%)



2018  
India retail USD 950 billion approx.  
Organised retail USD 95 billion (10%)

### Modern Retail – Today

Modern retail in India has come a long way in last 10 years. In the next few years modern retail is expected to grow at a much larger pace annually in tier II and tier III cities, compared to tier I cities. It is estimated that 80% of the new mall development in the next couple of years will take place in non-metros. Organised retail penetration, currently estimated at 7.5% is expected to clock at a robust CAGR of 19-20% per annum to reach 10% by 2018.

India's Internet user base is currently third largest in the world. This, coupled with the rising consumer confidence in online retail, is driving the growth of e-commerce in the country. With a significant number of Indian consumers turning Internet users, and, eventually, online shoppers, selling through the online channel is set to redefine retail.

Apparel is bound to witness significant growth in the coming years, as the sector is going to attract a high proportion of the increased spend by the Indian consumer. There is a strong growth in the apparel industry as both Indian and global brands wise up to its potential. Again, the category is set to benefit from the growth of e-commerce, which is bound to provide a strong impetus to the sector in the near future.

### Modern Retail – Challenges ahead

Though organised retail in India has experienced rapid growth, this has been achieved at a significant cost. Despite considerable investment of time and capital during the gestation period, the returns from business are a concern. High operating costs, low bargaining power with vendors and heavy discounting to improve sales have affected profits and expansion plans. Real estate costs and space availability also remain important issues. Inventory management is also a prime concern, though experienced and stable retailers have learned the trick and have been able to overcome the vagaries in the supply chain such as low fill rates, long lead times and ordering cycles and lack of process orientation which result in high inventory holding, low turns and high investment in stock. Organised retailers are also continuing their efforts to keep costs under check by adopting cost rationalisation initiatives like revenue-sharing agreements, increasing use of power-saving equipment/fit-outs to save utilities cost, amongst many other to keep the corporate costs in line with the scale of business.

Online shopping is also in the early stages, with e-commerce sales not more than 1 percent of total retail sales, but growth is expected as more people access the Internet.

## S.W.O.T. ANALYSIS

### Strengths:

- **First Citizens:** Our First Citizens Club has continued to be one of the main strengths of our business. In the year gone by the programme has exceeded the 3.29 million mark in memberships, making it one of the largest loyalty membership programme in the country across sectors. The company continues to believe that its loyalty programme is not only a source of substantial competitive advantage, but is also a very strong strategic tool. Your company believes that its First Citizens will continue to drive its growth by increased average expenditure in our stores which will be aided by targeted promotional activities. At the same time, our fan base on social media has been increasing, with 5.3 million fans on our Facebook page today. We see significant opportunities on both these platforms for engaging our customers.
- **Strong focus on Systems & Processes:** We continue to invest in our front and back end processes and systems. The company believes that continuous investment in people, process and technology will drive sustainable and profitable growth for the company. We have in the past year, undertaken a number of new investments in the back end and continue to upgrade our current information technology capabilities and processes.
- **Strong distribution and logistics network and supply chain:** We have created a strong distribution and logistics network, with our four Distribution Centers covering more than 450,000 square feet handling over 400,000 SKUs per year, and working 24 x 7. The company believes that the “hub-and-spoke” model followed by it for its distribution network, will stand it in good stead for the expansion envisaged in the forthcoming years.
- **Enhancing our Human capital:** We continue to assess our Customer Care Associates (CCAs) across all levels through assessment centres for promotion decisions, career planning and succession planning. Individual and organisational development is the primary objective of the assessment centre. We also conduct associate satisfaction survey every year and derive ASI scores, which helps us in identifying the trust index scores of respect, credibility, fairness and pride with the organisation. We continue to benchmark our compensation and benefits through consultants, with the best in the industry to pay our associates accordingly.
- **Strong understanding of the real estate business and robust pipeline of new stores:** We benefit from our Promoters’ association with the real estate business and their relationships with developers, which have helped us acquire preferred properties at competitive rates. We have a robust pipeline of new stores which will be operational over a period of next 36 months.
- **Management Strength & Corporate Governance:** The Company has a professional and well-established management team. Furthermore, the Company’s unwavering focus on good corporate governance has been a beacon for the industry. Our internal and external auditors are amongst the Big 4 audit firms of the globe. The Board has 6 independent Directors.
- **Strong bargaining strength:** Having been in existence for so many years and due to its strong brand image, the Company believes that it is well placed in negotiations/re-negotiations of property rentals, better commercials terms with merchandise suppliers etc. The Company has successfully grown gross margins year on year.

### Risks and Concerns:

- **Execution:** We believe the key risk to our growth is execution risk. The next wave of expansion has started and is expected to continue over the next 36 months and the timely execution of this expansion will be critical. The Company has a strong execution team and we believe it has the capability to execute varied retail formats.
- **Employee retention:** The Company believes that employee satisfaction and retention is of prime importance. The demand for experienced personnel in modern retail will only increase in the near term and long term. Your Company believes that this problem will persist until the industry reaches a steady growth phase.
- **Pressure on retail lease rentals:** Rent is one of the largest components in a retail business’ fixed costs, and the case is no different for the Company. Power cost and service tax is also a matter of concern as they put substantial pressure on profits.

## Management Discussion and Analysis Report

Shoppers Stop Ltd.

- Government levies: Retail is currently not viewed as an industry in India. Hence there are certain levies/cascading effect of taxes on the business which are proving to be a very large burden as there are no modes for the industry to recover or pass on these levies. Delay in the roll out of the GST regime is also a matter of concern.
- Investee Companies: The Company has invested in other entities and lower than expected returns from these entities will have an impact on the cash flows and consolidated results of the company.

**Opportunities:**

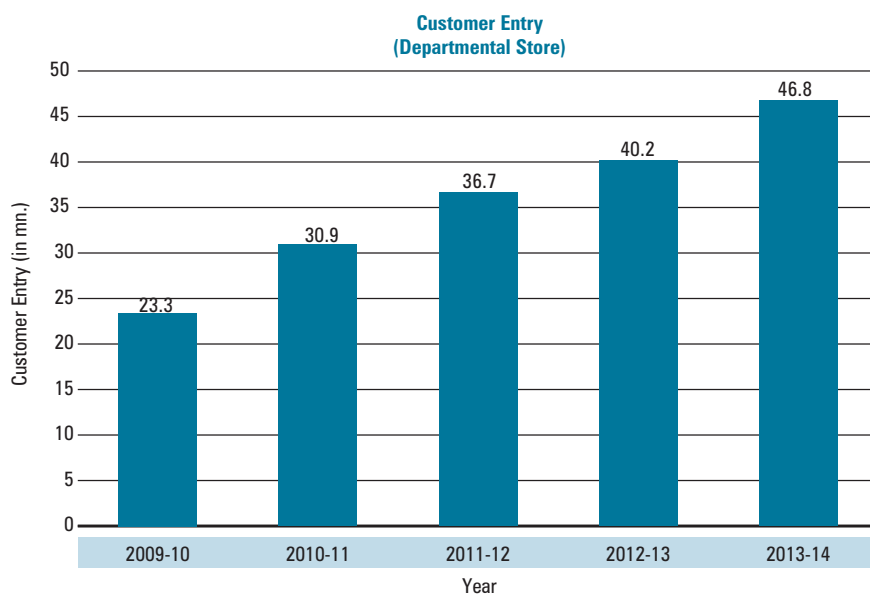
- Geographical reach: Your Company continues to increase its Pan-India footprint. The Company's strategy to increase the number of departmental stores, and therefore improve city wise penetration in new cities, increase market share in existing cities through additional new stores in those cities, and new stores in tier II cities, remains unchanged. Over the last three years the Company's retail space has increased from 2.3 million square feet for the year ended 31<sup>st</sup> March, 2011 to 3.9 million square feet for the year ended 31<sup>st</sup> March, 2014 which is an impressive increase of 70%.
- Hypercity: Hypercity which is a 51% subsidiary of the Company has shown encouraging performance, with an overall Sales growth of 13% for the year, like to like sales growth of 4% for the year.
- Format diversification and expansion: Your Company, in its constant endeavor to capture wallet share, has diversified into multiple formats viz, HomeStop which retails hard and soft furnishing, M.A.C and Estee Lauder which retails high end cosmetic products, Clinique which retails skin care products, Mother Care which retails infant and kids merchandise and airport retailing, by tying up with the Nuance Group AG of Switzerland. The Company has also made a successful foray into Internet retailing through its e-retailing portal. The company has continued to expand these formats successfully and will maintain a focus on them.
- E-Commerce: The last few years have seen exponential growth in e-commerce in India. Your Company believes that the internet is well on its way to becoming an accepted and convenient mode of shopping. The Company has made focussed investments in e-commerce and is looking to profitably expand it in the years going forward.

**Threats:**

- Economic slowdown: Economic slowdowns have a direct impact on consumption. Retail, being the end service provider of consumption in the supply/value chain, is bound to face difficulties in an environment of economic slowdown.
- Threat of new entrants: With India continuing to be an attractive retail market, the Company expects many new entrants into the sector, thus increasing competition. However, the nationwide footprint, excellent customer service levels, look & feel of the stores, competitive products offerings & capability of its management team to execute the business operations & expansion are the few factors amongst many which would certainly help the Company to retain its market share.
- Competitive rivalry in the industry: There is intense rivalry among leading national retailers for new locations and quality real estate. The company believes that it has a robust pipeline of stores for future expansion.
- Availability of quality real estate space at commercially viable cost and at desired locations is a greatest challenge and will impact the growth of the Company.

**Customer Entry:**

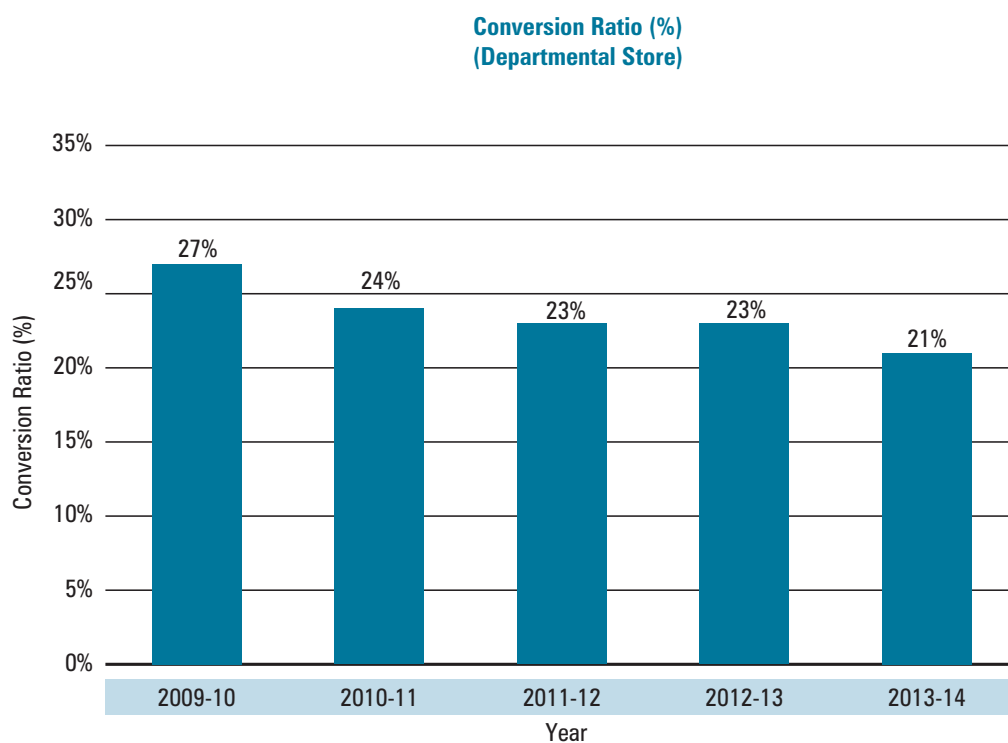
Retailers measure entry as footfalls, which is the number of people entering the stores. This is computed through manual count in all stores during trading hours.



(Source: Company MIS)

#### Conversion Ratio:

Conversion is the ratio of the number of transactions (Cash Memo) versus the total customer entry into the stores. Tracking conversion helps the retailer understand the productivity of his front-end store employees and the attractiveness of the merchandise and services.



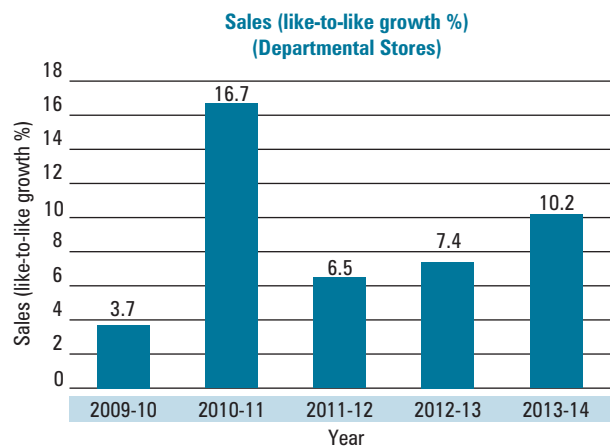
(Source: Company MIS)

## Management Discussion and Analysis Report

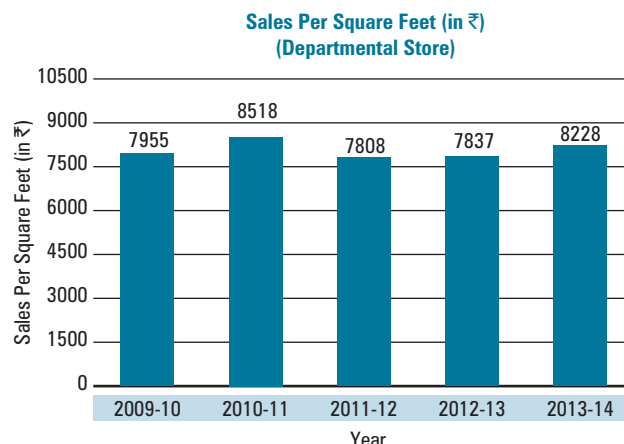
Shoppers Stop Ltd.

**Sales:**

Gross Sales both at chain level and for Like-To-Like stores has grown against last year. The growth was 17.7% in gross retail turnover of Shoppers Stop departmental store business. The sales per sq. ft. has been computed on built-up area.



(Source: Company MIS)



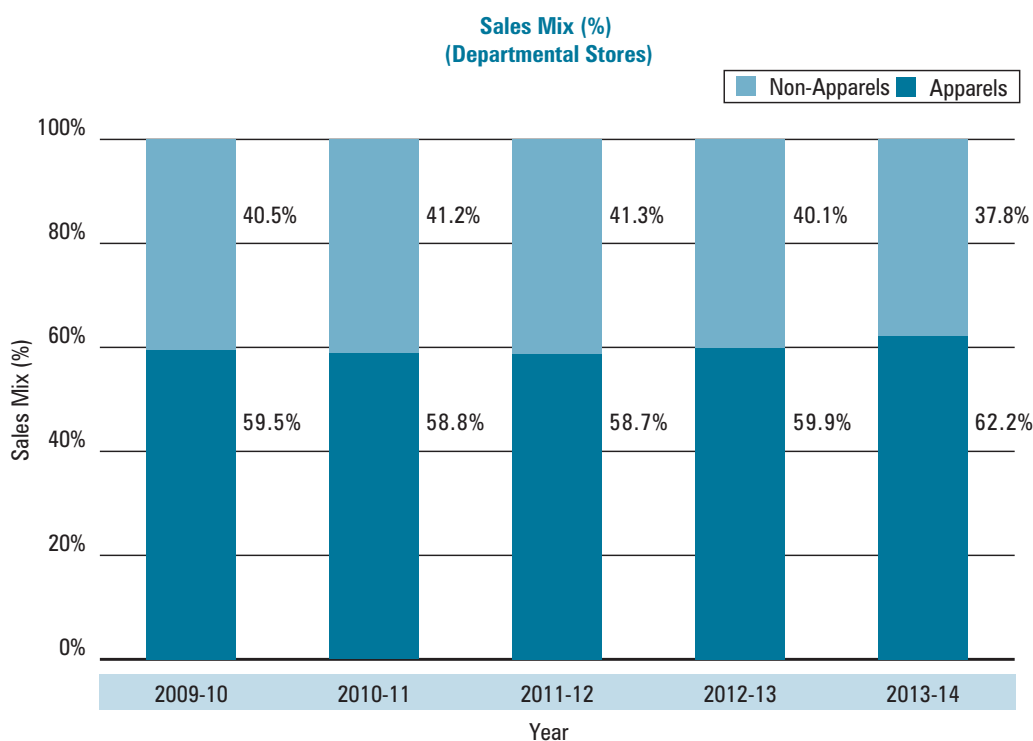
(Source: Company MIS)

**Apparel:**

The Apparel contribution to total sales of the Shoppers stop Departmental store business was 62.2% in 2013-14 as compared to 59.9% in 2012-13.

**Non-Apparel:**

This category includes Cosmetics, Personal Accessories, Jewellery, Leather goods, Home Wares, Electronics, Books and Music. These lifestyle products have high aspiration value, and as the consuming class increases, there will be a big surge in the demand for this category. The Non-Apparel contribution to total sales of the Company was 37.8% in 2013-14.



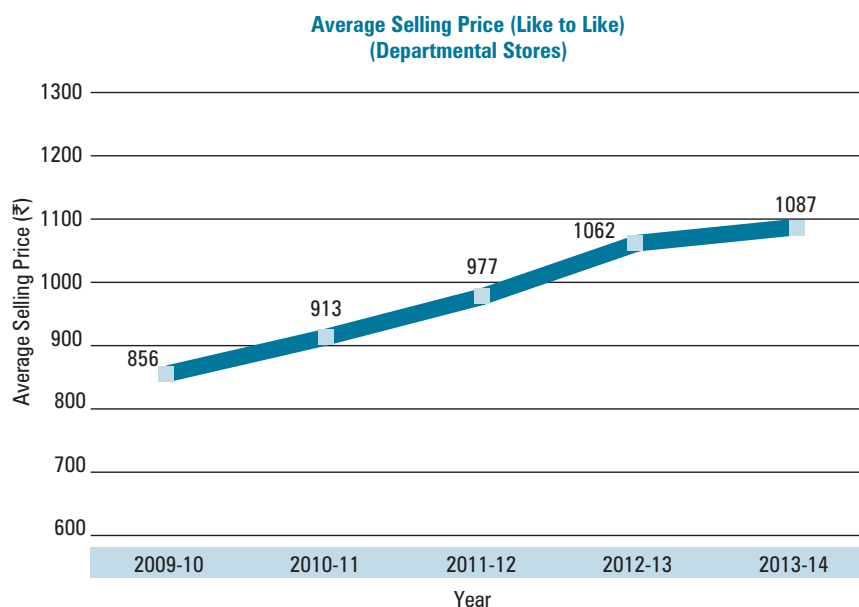
(Source: Company MIS)

**Private Label & Private Brands:**

Your Company aims to provide a differentiated and unique offering to the customer through its own private labels as well as through exclusive private brands. The contribution of private label is at 16.5% of sales as compared to 16.8% last year and private label sales grown by 15%. Your company has got an exclusive arrangement for departmental store business with MUSTANG JEANS, a German Brand, for their Men's and Women's Wear. Our Austin Reed U.K. exclusive agreement to retail men's & women's wear has posted a healthy growth. As a part of its strategy to provide a wide range of merchandise to customers, your Company aims to fill in the gaps in the national brand offering through its private labels & exclusive arrangements with private & international brands.

**Average Selling Price (ASP):**

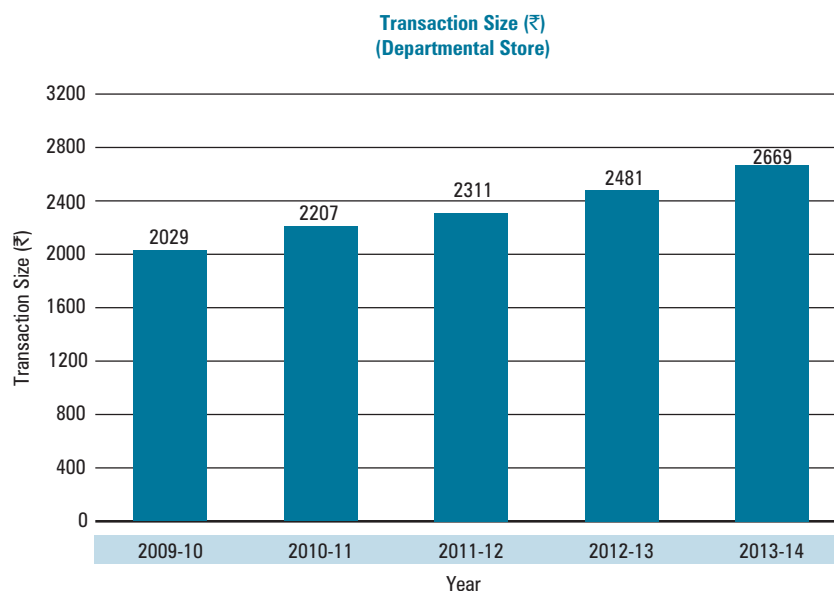
Average Selling Price is the Gross Retail Sales divided by the number of units sold. Tracking ASP helps the retailer to align the offering as per the customer segment as well as improve the productivity of the floor space.



(Source: Company MIS)

**Transaction Size (₹):**

Transaction size represents the amount spent by each customer on his buying. This is computed by the total sales divided by the number of cash memos.



(Source: Company MIS)

**Merchandise Purchase:**

Your company's ability to present on the shelves correct merchandise assortments in the right mix, style, colour & fashion is one of its most critical success factors. A team of Buyers & Merchandisers continuously ensure that the pricing strategy and value proposition are completely in tune with the customers' expectations. We regularly monitor sales trends to optimise inventory levels.

Our well established systems and processes in Buying & Merchandising & Logistics enables us to efficiently manage the flow of inventory to stores, provide prompt replenishments and manage pricing.

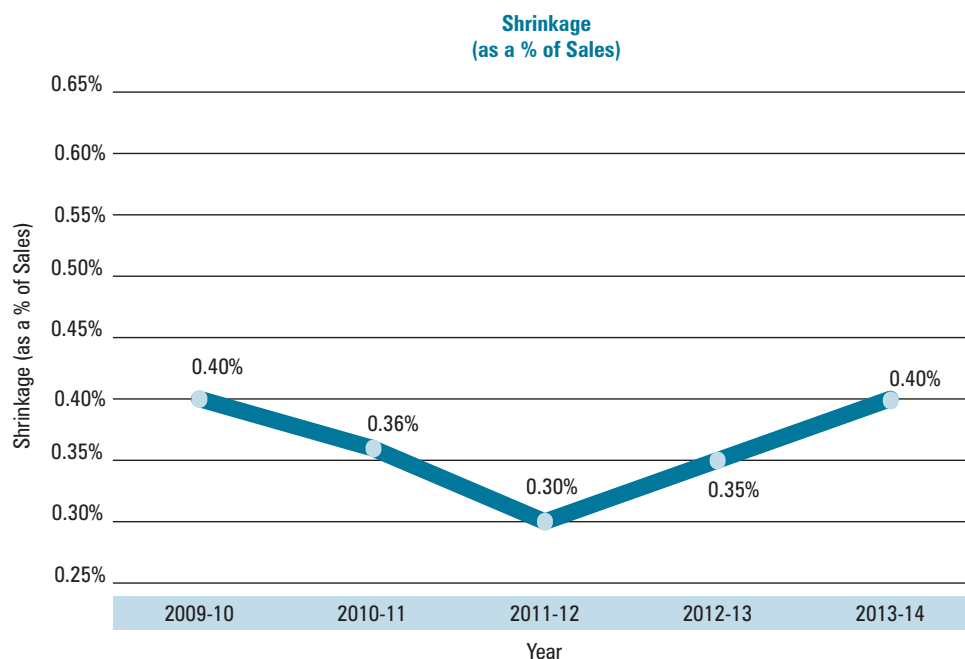
Your company believes in a broad distribution of risk with no high dependency on any single supplier and has a diversified supplier base. Suppliers are selected after evaluation based on fairly stringent parameters which ensure the quality & reliability of supply. Alternate distribution channels for inventory have also been put in place as a contingency, should the need arise.

**Supplier Risks:**

Our broadly varied offering necessitates alliances with a large number of suppliers from various business sectors. In order to mitigate the risk involved, we enter into arrangements with vendors in various business formats such as Outrights Buy/Sale or return, Consignment & Concessionaire/Conducting arrangement.

**Shrinkage:**

Shrinkage in the retail business is defined as the loss in inventory through a combination of shop lifting, pilferage, and errors in documentation and transaction processing that go unnoticed. We have focus on inventory control and have set up a separate department called profit enhancement, which not only monitors Shrinkage on a regular basis but also looks at various factors that could lead to Shrinkage at stores and distribution centers. The profit enhancement department, Store Operations along with the Supply Chain team have worked together and monitored the Shrinkage level on a month on month basis which has resulted in the Shrinkage percentage being controlled at 0.40% of the Turnover and our endeavor will always be to lower this ratio through proper monitoring and continuously reviewing Inventory management processes and systems.



(Source: Company MIS)

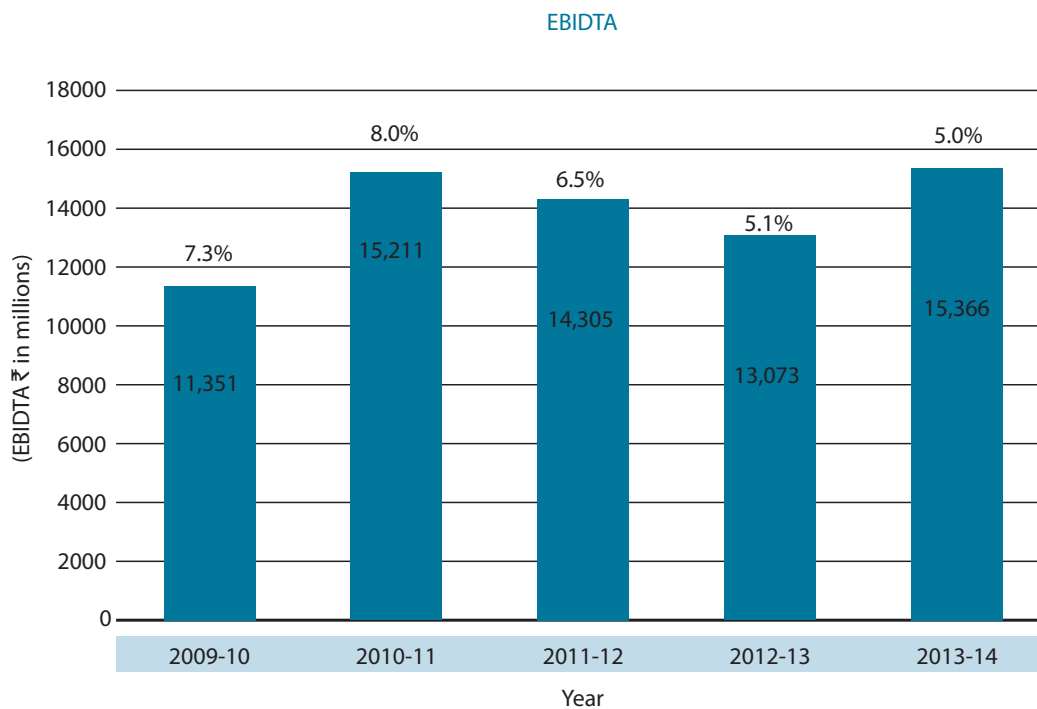
**Sustaining Gross Margins:**

The gross margin has increase during the year to 33.6% from 33.2% as compared to the last year, principally on account improved sales mix with higher contribution from lifestyle products (i.e., watches, leather, jewellery, perfumes and cosmetics), helped to improve gross margins. Vendor management as also sourcing ability has improved with scale and would accrue more economies and higher gross margins.



**Operating Profit:**

Operating Profit (without exceptional items) has increased by 18% to ₹ 15,366 lacs from ₹ 13,073 lacs in the previous year. The Operating Profit Margin has degrown to 5.0% from 5.1% due to opening of large number of new stores during this year.



Operating Profit (without exceptional items) % to Gross Retail Sales

**Net Interest:**

Interest cost has increased to ₹ 2850.2 lacs as against ₹ 1898.7 lacs.

**Profit after Tax:**

The Company has achieved post tax profit of ₹ 3700.5 lacs, as against a post tax profit of ₹ 3916.8 lacs last year.

**Dividend:**

The Company has proposed a dividend of 15% amounting to ₹ 730.19 lacs (Including Corporate Dividend Tax).

**Inventory:**

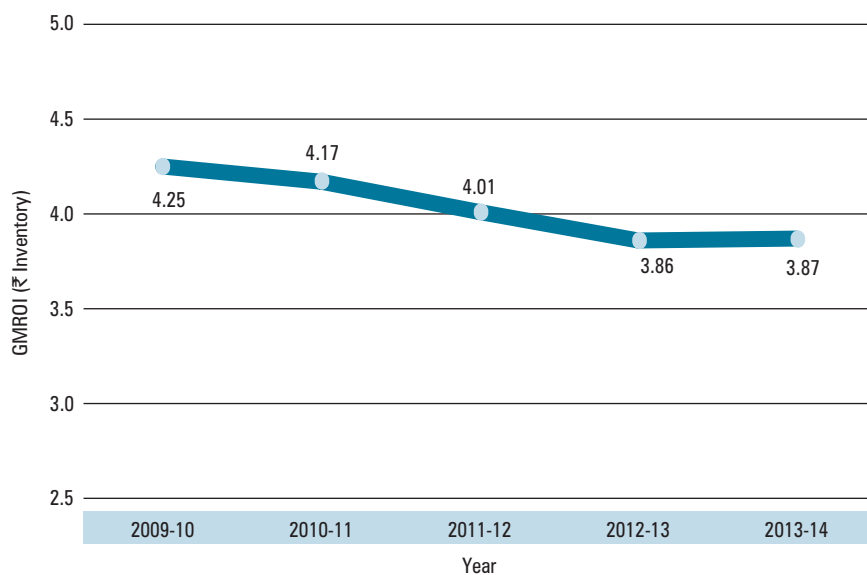
The inventory as at the end of current year is ₹ 29,553 lacs as against ₹ 24,382 lacs as at the end of the last year. Inventory holding period is 159 days during the current fiscal against 140 days last year. The inventory has been valued at lower of cost or net realisable value.

**Liquidity:**

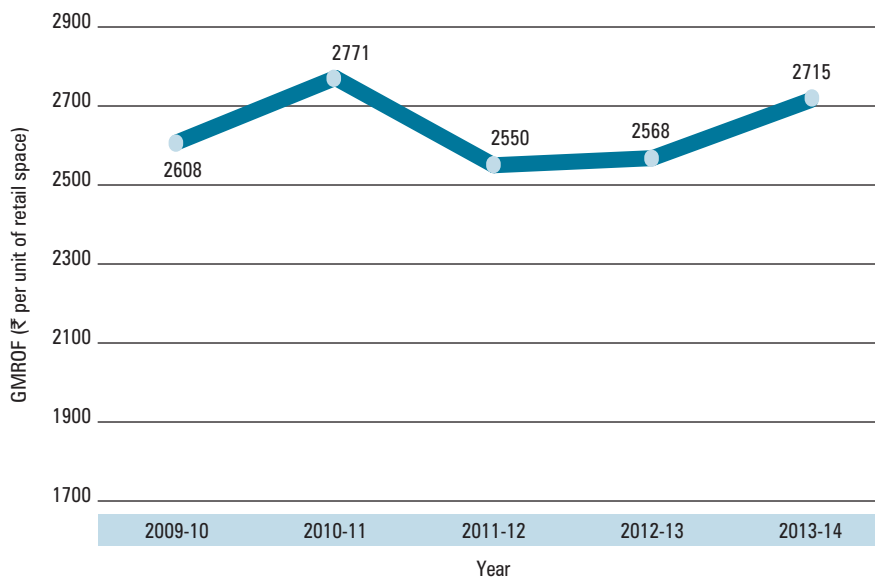
The cash generated from operations was ₹ 12,532 lacs.

**Productivity/Operating efficiency parameters:**

We look at our Gross Margin with reference to our Space, Inventory and Labour to monitor our efficiency with the help of 3 indicators i.e., Gross Margin on Inventory (GMROI), Gross Margin Return on Floor Space (GMROF) and Gross Margin Return on Labour (GMROL). GMROI helps to optimise inventory levels, GMROF helps to maximise the cash margins and GMROL helps to increase labour productivity.

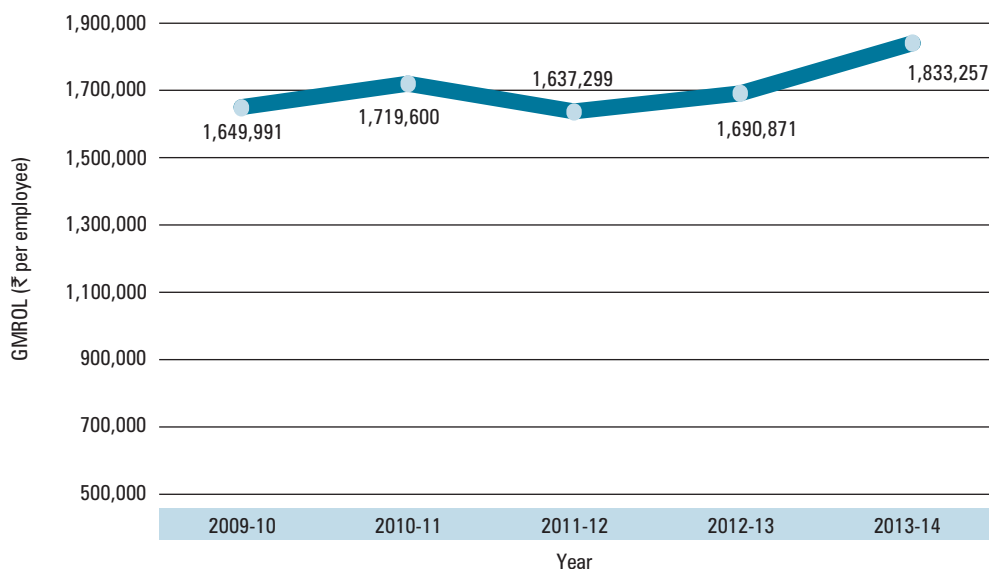
**GMROI**

(Source: Company MIS)

**GMROF**

(Source: Company MIS)



**GMROL**

(Source: Company MIS)

**Partner Satisfaction Index (PSI):**

The performance of any company depends on the association and relationship it builds with various vendors/partners over a period of time. To evaluate this satisfaction and expectation, your company has appointed CSMM (Customer Satisfaction Measurement and Management), a part of IMRB (Indian Marketing and Research Bureau) to do an impartial evaluation of our relationship with various stakeholders. This helps your organisation understand the expectations of various business partners, current strengths and concern areas thereby help set a clear roadmap for improvement and better performance.

Our PSI scores for the five years are as below:

Year	2009	2010	2011	2012	2013
Scores	3.89	4.14	3.85	4.07	4.31

**Partnership for Progress:**

Partnership for Progress (PFP) is a vendor, meet which your company conducts annually. During this event, your company gets and gives opportunity to the top retail vendors/brands to discuss and strengthen the association, apart from exploring various business possibilities with each other. The summit also becomes a platform for your company as well as its partners to share their experiences with each other. Your company also invites well-known international and national speakers to share learning and experience which is closely related to Retail, Brand, Customer, Logistics, etc.

Your company also recognises the performance of top partners who are rewarded with “SHOPPERS STOP PINNACLE AWARDS” during this summit.

This is an activity with more than 100 vendors/partners attending the summit.

**Human Resources:**

Shoppers Stop is known for its well defined and effective module: The Baby Kangaroo programme which fundamentally develops the front end associates to a managerial roll. This year we worked with and helped 65 customer care associates and fashion assistants cross the bridge from a front end associate towards a managerial roll. We identified, developed, trained and groomed them for their next big assignment.

## Management Discussion and Analysis Report

Shoppers Stop Ltd.

The Managerial and Supervisory Training programme (M.A.S.T) was conducted for 34 days with the help of internal as well as external trainers. The content was exhaustive and effective.

The focus from Learning & Development was on incorporating the Coach & Mentor model, which was conducted for the Sr. General Manager Solutions and Technology Team for a period of 12 months each, helping the individuals on the development plan through technical and behavioural coach & coachee model to groom them for their next level assignment.

Hi-Potential Unit Heads were exposed to the Jack Welch Executive Managerial and Coaching Certificate Programme to enhance their skills and prepare them for the assessment centre and next role as CCA & Area Controller.

One of its kind conducted for the first time at Shopper Stop was to nominate its Hi-Potential associates from the Buying & Merchandising, Human Resource and Senior Operations associates to Indigo Airlines and InterGlobe Technologies, providing an exposure to a different business and industry and take back best practices.

What's Your Magnetism Quotient was a unique approach for personality development for middle level managers by a renowned fashion choreographer using unconventional methods to upgrade the associates.

Go Positive a classroom based learning programme but with an unconventional content was applied to all 1100 associates during the outbound training programme at Goa.

The L.E.A.P (Learn, Excel, Achieve & Perform) & L.E.A.D (Leadership Excellence Accreditation Development) programme introduced in the year 2012 in continuation to the Baby Kangaroo M.A.S.T programme keeping in mind the 5<sup>th</sup> value which clearly states that we will recognize and support the individuals' need for growth through constant input, direction and opportunities with respect to both employee and business associates.

Training Hours:

Training Hours 12-13	Training Hours 13-14	Growth Over Last Year %
25,594	29,513	15.31%

The 'I Pledge – To Serve' initiative kicked off on 12<sup>th</sup> December 2013 (Retail Employee Day) with the core objective of reigniting the fire within each employee to stay committed to our most treasured set of principles and beliefs. An initiative that set to reach out, connect and engage with every single employee across 58 stores and 24 cities.

With the changing consumer behaviour and to bestow good customer service we hired a pool of Management Trainees through campus placements and also hired students from fashion institutes and designated them as "CCA & Fashion Assistants".

Shoppers Stop has conducted Pan India Store Level assessments with 471 associates clearing, 10 in Buying & Merchandising, 05 in Accounts and Finance, 02 in E-commerce, 03 Area Controllers, Senior Level Assessments for 1 CEO position and 1 Buying & Merchandising Head.

The Associate Satisfaction Index (ASI) is conducted through an online survey yearly to understand the level of satisfaction associates have towards their work, job satisfaction, loyalty index, help us understand the strength and weakness of the organisation to take immediate corrective measures.

This year the ASI score is at 4.22 and the overall satisfaction levels were more or less the same across different levels.

Year	2009	2010	2011	2012	2013
Overall Loyalty Index	3.95	3.95	4.11	4.12	4.22

### Marketing:

Our brand philosophy of 'Start Something New' was translated into our new brand campaign, which was themed at urging customers to keep reinventing and changing themselves. At the same time the campaign portrayed the high fashion brand imagery of Shoppers Stop.



This year, we had category based promotions like the Salwaar Kameez Kurti fest, Shoes, Bags & Shades Mania, Denim Exchange fest, to name a few. These festivals provided offers across all brands available in our store for the particular category.

Customer engagement through innovative initiatives in Digital and Social Media continued to be a big highlight this year. Various contests and continual engagement on this space have ensured that Shoppers Stop enjoys a large number of fans, more than 53.3 lakhs, on Facebook. Shoppers Stop is the largest big-box retailer on Facebook in India. Shoppers Stop is also active on other platforms such as Twitter, YouTube, Instagram and Pinterest.

### Customer Satisfaction:

At Shoppers Stop we strive to provide our customers with the best overall experience of shopping with us. To measure the customer experience we conduct customer satisfaction surveys to evaluate a range of parameters including merchandise range and quality, store environment, staff, transaction efficiency, loyalty programme, schemes and promotions to name a few and undertake improvements in various areas.

We also include select competition stores in our surveys in order to measure experience in our stores as compared to competition.

### Overall Customer Satisfaction Index:

February 2009	April 2010	June 2011	August 2012	August 2013
81	80	79	80	80

### Loyalty Programmes:

Your Company runs the famed 'First Citizen Loyalty Programme'. The First Citizens programme now has a base of over 32.96 lakh customers. During the current year, the First Citizens contributed 72% of the Company's annual sales. The First Citizen programme has 3 tiers - Classic Moments (entry level), Silver Edge and Golden Glow. Members fall into the various tiers on the basis of their spends with us.

First Citizens also earn differential rewards basis on their current tier of membership. First Citizens receive:-

- Reward points on their spends. These reward points can be redeemed for a wide variety of merchandise at your Company's stores.
- Exclusive schemes, benefits and promotions.
- Extended and exclusive shopping hours - especially during the festive season. Special previews before the sale periods.
- Invitations to exclusive events - both in-store as well as those organised outside the stores.
- Home delivery of altered merchandise.
- Exclusive First Citizens lounge at select stores to relax after hectic shopping.

Shoppers Stop has also taken the First Citizen experience mobile, by updating the exclusive First Citizen Mobile application on Blackberry, Android and iPhone platforms.

This year, the company continued with the exclusive promotion for First Citizen members – First Citizens' Fiesta. Under this promotion the eligible member got ₹ 500 Discount Voucher besides lots of other special offers and deals. The promotion was very well received and it helped us further reinforce our strong relationship with this member community.

Your company also continued with the 'Choose Your Own Gift' offer which gave customers the chance to select their own gifts from within the store. Instead of offering a pre-selected gift, Shoppers Stop offered its loyalty programme members with Bonus Reward Points on their purchases, which could be redeemed on any product of their choice.

### Co-branded Credit/Debit card programmes with Citibank:

Your Company in association with Citibank continues to offer its First Citizens an option to add on a credit card to their existing loyalty cards.

This enables First Citizens to add on a credit line to their purchases. They also have the added advantage of being able to choose from amongst various attractive financing options, cash back schemes, EMI schemes etc., for buying at your Company's stores.

**Risk Management and Internal Control:**

Effective governance consists of competent management; implementation of standard policies and processes; maintenance of an appropriate audit programme with internal control environment effective risk monitoring and management information systems (MIS).

The Company has an integrated approach for management of risk and has formulated the framework for regulatory and risk management, standardising the definition of internal controls.

It also provides a framework for risk management and regulatory compliance, which requires risk assessments and related policies, a control-based environment and activities, information and communication procedures, and a monitoring mechanism for the control environment.

The Company has a sound system of Internal Controls for financial reporting of various transactions, efficiency of operations and compliance with relevant laws and regulations commensurate with its size and nature of business. The Company has a well-defined system of management reporting and periodic review of businesses to ensure timely decision-making.

These internal control procedures ensure the following:

- Efficient use and protection of resources.
- Compliance with policies, procedures and statutes.
- Accuracy and promptness of financial reports.

The MIS forms an integral part of the Company's control mechanism. All operating parameters are monitored and controlled, with material deviations from the annual planning and budgeting and business outlook including capital expenditure reported to the Board on quarterly basis.

Reports of internal auditors are reviewed by the Audit Committee, and corrective measures are carried out towards further improvement in systems and procedures and compliance with Internal Control System. The board also recognises the work of the auditors as an independent check on the information received from the management on the operations and performance of the company.

**Technology Initiatives:**

In the year 2013-14, your company maintained its leadership position in Retail Technology. The Retail Industry showed its appreciation of the Innovation being done by Shoppers Stop by conferring on your company the award for "Most Admired Retailer of the Year for effective Technology Usage". During the year we worked with Gartner to advise us on the various technology trends being played out in Retail around the globe. We also worked hard at improving the efficiencies of existing applications and infrastructure and building new ones. It is during this year that Retailers across the world collectively articulated the need for an Omni-Channel Retail strategy to maintain growth – which is possible only by re-imagining the way Technology is currently deployed. Some of the key initiatives that your company took during the year are:

**E-Commerce:**

In the quest to better serve our customers, your company upgraded its e-commerce platform. The new site offers a host of new features including better manageability, wider product catalogue, easier integration possibilities etc. The new platform is best placed to leap frog Shoppers Stop to be a true Omni Channel player.

**Quick Check outs:**

Your company piloted the use of Mobile Technology to enable customers to bill faster. This is under testing and will be rolled out across stores in the year 2014-15 in a phased manner.

**Allocation:**

More categories have been bought under "Allocation" which was implemented last year. The end result of this would be better availability of merchandise for our customers at the store.

**Supply Chain**

Your company has strengthened its Supply Chain efficiency by further automating the Merchandise inward and Reverse Logistics process. The SCM team has also managed to get its largest partners to exchange data with us digitally instead of on paper. This has resulted in lower reconciliation problems and faster Merchandise movement.





### Corporate Governance

Your Company has taken steps to ensure that the Corporate Governance guidelines are adopted and fully complied with. The detailed Corporate Governance Report is attached with this report.

### Cautionary Statement

The statement made in this section describes the Company's objectives, projections, expectations and estimations which may be 'forward looking statements' within the meaning of applicable securities laws and regulations. The annual results can differ materially from those expressed or implied, depending on the economic and climatic conditions, Government policies and other incidental factors which are beyond the control of the Company.

**Certificate of Compliance from Auditors as stipulated under Clause 49  
of the Listing Agreement with the Stock Exchanges in India****Shoppers Stop Ltd.**

To the Members of Shoppers Stop Limited

We have examined the compliance of conditions of Corporate Governance by Shoppers Stop Limited ("the Company") for the year ended on March 31, 2014 as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion, and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the abovementioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**For Deloitte Haskins & Sells LLP**

Chartered Accountants

(Firm Registration No. 117366W/W-100018)

**Shyamak R. Tata**

Partner

Membership No. 38320

Place: Mumbai

April 29, 2014



### Company's philosophy on Code of Governance

The Company remains committed to the concept of good corporate governance practices in all its activities to ensure that the ultimate goal of making the Company a value driven organisation. Its philosophy on the code of Corporate Governance is:

- To ensure adequate control systems to enable the Board to efficiently conduct the business and discharge its responsibilities to shareholders.
- To ensure that the decision making process is fair and transparent.
- To ensure fullest involvement and commitment of the management for maximisation of shareholders value.
- To imbibe the corporate values in the employees and encourage them in their conduct.
- To ensure that the Company follows the globally recognised corporate governance practices.

We have made conscious efforts to institutionalise Corporate Governance practice and we believe that it shall go beyond adherence to the regulatory framework. Our corporate structure, business and disclosure practices have been aligned to our Corporate Governance Philosophy. We will continuously endeavour to take forward the best practices to enhance stakeholder's value.

### Board of Directors

The Board of Directors comprises of eleven members including one executive director and ten non-executive directors. The Company has a non-executive promoter Chairman and the number of independent directors is more than one half of the total number of Directors. The independent directors on the Board are professionals, technocrats and retail experts, who are senior, competent and highly respected persons from their respective fields and provide strategic direction and thrust to the operation of the Company.

The key decisions are taken after detailed deliberations and discussions by the Board. The Company always ensures that Board members are presented with all the relevant information on vital matters affecting the working of the Company including the information as inter-alia specified under Annexure - IA of clause 49 of the Listing Agreement.

None of the Directors on the Board is a Member on more than ten Committees and Chairman of more than five Committees (as specified in Clause 49), across all the companies in which they are Directors.

The composition of the Board of Directors, their attendance at Board Meetings during the year and at the last Annual General Meeting and the number of other Directorships and Committee Memberships held by them in other Companies are given below:

Name of Directors	Category	Designation	Attendance particulars		No. of other Directorships & Committee Memberships/Chairmanships		
			Board Meetings	Last AGM	Directorships <sup>1</sup>	Committee Membership <sup>1 &amp; 2</sup>	Committee Chairmanship <sup>1 &amp; 2</sup>
Mr. Chandru L. Raheja	Promoter & Non-Executive Director	Chairman	4	Yes	2	1	0
Mr. Ravi C. Raheja	Promoter & Non-Executive Director	Director	4	Yes	3	1	0
Mr. Neel C. Raheja	Promoter & Non-Executive Director	Director	3	Yes	3	0	0
Mr. Gulu L. Mirchandani	Independent & Non-Executive Director	Director	3	No	5	2	0
Mr. Shahzaad S. Dalal	Independent & Non-Executive Director	Director	3	Yes	7	3	0
Prof. Nitin Sanghavi	Independent & Non-Executive Director	Director	3	Yes	1	1	0
Mr. Deepak Ghaisas	Independent & Non-Executive Director	Director	4	Yes	3	0	2
Mr. Nirvik Singh	Independent & Non-Executive Director	Director	3	Yes	1	0	0
Mr. Avnish Bajaj	Independent & Non-Executive Director	Director	1	NA	1	0	0
Mr. B. S. Nagesh	Non-Executive Director	Vice Chairman	3	Yes	4	2	0
Mr. Govind Shrikhande	Executive Director	Managing Director	4	Yes	5	0	1

**Notes:**

1. The other Directorships and Chairmanships/ Memberships of committees held in foreign companies, private limited companies and companies incorporated u/s 25 of the Companies Act, 1956 are excluded.
2. The Chairmanship and Membership of Audit Committee and Shareholders' Grievance Committee alone are considered.
3. Mr. Ravi C. Raheja and Mr. Neel C. Raheja are sons of Mr. Chandru L. Raheja. No other director is related to any other director of the Company.
4. Mr. Avnish Bajaj was appointed as an Additional Director w.e.f. October 25, 2013.

During the year under review, the Board of Directors met four times i.e., on 30th April, 2013, 30th July, 2013, 25th October 2013 and 30th January 2014. The maximum interval between any two Meetings during this period does not exceed four months.

Dates for the Board Meetings for the ensuing year are decided well in advance and communicated to the Directors. The Agenda along with the explanatory notes are sent in advance to the Directors.

The Company has adopted the Code of Conduct for all Board members and management personnels of the Company. This Code is posted on the website of the Company. All Board members and management personnels have confirmed compliance to the Code of Conduct. A declaration signed by the Managing Director of the Company to this effect is appended with the Report.

**Audit Committee**

The Company has constituted an Audit Committee in the year 2001. The role, powers and functions of the Audit committee is in accordance with Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956.

The Audit Committee comprises of four Non-Executive Directors. The members of the Committee possess the sound knowledge of finance & accounts. The Audit Committee invites such of the executives, as it considers appropriate to be present at the meetings of the Committee. The Managing Director, Vice Chairman, Chief Financial Officer, Company Secretary, representatives of the internal auditors and statutory auditors are also present at the Audit Committee Meetings as invitees.

During the year under review, the Committee met four times i.e., on 29th April, 2013, 29th July, 2013, 25th October 2013 and 29th January 2014.

The Composition of the Audit Committee and the attendance of the members at the meetings held are as follows:

Name of Member	Status	Category	No. of meetings attended
Mr. Deepak Ghaisas	Chairman	Independent Director	4
Mr. Ravi C. Raheja	Member	Non-Independent Director	4
Mr. Shahzaad S. Dalal	Member	Independent Director	3
Prof. Nitin Sanghavi	Member	Independent Director	3

Mr. Prashant Mehta, Vice President – Legal and Company Secretary of the Company acts as the Secretary to the Committee.

The broad terms of reference of the Audit Committee inter-alia are as under:

1. To oversee the Company's financial reporting process and the disclosure of its financial information, to ensure that the financial statement is correct, sufficient and credible.
2. To recommend to the Board, the appointment and re-appointment, replacement or removal of the Statutory Auditors, fixation of audit fees and also approval for payment of any other services.
3. To review with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
  - a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act, 1956.
  - b) Changes, if any, in accounting policies and practices and reasons for the same.



- c) Major accounting entries involving estimates based on the exercise of judgement by management.
  - d) Significant adjustments made in the financial statements arising out of audit findings.
  - e) Compliance with listing and other legal requirements relating to financial statements.
  - f) Disclosure of related party transactions.
  - g) Qualifications in the draft audit report.
4. To review with the management, the quarterly financial statements before submission to the Board for approval.
  5. To review with the management, performance of statutory and internal auditors and adequacy of the internal control systems.
  6. Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.) the statement of funds utilised for purposes other than those stated in the offer document or prospectus/ notice and making appropriate recommendations to the Board to take up steps in this matter.
  7. To review the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
  8. Discussion with internal auditors any significant findings and follow up there on.
  9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
  10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
  11. To look into the reasons for substantial defaults in the payment to the shareholders (in case of non payment of declared dividends) and creditors.
  12. To review the functioning of the Whistle Blower mechanism.
  13. To approve the appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
  14. Carrying out any other function as may be added to the terms of reference of the Audit Committee.

#### Compensation / Remuneration Committee:

The Company has constituted Compensation / Remuneration Committee in the year 2001. The scope of the activities of the Compensation / Remuneration Committee is to recommend the remuneration payable to the Managing Director of the Company, payment of commission and sitting fees to Non-Executive Directors and formulation and implementation of various Employee Stock Option Plans (ESOP) Schemes in the Company.

During the year, the Committee met eleven times i.e., on 26th April, 2013, 30th May, 2013, 15th July, 2013, 30th July, 2013, 19th August, 2013, 28th August, 2013, 20th September, 2013, 25th October, 2013, 27th November, 2013, 30th January, 2014 and 25th February, 2014.

The Composition of the Committee and the attendance of the members at the meetings held are as follows:

Name of Member	Status	No. of meetings attended
Mr. G. L. Mirchandani	Chairman	11
Mr. Ravi C. Raheja	Member	11
Mr. Shahzaad S. Dalal	Member	7
Prof. Nitin Sanghavi	Member	4

**Remuneration Policy:**

1. The remuneration of the Executive Director is recommended by the Compensation / Remuneration Committee based on criteria such as industry benchmarks, the Company's performance vis-a-vis the industry, responsibilities shouldered, performance / track record, macro economic review on remuneration packages of heads of other organisations and is decided by the Board of Directors. The Company pays remuneration by way of salary, perquisites, allowances and profit linked reward scheme to its Managing Director. Annual increments are decided by the Compensation / Remuneration Committee within the salary approved by members and are normally effective from April 1, annually.
2. The Company pays sitting fees of ₹ 20,000/- to its Non-Executive Directors for attending each Board of Directors meeting.
3. The members of the Company at the fourteenth Annual General Meeting had approved the payment and distribution of sum not exceeding 1% of the net profits of the Company calculated in accordance with the provisions of Sections 198, 349 and 350 of the Companies Act, 1956 by way of commission to Non-Executive Directors for a period of 5 (five) years commencing from April 1, 2011.

Details of compensation paid/payable to Non-Executive Directors during the year are as under:

Name of Directors	Commission (₹)	Sitting Fees (₹)	Total (₹)
Mr. Chandru L. Raheja	0	80,000	80,000
Mr. Ravi C. Raheja	0	80,000	80,000
Mr. Neel C. Raheja	0	60,000	60,000
Mr. Gulu L. Mirchandani	300,000	60,000	360,000
Mr. Shahzaad S. Dalal	300,000	60,000	360,000
Prof. Nitin Sanghavi	300,000	60,000	360,000
Mr. Deepak Ghaisas	600,000	80,000	680,000
Mr. Nirvik Singh	300,000	60,000	360,000
Mr. Avnish Bajaj	0	20,000	20,000
Mr. B. S. Nagesh	300,000	60,000	360,000
<b>Total</b>	<b>2,100,000</b>	<b>620,000</b>	<b>2,720,000</b>

Details of remuneration paid to Mr. Govind Shrikhande, Managing Director for the financial year 2013-2014 is as under:

Salary and Bonus (₹)	Perquisites (₹)	Contribution to Provident Fund (₹)	Total (₹)
34,453,798	939,900	1,564,344	36,958,042



### ESOPs

Details of grant of stock options to and exercise of stock options by Mr. Govind Shrikhande, Managing Director under the following ESOP Schemes is as under:

Scheme	Date of Grant	Options Granted	Options vested and exercised	Grant price per equity share (₹)	Fair value on the date of grant (₹)	Vesting period
ESOP 2008-3	29.04.11	29,700	17,820	336	336	3 Years
ESOP 2008-4	09.06.12	13,750	4,125	297	297	3 Years
ESOP 2008-5	28.08.13	13,650	0	344	344	3 Years

### Service Contract, severance fees and notice period of Mr. Govind Shrikhande, Managing Director

Mr. Govind Shrikhande is re-appointed as Managing Director for a period of 3 years w.e.f. 29th July, 2013.

There is no separate provision for payment of any severance fees. There is a notice period of three months from either side.

### Shareholders' Investor Grievance and Share Transfer Committee

The Company has constituted the Committee in the year 2004. The Committee looks into redressal of shareholders' grievances. The Committee also oversees the performance of the Registrar and Share Transfer Agents and recommends measures for overall improvement in the quality of investor services.

No meeting was held during the year 2013-14.

The Composition of the Committee is as follows:

Name of Member	Status
Mr. Ravi C. Raheja	Chairman
Mr. Neel C. Raheja	Member
Mr. B. S. Nagesh	Member

Mr. Prashant Mehta, Vice President – Legal & Company Secretary of the Company has been designated as the Compliance Officer.

During the year, the Company has received 20 (twenty) Communications/grievances, which were attended and resolved to the satisfaction of the Shareholders. No grievances were pending at the year end.

### Subsidiary Companies

Clause 49 – Corporate Governance of listing agreement defines a 'material non-listed Indian subsidiary' as an unlisted subsidiary, incorporated in India, whose turnover or net worth (i.e., paid up capital and free reserves) exceeds 20% of the consolidated turnover or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year. In this regard, Hypercity Retail (India) Ltd. a 51% subsidiary, is a material non-listed subsidiary of the Company. Mr. Deepak Ghaisas and Prof. Nitin Sanghavi, the Independent Directors of the Company are on the Board of Hypercity Retail (India) Ltd.

The Audit Committee and Board of Directors of the Company inter-alia, review the annual financial statements of Hypercity Retail (India) Ltd. & other subsidiaries which are duly consolidated with annual financial statements of the Company.

The Board of Directors of the Company also reviews Minutes of the Board Meetings of unlisted subsidiary companies.

### General Body Meetings

Details of Annual General Meetings held during last three years:

AGM for Financial Year ended	Date	Time	Location	Special Resolutions passed thereat
2012-2013	30th July, 2013	3.30 p.m.	National Stock Exchange of India Ltd., Exchange Plaza, Dr. R. H. Patil Auditorium, Ground Floor, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051.	No special resolution has been passed.
2011-2012	31st July, 2012	3.30 p.m.	National Stock Exchange of India Ltd., Exchange Plaza, NSE Auditorium, Ground Floor, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051.	No special resolution has been passed.
2010-2011	26th July, 2011	3.00 p.m.	National Stock Exchange of India Ltd., Exchange Plaza, NSE Auditorium, Ground Floor, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051.	Payment and distribution of upto 1% of the net profits by way of commission to Non-Executive Directors of the Company for a period of 5 (five) years commencing from April 1, 2011.

### Postal Ballot

As per Section 192A of the Companies Act, 1956 during the year 2013-14, the following resolutions were passed by members through postal ballot on June 19, 2013 and September 13, 2013. Details of the postal ballot process followed in these regard are as under:

#### 1. Results of Postal Ballot announced on June 19, 2013

Approval of members was sought for following Resolutions:

1. To increase the borrowing powers of Board of Directors to an amount of ₹ 1,000 crores pursuant to provisions of Section 293(1) (d) of the Companies Act, 1956; (Ordinary Resolution)
2. To approve creation of charge on the movable and immovable (including intangibles) properties of the Company, both present and future, in respect of borrowings upto ₹ 1,000 Crores, pursuant to the provisions of Section 293(1)(a) of the Companies Act, 1956; (Ordinary Resolution)
3. To approve additional investment limits upto ₹ 250 crores in specific body corporates, under Section 372A of the Companies Act, 1956; (Special Resolution) and
4. To transfer, sell or otherwise dispose off the business conducted by the Company with ELCA Cosmetics Private Limited ("ELCA CPL") to Gateway Multichannel Retail (India) Limited, wholly owned subsidiary of the Company. (Ordinary Resolution)

#### Voting Pattern and Procedure for Postal Ballot

1. The Board of Directors of the Company at its meeting held on May 15, 2013 had appointed Mr. V. Sundaram, Practising Company Secretary as a Scrutinizer for conducting the voting through Postal Ballot.
2. All postal ballot forms and e-votes received upto June 17, 2013, the last date for receiving the postal ballot forms from shareholders were considered for scrutiny. Envelopes / e-votes received after this date was not considered for scrutiny.
3. The results of the Postal Ballot was announced on June 19, 2013 at the Registered Office of the Company. The details of voting are as follows:



Particulars	In favour			Against			Total No. of Shares
	No. of Postal Ballot Forms	No. of Votes	%	No. of Postal Ballot Forms	No. of Votes	%	
Resolution No. 1	167	72,688,412	99.99	7	429	0.01	72,688,841
Resolution No. 2	163	72,687,961	99.99	11	880	0.01	72,688,841
Resolution No. 3	141	70,694,023	97.26	34	1,994,848	2.74	72,688,871
Resolution No. 4	168	72,688,391	99.99	7	480	0.01	72,688,871

## 2. Results of Postal Ballot announced on September 13, 2013

Approval of members was sought to re-appoint Mr. Govind Shrikhande as a Managing Director of the Company for a period of three years w.e.f. July 29, 2013 by passing a special resolution.

### Voting Pattern and Procedure for Postal Ballot:

1. The Board of Directors of the Company at its meeting held on July 30, 2013 had appointed Mr. V. Sundaram, Practising Company Secretary as a Scrutinizer for conducting the voting through Postal Ballot.
2. All postal ballot forms and e-votes received upto September 11, 2013, the last date for receiving the postal ballot forms from shareholders were considered for scrutiny. Envelopes / e-votes received after this date was not considered for scrutiny.
3. The results of the Postal Ballot was announced on September 13, 2013 at the Registered Office of the Company. The details of voting are as follows:

In favour			Against			Total No. of shares
No. of Postal Ballot Forms	No. of Votes	%	No. of Postal Ballot Forms	No. of Votes	%	
168	71,347,246	99.999	2	40	00.001	71,347,286

### The Company proposes to seek approval of members by passing special resolution through postal ballot in respect of the following:

1. Increase in borrowing powers of Board of Directors to an amount of ₹ 1,000 crores pursuant to provisions of Section 180(1)(c) of the Companies Act, 2013 and
2. To create charge on the movable and immovable (including intangibles) properties of the Company, both present and future, in respect of aforesaid borrowings, pursuant to provisions of Section 180(1)(a) of the Companies Act, 2013.

### Disclosure on materially significant related party transactions

There were no materially related party transactions that may have potential conflict with the interest of the Company at large. The transactions between the Company and the related parties are disclosed in Notes to the Accounts in the Annual Report.

### Disclosure of Accounting Treatment

The financial statements of the Company comply with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956.

### Board Disclosures – Risk Management

The Company has laid down the requisite procedures to inform the Board Members about the risk assessment and minimisation procedures which are accordingly followed.

### Details of non-compliance on matters relating to Capital Market

There have been no instances of non-compliances by us and no penalties and/or strictures have been imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to the capital markets during the last three years.

### Code of conduct for Prevention of Insider Trading Practices

In compliance with the SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended, the Company has formulated, adopted and implemented "Shoppers Stop Code of conduct for prevention of Insider Trading" in the shares of the Company.

### Whistle Blower Policy

The Whistle Blower Policy aims to encourage all employees to inform the Company regarding any kind of misuse of Company property, mismanagement or wrongful conduct prevailing in the Company and no personnel has been denied access thereto. The disclosure would be sent to the Chairman of the Audit Committee/the Ethics Counsellor who would investigate and recommend to the management of the Company to take such disciplinary or corrective action as may be deemed fit.

### Compliance with non-mandatory requirements of Clause 49 of the listing agreement.

The Company has voluntarily complied with the non-mandatory requirements relating to Remuneration Committee and whistle blower policy.

### Management Discussion and Analysis

Management Discussion and Analysis is given as a separate section in the Annual Report.

### Proceeds from public issues

The Company has not raised any proceeds from public issue, right issue, preferential issues, etc. and there are no unutilised issue proceeds during the year under review.

### Means of Communication

- The quarterly results are published within 48 hours of the Board Meeting, in prominent daily newspapers viz. Economic Times and Maharashtra Times and the same are also posted on the Company's website immediately. At the end of each quarter, the Company does a Conference call with the analysts in order to clarify their doubts and queries.
- The domain name of the Company's website is [www.shoppersstop.com](http://www.shoppersstop.com) and upto date financial results, official press releases and the other information about the Company and its business are available on the website.
- Presentations made to the institutional investors or to the analysts are immediately posted on Company's website in order to share the information with public at large.

### General Shareholders Information

#### (1) Annual General Meeting:

Date, Time & Venue : July 31, 2014 at 3.30 p.m.  
: National Stock Exchange of India Ltd.,  
Exchange Plaza, Dr. R. H. Patil Auditorium,  
Ground Floor, Bandra Kurla Complex,  
Bandra (East), Mumbai – 400 051.

(2) Financial Calendar : April 1, 2013 to March 31, 2014

(3) Date of Book Closure : July 24, 2014 to July 31, 2014 (Both days inclusive).

(4) Dividend payment date : August 1, 2014

(5) Listing on the Stock Exchanges : 1. BSE Limited  
Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001.



2. National Stock Exchange of India Ltd.,  
Exchange Plaza, Bandra Kurla Complex,  
Bandra (East), Mumbai – 400 051.

The requisite Listing Fees for the financial year 2014-2015 has been paid to both the above Stock Exchanges where the equity shares of the Company are listed.

**(6) Stock Code:**

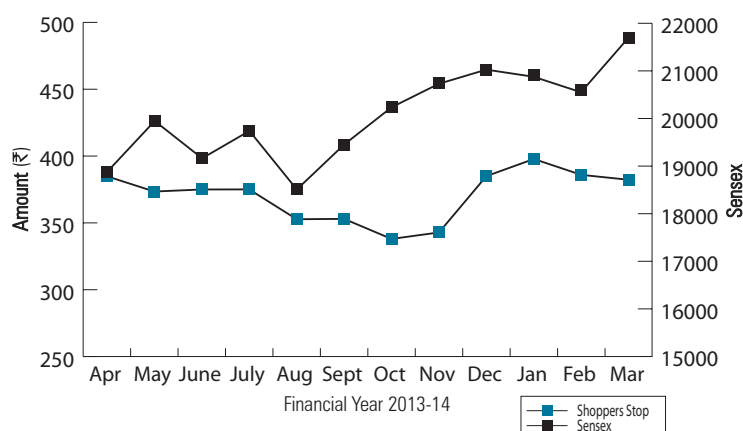
BSE Limited : 532638  
National Stock Exchange of India Ltd. : SHOPERSTOP (Symbol)

**(7) Stock Market Data for the period – April 1, 2013 to March 31, 2014**

**Share price performance in comparison on BSE:**

Month (2013-14)	BSE		Sensex		No. of Shares transacted
	High (₹)	Low (₹)	High	Low	
April	407.50	362.30	19,622.68	18,144.22	74,796
May	398.90	348.00	20,443.62	19,451.26	45,728
June	415.00	335.00	19,860.19	18,467.16	39,186
July	407.00	343.10	20,351.06	19,126.82	83,333
August	374.50	331.00	19,569.20	17,448.71	186,457
September	375.00	331.00	20,739.69	18,166.17	437,409
October	358.30	317.70	21,205.44	19,264.72	1,332,501
November	365.10	320.60	21,321.53	20,137.67	698,632
December	444.00	326.00	21,483.74	20,568.70	726,857
January	430.00	365.60	21,409.66	20,343.78	54,299
February	410.00	361.85	21,140.51	19,963.12	769,813
March	398.65	365.85	22,467.21	20,920.98	59,766

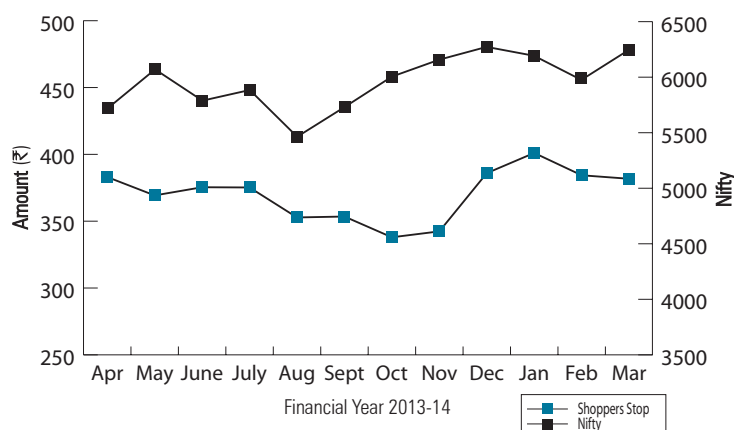
**Shoppers Stop Price Movement Chart – BSE**



## Share price performance in comparison on NSE:

Month (2013-14)	NSE		Nifty		No. of Shares transacted
	High (₹)	Low (₹)	High	Low	
April	403.95	362.10	5,962.30	5,477.20	290,798
May	390.95	347.60	6,229.45	5,910.95	585,991
June	418.10	332.70	6,011.00	5,566.25	336,199
July	407.50	342.95	6,093.35	5,675.75	582,622
August	375.00	330.60	5,808.50	5,118.85	397,090
September	377.45	329.50	6,142.50	5,318.90	503,711
October	359.30	316.60	6,309.05	5,700.95	1,588,160
November	365.20	319.55	6,342.95	5,972.45	2,322,112
December	446.90	325.00	6,415.25	6,129.95	1,617,484
January	437.00	365.10	6,358.30	6,027.25	210,296
February	405.00	363.70	6,017.80	5,933.30	267,415
March	396.40	367.05	6,277.75	6,212.25	656,527

Shoppers Stop Price Movement Chart – NSE



## (8) Distribution of Shareholding as on March 31, 2014 and March 31, 2013:

Shareholding of Nominal Value	As on March 31, 2014				As on March 31, 2013			
	Shareholders		% to total		Shareholders		% to total	
	Number	% to total	₹	% to total	Number	% to total	₹	% to total
Upto 5000	8,006	96.96	2,792,890	0.67	9,856	96.45	4,270,980	1.03
5001-10000	64	0.77	492,180	0.12	129	1.26	949,160	0.23
10001-20000	44	0.53	598,035	0.14	81	0.79	1,167,630	0.28
20001-30000	27	0.33	650,495	0.16	30	0.29	740,450	0.18
30001-40000	14	0.17	477,545	0.11	15	0.15	543,640	0.13
40001-50000	9	0.11	406,695	0.10	14	0.14	665,240	0.16
50001-100000	27	0.33	2,022,355	0.49	24	0.23	1,760,550	0.42
100001 and above	66	0.80	408,638,605	98.21	70	0.69	404,799,935	97.57
<b>Total</b>	<b>8,257</b>	<b>100.00</b>	<b>416,078,800</b>	<b>100.00</b>	<b>10,219</b>	<b>100.00</b>	<b>414,897,585</b>	<b>100.00</b>



**Shareholding Pattern**

The categories of shareholdings as on March 31, 2014 and March 31, 2013:

Category	As on March 31, 2014		As on March 31, 2013	
	No. of Shares Held	% to total	No. of Shares Held	% to total
Promoters	56,029,674	67.33	56,029,674	67.52
Mutual Funds	12,577,215	15.11	8,782,564	10.58
Financial Institution	6,496	0.01	10,607	0.01
Foreign Institutional Investors	2,335,543	2.81	7,933,430	9.56
Corporate Bodies	9,557,555	11.48	4,825,594	5.82
Indian Public & HUF	2,653,578	3.19	5,283,302	6.37
Banks	7,200	0.01	8,640	0.01
NRIs	30,244	0.04	83,265	0.10
Clearing Members (Transit)	11,107	0.01	22,437	0.03
Trust	7,148	0.01	4	0.00
<b>Total</b>	<b>83,215,760</b>	<b>100.00</b>	<b>82,979,517</b>	<b>100.00</b>

**Shareholding of Board of Directors as on March 31, 2014:**

Name of Director	Status	No. of Shares
Mr. Chandru L. Raheja	Promoter Director	697,500
Mr. Ravi C. Raheja	Promoter Director	1,100,000
Mr. Neel C. Raheja	Promoter Director	1,150,000
Mr. Gulu L. Mirchandani	Director	0
Mr. Shahzaad S. Dalal	Director	2,000
Prof. Nitin Sanghavi	Director	0
Mr. Deepak Ghaisas*	Director	7,750
Mr. Nirvik Singh	Director	0
Mr. Avnish Bajaj	Director	0
Mr. B. S. Nagesh	Vice Chairman	572,874
Mr. Govind Shrikhande	Managing Director	285,866

\* Mr. Deepak Ghaisas holds 7,750 Equity Shares jointly with his wife as second holder.

**(9) Registrar and Transfer Agent :** Karvy Computershare Private Limited.  
Plot No. 17-24, Vittal Rao Nagar, Madhapur, Hyderabad - 500 081, (India).  
Tel: +91-40 4465 5000, Fax: +91-40 2342 0814

**(10) Share Transfer System :** The shares of the Company are traded on the Stock Exchanges through the Depository System. The ISIN allotted to the equity shares of ₹ 5/- each of the Company is INE498B01024. The requests received by the Company/RTA for dematerialisation/rematerialisation are disposed off expeditiously. Share certificates duly endorsed are issued to the shareholders, who opt for the shares in the physical form.

- (11) Dematerialisation of shares and liquidity** : The trading in Company's equity shares is Compulsorily in dematerialised mode for all investors. As on date, entire share capital of the Company except 324 equity shares are being held in the dematerialised mode. The shares of the Company are regularly traded at both the Stock Exchanges where they are listed, which ensure the necessary liquidity to shareholders.
- (12) Outstanding GDRs/ADRs/ Warrants or any Convertible instruments** : The Company has not issued any ADR or GDR or warrants or any convertible instruments, which has likely impact on equity share capital.
- (13) Address for correspondence** : Mr. Prashant Mehta,  
Vice President – Legal & Company Secretary  
Eureka Towers, B-Wing, 9th Floor, Mindspace, Link Road, Malad (West), Mumbai - 400 064.  
Tel: (022) 4249 7000, Fax: (022) 2880 8877  
E-mail ID: investor@shoppersstop.com  
Web Address: www.shoppersstop.com
- (14) Store Locations** : **Western Region**
1. 211-D, S. V. Road, Andheri (West), Mumbai – 400 058
  2. Krushal Commercial Complex, G. M. Road, Chembur (West), Mumbai – 400 089
  3. Suburbia, Old Bandra Talkies, Linking Road, Bandra (West), Mumbai – 400 050
  4. Nirmal Lifestyles, L. B. S. Marg, Mulund (West), Mumbai – 400 080
  5. Inorbit Mall, Link Road, Malad (West), Mumbai – 400 064
  6. Dynamix Mall, Sant Dhyaneswar Marg, JVPD Scheme, Next to Chandan Cinema Hall, Vile Parle (West), Mumbai – 400 049
  7. Godrej Eternia, B Wing, Shivaji Nagar, Mumbai-Pune Road, Pune – 411 005
  8. HomeStop, Inorbit Mall, 2nd Floor, Link Road, Malad (West), Mumbai – 400 064
  9. Prozone Mall, Plot Sector–C, Chikalthana Industrial Area, Masantpur, Aurangabad – 431 210
  10. Inorbit Mall, Vashi, Navi Mumbai – 400 705
  11. HomeStop, Inorbit Mall, 2nd Floor, Vashi, Navi Mumbai – 400 705
  12. Inorbit Mall, Wadgaon Sheri, Nagar Road, Pune – 411 014
  13. Alpha G, Near Vastrapur Lake, Vastrapur, Ahmedabad – 380 054
  14. R City Mall, LBS Marg, Ghatkopar (West), Mumbai – 400 086
  15. Pacific Mall, Shankar Seth Road, Pune – 411 037
  16. Opposite Alankar Talkies, Chainsukh Road, Latur – 413 512
  17. HomeStop, Inorbit Mall, 2nd Floor, Wadgaon Sheri, Nagar Road, Pune – 411 014
  18. HomeStop, R City, LBS Marg, Ghatkopar (West), Mumbai – 400 086
  19. HomeStop, FP No. 216, TP Scheme -1, Vastrapur, Ahmedabad – 380 054
  20. Koregaon Park Shopping Centre, Village Mouje, Gorpadi Taluka, Pune – 411 001
  21. Metro Junction Mall, Shil Road, Kalyan – 421 306
  22. VR Mall, Near Magdalia Chokdi, Dumas Road, Surat – 395 007
  23. Viviana Mall, Eastern Express Highway, Thane – 400 062
  24. Alembic Road, Subhanpura, Vadodara – 390 003



**Southern Region**

1. Garuda Star Mall, Magrath Road, Ashok Nagar, Bengaluru – 560 025
2. Commerce@Mantri, Ground Floor, N.S. Palya, Bannerghatta Road, Bengaluru – 560 076
3. Mantri Square, Sampige Road, Malleshwaram, Bengaluru – 560 003
4. Salarpuriya Tower – II, Near Forum Mall, Kormangala Indl. Layout, Bengaluru – 560 095
5. Plot No. 1-11-251/1, Alladin Mansion, Begumpet, Hyderabad – 500 016
6. Harrington Road, Chetpet, Chennai – 600 031
7. GVK One Mall, Road No. 01, Banjara Hills, Hyderabad – 500 034
8. Inorbit Mall, Apiic Software Layout, Hitech City, Madhapur, Hyderabad – 500 081
9. Passenger Terminal Building, Shamshabad Airport, Rangareddy, Hyderabad – 500 409
10. Passenger Terminal Building, Bengaluru International Airport, Devanahalli, Bengaluru – 560 300
11. HomeStop, Raheja Point No. 17/2, Magrath Road, Bengaluru – 560 025
12. Ramee Mall, 365, Anna Salai, Teynampet, Chennai – 600 018
13. HomeStop, Royal Meenakshi Mall, Bannergetta Road, Opp. Meenakshi Temple, Bengaluru – 560 076
14. HomeStop, LEPL Icon, Vijayawada – 520 008
15. 1st and 2nd Floor, Celebros Shyamala Towers, 136 Acrot Road, Saligramam, Chennai – 600 093
16. LEPL Icon Mall, Vijayawada – 520 008
17. OMR, Ground Floor, Gopalan Signature Towers, Opp. RMZ Infinity, Old Madras Road, Bengaluru – 560 096
18. Mall of Mysore, Indira Nagar Extension, Nazarabad Mohalla, M.G. Road, Mysore – 570 010
19. HomeStop, Inorbit Mall, Apiic Software Layout, Hitech City, Cyberabad, Hyderabad – 500 081
20. Inorbit Mall – Whitefield, EPIP Area, Whitefield, Bengaluru – 560 066
21. E-City Mall, Avinash Road, Coimbatore – 641 004
22. HomeStop, E-City Mall, Avinash Road, Coimbatore – 641 004
23. “Soul Space Arena” Outer Ring Road, K R Puram Hubli, Bengaluru – 560 037
24. Homestop, Phoneix Market City, Velachery, Chennai – 600 042
25. Homestop, Manjeera Trinity Mall, Kukatpally, Hyderabad – 500 072
26. The Grand Mall, No. 137, Dr. Seetharam Nagar, Velachery, Chennai – 600 042
27. Homestop, SJR Padukone Plaza, (Shop in Shop Crossword), 18th Main Road, Koramangla, Bengaluru – 560 034
28. Manjeera, Trinity Mall, Kukatpally, Hyderabad – 500 072
29. Homestop, Embassy Paragon, (Shop in Shop Hypercity), ITPL Main Road, Bengaluru – 560 037

**Northern Region**

1. Ansal Plaza, Hudco Palace, Andrew Ganj, Khelgaon Marg, Near South Extension, New Delhi – 110 049
2. The Metropolitan Mall, Mehrauli-Gurgaon Road, Gurgaon, Haryana – 122 002
3. Shipra Mall, Shipra Suncity, 9 Vaibhav Khand, Indirapuram, Ghaziabad – 201 012
4. HomeStop, Plot No. A/3, Select City Walk, District Centre, Saket, New Delhi – 110 017
5. E - City Mall, Opp. Paryatan Bhavan, Beside Eldeco Green Compound, Gomti Nagar, Lucknow – 226 010
6. Eros Mall, Shivaji Palace, Rajouri Garden, Rajouri, New Delhi – 110 027
7. The Great India Palace, New Okhla Industrial Development Area, Noida – 201 301
8. Metropolitan Mall, Press Enclave Road, District Centre Saket, Sector II, New Delhi – 110 017
9. Suncity Triton Mall, Near Bhawani Niketan College, Off Sikar Road, Sitarampura, Jaipur – 302 012
10. Alpha One Mall, MBM Farms, Sultan Wind, Main G. T. Road, Amritsar – 143 010
11. Ambience Mall, Nelson Mandela Road, Vasant Kunj, New Delhi – 110 070
12. DB City Mall, Arera Hills, Bhopal – 462 011
13. Spaze I, Tech Park, Gurgaon, Spaze Mall, Sohna Road, Gurgaon – 122 002
14. Rohini, Sector - 10, Adjacent to Rithala Metro Station, Rohini, New Delhi – 110 085
15. BPK Star Building, Opp. Lig Gurudwara, A.B. Road, Indore – 452 001
16. HomeStop, 2nd Floor, Fun Republic Mall, Gomti Nagar, Lucknow – 206 010
17. MBD Neopolis Mall, Civil Lines, Beside Hotel Raddison, BMC Chowk, GT Road, Jalandar – 144 001
18. World Trade Park, South Block, Malviya Nagar, Jaipur – 302 017
19. Elante Mall, Industrial Area Phase -1, Chandigarh – 160 002
20. New Udaan Bhawan, Indira Gandhi International Airport, New Delhi – 110 037
21. OMaxe SRK Mall, Nagala Padi, Agra – 280 002
22. Jaipur International Airport (Departure - Level 2), New Terminal Building T-2, Jaipur – 302 011
23. HomeStop, Elante Mall, Industrial Area Phase -1, Chandigarh – 160 002
24. HomeStop, Gaurav Towers 2, Indira Palace, Malaviya Nagar, Jaipur – 302 017
25. Gaur Central Mall, Rajnagar, Ghaziabad – 201 002

**Eastern Region**

1. 10/3, Lala Lajpat Rai Sarani (Elgin Road), Kolkata – 700 020
2. City Centre, DC - 1, Sector – 1, Salt Lake, Kolkata – 700 064
3. South City Mall, 375, Prince Anwar Shah Road, Kolkata – 700 068
4. Junction Mall, Mouza – Faridpur, City Centre, Durgapur – 713 216
5. City Centre, Siliguri Uttarayan Township, NH – 31, Matigara, Siliguri – 734 010
6. Vidhan Sabha Road, Village Mowa, Raipur – 492 005
7. New Integrated Terminal Building, Swami Vivekanand Airport, Raipur – 492 001



To,

**The Members of Shoppers Stop Limited**

### Report on the Financial Statements

1. We have audited the accompanying financial statements of **SHOPPERS STOP LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs) and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

### Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal controls relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
  - (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
  - (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

### Emphasis of Matter

7. We draw attention to:
  - (a) Note 30 to the financial statements regarding non-provision of service tax for the period 1st June, 2007 to 31st March, 2010 on renting of immovable properties given for commercial use, aggregating ₹ 1,659.56 lacs (2013: ₹ 1,659.56 lacs), pending final disposal of the appeal filed before the Hon'ble Supreme Court, inter-alia, challenging the retrospective levy of the service tax. The matter is contingent upon the final outcome of the litigation.

## Independent Auditors' Report

Shoppers Stop Ltd.

- (b) Note 31 to the financial statements regarding the Company's financial involvement aggregating ₹ 39,085.32 lacs (2013: ₹ 33,058.39 lacs) in Hypercity Retail (India) Limited, a subsidiary company. The Company considers no provision for any loss is currently necessary for the reasons stated in the note.

Our opinion is not qualified in respect of these matters.

**Report on Other Legal and Regulatory Requirements**

8. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
9. As required by Section 227(3) of the Act, we report that:
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs).
  - (e) On the basis of the written representations received from the directors as on 31st March 2014 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2014 from being appointed as a director in terms of Section 274(1)(g) of the Act.

**For Deloitte Haskins & Sells LLP**

Chartered Accountants

(Firm Registration No. 117366W/W-100018)

**Shyamak R. Tata**

Partner

(Membership No. 38320)

Place: Mumbai

Date: 29 April, 2014

To,

**The Members of Shoppers Stop Limited**

**(Referred to in paragraph 8 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

In our opinion and according to the information and explanations given to us, the nature of the Company's business/activities during the year are such that clauses (vi), (viii), (x), (xii), (xiii), (xiv), (xviii), (xix) and (xx) of paragraph 4 of the Order, are not applicable to the Company. In respect of the other clauses, we report as under:

1. In respect of its fixed assets:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
  - (b) Some of the fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification, which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company.
2. In respect of its inventories:
  - (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
  - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
3. The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956. In respect of loans, secured or unsecured, granted by the Company to companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956, according to the information and explanations given to us, we report that:
  - (a) The Company has granted unsecured loans to one party during the year aggregating ₹ 22,500 lacs. At the year-end, the outstanding balance of such loans aggregated ₹ 10,300 lacs and the maximum amount involved during the year was ₹ 13,800 lacs.
  - (b) The rate of interest and other terms and conditions of such loans are, in our opinion, *prima facie* not prejudicial to the interests of the Company.
  - (c) The receipt of principal and interest in respect of such loans are as per stipulations.
  - (d) There are no overdue amounts of principal or interest as at 31st March, 2014.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in the aforesaid internal control system.
5. In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
  - (a) The particulars of the contracts or arrangements referred to in Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.
  - (b) Where each of such transactions is in excess of ₹ 5 lacs in respect of any party, we are informed that the nature of transactions is such that there are no comparative prevailing market prices.
6. In our opinion, the internal audit functions carried out during the year by firms of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.
7. According to the information and explanations given to us, and the records of the Company examined by us, in respect of statutory dues:



## Annexure to the Independent Auditors' Report

Shoppers Stop Ltd.

- (a) The Company has generally been regular in depositing undisputed dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2014 for a period of more than six months from the date they became payable.
- (c) There are no disputed dues relating to Wealth Tax, Excise Duty and Cess which have not been deposited with the relevant authorities as at 31st March, 2014. The details of dues of Income Tax, Service Tax, Sales Tax and Customs Duty which have not been deposited as on 31st March, 2014 on account of any disputes are given below:

Name of the Statute	Nature of dues	Period to which the amount relates	Forum where dispute is pending	Amount (₹ in lacs)
The Income-Tax Act, 1961	Income Tax	2007-08	Appellate Authority – Commissioner level	74.95
Finance Act, 1994	Service Tax	May 2006 to May 2007	Appellate Authority – Tribunal level	1,066.91
		2004-05 & 2005-06	Appellate Authority – Tribunal level	391.54
The West Bengal Value Added Tax Act, 2005	Sales Tax	2008-09	Appellate Authority – Tribunal level	5.58
		2009-10	Appellate Authority – Commissioner level	3.14
Maharashtra Value Added Tax Act	Sales Tax	2009-10	Joint Commissioner of Sales Tax	25.44
The Customs Act, 1962	Customs Duty	2008	Appellate Authority – Tribunal level	5.17

8. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks.
9. In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by its joint venture companies and a subsidiary company from banks are not, *prima facie*, prejudicial to the interests of the Company.
10. In our opinion and according to the information and explanations given to us, the term loans obtained have been applied for the purposes for which they were obtained.
11. In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company and utilisation of funds, we report that funds raised on short-term basis have, *prima facie*, not been used during the year for long-term investment.
12. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no significant fraud on the Company has been noticed or reported during the year.

**For Deloitte Haskins & Sells LLP**

Chartered Accountants

(Firm Registration No. 117366W/W-100018)

**Shyamak R. Tata**

Partner

(Membership No. 38320)

Place: Mumbai

Date: 29 April, 2014

(All amounts in ₹ lacs)

	Notes	Mar-14	Mar-13
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share capital	3	<b>4,160.79</b>	4,148.98
Reserves and surplus	4	<b>68,706.47</b>	65,233.22
		<b>72,867.26</b>	69,382.20
<b>NON-CURRENT LIABILITIES</b>			
Long-term borrowings	5	<b>19,983.33</b>	11,250.00
Deferred tax liabilities (net)	6	<b>996.19</b>	625.43
		<b>20,979.52</b>	11,875.43
<b>CURRENT LIABILITIES</b>			
Short-term borrowings	7	<b>17,480.71</b>	19,433.71
Trade payables	8	<b>30,969.50</b>	28,174.92
Other current liabilities	9	<b>22,521.30</b>	13,609.86
Short-term provisions	10	<b>1,066.26</b>	1,028.07
		<b>72,037.77</b>	62,246.56
		<b>165,884.55</b>	143,504.19
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets			
Tangible assets	11	<b>52,679.08</b>	44,298.28
Intangible assets	11	<b>2,223.70</b>	1,293.32
Capital work in progress		<b>3,187.17</b>	2,744.86
		<b>58,089.95</b>	48,336.46
Non-current investments	12	<b>38,759.92</b>	33,094.74
Long-term loans and advances	13	<b>30,119.38</b>	27,540.34
Other non-current assets	14	<b>—</b>	790.45
		<b>126,969.25</b>	109,761.99
<b>CURRENT ASSETS</b>			
Inventories	15	<b>29,553.57</b>	24,382.49
Trade Receivables	16	<b>2,600.30</b>	2,036.36
Cash and cash equivalents	17	<b>873.40</b>	1,172.13
Short-term Loans and advances	18	<b>4,397.49</b>	4,702.71
Other current assets	19	<b>1,490.54</b>	1,448.51
		<b>38,915.30</b>	33,742.20
		<b>165,884.55</b>	143,504.19

The accompanying notes 1 to 40 are an integral part of the financial statements.

In terms of our attached report of even date

For and on Behalf of the Board of Directors

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants

**C. L. Raheja**  
Chairman

**Ravi Raheja**  
Director

**Govind S. Shrikhande**  
Customer Care Associate &  
Managing Director

**Shyamak R. Tata**  
Partner  
Mumbai, Dated: 29 April, 2014

**Sanjay Chakravarti**  
Customer Care Associate &  
Chief Financial Officer  
Mumbai, Dated: 29 April, 2014

**Prashant Mehta**  
Customer Care Associate &  
Company Secretary &  
Vice President - Legal

Statement of Profit and Loss  
for the year ended 31 March 2014

Shoppers Stop Ltd.

(All amounts in ₹ lacs)

	Notes	Mar-14	Mar-13
<b>INCOME</b>			
Revenue from operations	20	<b>271,357.32</b>	225,422.36
Other income	21	<b>1,338.88</b>	1,721.47
Total revenue		<b>272,696.20</b>	227,143.83
<b>EXPENSES</b>			
Purchase of Stock-in-Trade	22	<b>174,215.93</b>	143,770.25
Changes in Inventories of Stock-in-Trade – (increase)	23	<b>(5,171.08)</b>	(3,178.48)
Employee benefits expense	24	<b>20,444.50</b>	16,106.41
Finance costs	25	<b>4,189.10</b>	3,188.14
Depreciation and amortisation expense	11	<b>6,177.89</b>	5,074.71
Other expenses	26	<b>66,501.92</b>	56,083.11
Total expenses		<b>266,358.26</b>	221,044.14
<b>PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX</b>		<b>6,337.94</b>	6,099.69
Exceptional Item (Note 40)		<b>67.40</b>	74.06
<b>PROFIT BEFORE TAX</b>		<b>6,270.54</b>	6,025.63
Tax expense	27	<b>2,570.07</b>	2,108.78
<b>PROFIT FOR THE YEAR</b>		<b>3,700.47</b>	3,916.85
<b>EARNINGS PER EQUITY SHARE</b>			
Equity shares of face value ₹ 5 each	28		
Basic (₹)		<b>4.46</b>	4.73
Diluted (₹)		<b>4.45</b>	4.71

The accompanying Notes 1 to 40 are an integral part of the financial statements.

In terms of our attached report of even date

For and on Behalf of the Board of Directors

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants

**C. L. Raheja**  
Chairman

**Ravi Raheja**  
Director

**Govind S. Shrikhande**  
Customer Care Associate &  
Managing Director

**Shyamak R. Tata**  
Partner  
Mumbai, Dated: 29 April, 2014

**Sanjay Chakravarti**  
Customer Care Associate &  
Chief Financial Officer  
Mumbai, Dated: 29 April, 2014

**Prashant Mehta**  
Customer Care Associate &  
Company Secretary &  
Vice President - Legal



## Cash Flow Statement for the year ended 31 March 2014

Shoppers Stop Ltd.

(All amounts in ₹ lacs)

**Cash flows from operating activities****Net profit before exceptional item and tax****Adjustments for:**

Depreciation and Amortisation  
Provision for doubtful debts/advances  
Finance costs  
Loss on sale of fixed assets  
Interest income

**Operating profit before working capital changes****Adjustments for:**

Inventories  
Trade receivables  
Short-term loans and advances, other current assets  
Lease deposits (net)  
Long-term/short-term provisions  
Trade payables and other current liabilities

**Cash generated from operations**

Income taxes paid (net of refunds)

**Cash flow before exceptional item****Exceptional item:**

Insurance claim received (Note 32)

**Net cash from operating activities (A)****Cash flow from investing activities**

Purchase of fixed assets  
Sale of fixed assets  
Loans & advances to subsidiaries/group Companies (net)  
Investment in subsidiaries  
Investment in joint ventures  
Interest Received  
Consideration received on transfer of crossword business (refer note 2 below)

**Net cash used in investing activities (B)****Cash flows from financing activities**

Issue of share capital  
Securities premium on issue of share capital  
Dividend and dividend tax paid  
Proceeds from long term borrowings  
Repayment of long term borrowings  
Short terms loans (net)  
Finance costs paid

**Net cash from / (used in) financing activities (C)****Net (Decrease) / Increase in cash and cash equivalents (A) + (B) + (C)**

Cash and cash equivalents as at beginning of the year  
Cash and cash equivalents as at the end of the year (Note 17)

**Notes :**

- (1) Cash and Cash Equivalents as per Balance Sheet (See Note 17)  
Less: Deposit under lien & dividend accounts  
Cash and Cash Equivalents as reported above
- (2) Consideration receivable from transfer of Crossword business  
Less: consideration received during the year  
Balance consideration receivable as at the year end  
The accompanying Notes 1 to 40 are an integral part of the financial statements.

Mar-14	Mar-13
<b>6,337.94</b>	6,099.69
<b>6,177.89</b>	5,074.71
<b>148.56</b>	—
<b>4,189.10</b>	3,188.14
<b>108.24</b>	83.88
<b>(1,303.59)</b>	(1,259.62)
<b>15,658.14</b>	13,186.80
<b>(5,578.77)</b>	(3,693.58)
<b>(588.61)</b>	7.39
<b>197.10</b>	1,698.53
<b>(1,150.56)</b>	(1,036.08)
<b>38.19</b>	99.99
<b>5,255.10</b>	5,961.54
<b>13,830.59</b>	12,827.53
<b>(2,399.19)</b>	(2,091.89)
<b>11,431.40</b>	10,735.64
<b>1,100.20</b>	500.00
<b>12,531.60</b>	11,235.64
<b>(15,183.03)</b>	(10,444.21)
<b>53.44</b>	92.48
<b>(1,171.61)</b>	(456.15)
<b>(4,054.50)</b>	(4,539.00)
<b>(1,610.68)</b>	(134.46)
<b>1,286.38</b>	1,257.95
<b>—</b>	0.53
<b>(20,680.00)</b>	(14,222.86)
<b>11.81</b>	20.87
<b>502.97</b>	322.83
<b>(728.11)</b>	(719.67)
<b>16,400.00</b>	10,000.00
<b>(2,250.00)</b>	(4,000.00)
<b>(1,953.00)</b>	1,026.84
<b>(4,150.04)</b>	(3,233.67)
<b>7,833.63</b>	3,417.20
<b>(314.77)</b>	429.98
<b>1,020.38</b>	590.40
<b>705.61</b>	1,020.38
<b>(314.77)</b>	429.98
<b>873.40</b>	1,172.13
<b>167.79</b>	151.75
<b>705.61</b>	1,020.38
<b>—</b>	0.53
<b>—</b>	(0.53)
<b>—</b>	—

In terms of our attached report of even date

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants

**Shyamak R. Tata**  
Partner  
Mumbai, Dated: 29 April, 2014

For and on Behalf of the Board of Directors

**C. L. Raheja**  
Chairman

**Sanjay Chakravarti**  
Customer Care Associate &  
Chief Financial Officer  
Mumbai, Dated: 29 April, 2014

**Ravi Raheja**  
Director

**Govind S. Shrikhande**  
Customer Care Associate &  
Managing Director

**Prashant Mehta**  
Customer Care Associate &  
Company Secretary &  
Vice President - Legal

**1. COMPANY BACKGROUND**

Shoppers Stop Limited ('SSL' or 'the Company') was incorporated on 16 June 1997. The Company is engaged in the business of retailing a variety of household and consumer products through departmental stores. As at 31 March 2014, the Company operated through 67 such departmental stores located in different cities of India.

**2. SIGNIFICANT ACCOUNTING POLICIES****a) Basis of accounting and preparation of financial statements**

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956 (which continues to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General circular 15/2013 dated 13 September 2013 of the ministry of Corporate Affairs). The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

**b) Use of estimates**

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/materialise.

**c) Fixed Assets and Depreciation****Tangible Assets**

Fixed assets are stated at their original cost of acquisition less accumulated depreciation and impairment losses. Cost comprises of all costs incurred to bring the assets to their location and working condition and includes all expenses incurred upto the date of launching new stores to the extent they are attributable to the new stores.

Depreciation is provided, pro-rata for the period of use, by the straight line method (SLM), based on management's estimate of useful lives of the fixed assets, or at the SLM rates prescribed in Schedule XIV to the Act whichever is higher, at the following annual rates:

	(%)
Air conditioning and other equipment	5.00–20.00
Furniture, fixtures and other fittings	6.33–20.00
Computers	16.21–33.33
Vehicles	9.50
Leasehold Improvements	5.82–20.00

**Intangible assets**

Intangible assets are stated at their cost of acquisition, less accumulated amortisation and impairment losses. An intangible asset is recognised, where it is probable that the future economic benefits attributable to the asset will flow to the enterprise and where its cost can be reliably measured. The intangible assets are amortised over the best estimate of its useful life on a straight-line basis.

Trademarks & Patents and Computer Software are amortised uniformly over a period of 10 and 6 years respectively.

**Impairment of assets**

An asset is considered as impaired in accordance with Accounting Standard 28 on Impairment of Assets when at the Balance Sheet date there are indications of impairment and the carrying amount of the asset, or where applicable, of the cash generating unit to which the asset belongs, exceeds its recoverable amount (i.e., the higher of the asset's net selling price and value in use). The carrying amount is reduced to the recoverable amount and the reduction is recognised as an impairment loss in the Statement of Profit and Loss.

**d) Investments**

Non-current investments are stated at cost. Where applicable, provision is made to recognise a decline, other than temporary, in the value of non-current Investments.

**e) Revenue recognition**

Sale of products:

Revenue is recognised when it is earned and no significant uncertainty exists as to its realisation or collection.

Retail sales are recognised on delivery of the merchandise to the customer, when the property in goods and significant risks and rewards are transferred for a price and no effective ownership control is retained.

The property in the merchandise of third party concession stores located within the main departmental store of the Company passes to the Company once a customer decides to purchase an item from the concession store. The Company in turn sells the item to the customer and is accordingly included under Retail Sales.

The property in the merchandise of third party consignment stock does not pass to the Company. Since, however, the sale of such stock forms a part of the activities of the Company's departmental stores, the gross sales values and cost of the merchandise are disclosed separately and form part of total Retail Revenue in the Statement of Profit and Loss.

Sales are net of discounts. Value Added Tax and Sales Tax are reduced from Retail Revenue.

In respect of gift vouchers and point award schemes operated by the Company, sales are recognised when the gift vouchers or points are redeemed and the merchandise is sold to the customer.

Other retail operating revenue:

Revenue from store displays and sponsorships are recognised based on the period for which the products or the sponsors' advertisements are promoted/displayed. Facility management fees are recognised pro-rata over the period of the contract.

**f) Income from investments and loans**

Interest income is recognised on time proportion basis. Dividend income is recognised when right to receive it is established.

**g) Inventories**

Inventories are valued at the lower of cost and net realisable value. Cost of inventories comprises all costs of purchase and other costs incurred in bringing the inventories to their present condition and location. Cost is determined by the weighted average cost method.

Merchandise received under consignment and concessionaire arrangements belong to the consignors/concessionaires and are therefore excluded from the Company's inventories.

**h) Employee benefits**

Compensation to employees for services rendered is measured and accounted for in accordance with Accounting Standard 15 on Employee Benefits.



Employee Benefits such as salaries, allowances, non-monetary benefits and employee benefits under defined contribution plans such as provident and other funds, which fall due for payment within a period of twelve months after rendering service, are charged as expense to the Statement of Profit and Loss in the period in which the service is rendered.

Employee Benefits under defined benefit plans and other long term employee benefits such as gratuity and compensated absences which fall due for payment after completion/cessation of employment or after a period of twelve months from rendering service, are measured by the projected unit credit method, based on actuarial valuations, at each Balance Sheet date, carried out by independent actuaries. The Company's obligations recognised in the balance sheet represent the present value of obligations as reduced by the fair value of plan assets, where applicable.

Actuarial Gains and losses are recognised immediately in the Statement of Profit and Loss.

**i) Operating leases**

Operating Lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis or other systematic bases more representative of the time pattern of the user's benefit.

**j) Borrowing costs**

Borrowing costs attributable to the acquisition or construction of qualifying assets, as defined in Accounting Standard 16 on Borrowing Costs, are capitalised as part of the cost of acquisition. Other borrowing costs are expensed as incurred.

**k) Foreign currency transactions**

Transactions in foreign currencies are accounted at the prevailing rates of exchange on the date of transaction. Monetary items denominated in foreign currencies, are restated at the prevailing rates of exchange at the Balance Sheet date. All gains and losses arising out of fluctuations in exchange rates are accounted for in the Statement of Profit and Loss.

Exchange differences on forward exchange contracts, entered into for hedging foreign exchange fluctuation risk in respect of an underlying asset/liability, are recognised in the Statement of Profit and Loss in the reporting period in which the exchange rate changes. Premium/Discount on forward exchange contracts are recognised as an expense/income over the life of the contract.

**l) Income-tax**

Income taxes are accounted for in accordance with Accounting Standard 22 on Accounting for Taxes on Income. Taxes comprise both current and deferred tax.

Provision for current tax is made taking into account admissible allowances, disallowances under the provisions of Income Tax Act, 1961, using the applicable tax rates.

Deferred tax resulting from the timing differences between taxable income and accounting income is accounted using applicable tax rates and laws, enacted or substantively enacted as at the Balance Sheet.

The deferred tax asset is recognised and carried forward only to the extent that there is reasonable/virtual certainty that the asset will be realised in future.

**m) Stock based compensation**

The compensation cost of stock options granted to employees is calculated using the intrinsic value of the stock options. The compensation expense is amortised uniformly over the vesting period of the option.

**n) Earnings Per Share**

The Company reports basic and diluted Earnings Per Share (EPS) in accordance with Accounting Standard 20 on Earnings Per Share. Basic EPS is computed by dividing the net profit or loss for the year by the weighted average number of equity shares outstanding during the year. Diluted EPS is computed by dividing the net profit or loss for the year by the weighted average number of equity shares outstanding during the year as adjusted for the effects of all dilutive potential equity shares, except where the results are anti-dilutive.

**o) Cash Flow Statement**

The Cash Flow Statement is prepared by the indirect method set out in Accounting Standard 3 on Cash Flow Statements and presents the cash flows by operating, investing and financing activities of the Company. Cash and cash equivalents presented in the Cash Flow Statement consist of cash on hand and unencumbered bank balances.

**p) Cash and cash equivalents (for purposes of Cash Flow Statement)**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

**q) Provision, Contingent liabilities and Contingent Assets:**

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes to the financial statements. Disclosure is not made if the possibility of an outflow of future economic benefits is remote. Contingent assets are neither recognised nor disclosed in the financial statements.

Notes to Financial Statements  
for the year ended 31 March, 2014

Shoppers Stop Ltd.

(All amounts in ₹ lacs)

### 3. SHARE CAPITAL

#### 3.1 Authorised

200,000,000 equity shares of ₹ 5/- each

#### 3.2 Issued, subscribed and fully paid up shares

83,215,760 (2013 : 82,979,517) equity shares of ₹ 5/- each fully paid-up

Mar-14	Mar-13
10,000.00	10,000.00
4,160.79	4,148.98
4,160.79	4,148.98

#### 3.3 Reconciliation of shares outstanding at the beginning and end of the year:

Particulars:

Equity shares

At the beginning of the year

Issued during the year - ESOP (Note 3.4)

**At the end of the year**

31 March 2014	
Numbers	₹ Lacs
82,979,517	4,148.98
236,243	11.81
83,215,760	4,160.79

31 March 2013	
Numbers	₹ Lacs
82,562,134	4,128.11
417,383	20.87
82,979,517	4,148.98

#### 3.4 Shares reserved for issue under options:

Employee Stock Option Plan (ESOP)

Options exercised during the year

Option Outstanding as at

For further details of ESOP schemes, refer Note 35

Mar-14	Mar-13
(Nos)	(Nos)
236,243	417,383
525,735	592,756

#### 3.5 Details of shareholders holding more than 5% shares as at 31 March:

**Name of the Shareholder**

Palm Shelter Estate Development Pvt. Ltd.

Raghukool Estate Development Pvt. Ltd.

Capstan Trading Pvt. Ltd.

Casa Maria Properties Pvt. Ltd.

Anbee Construction Pvt. Ltd.

Cape Trading Pvt. Ltd.

Reliance Capital Trustee Co. Ltd. A/C Reliance

Equity Opportunities Fund

31 March 2014	
Shares held (Nos)	Shares held (%)
11,813,300	14.20%
8,263,300	9.93%
8,129,768	9.77%
7,913,300	9.51%
6,511,762	7.83%
6,261,040	7.52%
4,949,960	5.95%

31 March 2013	
Shares held (Nos)	Shares held (%)
11,813,300	14.24%
8,263,300	9.96%
8,129,768	9.80%
7,913,300	9.54%
6,511,762	7.85%
6,261,040	7.55%
4,040,675	4.87%

#### 3.6 Other disclosures:

The Company has one class of equity shares having a par value of ₹ 5 per share. Each equity shareholder is eligible for one vote per share held. Each equity shareholder is entitled to dividends as and when the Company declares and pays dividend after obtaining shareholders' approval. Dividends are paid in Indian Rupees.

During the year ended 31st March 2014, the amount of per share final dividend recognised as distribution to equity shareholders was ₹ 0.75 per share (2013: ₹ 0.75 per share).



(All amounts in ₹ lacs)

**4. RESERVES AND SURPLUS****Securities Premium Account:**

Balance at beginning of the year  
Add: Received on allotment of shares

**General Reserve**

Balance at beginning of the year  
Transferred from Surplus in the Statement of Profit and Loss

**Surplus in the Statement of Profit and Loss**

Opening Balance  
Add: Profit for the year

**Appropriations:**

Dividend proposed to be distributed to equity shareholders-  
₹ 0.75 per share (2013: ₹ 0.75 per share)  
Tax on proposed dividend  
Transferred to General Reserve

Closing Balance

**5. LONG TERM BORROWINGS****From banks**

Term Loans (Secured)  
Less: Current maturities (Note 9)

Mar-14	Mar-13
<b>46,278.86</b>	45,956.03
<b>502.97</b>	322.83
<b>46,781.83</b>	46,278.86
<b>1,445.47</b>	1,249.63
<b>185.02</b>	195.84
<b>1,630.49</b>	1,445.47
<b>17,508.89</b>	14,516.00
<b>3,700.47</b>	3,916.85
<b>21,209.36</b>	18,432.85
<b>624.12</b>	622.35
<b>106.07</b>	105.77
<b>185.02</b>	195.84
<b>915.21</b>	923.96
<b>20,294.15</b>	17,508.89
<b>68,706.47</b>	65,233.22
<b>27,650.00</b>	13,500.00
<b>7,666.67</b>	2,250.00
<b>19,983.33</b>	11,250.00

- 5.1** 2014: Term Loans are secured by a first pari passu charge on stock, book debts, hypothecation charge on credit card/debit card receivables (Escrow account) and all the movable fixed assets of the Company, both present & future except ICICI Bank Term loans which is secured by first Pari Passu charge on the current assets and all the movable fixed assets of the Company both Present & Future excluding leasehold rights, lease deposits & Shoppers Stop Brands.  
2013: Term Loans are secured by a first pari passu charge on stock, book debts, hypothecation charge on credit card/debit card receivables (Escrow account) and all the movable fixed assets of the Company, both present & future except ICICI Bank Term loans which is secured by first Pari Passu charge on the current assets and all the movable fixed assets of the Company both Present & Future excluding leasehold rights, lease deposits & Shoppers Stop Brands.

# Notes to Financial Statements for the year ended 31 March, 2014

Shoppers Stop Ltd.

(All amounts in ₹ lacs)

## 5.2 Terms of the Facilities:

Name of the Bank	Rate of Interest	Repayment Schedule	Loan Balance	
			Mar-14	Mar-13
HDFC Bank Ltd.	11.50% (Previous Year: 11.60%)	Loan is repayable in 12 quarterly equal Installments from 1st Jan. 2015. For 2013, Repayable on 10th April 2013	5,000.00	1,000.00
Bank of India	11.20% (Previous Year: 11.25%)	Repayable on 8th June 2014 ₹ 2,500 lacs & Balance on 13th April 2016. For 2013, Repayable on 8th June 2014	5,000.00	2,500.00
ICICI Bank Ltd.	12.00% (Previous Year: 11.75%)	Repayable in 15 Equal Quarterly installments from 1st Sept. 2014. For 2013, Repayable in 15 Equal quarterly Installments from 1st Sep. 2014	5,000.00	5,000.00
IDBI Bank Ltd.	12.00% (Previous Year: 12.00%)	Repayable in 4 Equal Quarterly Installments from 1st Feb. 2014. For 2013, Repayable in 4 equal quarterly installments from 1st Feb. 2014	3,750.00	5,000.00
ICICI Bank Ltd.	11.60%	Repayable in 12 Equal Quarterly Installments from 1st Dec. 2015	8,900.00	—

## 6. DEFERRED TAX LIABILITIES (NET)

Major components of Deferred tax asset and liability are as follows:

Deferred tax liability

On fiscal allowances on fixed assets	1,428.94	1,034.43
	<b>1,428.94</b>	<b>1,034.43</b>

Deferred tax assets

On provision for doubtful debts/advances	188.60	138.04
On fiscal allowances on expenditure	244.15	270.96
	<b>432.75</b>	<b>409.00</b>

Deferred tax liabilities (Net)	<b>996.19</b>	<b>625.43</b>
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## 7. SHORT-TERM BORROWINGS

Loans from banks (secured)	16,490.66	16,501.38
Loans from bank (unsecured)	990.05	932.33
Commercial papers (unsecured)	—	2,000.00
(maximum amount outstanding during the year ₹ 2,500 lacs; Previous year ₹ 11,500 lacs)	<b>17,480.71</b>	<b>19,433.71</b>

**7.1** 2014: Term Loans are secured by a first pari passu charge on stock, book debts, hypothecation charge on credit card/debit card receivables (Escrow account) and all the movable fixed assets of the Company, both present & future except ICICI Bank Term loans which is secured by first Pari Passu charge on the current assets and all the movable fixed assets of the Company both Present & Future excluding leasehold rights, lease deposits & Shoppers Stop Brands.

2013: Term Loans are secured by a first pari passu charge on stock, book debts, hypothecation charge on credit card/debit card receivables (Escrow account) and all the movable fixed assets of the Company, both present & future except ICICI Bank Term loans which is secured by first Pari Passu charge on the current assets and all the movable fixed assets of the Company both Present & Future excluding leasehold rights, lease deposits & Shoppers Stop Brands.

(All amounts in ₹ lacs)

**8. TRADE PAYABLES**

- Micro and Small Enterprises
- Other than Micro and Small Enterprises

**Mar-14****Mar-13**

—

—

**30,969.50**

28,174.92

**30,969.50**

28,174.92

- 8.1** There are no Micro and Small Enterprises, to whom the Company owes dues which are outstanding for more than 45 days during the year. This information as required to be disclosed under the Micro, Small and Medium Enterprise Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

**9. OTHER CURRENT LIABILITIES**

Current maturities of long term borrowings: secured (Note 5)

**7,666.67**

2,250.00

Interest accrued and not due on borrowings

**87.60**

48.54

Unpaid dividends

**0.46**

0.46

Other liabilities:

a) Creditors for capital expenditure

**1,406.62**

413.54

b) Liability for gift vouchers/point award redemptions

**8,668.62**

7,176.65

c) Statutory dues payable

**1,928.64**

1,740.53

d) Accrued Payroll

**2,467.00**

1,559.22

e) Security deposits

**175.67**

192.57

f) Related parties payables (Note 38)

**116.17**

98.21

g) Gratuity

**3.85**

130.14

**22,521.30**

13,609.86

**10. SHORT-TERM PROVISIONS**

For Employee Benefits: Leave Encashment

**336.07**

299.96

For Proposed Dividend

**624.12**

622.34

For Corporate Dividend Tax

**106.07**

105.77

**730.19**

728.11

**1,066.26**

1,028.07



**11. FIXED ASSETS**

Description	(All amounts in ₹ lacs)									
	GROSS BLOCK					DEPRECIATION/AMORTISATION				
	1 April 2013	Additions	Deductions	31 March 2014		1 April 2013	For the year	Deductions	31 March 2014	NET BLOCK 31 March 2014
<b>TANGIBLE ASSETS</b>										
Leasehold improvements	23,898.77	4,397.56	336.59	27,959.74		7,177.62	2,119.76	296.99	9,000.39	18,959.35
Air conditioning and other equipment	19,700.00	3,895.42	363.44	23,231.98		5,721.59	1,304.33	345.85	6,680.07	16,551.91
Furniture, fixtures and other fittings	16,760.19	4,525.23	1,496.77	19,788.65		6,487.02	1,304.24	1,393.36	6,397.90	13,390.75
Office Equipment	1,300.83	115.68	25.14	1,391.37		706.37	157.61	24.48	839.50	551.87
Computers	6,643.70	1,265.45	840.75	7,068.40		3,920.58	768.59	840.33	3,848.84	3,219.56
Vehicles	29.18	—	—	29.18		21.21	2.34	—	23.55	5.63
<b>Total</b>	<b>68,332.67</b>	<b>14,199.34</b>	<b>3,062.69</b>	<b>79,469.33</b>		<b>24,034.39</b>	<b>5,656.87</b>	<b>2,901.01</b>	<b>26,790.25</b>	<b>52,679.08</b>
<b>INTANGIBLE ASSETS</b>										
Trademarks	341.44	5.48	—	346.92		220.81	25.47	—	246.28	100.64
Software	3,445.31	1,445.91	40.02	4,851.20		2,272.62	495.55	40.02	2,728.14	2,123.06
<b>Total</b>	<b>3,786.75</b>	<b>1,451.39</b>	<b>40.02</b>	<b>5,198.12</b>		<b>2,493.43</b>	<b>521.02</b>	<b>40.02</b>	<b>2,974.42</b>	<b>2,223.70</b>
<b>Previous Year:</b>										
Description	GROSS BLOCK					DEPRECIATION/AMORTISATION				
	1 April 2012	Additions	Deductions	31 March 2013		1 April 2012	For the year	Deductions	31 March 2013	NET BLOCK 31 March 2013
<b>TANGIBLE ASSETS</b>										
Leasehold improvements	21,334.22	3,108.66	544.11	23,898.77		5,883.18	1,487.87	193.43	7,177.62	16,721.15
Air conditioning and other equipment	17,449.33	2,665.51	414.84	19,700.00		4,639.62	1,234.00	152.03	5,721.59	13,978.41
Furniture, fixtures and other fittings	14,777.20	2,636.69	653.70	16,760.19		5,862.88	1,018.22	394.08	6,487.02	10,273.17
Office Equipment	1,161.04	166.84	27.05	1,300.83		590.90	127.73	12.26	706.37	594.46
Computers	6,597.05	591.19	544.54	6,643.70		3,746.58	686.82	512.82	3,920.58	2,723.12
Vehicles	41.58	—	12.40	29.18		18.93	2.34	0.06	21.21	7.97
<b>Total</b>	<b>61,360.42</b>	<b>9,168.89</b>	<b>2,196.64</b>	<b>68,332.67</b>		<b>20,742.09</b>	<b>4,556.98</b>	<b>1,264.67</b>	<b>24,034.39</b>	<b>44,298.28</b>
<b>INTANGIBLE ASSETS</b>										
Trademarks	320.50	20.94	—	341.44		195.95	24.86	—	220.81	120.63
Software	2,718.54	726.77	—	3,445.31		1,779.75	492.87	—	2,272.62	1,172.69
<b>Total</b>	<b>3,039.04</b>	<b>747.71</b>	<b>—</b>	<b>3,786.75</b>		<b>1,975.70</b>	<b>517.73</b>	<b>—</b>	<b>2,493.43</b>	<b>1,293.32</b>

**Note:** Some of the Trademarks and Patents are pending for registration with relevant authorities and formalities (including for removal of objections) are under progress.

(All amounts in ₹ lacs)

**12. NON-CURRENT INVESTMENTS****(Trade, Unquoted at cost unless otherwise stated)****Investments in equity instruments****In subsidiary companies:**

Shoppers' Stop Services (India) Limited

50,000 Equity Shares of ₹ 10/- each Fully Paid

Less: Provision for diminution in value of investment

Mar-14

5.00

(5.00)

Mar-13

5.00

(5.00)

Upasna Trading Limited

5,000 Equity Shares of ₹ 100/- each Fully Paid

Less: Provision for diminution in value of investment

5.00

(5.00)

5.00

(5.00)

Shoppers' Stop.com (India) Limited

50,000 Equity Shares of ₹ 10/- each Fully Paid

Less: Provision for diminution in value of investment

5.00

(5.00)

5.00

(5.00)

Gateway Multichannel Retail (India) Limited

50,000 Equity Shares of ₹ 10/- each Fully Paid

Less: Provision for diminution in value of investment

5.00

(2.55)

5.00

(2.55)

2.45

2.45

Crossword Bookstores Limited

95,62,500 Equity Shares of ₹ 10/- each Fully Paid

2,505.93

2,505.93

Hypercity Retail (India) Limited\*

4,84,500 Equity Shares of ₹ 10/- each Fully Paid

67.61

67.61

**In Joint Venture Companies:**

Timezone Entertainment Private Limited

244,46,247 (2013: 133,39,488) Equity Shares of ₹ 10/- each Fully Paid  
(111,06,759 Equity Shares acquired during the year)

2,444.62

1,333.94

Nuance Group (India) Private Limited

414,10,000 (2013: 364,10,000) Equity Shares of ₹ 10/- each Fully Paid  
(50,00,000 Equity Shares acquired during the year)

4,141.00

3,641.00

**Others:**

Stargaze Properties Private Limited

1,000 Equity Shares of ₹ 10/- each Fully Paid

0.10

0.10

Retailers Association of India

10,000 Equity Shares of ₹ 10/- each Fully Paid

1.00

1.00

Retailers Association's Skill Council of India

500 Equity Shares of ₹ 100/- each Fully Paid

0.50

0.50

Aesthetic Realtors Private Limited

66 Equity Shares of ₹ 10/- each Fully Paid

0.01

0.01

(All amounts in ₹ lacs)

**12. NON-CURRENT INVESTMENTS (Contd.)****Investments in preference shares****In subsidiary companies:**

Crossword Bookstores Limited

100,00,000 6% Cumulative Redeemable

Preference Shares of ₹ 10/- each Fully Paid

Hypercity Retail (India) Limited

13,10,70,000 7% Compulsorily Convertible

Preference Shares of ₹ 10/- each Fully Paid

Hypercity Retail (India) Limited

14,41,45,000 (2013:10,36,00,000), 7% Cumulative Redeemable

Preference Shares of ₹ 10/- each Fully paid

(405,45,000 Preference Shares acquired during the year)

Aggregate provision for diminution in value of non-current investments

**13. LONG-TERM LOANS AND ADVANCES**

(unsecured, considered good unless otherwise stated)

Capital Advances

Premises and other deposits

– Considered good

– Considered doubtful

Less: Provision for doubtful deposits

Deposit towards service tax (Note 30)

Advance income-tax (net of provision)

Loans and advances to subsidiary companies (Note 38)

– Considered good

– Considered doubtful

Less: Provision for doubtful loans and advances

Loans and advances to other related parties

– Considered good

Mar-14	Mar-13
<b>1,000.00</b>	1,000.00
<b>14,182.20</b>	14,182.20
<b>14,414.50</b>	10,360.00
<b>38,759.92</b>	33,094.74
<b>17.55</b>	17.55
<b>1,473.34</b>	1,390.26
<b>14,790.04</b>	13,665.57
<b>26.09</b>	—
<b>14,816.13</b>	13,665.57
<b>26.09</b>	—
<b>14,790.04</b>	13,665.57
<b>1,824.88</b>	1,824.88
<b>943.94</b>	744.06
<b>11,087.18</b>	9,389.32
<b>2,291.00</b>	2,291.00
<b>13,378.18</b>	11,680.32
<b>2,291.00</b>	2,291.00
<b>11,087.18</b>	9,389.32
<b>—</b>	526.25
<b>30,119.38</b>	27,540.34



(All amounts in ₹ lacs)

**14. OTHER NON-CURRENT ASSETS**

Insurance Claim Receivable

Mar-14	Mar-13
—	790.45
—	790.45
<b>29,553.57</b>	24,382.49
<b>16. TRADE RECEIVABLES</b>	
(unsecured)	
Debts outstanding for a period exceeding 6 months from the date they are due for payment	
Considered good	2.73
Considered doubtful	12.40
Other Debts, considered good	2,033.63
<b>2,637.37</b>	2,048.76
<b>37.07</b>	12.40
<b>2,600.30</b>	2,036.36
<b>17. CASH AND CASH EQUIVALENTS</b>	
Balance with bank in current accounts	417.60
Other bank balances:	
Margin money accounts (under lien against bank guarantee)	151.29
Dividend accounts	0.46
Cash on hand	602.78
<b>873.40</b>	1,172.13
Of the above, cash and cash equivalents comprise:	
Balance with banks in current accounts	417.60
Cash on hand	602.78
<b>705.61</b>	1,020.38

Notes to Financial Statements  
for the year ended 31 March, 2014

Shoppers Stop Ltd.

(All amounts in ₹ lacs)

**18. SHORT TERM LOANS AND ADVANCES**

(Unsecured, considered good unless otherwise stated)

Advances for goods and rendering of services

- Considered good
- Considered doubtful

Less: Provision for doubtful advances

Advances to employees

Prepaid expenses

**19. OTHER CURRENT ASSETS**

Statutory recoverables

**20. REVENUE FROM OPERATIONS**

**Retail Sale of Products**

Own merchandise (including concession sales) - Gross of tax

Consignment merchandise

Less: Value added tax

Less: Cost of consignment merchandise

**Other Retail operating revenue**

Facility management fees

Income from store displays and sponsorship Income

Direct marketing income

**20.1 The gross retail volume of business and operations comprise:**

Own merchandise

Consignment merchandise

Other Retail operating income

Mar-14	Mar-13
<b>2,516.07</b>	3,201.79
<b>491.53</b>	393.73
<b>3,007.60</b>	3,595.52
<b>491.53</b>	393.73
<b>2,516.07</b>	3,201.79
<b>257.03</b>	196.49
<b>1,624.39</b>	1,304.43
<b>4,397.49</b>	4,702.71
<b>1,490.54</b>	1,448.51
<b>1,490.54</b>	1,448.51
<b>274,109.89</b>	227,048.25
<b>27,590.06</b>	26,111.84
<b>301,699.95</b>	253,160.09
<b>14,581.77</b>	12,240.40
<b>19,051.33</b>	18,306.59
<b>268,066.85</b>	222,613.10
<b>2,101.27</b>	1,284.18
<b>43.76</b>	683.07
<b>1,145.44</b>	842.01
<b>3,290.47</b>	2,809.26
<b>271,357.32</b>	225,422.36
<b>274,109.89</b>	227,048.25
<b>27,590.06</b>	26,111.84
<b>3,290.47</b>	2,809.26
<b>304,990.42</b>	255,969.35

(All amounts in ₹ lacs)

**21. OTHER INCOME****Interest Income:**

Interest Income from subsidiary companies (Refer Note 38)	
Interest Income from others	
Compensation received for loss of business	
Miscellaneous income	

Mar-14	Mar-13
<b>1,248.03</b>	1,223.17
<b>55.56</b>	36.45
<b>—</b>	432.00
<b>35.29</b>	29.85
<b>1,338.88</b>	1,721.47
<b>174,215.93</b>	143,770.25
<b>174,215.93</b>	143,770.25
<b>99,593.25</b>	81,352.45
<b>74,622.68</b>	62,417.80
<b>24,382.49</b>	21,204.01
<b>29,553.57</b>	24,382.49
<b>(5,171.08)</b>	(3,178.48)
<b>18,643.23</b>	14,647.89
<b>1,220.20</b>	1,035.18
<b>581.07</b>	423.34
<b>20,444.50</b>	16,106.41
<b>3,936.55</b>	2,386.29
<b>133.29</b>	680.98
<b>44.79</b>	32.29
<b>74.47</b>	88.58
<b>4,189.10</b>	3,188.14

**22. PURCHASE OF TRADED GOODS**

Purchase of trading goods – Retail Merchandise

**22.1 Details of purchase of traded goods**

Apparels  
Non-apparels

**23. CHANGES IN INVENTORIES OF STOCK-IN-TRADE**

Opening inventory  
Closing inventory  
(Increase)

**24. EMPLOYEE COSTS**

Salaries, allowances and bonus  
Contribution to provident and other funds  
Staff welfare expenses

**25. FINANCE COSTS**

Interest on bank borrowings  
Interest - others  
Other borrowing costs  
Bank charges



Notes to Financial Statements  
for the year ended 31 March, 2014

Shoppers Stop Ltd.

(All amounts in ₹ lacs)

## 26. OTHER EXPENSES

	Mar-14	Mar-13
Insurance	171.69	115.31
Lease rent and hire Charges (Note 26.1)	25,422.05	21,644.47
Business conducting fees	1,304.25	1,268.49
Rates and taxes	52.32	40.32
Repairs and maintenance		
– Buildings	6,053.89	5,082.78
– Others	922.34	744.79
Legal and professional fees (Note 26.2)	1,011.62	775.10
Housekeeping charges	1,243.37	1,149.29
Security charges	1,796.06	1,527.78
Computer expenses	1,857.45	1,158.13
Conveyance and travelling expenses	1,731.69	1,290.59
Electricity charges	7,501.73	6,399.40
Advertisement and publicity	4,222.19	3,850.39
Sales promotion	2,469.08	2,662.07
Charges on credit card transactions	1,896.79	1,633.33
Packing materials	570.37	476.35
Loss on Sale of Fixed Assets (net)	108.24	83.88
Provision for Doubtful debts/advances	148.56	—
Foreign exchange loss (net)	187.48	157.31
Service tax input credit expensed	4,606.19	4,252.24
Miscellaneous expenses	3,224.56	1,771.09
	<b>66,501.92</b>	<b>56,083.11</b>

### 26.1 Leasing Transactions

a) Operating lease rentals charged to revenue:	12,326.35	11,044.67
b) Variable rentals charged to revenue:	12,990.78	10,512.59
Variable rent for certain stores is payable in accordance with the lease agreement as the higher of (a) fixed minimum guarantee amount and (b) revenue share percentage.		
c) The future minimum rental payments in respect of non-cancellable lease for premises are as follows:		
Not later than one year	8,688.85	8,637.21
Later than one year and not later than five years	13,780.29	14,345.85
Later than five years	299.60	620.12
The agreements are executed for periods ranging from 33 to 288 months with a non-cancellable period at the beginning of the agreement ranging from 33 to 108 months and having a renewable clause.		

(All amounts in ₹ lacs)

**26.2 Payments to Auditors (excluding service tax):**

- i) Audit fees
- ii) Other matters\*
- iii) Out of pocket expenses

\* Includes Rs. 5.5 lacs to an affiliated firm of the auditors covered by a networking arrangement which is registered with the Institute of Chartered Accountants of India.

**27. Tax expenses comprise of:**

## Current tax

- For the year
- For the earlier year

## Deferred tax

- For the year
- For the earlier year

**28. EARNING PER EQUITY SHARE****Calculated as follows:**

- a) Profit attributable to equity share holders (₹ In lacs)
- b) Weighted Number of equity shares outstanding during the year
- c) Weighted Number of equity shares outstanding during the year after adjustment for dilution
- d) Nominal value per share (₹)
- e) EPS:
  - Basic (₹)
  - Diluted (₹)

**29. CONTINGENT LIABILITIES AND COMMITMENTS:**

- a) Claims against the Company not acknowledged as debts, comprising of:
  - (i) Income-tax claims disputed by the Company relating to disallowances aggregating
  - (ii) Service tax, Sales tax and other Indirect tax claims disputed by the Company relating to issues of applicability and classification aggregating
  - (iii) Third party claims arising from disputes relating to contracts aggregating
- b) Other matters
- c) Estimated amount of contracts remaining to be executed on capital account and not provided for
- d) Corporate guarantee given jointly and severally with joint venture partners to banks for loans taken by Joint venture entities
- e) Corporate guarantee given jointly and severally with the promoter group company for loans taken by Hypercity Retail (India) Ltd.
- f) Bank Guarantees

**Note:** Future cash outflows in respect of (a) above are determinable only on receipt of judgements/decisions pending with various forums/authorities.

Mar-14	Mar-13
<b>43.00</b>	37.95
<b>9.73</b>	4.25
<b>1.87</b>	2.54
<b>54.60</b>	44.74
<b>2,183.37</b>	2,006.54
<b>15.94</b>	(499.71)
<b>340.00</b>	242.94
<b>30.76</b>	359.01
<b>2,570.07</b>	2,108.78
<b>3,700.47</b>	3,916.85
<b>83,069,040</b>	82,787,593
<b>83,208,641</b>	83,159,250
<b>5</b>	5
<b>4.46</b>	4.73
<b>4.45</b>	4.71
<b>968.71</b>	702.10
<b>1,512.98</b>	1,496.75
<b>493.52</b>	236.19
<b>227.25</b>	52.25
<b>3,935.24</b>	3,927.78
<b>825.00</b>	1,338.57
<b>19,500.00</b>	9,500.00
<b>371.36</b>	379.62

**30. SERVICE TAX**

Pursuant to levy of service tax on renting of immovable properties given for commercial use, retrospectively with effect from 1 June 2007 by the Finance Act, 2010, the Company has, based on a legal advice, challenged the said levy and, inter-alia, its retrospective application. The Hon'ble Supreme Court has passed an interim order dated 14th October, 2011, with regard to the levy of service tax on immovable properties rented out for commercial use including its retrospective applicability from 1st June, 2007 in compliance of which, the Company made an aggregate deposit of ₹ 1824.88 lakhs in respect of the liability for such service tax upto 30th September, 2011. From October, 2011, the Company is accounting and paying for such service tax regularly as per directives of Supreme Court.

Pending the final disposal of the matter, the Company continues not to provide for the retrospective levy aggregating ₹ 1,659.56 Lacs for the period 1st June, 2007 to 31st March, 2010.

- 31.** The Company has financial involvement in a subsidiary company, namely Hypercity Retail (India) Limited ('Hypercity') as follows:

(All amounts in ₹ lacs)

Name of the Company	Investment in Equity and Preference Capital	Loans and Advances	Total Involvement
Hypercity Retail (India) Limited	28,664.31	10,421.01	39,085.32

Hypercity continues to make losses and the accumulated losses of ₹ 53,757.28 Lacs as at 31st March, 2014 have substantially eroded its Net worth as at the year end. Hypercity has business plans with strategic growth projections, which it is confident of achieving given the business opportunities in domestic retail and a continued financial support from the Company. Based on these plans, opportunities and business valuation by an independent valuer, the Company considers that there is no loss for which a provision is currently necessary in these financial statements.

- 32.** Exceptional items comprise of (i) net loss of ₹ 29.56 Lacs relating to the Company's inventory destroyed / damaged in a fire, in May 2013, at its store in Inorbit Mall, Pune. (ii) net loss of ₹ 37.84 Lacs (2013: ₹ 74.06 Lacs) relating to the Company's assets destroyed / damaged in a fire, in June 2012, at its store at Koregaon Park, Pune. In respect of the above, the Company received insurance claims aggregating Rs. 1,100.20 Lacs (2013 : ₹ 500 Lacs) during the year.

**33. SEGMENT REPORTING**

The Company is primarily engaged in the business of retail trade through retail and departmental store facilities, which in the terms of Accounting Standard 17 on 'Segment Reporting', constitutes a single reporting segment.



**34. DERIVATIVES**

- a) The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency exposures relating to the underlying transactions and firm commitments. The Company does not enter into any derivative instruments for trading and speculative purposes.

The following are the outstanding Forward Exchange Contracts entered into by the Company as at 31 March 2014.

(All amounts in ₹ lacs)

Particulars	31 March 2014		31 March 2013	
Number of Contracts	4	7	8	3
Type	Buy	Buy	Buy	Buy
Foreign currency (in lacs)	5.71 GBP	4.49 USD	7.70 GBP	1.36 USD
INR Equivalent (in lacs)	580.28	282.24	644.12	75.50

b) **Unhedged Foreign Currency exposure**

The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

Particulars	31 March 2014		31 March 2013	
	₹ In lacs	In Foreign currency	₹ In lacs	In Foreign currency
Payable towards Royalty	78.05	USD 1,30,613	64.95	USD 1,18,879
	6.59	GBP 6,632	5.48	GBP 6,632

**35. ESOP schemes**

a) **Number of Employee Stock Option Outstanding:**

	Number of Options	Weighted average exercise price	Number of Options	Weighted average exercise price
	31 March 2014		31 March 2013	
Outstanding at the beginning of the year	592,756	245.95	853,367	154.91
Granted during the year	200,000	344.00	200,000	297.00
Lapsed/Cancelled during the year	30,778	—	43,228	—
Exercised during the year	236,243	217.90	417,383	82.35
Surrendered during the year	—	—	—	—
Outstanding at the end of the year	525,735	291.21	592,756	245.95

Notes to Financial Statements  
for the year ended 31 March, 2014

Shoppers Stop Ltd.

Details of year wise grant and exercise:

Year / (date of Grant)	Options granted (net of lapsed)	Exercised till 31.03.2013	Exercised in 2013-14	Exercised till 31.03.2014	Outstanding 31.03.2014
2005-06 (28-12-2005)	112,328	112,328	—	112,328	—
2009-10 (29-04-2009)	958,740	898,220	27,220	925,440	33,300
2009-10 (24-03-2010)	359,800	157,300	132,900	290,200	69,600
2011-12 (29-04-2011)	145,505	1,223	50,989	52,212	93,293
2012-13 (09.06.2012)	168,401	—	25,134	25,134	143,267
2013-14 (28.08.2013)	186,275	—	—	—	186,275
			<b>236,243</b>		<b>525,735</b>

**b) New Schemes Launched**

The compensation cost of stock options granted to employees is calculated using the intrinsic value of the stock options.

	2013-14		2012-13	
Date of grant	28.08.2013	—	09.06.2012	—
Number of option granted	200,000	—	2,00,000	—
Contractual life	4 years	—	4 years	—
Vesting Schedule (from the date of grant)				
First Year	30%	—	30%	—
Second Year	30%	—	30%	—
Third Year	40%	—	40%	—
Method of settlement	Equity	—	Equity	—
Estimated Fair Values (Arrived at by applying Black Scholes Option Pricing Model)	127.20	—	118.03	—
Model inputs (share price at the grant date) ₹	344.00	—	296.85	—
Exercise Price ₹	344.00	—	297.00	—
Expected Volatility	38.55%	—	46.89%	—
Risk free rate of return	9.44%	—	8.06%	—

- c)** The weighted average contractual life of the options outstanding is 3.95 years  
**d)** Other information regarding employee share-based payment plans is as below:-

- (i) Expense arising from employee share based payment plans
- (ii) Impact on PAT if fair value method had been used instead of Intrinsic Value Method
- (iii) EPS if fair value method have been used instead of Intrinsic Value Method (₹)
  - Basic
  - Diluted

**31 March 2014**

—  
**(166.10)**

**4.26**

**4.25**

31 March 2013

—  
(202.35)

4.49

4.47



(All amounts in ₹ lacs, unless otherwise stated)

**36. EMPLOYEE BENEFITS****Post-employment benefits**

Defined contribution plans

Company's contribution to Provident Fund

**Defined benefit scheme-Gratuity (Funded)****I. Component of Employer Expense**

Current Service Cost

Interest Cost

Expected Return on Plan assets

Actuarial(Gains)/Losses

**II. Change in Defined Benefit Obligations (DBO)**

Present Value of DBO at the Beginning of the year

Current Service Cost

Interest Cost

Actuarial(Gains)/Losses

Benefits paid/transferred

Present Value of DBO at the End of the year

**III. Change in Fair Value of Assets**

Plan Assets at the Beginning of the year

Expected Return on Plan Assets

Actuarial Gains/(Losses)

Actual Company Contribution

Benefits paid/transferred

Plan Assets at the End of the year

**IV. Net Asset/(Liability) Recognised in Balance Sheet**

Present Value of Defined Benefit Obligation

Fair Value of Plan Assets

Status [Surplus/(Deficit)]

Unrecognised Past Service Cost

Net Asset/(Liability) Recognised in Balance Sheet

**V. Actuarial assumptions**

Discount Rate

Expected Return on Plan Assets

Rate of increase in salaries

Rate of Attrition

**VI. Net Asset/(Liability) recognised in Balance Sheet (including experience adjustment impact)**

	31 Mar 2014	31 Mar 2013	31 Mar 2012	31 Mar 2011	31 Mar 2010
Present Value of the Defined Benefit Obligation	778.25	690.99	497.66	421.82	262.51
Fair Value of the Plan Assets	774.40	560.85	455.81	332.98	262.51
Surplus/(Deficit) in the Plan	(3.85)	(130.14)	(41.85)	(88.84)	—
Experience Adjustments arising on Plan Liabilities – Losses/(Gains)	(8.75)	(35.86)	(63.86)	108.69	(49.45)
Experience Adjustments arising on Plan Assets – Gains/(Losses)	23.44	9.88	8.35	3.29	(16.45)

The Company expects to contribute ₹ 203.04 lacs to its Gratuity plan for the next year.

In assessing the Company's Post Retirement Liabilities, the Company monitors mortality assumptions and uses up-to-date mortality tables. The base being the LIC 1994-96 ultimate tables.

Expected return on plan assets is based on expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.

The estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The gratuity benefit scheme of the Company is managed by Life Insurance Corporation of India (LIC). The Company is currently awaiting the details of the composition of the plan assets, by category, from the LIC for the current and the previous years and hence the disclosures as required by Accounting Standard (AS) 15 on Employee Benefits have not been given.

### 37. INTEREST IN JOINT VENTURES:

The Company's interests, as a venturer, in jointly controlled entities are as follows:

Name	Principal Activities	Proportion of ownership Interest 31 March 2014 and 31 March 2013
Nuance Group (India) Private Limited	Airport retailing	50%
Timezone Entertainment Private Limited	Entertainment	48.42% (2013: 33.87%)

The Company's share in the assets, liabilities, income and expenses (each without elimination of inter company transactions) related to its interest in the joint ventures are:

	31 March 2014	31 March 2013
<b>I. ASSETS</b>		
<b>Non-Current Assets</b>		
Fixed Assets including capital work in progress (Net)	1,872.66	940.01
Non-Current Investments	0.50	—
Long-term loans and advances	1,029.32	807.41
Other non-current assets	0.55	0.52
<b>Current Assets</b>		
Inventories	674.47	714.67
Trade receivables	109.61	81.70
Cash and cash equivalents	727.91	691.91
Short-term loans and advances	977.12	280.02
Other current assets	29.22	54.67
<b>II. LIABILITIES</b>		
<b>Non-Current Liabilities</b>		
Long-term borrowings	460.01	—
Other long term liabilities	61.28	25.55
Long-term provisions	1.83	4.96
<b>Current Liabilities</b>		
Short-term borrowings	—	399.80
Trade payables	1,368.83	1,144.46
Other current liabilities	409.34	361.98
Short-term provisions	20.74	10.04
<b>III. INCOME</b>		
Revenue from Operations	6,990.16	5,431.00
<b>IV. EXPENSES</b>		
Operational Expenses	6,339.25	4,856.99
Finance costs	71.42	71.85
Depreciation/Amortisation	403.81	496.86
Provision for taxation	—	—
<b>V. CONTINGENT LIABILITIES</b>	389.87	182.18

**Note:** The Company's share in the assets, liabilities, income and expenses in Nuance Group (India) Private Limited is based on the audited financials for the year ended 31 December 2013.

(All amounts in ₹ lacs, unless otherwise stated)

**38. RELATED PARTY DISCLOSURES**

Following are the material transactions with related parties

Nature	Subsidiaries	Companies under common control/ significant influence (refer (d) below)	Joint Ventures	Key Management Personnel	Total
<b>Purchase of Assets</b>	<b>65.41</b>	<b>2.81</b>	<b>—</b>	<b>—</b>	<b>68.22</b>
Crossword Bookstores Ltd.	65.41	—	—	—	
Inorbit Malls (India) Private Limited	—	2.81	—	—	
	—	(12.17)	—	—	(12.17)
<b>Sale of Assets</b>	<b>—</b>	<b>48.96</b>	<b>—</b>	<b>—</b>	<b>48.96</b>
Magna Warehousing & Distribution Pvt. Ltd.	—	48.96	—	—	
	—	(47.93)	—	—	(47.93)
<b>Purchase of Merchandise</b>	<b>219.46</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>219.46</b>
Crossword Bookstores Limited	217.01	—	—	—	
Hypercity Retail (India) Limited	2.45	—	—	—	
	(193.72)	—	—	—	(193.72)
<b>Sale of Merchandise</b>	<b>217.22</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>217.22</b>
Crossword Bookstores Limited	217.22	—	—	—	
Hypercity Retail (India) Limited	—	—	—	—	
	(190.26)	—	—	—	(190.26)
<b>Payment of conducting fees / Lease Rent / Common Area Maintenance Charges</b>	<b>41.76</b>	<b>4,743.40</b>	<b>—</b>	<b>—</b>	<b>4,785.16</b>
Ivory Properties and Hotels Private Limited	—	1,498.34	—	—	
Inorbit Malls (India) Private Limited	—	2,077.77	—	—	
Hypercity Retail (India) Limited	41.76	—	—	—	
Magna Warehousing & Distribution Pvt. Ltd.	—	258.46	—	—	
Trion Properties Private Limited	—	908.83	—	—	
	(113.82)	(4,629.22)	—	—	(4,743.04)
<b>Expenses Paid</b>	<b>105.42</b>	<b>21.19</b>	<b>—</b>	<b>—</b>	<b>126.61</b>
Hypercity Retail (India) Limited	105.42	—	—	—	
K.Raheja Corp.Private Limited	—	9.10	—	—	
Chalet Hotels Ltd.	—	0.73	—	—	
Retailers Association of India	—	3.74	—	—	
Sanghavi Associates Ltd.	—	7.63	—	—	
	—	(22.09)	—	—	(22.09)
<b>Interest Received</b>	<b>1,228.08</b>	<b>—</b>	<b>19.95</b>	<b>—</b>	<b>1,248.03</b>
Crossword Bookstores Limited	48.87	—	—	—	
Hypercity Retail (India) Limited	1,179.21	—	—	—	
Timezone Entertainment Pvt. Ltd.	—	—	19.95	—	
	(1,194.13)	—	(29.04)	—	(1,223.17)



(All amounts in ₹ lacs, unless otherwise stated)

<b>Deposits Paid</b>	<b>43.47</b>	<b>84.97</b>	—	—	<b>128.44</b>
Hypercity Retail (India) Limited	43.47	—	—	—	
Inorbit Malls (India) Private Limited	—	84.97	—	—	
	(0.90)	(80.18)	—	—	(81.08)
<b>Advance Given</b>	<b>10.05</b>	—	—	—	<b>10.05</b>
Gateway Multi Channel Retail (India) Limited	10.05	—	—	—	
	(12.65)	—	—	—	(12.65)
<b>Reimbursement of Expenses</b>	<b>582.62</b>	<b>183.77</b>	—	—	<b>766.39</b>
Inorbit Malls (India) Private Limited	—	146.76	—	—	
Crossword Bookstores Limited	558.75	—	—	—	
Hypercity Retail (India) Limited	23.86	—	—	—	
Trion Properties Private Limited	—	33.26	—	—	
IL&FS Investment Advisors LLC Br	—	3.75	—	—	
	(528.79)	(168.18)	(0.31)	—	(697.28)
<b>Investments made</b>	<b>4,054.50</b>	—	<b>1,610.58</b>	—	<b>5,665.18</b>
Hypercity Retail (India) Limited—Preference Shares	4,054.50	—	—	—	
Timezone Entertainment Pvt. Ltd.	—	—	1,110.68	—	
Nuance Group (India) Private Limited	—	—	500.00	—	
	(4,539.00)	—	(134.46)	—	(4,673.46)
<b>Deposit received back</b>	—	—	—	—	
Inorbit Malls (India) Private Limited	—	—	—	—	
	—	(6.42)	—	—	(6.42)
<b>Loan Given</b>	<b>23,750.00</b>	—	<b>250.00</b>	—	<b>24,000.00</b>
Crossword Bookstores Limited	1,250.00	—	—	—	
Hypercity Retail (India) Limited	22,500.00	—	—	—	
Timezone Entertainment Private Limited	—	—	250.00	—	
	(15,753.00)	—	(200.00)	—	(15,953.00)
<b>Recovery of Loan</b>	<b>21,750.00</b>	—	—	—	<b>21,750.00</b>
Crossword Bookstores Limited	1,200.00	—	—	—	
Hypercity Retail (India) Limited	20,550.00	—	—	—	
	(16,028.00)	—	—	—	(16,028.00)
<b>Remuneration to Directors</b>	—	—	—	<b>369.73</b>	<b>369.73</b>
	—	—	—	(338.91)	(338.91)

Notes to Financial Statements  
for the year ended 31 March, 2014

Shoppers Stop Ltd.

<b>Commission and Sitting fees to Non Executive Directors</b>				<b>27.20</b>	<b>27.20</b>
Chandru L.Raheja				0.80	
Ravi Raheja				0.80	
Neel Raheja				0.60	
B.S.Nagesh				3.60	
Gulu L.Mirchandani				3.60	
Shahzaad Dalal				3.60	
Nitin Sanghavi				3.60	
Deepak Ghaisas				6.80	
Nirvik Singh				3.60	
Avnish Bajaj				0.20	
	—	—	—	(27.00)	(27.00)

**Balance outstanding at the year end Payable**

Upasna Trading Limited	116.17	
	(98.21)	Cr.

**Receivables**

Shoppers Stop Services (India) Limited	1.25	
	(1.04)	Dr.
Shoppers Stop.Com (India) Limited	0.98	
	(0.63)	Dr.
Hypercity Retail (India) Limited	10,597.21	
	(8,579.76)	Dr.
Ivory Properties and Hotels Private Limited	1,016.09	
	(1,016.09)	Dr.
Inorbit Malls (India) Private Limited	694.41	
	(620.08)	Dr.
Gateway Multi Channel Retail (India) Limited	2,316.17*	
	(2,306.12)	Dr.

\* Of the above, ₹ 2297 Lacs is provided for in the books.

Timezone Entertainment Private Limited	—	
	(407.27)	Dr.
Nuance Group (India) Private Limited	—	
	(118.98)	Dr.
Trion Properties Private Limited	482.27	
	(488.89)	Dr.
Crossword Bookstores Limited	638.77	
	(923.95)	Dr.

**The figure in bracket pertains to previous year.**

**Names of related parties and description of relationship:**

- |                          |  |  |                     |                   |                          |  |
|--------------------------|--|--|---------------------|-------------------|--------------------------|--|
| a)                       | Subsidiaries   | Upasna Trading Limited, Shoppers Stop.com (India) Limited, Shoppers Stop Services (India) Limited, Crossword Bookstores Limited. Gateway Multi channel Retail (India) Limited. Hypercity Retail (India) Limited.   |                     |                   |                          |  |
| b)                       | Promoter directors having control/significant influence over companies stated in (d) below   | C.L. Raheja, Ravi C. Raheja, Neel C. Raheja  |                     |                   |                          |  |
| c)                       | Key Management Personnel   | <table border="0"> <tr> <td style="vertical-align: top;">Executive Director:</td> <td>Govind Shrikhande</td> </tr> <tr> <td style="vertical-align: top;">Non Executive Directors:</td> <td> Chandru L. Raheja<br/> Ravi Raheja<br/> Neel Raheja<br/> B. S. Nagesh<br/> Gulu L. Mirchandani<br/> Shahzaad Dalal<br/> Nitin Sanghavi<br/> Deepak Ghaisas<br/> Nirvik Singh<br/> Avnish Bajaj </td> </tr> </table>          | Executive Director: | Govind Shrikhande | Non Executive Directors: | Chandru L. Raheja<br>Ravi Raheja<br>Neel Raheja<br>B. S. Nagesh<br>Gulu L. Mirchandani<br>Shahzaad Dalal<br>Nitin Sanghavi<br>Deepak Ghaisas<br>Nirvik Singh<br>Avnish Bajaj |
| Executive Director:      | Govind Shrikhande  |  |                     |                   |                          |  |
| Non Executive Directors: | Chandru L. Raheja<br>Ravi Raheja<br>Neel Raheja<br>B. S. Nagesh<br>Gulu L. Mirchandani<br>Shahzaad Dalal<br>Nitin Sanghavi<br>Deepak Ghaisas<br>Nirvik Singh<br>Avnish Bajaj |  |                     |                   |                          |  |
| d)                       | Companies in which the persons stated in (b) & (c) above have control/significant influence  | Ivory Properties and Hotels Private Limited, K. Raheja Corp. Private Limited.<br>K. Raheja Private Limited, Inorbit Malls (India) Private Limited<br>Avacado Properties and Trading India Private Limited, Chalet Hotels Limited,<br>Trion Properties Private Limited, Magna Warehousing & Distribution Private<br>Limited, IL&FS Investment Advisors LLC Br, Retailers Association of India<br>Sanghavi Associates Ltd. |                     |                   |                          |  |
| e)                       | Joint Ventures   | Nuance Group (India) Private Limited<br>Timezone Entertainment Private Limited.  |                     |                   |                          |  |



Notes to Financial Statements  
for the year ended 31 March, 2014

Shoppers Stop Ltd.

(All amounts in ₹ lacs)

**39. Additional notes**

	Mar-14	Mar-13
a) Value of Imports on CIF Basis:		
Capital Goods	352.62	381.46
Purchase of Merchandise	3,986.10	3,883.05
	<b>4,338.72</b>	4,264.51
b) Expenditure in foreign currency:		
Consultancy	169.03	169.75
Royalty	120.81	76.39
Commission paid to Directors	8.05	6.00
Sitting fees paid to a director	1.00	1.20
Others	421.33	303.25
	<b>720.21</b>	556.59
c) Earnings in foreign exchange:		
Foreign currency and foreign credit card collection on sale of merchandise	6,194.01	5,393.36
	<b>6,194.01</b>	5,393.36

**40.** Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

# STATEMENT REGARDING SUBSIDIARY COMPANIES

(All amounts in ₹ lacs)

Sr. No.	Name of Subsidiary Company	Reporting Currency	Share Capital	Reserves	Total Assets*	Total Liabilities**	Investments	Turnover/ Total Income	Profit/(Loss) Before Taxation	Provision for Taxation	Profit/ (Loss) After Taxation	Proposed Dividend including Dividend distribution tax	Country
1	Crossword Bookstores Limited	INR	1,956.25	19.25	6,014.60	6,014.60	—	8,865.33	(389.55)	(0.93)	(388.63)	—	India
2	Upasna Trading Limited	INR	5.00	16.74	169.63	169.63	—	—	(0.57)	—	(0.57)	—	India
3	Gateway Multi channel Retail (India) Limited	INR	5.00	(4,492.19)	17.73	17.73	—	0.32	(9.80)	—	(9.80)	—	India
4	Shoppers Stop Services (India) Limited	INR	5.00	3.68	10.14	10.14	—	0.40	0.02	(0.00)	0.02	—	India
5	Shoppers Stop.Com (India) Limited	INR	5.00	(3.47)	2.64	2.64	—	0.22	(0.13)	(0.03)	(0.10)	—	India
6	Hypercity Retail (India) Limited	INR	54,058.73	(53,757.28)	40,818.76	40,818.76	—	90,771.06	(8,581.45)	—	(8,581.45)	—	India
* Total Assets = Non-Current Assets + Current Assets													
** Total Liabilities = Shareholder's Fund + Share Application money pending allotment + Non-Current Liabilities + Current Liabilities													

SHOPPERS STOP

**Shoppers Stop Limited**  
**Consolidated Financial Statements**  
**2013-14**



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## Independent Auditors' Report

Shoppers Stop Ltd.

To,

The Board of Directors of Shoppers Stop Limited

**Report on the Consolidated Financial Statements**

1. We have audited the accompanying consolidated financial statements of **SHOPPERS STOP LIMITED** (the "Company"), and its subsidiaries (the "Group"), which comprise the Consolidated Balance Sheet as at 31st March, 2014, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

**Management's Responsibility for the Consolidated Financial Statements**

2. The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

6. In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries and jointly controlled entity referred to below in the Other Matter paragraph, the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2014;
  - (b) in the case of the Consolidated Statement of Profit and Loss, of the loss of the Group for the year ended on that date; and
  - (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

**Emphasis of Matter**

7. We draw attention to Note 29 to the Consolidated Financial Statements regarding non-provision of service tax for the period 1st June, 2007 to 31st March, 2010 on renting of immovable properties given for commercial use, aggregating ₹ 2,010.90 lacs (2013: ₹ 2,010.90 lacs), pending final disposal of the appeal filed before the Hon'ble Supreme Court, inter-alia, challenging the retrospective levy of the service tax. The matter is contingent upon the final outcome of the litigation. Our report is not qualified in respect of this matter.

**Other Matter**

8. We did not audit the financial statements of certain subsidiaries and one jointly controlled entity, whose financial statements reflect total assets (net) of ₹ 8,027.48 lacs as at 31st March, 2014, total revenues of ₹ 10,997.34 lacs and net cash flows amounting to ₹ 62.74 lacs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and the jointly controlled entity is based solely on the reports of the other auditors.

Our report is not qualified in respect of this matter.

**For Deloitte Haskins & Sells LLP**

Chartered Accountants

(Firm Registration No. 117366W/W-100018 )

**Shyamak R. Tata**

Partner

(Membership No. 38320)

Place: Mumbai

Date: 29 April, 2014

(All amounts in ₹ lacs)

	Notes	Mar-14	Mar-13
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share capital	3	4,160.79	4,148.98
Reserves and surplus	4	44,886.97	45,942.02
		<b>49,047.76</b>	50,091.00
<b>MINORITY INTEREST</b>			
		<b>147.72</b>	457.13
<b>NON-CURRENT LIABILITIES</b>			
Long-term borrowings	5	32,201.34	17,749.98
Deferred tax liabilities (net)	6	996.19	626.36
Other long-term liabilities	7	61.27	25.55
		<b>33,258.80</b>	18,401.89
<b>CURRENT LIABILITIES</b>			
Short-term borrowings	8	22,039.62	29,317.99
Trade payables	9	44,045.56	37,828.58
Other current liabilities	10	28,141.13	16,191.88
Short-term provisions	11	1,198.08	1,125.92
		<b>95,424.39</b>	84,464.37
		<b>177,878.67</b>	153,414.39
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets			
Tangible assets	12	72,419.56	62,052.64
Intangible assets	12	3,349.01	2,154.10
Capital work-in-progress		3,671.12	3,185.35
Intangible assets under development		—	3.03
		<b>79,439.69</b>	67,395.12
Goodwill on consolidation		10,185.73	9,874.51
Non-current investments	13	2.11	1.61
Long-term loans and advances	14	25,636.33	23,956.92
Other non-current assets	15	1,515.59	922.08
		<b>116,779.45</b>	102,150.24
<b>CURRENT ASSETS</b>			
Inventories	16	44,902.58	36,981.95
Trade Receivables	17	4,804.15	3,217.12
Cash and cash equivalents	18	2,785.68	2,678.13
Short-term loans and advances	19	6,706.55	6,418.10
Other current assets	20	1,900.26	1,968.85
		<b>61,099.22</b>	51,264.15
		<b>177,878.67</b>	153,414.39

The accompanying Notes 1 to 39 are an integral part of the financial statements.

In terms of our report of even date.

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants

**Shyamak R. Tata**  
Partner  
Mumbai, Dated: April 29, 2014

For and on behalf of the Board of Directors

**C. L. Raheja**  
Chairman

**Sanjay Chakravarti**  
Customer Care Associate &  
Chief Financial Officer  
Mumbai, Dated: April 29, 2014

**Ravi Raheja**  
Director

**Govind S. Shrikhande**  
Customer Care Associate &  
Managing Director

**Prashant Mehta**  
Customer Care Associate &  
Vice President - Legal &  
Company Secretary

## Consolidated Statement of Profit &amp; Loss for the year ended 31 March 2014

Shoppers Stop Ltd.

(All amounts in ₹ in lacs)

	Notes	Mar-14	Mar-13
<b>A. CONTINUING OPERATIONS</b>			
<b>INCOME</b>			
Revenue from operations	21	377,092.56	317,552.52
Other income	22	617.72	689.20
Total revenue		377,710.28	318,241.72
<b>EXPENDITURE</b>			
Purchase of stock-in-trade	23	251,807.15	211,581.38
Changes in Inventories of stock-in-trade – (increase)	24	(7,907.73)	(3,862.42)
Employee benefits expenses	25	29,177.54	23,593.27
Finance costs	26	6,532.81	5,465.77
Depreciation and amortisation expenses	12	9,806.50	7,907.39
Other expenses	27	90,680.44	76,627.01
Total expenses		380,096.71	321,312.40
<b>LOSS BEFORE EXCEPTIONAL ITEMS AND TAX</b>		(2,386.43)	(3,070.68)
Exceptional Item (Note 38)		67.40	74.06
<b>LOSS BEFORE TAX</b>		(2,453.83)	(3,144.74)
Tax expense	30	2,569.11	2,275.28
<b>LOSS FOR THE YEAR</b>		(5,022.95)	(5,420.02)
<b>B. DISCONTINUING OPERATIONS</b>			
LOSS FROM DISCONTINUING OPERATIONS BEFORE TAX	36	(9.80)	(8.05)
Tax expenses		—	—
<b>LOSS FOR THE YEAR</b>		(9.80)	(8.05)
<b>C. TOTAL OPERATIONS</b>			
<b>LOSS FOR THE YEAR BEFORE MINORITY INTEREST</b>		(5,032.74)	(5,428.07)
Minority Interest – Share of loss		4,204.91	4,298.85
<b>LOSS FOR THE YEAR</b>		(827.93)	(1,129.22)
<b>EARNINGS PER EQUITY SHARE</b>	31		
Equity shares of face value ₹ 5 each			
Basic (₹)		(1.00)	(1.36)
Diluted (₹)		(1.00)	(1.36)

The accompanying Notes 1 to 39 are an integral part of the financial statements.

In terms of our report of even date.

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants

**Shyamak R. Tata**  
Partner  
Mumbai, Dated: April 29, 2014

For and on behalf of the Board of Directors

**C. L. Raheja**  
Chairman

**Sanjay Chakravarti**  
Customer Care Associate &  
Chief Financial Officer  
Mumbai, Dated: April 29, 2014

**Ravi Raheja**  
Director

**Govind S. Shrikhande**  
Customer Care Associate &  
Managing Director

**Prashant Mehta**  
Customer Care Associate &  
Vice President - Legal &  
Company Secretary



(All amounts in ₹ lacs)

**Cash flows from operating activities****Net Loss before exceptional item and tax****Adjustments for:**

Depreciation, Amortisation

Finance costs

Loss on sale of fixed assets

Provision for advances/doubtful debts

Interest income

**Operating Profit before working capital changes****Adjustments for:**

Inventories

Trade receivables

Short term loans and advances, other current assets

Long term loans and advances

Other non-current assets

Lease deposits (net)

Long term liabilities

Short term provisions

Trade payables and other current liabilities

**Cash generated from operations**

Income taxes paid (net of refunds)

**Cash flow before exceptional items****Exceptional item:**

Insurance claim (Note 38)

**Net cash from/(used in) operating activities (A)****Cash flow from investing activities**

Purchase of fixed assets

Sale of fixed assets

Purchase of interest in a joint venture

Purchase of other investment

Interest received

**Net cash used in investing activities (B)****Cash flows from financing activities**

Issue of share capital

Securities premium on Issue of shares capital

Issue of share capital to minority shareholders

Dividend and dividend tax paid

Proceeds from long-term borrowings

Repayment of long-term borrowings

Short-term loans (net)

Finance costs paid

**Net cash from financing activities (C)****Net Increase/(Decrease) in cash and cash equivalents (A) + (B) + (C)**

Cash and cash equivalents as at beginning of the year

Cash and cash equivalents as at the end of the year

**Note:**

Cash and Cash Equivalents as per Balance sheet (see note 18)

Less: Balance under lien/earmarked with banks

Cash and Cash Equivalent as reported above

The accompanying Notes 1 to 39 are an integral part of the financial statements.

In terms of our report of even date.

For and on behalf of the Board of Directors

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants**C. L. Raheja**  
Chairman**Ravi Raheja**  
Director**Govind S. Shrikhande**  
Customer Care Associate &  
President & Chief Executive Officer &  
Executive Director**Shyamak R. Tata**  
Partner  
Mumbai, Dated: April 29, 2014**Sanjay Chakravarti**  
Customer Care Associate &  
Chief Financial Officer  
Mumbai, Dated: April 29, 2014**Prashant Mehta**  
Customer Care Associate &  
Vice President - Legal &  
Company Secretary

## 1. COMPANY BACKGROUND

Shoppers Stop Limited ('SSL' or 'the Company') was incorporated on 16 June 1997. The Company is engaged in the business of retailing a variety of household and consumer products and books through departmental stores. As at 31 March 2014, the Company operated through 67 such departmental stores located in different cities of India. The Company has six subsidiaries which along with the Company constitute the Group (Refer Note 38).

## 2. SIGNIFICANT ACCOUNTING POLICIES

### a) Basis of preparation of financial statements

The consolidated financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956 (which continues to be applicable in respect of section 133 of the companies Act, 2013 in terms of General circular 15/2013 dated 13 September 2013 of the ministry of corporate affairs.) The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

### b) Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/materialise.

### c) Fixed assets and depreciation

#### Tangible assets

Fixed assets are stated at their original cost of acquisition less accumulated depreciation and impairment losses. Cost comprises of all cost incurred to bring the assets to their location and working condition and includes all expenses incurred upto the date of launching new stores to the extent they are attributable to the new store.

Depreciation is provided, pro rata for the period of use, by the straight line method (SLM), based on management's estimate of useful lives of the fixed assets, or at the SLM rates prescribed in Schedule XIV to the Act whichever is higher, at the following annual rates:

	(%)
Air conditioning and other equipment	5.00–33.00
Furniture, fixtures and other fittings	6.33–20.00
Computers	16.21–33.33
Vehicles	9.50–20.00
Leasehold Improvements	5.82–20.00

#### Intangible assets

Intangible assets are stated at their cost of acquisition, less accumulated amortisation and impairment losses. An intangible asset is recognised, where it is probable that the future economic benefits attributable to the asset will flow to the enterprise and where its cost can be reliably measured. The depreciable amount of intangible assets is allocated over the best estimate of its useful life on a straight-line basis.

Trademarks, patents and computer software are amortised uniformly over a period of 10 and 6 years respectively.

Copyrights and acquired Goodwill are amortised uniformly over a period of 10 years.

#### Impairment of assets

An asset is considered as impaired in accordance with Accounting Standard 28 on Impairment of Assets when at the balance sheet date there are indications of impairment and the carrying amount of the asset, or where applicable the cash generating unit to which the asset belongs, exceeds its recoverable amount (i.e., the higher of the asset's net selling price and value in use). The carrying amount is reduced to the recoverable amount and the reduction is recognised as an impairment loss in the Statement of Profit and Loss.

**d) Investments**

Long-term investments are stated at cost. Where applicable, provision is made to recognise a decline, other than temporary, in the value of non-current Investments.

**e) Revenue recognition****Sale of products:**

Revenue is recognised when it is earned and no significant uncertainty exists as to its realisation or collection.

Retail sales are recognised on delivery of the merchandise to the customer, when the property in goods and significant risks and rewards are transferred for a price and no effective ownership control is retained.

The property in the merchandise of third-party concession stores located within the main departmental store of the Company passes to the Company once a customer decides to purchase an item from the concession store. The Company in turn sells the item to the customer and is accordingly included under Retail Sales.

The property in the merchandise of third-party consignment stock does not pass to the Company. Since, however, the sale of such stock forms a part of the activities of the Company's departmental stores, the gross sales values and cost of the merchandise are disclosed separately and form part of total Retail Turnover in the Statement of Profit and Loss.

Sales are net of discounts. Value Added Tax and Sales Tax are reduced from Retail Revenue.

In respect of gift vouchers and point award schemes operated by the Company, sales are recognised when the gift vouchers or points are redeemed and the merchandise is sold to the customer.

**Other retail operating revenue:**

Revenue from store displays and sponsorships are recognised based on the period for which the products or the sponsors' advertisements are promoted/displayed. Facility management fees are recognised pro-rata over the period of the contract.

Franchise income is recognised in accordance with the rates specified in the franchise agreements and is based on the sales recorded by the franchisees for the year.

**f) Income from investments and loans**

Interest income is recognised on time proportion basis. Dividend income is recognised when right to receive payment is established.

**g) Inventories**

Inventories are valued at the lower of cost and net realisable value. Cost of inventories comprises of all costs of purchase and other costs incurred in bringing the inventories to their present condition and location. Cost is determined by the weighted average cost method.

Merchandise received under consignment and concessionaire arrangements belong to the consignors/concessionaires and are therefore excluded from the Company's inventories.

Option inventories comprises of right to acquire flats in a structure to be constructed by the other party, which right is freely marketable/transferable after a stipulated period. The same is valued at lower of cost and net realisable value.

**h) Employee benefits**

Compensation to employees for services rendered is measured and accounted for in accordance with Accounting Standard 15 on Employee Benefits.

Employee Benefits such as salaries, allowances, non-monetary benefits and employee benefits under defined contribution plans such as provident and other funds, which fall due for payment within a period of twelve months after rendering service, are charged as expense to the Statement of Profit and Loss in the period in which the service is rendered.

Employee Benefits under defined benefit plans and other long term employee benefits such as gratuity and compensated absences which fall due for payment after completion of employment or after a period of twelve months from rendering service, are measured by the projected unit credit method, on the basis of actuarial valuations carried out by third-party actuaries at each balance sheet date. The company's obligations recognised in the balance sheet represent the present value of obligations as reduced by the fair value of plan assets, where applicable.

Actuarial Gains and losses are recognised immediately in the Statement of Profit and Loss.

**i) Operating leases**

Operating Lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis or other bases more representative of the time pattern of the user's benefit.

**j) Borrowing costs**

Borrowing costs attributable to the acquisition or construction of qualifying assets, as defined in Accounting Standard 16 on Borrowing Costs, are capitalised as part of the cost of acquisition. Other borrowing costs are expensed as incurred.

**k) Foreign currency transactions**

Transactions in foreign currencies are accounted at the prevailing rates of exchange on the date of transaction.

Monetary items denominated in foreign currencies, are restated at the prevailing rates of exchange at the Balance Sheet date. All gains and losses arising out of fluctuations in exchange rates are accounted for in the Statement of Profit and Loss.

Exchange differences on forward exchange contracts, entered into for hedging foreign exchange fluctuation risk in respect of an existing asset/liability, are recognised in the Statement of Profit and Loss in the reporting period in which the exchange rate changes. Premium/Discount on forward exchange contracts are treated as an expense/income over the life of the contract.

**l) Income-Tax**

Income taxes are accounted for in accordance with Accounting Standard 22 on Accounting for Taxes on Income. Taxes comprise both current and deferred tax.

Provision for current tax is made taking into account admissible allowances, disallowances under the provisions of Income Tax Act, 1961, using the applicable tax rates.

Deferred tax resulting from the timing differences between taxable income and accounting income is accounted using applicable tax rates and laws, enacted or substantively enacted as at the Balance Sheet.

The deferred tax asset is recognised and carried forward only to the extent that there is reasonable/virtual certainty that the asset will be realised in future.

**m) Stock based compensation**

The compensation cost of stock options granted to employees is calculated using the intrinsic value of the stock options. The compensation expense is amortised uniformly over the vesting period of the option.

**n) Earnings per share**

Basic and diluted Earnings Per Share (EPS) is reported in accordance with Accounting Standard 20 on Earnings Per Share. Basic EPS is computed by dividing the net profit or loss for the year by the weighted average number of equity shares outstanding during the year. Diluted EPS is computed by dividing the net profit or loss for the year by the weighted average number of equity shares outstanding during the year as adjusted for the effects of all dilutive potential equity shares, except where the results are anti-dilutive.

**o) Cash Flow statement**

The Cash Flow Statement is prepared by the indirect method set out in Accounting Standard 3 on Cash Flow Statements and presents the cash flows by operating, investing and financing activities of the Company. Cash and cash equivalents presented in the Cash Flow Statement consist of cash on hand and unencumbered bank balances.

**p) Cash and cash equivalents (for purposes of Cash Flow Statement)**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

**q) Provision, Contingent liabilities and Contingent assets**

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes to the financial statements. Disclosure is not made if the possibility of an outflow of future economic benefits is remote. Contingent assets are neither recognised nor disclosed in the financial statements.



(All amounts in ₹ lacs)

**3. SHARE CAPITAL****3.1 Authorised**

200,000,000 equity shares of ₹ 5/- each

**3.2 Issued, subscribed and fully paid up shares**

83,215,760 (2013: 82,979,517) equity shares of ₹ 5/- each fully paid up

Mar-14	Mar-13
<b>10,000.00</b>	10,000.00
<b>4,160.79</b>	4,148.98
<b>4,160.79</b>	4,148.98

**3.3 Reconciliation of shares outstanding at the beginning and end of the year:**

Particulars:

Equity shares

At the beginning of the year

Issued during the year - ESOP (Note 3.4)

**At the end of the year**

31 March 2014	
Numbers	₹ lacs
<b>82,979,517</b>	<b>4,148.98</b>
<b>236,243</b>	<b>11.81</b>
<b>83,215,760</b>	<b>4,160.79</b>

31 March 2013	
Numbers	₹ lacs
82,562,134	4,128.11
417,383	20.87
82,979,517	4,148.98

**3.4 Shares reserved for issue under options:**

Employee Stock Option Plan (ESOP)

Options exercised during the year

Option Outstanding as at

**Mar-14  
Nos.****Mar-13  
Nos.****236,243  
525,735**417,383  
592,756**3.5 Details of shareholders holding more than 5% shares as at:****Name of the Shareholder**

Palm Shelter Estate Development Pvt. Ltd.

Raghukool Estate Development Pvt. Ltd.

Capstan Trading Pvt. Ltd.

Casa Maria Properties Pvt. Ltd.

Anbee Construction Pvt. Ltd.

Cape Trading Pvt. Ltd.

Reliance Capital Trustee Co. Ltd. A/C

Reliance Equity Opportunities Fund

31 March 2014	
Shares held (Nos)	Shares held (%)
<b>11,813,300</b>	<b>14.20%</b>
<b>8,263,300</b>	<b>9.93%</b>
<b>8,129,768</b>	<b>9.77%</b>
<b>7,913,300</b>	<b>9.51%</b>
<b>6,511,762</b>	<b>7.83%</b>
<b>6,261,040</b>	<b>7.52%</b>
<b>4,949,960</b>	<b>5.95%</b>

31 March 2013	
Shares held (Nos)	Shares held (%)
11,813,300	14.24%
8,263,300	9.96%
8,129,768	9.80%
7,913,300	9.54%
6,511,762	7.85%
6,261,040	7.55%
4,040,675	4.87%

**3.6 Other disclosures:**

The Company has one class of equity shares having a par value of ₹ 5 per share. Each equity shareholder is eligible for one vote per share held. Each equity shareholder is entitled to dividends as and when the Company declares and pays dividend after obtaining shareholders' approval. Dividends are paid in Indian Rupees.

During the year ended 31st March 2014, the amount of per share final dividend recognised as distribution to equity shareholders was ₹ 0.75 per share (2013: ₹ 0.75 per share).

(All amounts in ₹ lacs)

**4. RESERVES AND SURPLUS****Securities Premium Account**

Balance at beginning of the year

Add: Received on allotment of shares

**General Reserve**

Balance at beginning of the year

Transferred from Surplus in the Statement of Profit and Loss

**Balance in the Statement of Profit and Loss**

Opening Balance-Deficit

Less: Loss for the year

Appropriations:

Dividend proposed to be distributed to equity shareholders-

₹ 0.75 per share (2013: ₹ 0.75 per share)

Tax on proposed dividend

Transferred to General Reserve

Closing Balance

\* Includes Share in Joint Ventures – Loss ₹ 2,772.92 lacs (2013 : ₹ 3,259.80 lacs)

**5. LONG-TERM BORROWINGS****From banks**

Term Loans (Secured)

Less: Current maturities (Note 10)

Share in Joint Ventures – term loans (Note 37)

Less: Current maturities (Note 10)

Mar-14	Mar-13
46,278.86	45,956.03
502.97	322.83
46,781.83	46,278.86
1,445.46	1,249.62
185.02	195.84
1,630.48	1,445.46
(1,782.30)	270.88
(827.83)	(1,129.22)
(2,610.13)	(858.34)
624.12	622.35
106.07	105.77
185.02	195.84
(3,525.34)	(1,782.30)
44,886.97*	45,942.02*
41,991.67	20,499.98
10,250.34	2,750.00
31,741.33	17,749.98
484.22	67.00
24.21	67.00
460.01	—
32,201.34	17,749.98

**5.1** 2014: Term loans are secured by a first Pari Passu charge on stocks, book debts including credit card/debit card receivables (Escrow account) and all the movable fixed assets of the Company, both Present & Future. Some of the term loans are further secured by second pari passu charge on the current assets of the Company and corporate guarantees, joint and several, given by the company and promoter group /joint venture partners except ICICI Bank Term loans which is secured by first Pari Passu charge on the current assets and all the movable fixed assets of the company both Present & Future excluding leasehold rights, lease deposits & Shoppers Stop Brands.

Terms loans availed by Hypercity Retail (India) Ltd. are secured by first Pari Passu charge on movable fixed assets, present and future, second Pari Passu charge on the current assets of the company, subservient charge in the receivable and Corporate guarantee of K. Raheja Corp. Pvt. Ltd. and Shoppers Stop Limited.

2013: Term loans are secured by a first Pari Passu charge on stocks, book debts including credit card/debit card receivables (Escrow account) and all the movable fixed assets of the Company, both Present & Future. Some of the term loans are further secured by second Pari Passu charge on the current assets of the Company and corporate guarantees, joint and several, given by the company and promoter group/joint venture partners except ICICI Bank Term loans which is secured by first Pari Passu charge on the current assets and all the movable fixed assets of the company both Present & Future excluding leasehold rights, lease deposits & Shoppers Stop Brands.

## 5.2 Terms of the Facilities:

(All amounts in ₹ lacs)

Name of the Bank	Rate of Interest	Repayment Schedule	Loan Balance	
			31 March 2014	31 March 2013
HDFC Bank Ltd.	11.50% (Previous Year: 11.60%)	Loan is repayable in 12 quarterly equal installments from 1st Jan. 2015. For 2013, Repayable on 10th April 2013.	5,000.00	1,000.00
Bank of India	11.20% (Previous Year: 11.25%)	Repayable on 8th June 2014 ₹ 2,500 lacs & Balance on 13th April 2016. For 2013, Repayable on 8th June 2014.	5,000.00	2,500.00
ICICI Bank Ltd.	12.00% (Previous Year: 11.75%)	Repayable in 15 Equal Quarterly Installments from 1st Sept. 2014. For 2013, Repayable in 15 Equal Quarterly Installments from 1st Sept. 2014.	5,000.00	5,000.00
IDBI Bank Ltd.	12.00% (Previous Year: 12.00%)	Repayable in 4 Equal Quarterly Installments from 1st February 2014. For 2013, Repayable in 4 Equal Quarterly installment from 1st Feb 2014.	3,750.00	5,000.00
ICICI Bank Ltd.	11.60%	Repayable in 12 Equal Quarterly Installments from 1st Dec. 2015	8,900.00	—
Kotak Mahindra Bank Ltd.	12.25% (Previous Year: 12.25%)	Loan is repayable in 9 equal installments from 30th April 2014. For 2013, Loan is repayable in 21 Equal Monthly Installments from 30th April 2013.	416.67	2,000.00
Kotak Mahindra Bank Ltd.	12.25%	Loan is repayable in 5 equal installments from 30th April 2014.	625.00	—
Yes Bank Ltd.	12.05% (Previous Year: 12.05%)	Repayable in 12 Equal Quarterly Installments from 25th June 2014	5,000.00	5,000.00
ICICI Bank Ltd.	12.07%	Loan is repayable in 12 equal installments from 8th October 2015.	5,000.00	—
Kotak Mahindra Bank Ltd.	11.95%	Loan is repayable in 12 equal installments from 26th June 2015.	3,300.00	—
ICICI Bank Ltd.	12.50%	Loan is repayable in 12 equal installments from Feb, 2015.	484.22	—
IDBI Bank Ltd.	13.75%	For 2013, Loan is repayable in 2 Quarterly installments on June 2013 & Sep. 2013.	—	67.00

(All amounts in ₹ lacs)

**6. DEFERRED TAX LIABILITIES (NET)**

Major components are as follows:

**Deferred tax liabilities**

On fiscal allowances on fixed assets

**Deferred tax Assets**

On provision for doubtful debts/advances

On fiscal allowances on expenditure

Unabsorbed depreciation

Deferred tax liabilities (Net)

**7. OTHER LONG-TERM LIABILITIES**

Share in Joint Venture (Note 37)

**8. SHORT-TERM BORROWINGS**

Loans from banks (secured)

Loans from bank (unsecured)

Bill discounting

Buyer Credit

Commercial papers (unsecured)

(maximum amount outstanding during the year ₹ 2,500 lacs; 2013: ₹ 11,500 lacs)

Share in Joint Ventures (Note 37)

Mar-14	Mar-13
<b>2,074.76</b>	1,880.29
<b>2,074.76</b>	1,880.29
<b>197.90</b>	138.04
<b>270.64</b>	297.36
<b>610.03</b>	818.53
<b>1,078.57</b>	1,253.93
<b>996.19</b>	626.36
<b>61.27</b>	25.55
<b>61.27</b>	25.55
<b>20,110.76</b>	25,442.66
<b>990.05</b>	932.33
<b>899.40</b>	651.52
<b>39.41</b>	27.18
<b>—</b>	2,000.00
<b>—</b>	264.30
<b>22,039.62</b>	29,317.99

**8.1** 2014: Loan repayable on demand viz. Cash credit, Working capital loans and Other loans viz. short term loans and Buyers credit are secured by a first pari passu hypothecation charge on credit card/debit card receivables (Escrow account), current assets and all movable fixed assets of the Company both present and future and an exclusive lien on lease deposits except ICICI Bank Term loans which is secured by first Pari passu charge on the current assets and all the movable fixed assets of the company both present and future excluding leasehold rights, lease deposits and Shoppers Stop brands. Some of the loans are further secured by corporate guarantees, joint and several, given by the Company and promoter group/joint venture partners.

**8.2** 2013: Loan repayable on demand viz. Cash credit, Working capital loans and Other loans viz. short-term loans and Buyers credit are secured by a first Pari Passu hypothecation charge on credit card/debit card receivables (Escrow account), current assets and all movable fixed assets of the Company both present and future and an exclusive lien on lease deposits except ICICI Bank Term loans which is secured by first Pari Passu charge on the current assets and all the movable fixed assets of the Company both present and future excluding leasehold rights, lease deposits and Shoppers Stop brands. Some of the loans are further secured by corporate guarantees, joint and several, given by the Company and promoter group/joint venture partners.



(All amounts in ₹ lacs)

**9. TRADE PAYABLES**

- Micro and Small enterprises
- Other than Micro and Small enterprises
- Property option payables (other than Micro and Small enterprises)
- Share in Joint Ventures (Note 37)

Mar-14	Mar-13
165.57	11.16
40,282.77	36,754.54
2,266.00	—
1,331.22	1,062.88
<b>44,045.56</b>	<b>37,828.58</b>

- 9.1** There are no Micro and Small Enterprises, to whom the Company owes dues which are outstanding for more than 45 days during the year. This information as required to be disclosed under the Micro, Small and Medium Enterprise Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

**10. OTHER CURRENT LIABILITIES**

- Current maturities of long-term borrowings: Secured (Note 5)
- Interest accrued and not due on borrowings
- Income received in advance
- Unpaid dividend
- Other liabilities:
  - a) Creditors for capital expenditure
  - b) Statutory dues payable
  - c) Accrued payroll
  - d) Security deposits
  - e) Others (mainly for gift vouchers/points award redemptions, etc.)
  - f) Gratuity
- Share in Joint Ventures (Note 37)
- (includes current maturities of term loans 2014: ₹ 24.21 lacs, 2013: ₹ 67.00 lacs)

Mar-14	Mar-13
10,250.34	2,750.00
103.75	64.97
81.86	18.25
0.46	0.46
1,818.28	625.46
2,261.04	1,984.38
2,975.44	2,085.45
503.05	420.19
9,655.72	7,730.53
34.88	154.31
456.31	357.88
<b>28,141.13</b>	<b>16,191.88</b>
454.68	392.11
624.12	622.34
106.07	105.77
<b>730.19</b>	<b>728.11</b>
13.21	5.70
<b>1,198.08</b>	<b>1,125.92</b>

**11. SHORT-TERM PROVISIONS**

- For employee benefits: Leave encashment
- For Proposed equity dividend
- For Tax on Proposed equity dividend
- Share in Joint Ventures (Note 37)

**12. FIXED ASSETS**

(All amounts in ₹ lacs)

DESCRIPTION	GROSS BLOCK					DEPRECIATION, AMORTISATION					NET BLOCK
	1 April 2013	Additions	Deductions	Adjustments*	31 March 2014	1 April 2013	For the year	Deductions	Adjustments	31 March 2014	31 March 2014
TANGIBLE ASSETS											
Leasehold improvements	29,869.92	5,437.27	722.35	—	34,584.85	8,247.58	2,946.10	648.48	—	10,545.20	24,039.65
Air conditioning and other equipment	27,953.58	5,465.70	846.66	—	32,572.61	7,321.77	2,290.74	794.60	—	8,817.91	23,754.70
Furniture, fixtures and other fittings	22,139.78	5,859.05	1,866.19	—	26,132.66	7,769.76	2,034.68	1,702.63	—	8,101.81	18,030.85
Office Equipment	1,890.41	185.18	58.31	—	2,017.28	975.46	238.37	55.63	—	1,158.21	859.07
Computers	8,388.66	1,721.63	1,027.89	—	9,082.39	4,816.39	1,091.86	1,022.53	—	4,885.72	4,196.67
Vehicles	85.70	—	—	—	85.70	53.11	5.81	—	—	58.92	26.78
Share in Joint Ventures (Note 37)	2,336.51	699.56	193.87	642.00	3,484.20	1,427.82	394.12	156.22	306.63	1,972.36	1,511.84
Total	92,664.56	19,368.39	4,715.27	642.00	107,959.70	30,611.89	9,001.67	4,380.08	306.63	35,540.13	72,419.56
INTANGIBLE ASSETS											
Trademarks and patents	1,774.07	5.48	—	—	1,779.55	1,653.44	25.48	—	—	1,678.92	100.63
Computer Software	5,390.81	1,986.34	43.59	—	7,333.56	3,371.43	769.67	43.60	—	4,097.50	3,236.06
Share in Joint Ventures (Note 37)	76.77	3.55	—	5.25	85.57	62.67	9.69	—	0.90	73.25	12.32
Total	7,241.65	1,995.36	43.59	5.25	9,198.68	5,087.55	804.83	43.60	0.90	5,849.67	3,349.01
Note:											
* Represents adjustment on account of acquisition of additional stake in joint venture, Timezone Entertainment private Ltd.											

(All amounts in ₹ lacs)

DESCRIPTION	GROSS BLOCK				DEPRECIATION, AMORTISATION				NET BLOCK	
	1 April 2012	Additions	Deductions	Adjustments	31 March 2013	1 April 2012	For the year	Deductions	Adjustments	31 March 2013
<b>TANGIBLE ASSETS</b>										
Leasehold improvements	27,412.61	3,436.29	837.42	141.56	29,869.92	6,841.39	2,043.11	485.45	151.46	21,622.34
Air conditioning and other equipment	26,054.51	2,955.15	927.62	128.46	27,953.58	5,971.82	2,083.64	641.37	92.32	20,631.81
Furniture, fixtures and other fittings	20,393.85	2,874.55	859.74	268.88	22,139.78	7,099.65	1,520.60	539.93	310.56	14,370.02
Office Equipment	1,779.45	172.58	39.78	21.84	1,890.41	829.89	187.89	23.68	18.65	914.95
Computers	8,335.18	813.75	555.51	204.76	8,388.66	4,584.03	945.95	523.28	190.30	3,572.24
Vehicles	106.71	—	21.00	0.01	85.70	56.01	5.82	8.67	0.04	32.59
Share in Joint Ventures	2,209.93	282.80	164.89	(8.67)	2,336.51	1,093.70	476.86	146.73	(3.98)	908.69
<b>Total</b>	<b>86,292.24</b>	<b>10,535.12</b>	<b>3,405.96</b>	<b>756.84</b>	<b>92,664.56</b>	<b>26,476.49</b>	<b>7,263.87</b>	<b>2,369.11</b>	<b>759.35</b>	<b>30,611.89</b>
<b>INTANGIBLE ASSETS</b>										
Trademarks and patents	1,747.58	20.94	—	(5.55)	1,774.07	1,747.58	24.86	—	119.00**	1,653.44
Computer Software	4,558.56	972.14	0.90	138.99	5,390.81	2,790.57	717.66	0.90	135.90	2,019.38
Share in Joint Ventures	66.90	9.87	—	—	76.77	42.68	20.00	—	—	14.10
<b>Total</b>	<b>6,373.04</b>	<b>1,002.95</b>	<b>0.90</b>	<b>133.44</b>	<b>7,241.65</b>	<b>4,580.83</b>	<b>762.52</b>	<b>0.90</b>	<b>254.90</b>	<b>2,154.10</b>

**Note:**

\*\* Represents adjustment pertaining to earlier years. Accordingly, the depreciation (net) for the year is ₹ 7,907.39 lacs.

(All amounts in ₹ lacs)

**13. NON-CURRENT INVESTMENTS****(Trade, unquoted, at cost, unless otherwise stated)****Investments in equity instruments**

Stargaze Properties Private Limited

1,000 equity shares of ₹ 10/- each fully paid

**0.10**

0.10

Retailers Association of India

10,000 equity shares of ₹ 10/- each fully paid

**1.00**

1.00

Aesthetic Realtors Private Limited

66 equity shares of ₹ 10/- each fully Paid

**0.01**

0.01

Retailers Association's Skill Council of India

500 equity shares of ₹ 100/- each fully paid

**0.50**

0.50

Nuance Group Fashion &amp; Luxury Duty Free Private Limited

10,000 (2013 : Nil) equity shares of ₹ 10/- each fully paid

**0.50**

—

**2.11**

1.61

**14. LONG-TERM LOANS AND ADVANCES****(Unsecured, Considered good unless otherwise stated)**

Capital advances

**1,584.28**

1,512.38

Premises and other deposits

— Considered good

**19,472.29**

18,098.53

— Considered doubtful

**26.09**

—

**19,498.38**

18,098.53

Less: Provision for doubtful deposits

**26.09**

—

**19,472.29**

18,098.53

Deposit towards service tax (Note 29)

**2,179.70**

2,179.70

Advance income tax (net of provision)

**1,365.84**

1,084.69

Loans and advances to related parties (Note 34)

— Considered good

**4.90**

274.21

Share in Joint Ventures (Note 37)

**1,029.32**

807.41

**25,636.33**

23,956.92



(All amounts in ₹ lacs)

**15. OTHER NON-CURRENT ASSETS**

(Unsecured, considered good unless otherwise stated)

Statutory recoverables

— Considered good

— Considered doubtful

Less : Provision for doubtful advances

Receivables - Property Options sold

Insurance Claim receivables

Other receivables

Share in Joint Ventures (Note 37)

**16. INVENTORIES**

(At lower of cost and Net realisable value)

Stock-in-trade: Retail merchandise

(including Stock in transit ₹ 69.53 lacs, 2013: ₹ 228.99 lacs)

Property options

Share in Joint Ventures (Note 37)

**17. TRADE RECEIVABLES**

(unsecured)

Debts outstanding for a period exceeding 6 months

from the date they are due for payment

— Considered good

— Considered doubtful

Other Debts, considered good

— Property Option sold

— Others

Less: Provision for doubtful debts

Share in Joint Ventures (Note 37)

Mar-14	Mar-13
—	129.99
<b>100.27</b>	100.27
<b>100.27</b>	230.26
<b>100.27</b>	100.27
—	129.99
<b>1,510.36</b>	—
—	790.45
<b>4.68</b>	1.12
<b>0.55</b>	0.52
<b>1,515.59</b>	922.08
<b>39,620.50</b>	35,191.28
<b>4,607.61</b>	1,076.00
<b>674.47</b>	714.67
<b>44,902.58</b>	36,981.95
<b>144.14</b>	29.71
<b>55.68</b>	82.03
<b>995.10</b>	—
<b>3,555.30</b>	3,105.72
<b>4,750.22</b>	3,217.46
<b>55.68</b>	82.03
<b>4,694.54</b>	3,135.43
<b>109.61</b>	81.69
<b>4,804.15</b>	3,217.12

(All amounts in ₹ lacs)

**18. CASH AND CASH EQUIVALENTS**

	Mar-14	Mar-13
Balance with banks in		
– Current accounts	634.70	706.44
– Deposit accounts	9.75	12.72
Cash credit accounts	0.45	—
Other bank balances:		
Margin Money account (under lien against bank guarantee)	417.05	379.83
Dividend accounts	0.46	0.46
Cash on hand	995.35	886.75
	2,057.76	1,986.20
Share in Joint Ventures (Note 37)	727.92	691.93
	2,785.68	2,678.13
Of the above, cash and cash equivalents comprise:		
Balance with banks in		
– Current accounts	634.70	706.44
– Deposit accounts	9.75	12.72
– Cash credit accounts	0.45	—
Cash on hand	995.35	886.75
Share in Joint Ventures (Note 37)	460.90	660.40
	2,101.15	2,266.31

**19. SHORT-TERM LOANS AND ADVANCES**

(unsecured, considered good unless otherwise stated)		
Advances for goods and rendering of services to be received:		
– Considered good	3,221.59	3,894.31
– Considered doubtful	561.02	459.40
	3,782.61	4,353.71
Less: Provision for doubtful advances	561.02	459.40
	3,221.59	3,894.31
Advances to employees	287.03	212.58
Advance to suppliers	313.72	346.27
Less: Provision for doubtful advances	13.44	26.12
	300.28	320.15
Prepaid expenses	1,972.07	1,728.96
Other Receivables	16.45	20.88
Share in Joint Ventures (Note 37)	909.13	241.22
	6,706.55	6,418.10

(All amounts in ₹ lacs)

**20. OTHER CURRENT ASSETS**

	Mar-14	Mar-13
Statutory recoverable	1,803.04	1,875.38
Share in Joint Ventures (Note 37)	97.22	93.47
	<b>1,900.26</b>	1,968.85

**21. REVENUE FROM OPERATIONS****Retail Sale of Products**

Own merchandise (including concession sales) – Gross of tax	378,728.90	321,243.25
Consignment merchandise	27,590.06	26,111.84
	<b>406,318.96</b>	347,355.09
Less: Value added tax	21,330.72	18,513.18
Less: Cost of consignment merchandise	19,051.33	18,306.59
	<b>365,936.90</b>	310,535.32
Revenue from Gaming Business (Share in Joint Venture)	2,027.62	1,369.45
Revenue from transfer of property options	2,636.47	—
	<b>370,600.99</b>	311,904.77

**Other Retail operating revenue**

Facility management fees	2,101.27	1,284.18
Income from store displays and sponsorship Income	2,738.72	3,074.69
Direct marketing Income	1,221.72	911.71
Income from franchisees	189.71	192.37
	<b>6,251.42</b>	5,462.95
Share in Joint Ventures (Note 37)	240.15	184.80
	<b>6,491.57</b>	5,647.75
	<b>377,092.56</b>	317,552.52

**21.1** The gross retail volume of business and operations comprise:-

Own merchandise	378,728.90	321,243.25
Consignment merchandise	27,590.06	26,111.84
Other Retail operating revenue	6,491.57	5,647.75
	<b>412,810.53</b>	353,002.84

**22. OTHER INCOME**

Interest Income from others	95.49	77.67
Miscellaneous income and credits	409.07	89.66
Provision for doubtful debts/advances written back	8.52	15.07
Compensation for loss of business	—	432.00
	<b>513.08</b>	614.40
Share in Joint Ventures (Note 37)	104.64	74.80
	<b>617.72</b>	689.20

(All amounts in ₹ lacs)

**23. PURCHASE OF TRADED GOODS**

	Mar-14	Mar-13
Retail merchandise	245,928.01	209,764.82
Property Options	3,766.08	—
Share in Joint Ventures (Note 37)	2,113.06	1,816.56
	<b>251,807.15</b>	<b>211,581.38</b>

**23.1 Details of purchase of traded goods**

Apparels	99,593.25	81,352.45
Non-apparels	74,622.68	62,417.80
Food, Household items etc.	67,175.68	61,224.07
Property Options	3,766.08	—
Others (mainly books, CDs etc.)	6,649.46	6,587.06
	<b>251,807.15</b>	<b>211,581.38</b>

**24. CHANGES IN INVENTORIES OF STOCK-IN-TRADE**

Opening inventory		
— Retail merchandise	35,191.28	31,380.22
— Property Options	1,076.00	1,076.00
Closing inventory		
— Retail merchandise	39,620.50	35,191.28
— Property Options	4,607.61	1,076.00
Share in Joint Ventures (Note 37)	53.10	(51.36)
(Increase)	<b>(7,907.73)</b>	<b>(3,862.42)</b>

**25. EMPLOYEE BENEFITS EXPENSE**

Salaries, allowance and bonus	25,897.42	20,946.92
Contribution to Provident and other funds	1,620.80	1,408.27
Staff welfare expenses	999.41	769.51
	<b>28,517.63</b>	<b>23,124.70</b>
Share in Joint Ventures (Note 37)	659.91	468.57
	<b>29,177.54</b>	<b>23,593.27</b>

**26. FINANCE COSTS**

Interest on bank borrowings	5,957.87	4,379.77
Interest on others	159.70	697.38
Other borrowing costs	85.58	32.29
Bank charges	267.91	294.33
	<b>6,471.06</b>	<b>5,403.77</b>
Share in Joint Ventures (Note 37)	61.75	62.00
	<b>6,532.81</b>	<b>5,465.77</b>



(All amounts in ₹ lacs)

**27. OTHER EXPENSES**

	Mar-14	Mar-13
Insurance	216.71	150.53
Lease rent and hire Charges (Note 28)	32,181.24	27,535.09
Business conducting fees	1,304.25	1,268.49
Rates and taxes	60.58	42.69
Repairs and maintenance		
– Buildings	7,877.03	6,774.36
– Others	1,919.61	1,754.07
Legal and professional fees	1,386.41	1,042.47
Housekeeping charges	1,804.79	1,633.56
Security charges	2,211.90	1,925.13
Computer expenses	1,946.24	1,236.20
Conveyance and travelling expenses	2,242.38	1,748.10
Electricity charges	10,187.39	8,836.46
Advertisement and publicity	6,352.65	5,420.51
Sales promotion	2,512.60	2,684.35
Charges on credit card transactions	2,641.48	2,288.31
Packing materials	1,065.66	946.10
Loss on Sale of Fixed Assets (net)	164.20	107.51
Provision/ write off for Doubtful debts/advances/deposits	218.74	133.21
Foreign exchange loss (net)	218.44	154.90
Service tax input credit expensed	5,994.08	5,610.93
Miscellaneous expenses	4,660.90	2,706.82
	<b>87,167.28</b>	<b>73,999.79</b>
Share in Joint Ventures (Note 37)	<b>3,513.16</b>	<b>2,627.22</b>
	<b>90,680.44</b>	<b>76,627.01</b>

(All amounts in ₹ lacs)

**28. Leasing Transactions**

- a) Operating lease rentals charged to revenue:

**Mar-14**

Mar-13

**18,163.21**

15,811.31

- b) Variable rentals charged to revenue:

**16,078.32**

13,398.77

Variable rent for certain stores is payable in accordance with the lease agreement as the higher of (a) fixed minimum guarantee amount and (b) revenue share percentage.

- c) The future minimum rental payments in respect of non-cancellable lease for premises are as follows:

Not later than one year

**12,739.61**

12,734.42

Later than one year and not later than five years

**20,635.86**

19,835.13

Later than five years

**311.68**

2,598.26

The agreements are executed for periods ranging from 33 to 288 months with a non-cancellable period at the beginning of the agreement ranging from 33 to 108 months and having a renewable clause.

**29. Service Tax**

The Company has based on a legal advice, challenged the said levy and inter-alia, its retrospective application. The Hon'ble Supreme Court has passed an interim order dated 14th October, 2011, with regard to the levy of service tax on immovable properties rented out for commercial use including its retrospective applicability from 1st June, 2007 in compliance of which, the Company made an aggregate deposit of ₹ 2,179.70 lacs in respect of the liability for such service tax upto 30th September, 2011. From October 2011, the Company has been accounting and paying for such service tax regularly as per directives of the Supreme Court.

Pending the final disposal of the matter, the Company continues not to provide for the retrospective levy aggregating ₹ 2,010.90 lacs for the period 1st June, 2007 to 31st March, 2010.

**30. Tax expense comprises of:**

Current tax

– For the year

**2,183.37**

2,006.54

– For the earlier year

**15.91**

(499.71)

Deferred tax

– For the year

**339.07**

246.40

– For the earlier year

**30.76**

359.01

MAT Credit Reversal

**—**

163.04

**2,569.11**

2,275.28

**31. EARNING PER EQUITY SHARE****Calculated as follows:**

- a) Loss attributable to equity share holders (₹ In lacs)

**(827.83)**

(1,129.22)

- b) Weighted Number of equity shares outstanding during the year

**83,069,040**

82,787,593

- c) Weighted Number of equity shares outstanding during the year after adjustment for dilution

**83,208,641**

83,159,250

- d) Nominal value per share (₹)

**5.00**

5.00

- e) EPS:

Basic (₹)

**(1.00)**

(1.36)

Diluted (₹)

**(1.00)**

(1.36)

(All amounts in ₹ lacs)

**32. Contingent liabilities and commitments:**

	Mar-14	Mar-13
a) Claims against the Company not acknowledged as debts comprise of:		
Income tax claims disputed by the Company relating to disallowances aggregating	<b>968.71</b>	702.10
Service tax, Sales tax and other Indirect tax claims disputed by the Company relating to issues of applicability and classification aggregating	<b>1,529.34</b>	1,496.75
Third-party claims arising from disputes relating to contracts aggregating	<b>1,432.89</b>	699.06
b) Others	<b>227.25</b>	52.25
c) Estimated amount of contracts remaining to be executed on capital account and not provided for	<b>4,574.17</b>	4,920.20
d) Corporate guarantees given jointly and severally with joint venture partners to banks for loans taken by Joint venture entities	<b>825.00</b>	1,338.57
e) Corporate guarantee given jointly and severally with the promoter group company for loan taken by Hypercity Retail (India) Ltd.	<b>19,500.00</b>	9,500.00
f) Unpaid preference dividend	<b>6,140.55</b>	4,442.90
g) Bank guarantees	<b>642.29</b>	382.62
h) Share of Joint Ventures (see Note 37)	<b>360.32</b>	182.18

**Note:** Future cash outflows in respect of (a) above are determinable only on receipt of judgements/decisions pending with various forums/authorities.

(All amounts in ₹ lacs, unless otherwise stated)

**33. EMPLOYEE BENEFITS**

Post-employment benefits

Defined contribution plans

Company's contribution to Provident Fund

**Defined benefit scheme-Gratuity (Funded)****I. Component of Employer Expense**

Current Service Cost

Interest Cost

Expected Return on Plan assets

Actuarial (Gains)/Losses

**II. Change in Defined Benefit Obligations (DBO)**

Present Value of DBO at the Beginning of Year

Current Service Cost

Interest Cost

Actuarial (Gains)/Losses

Benefits paid/transferred

Present Value of DBO at the End of Year

**III. Change in Fair Value of Assets**

Plan Assets at the Beginning of Year

Expected Return on Plan Assets

Actuarial Losses

Actual Company Contribution

Benefits paid/transferred

Plan Assets at the End of Year

**IV. Net Asset/(Liability) Recognised in Balance Sheet**

Present Value of Defined Benefit Obligation

Fair Value of Plan Assets

Status [Surplus/(Deficit)]

Unrecognised Past Service Cost

Net Asset/(Liability) Recognised in Balance Sheet

**V. Actuarial assumptions**

Discount Rate

Expected Return on Plan Assets

Rate of increase in salaries

Rate of Attrition

**VI. Net Asset/(Liability) recognised in Balance Sheet (including experience adjustment impact)**

	31 March 2014	31 March 2013	31 March 2012	31 March 2011	31 March 2010
Present Value of the Defined Benefit Obligation	901.05	802.16	598.91	535.21	268.81
Fair Value of the Plan Assets	866.17	647.85	502.52	426.89	263.81
Surplus/(Deficit) in the Plan	(34.88)	(154.31)	(96.39)	(108.32)	(5.00)
Experience Adjustments arising on Plan Liabilities – Losses/(Gains)	2.20	(44.01)	(63.86)	120.21	(49.45)
Experience Adjustments arising on Plan Assets – Gains/(Losses)	17.03	6.23	8.35	3.09	(16.45)



The group expects to contribute ₹ 243.74 lacs to its Gratuity plan for the next year.

In assessing the group Post Retirement Liabilities, the group monitors mortality assumptions and uses up-to-date mortality tables. The base being the LIC 1994-96 ultimate tables.

Expected return on plan assets is based on expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.

The estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The gratuity benefit scheme of the group is managed by Life Insurance Corporation of India (LIC). The group is currently awaiting the details of the composition of the plan assets, by category, from the LIC for the current and the previous years and hence the disclosures as required by Accounting Standard (AS) 15 on Employee Benefits have not been given.

**34. RELATED PARTY DISCLOSURES**

Following are the material transactions with related parties:

(All amounts in ₹ lacs, unless otherwise stated)

Nature	Companies under common control/ significant influence (refer (c) below)	Joint Ventures	Key Management Personnel	Total
<b>Purchase of Assets</b>	<b>2.81</b>	<b>29.75</b>	—	<b>32.56</b>
Inorbit Malls (India) Private Limited	2.81	—	—	
LAI Singapore Pte Ltd.	—	1.65	—	
P T Matahari Leisure	—	8.64	—	
Embed International Pty.	—	19.45	—	
	(12.17)	(34.44)	—	(46.61)
<b>Sale of Assets</b>	<b>48.96</b>	—	—	<b>48.96</b>
Magna Warehousing & Distribution Pvt. Ltd.	48.96	—	—	
	(47.93)	—	—	(47.93)
<b>Purchase of Goods</b>	<b>—</b>	<b>3.42</b>	—	<b>3.42</b>
Leisure & allied Industries Philippines Inc.	—	0.07	—	
LAI Games International Pte. Ltd.	—	3.25	—	
Embed International Pty.	—	0.08	—	
	—	(13.38)	—	(13.38)
<b>Purchase of Property Options</b>	<b>3,766.00</b>	—	—	<b>3,766.00</b>
K. Raheja Corp. Private Limited	3,766.00	—	—	
	—	—	—	
<b>Payment of conducting fees/Lease Rent/Common Area Maintenance Charges</b>	<b>7,610.56</b>	—	—	<b>7,610.56</b>
Ivory Properties and Hotels Private Limited	2,183.00	—	—	
Inorbit Malls (India) Private Limited	2,901.31	—	—	
Avacado Properties and Trading India Private Limited	221.88	—	—	
Magna Warehousing & Distribution Pvt. Ltd.	317.65	—	—	
Trion Properties Private Limited	1,986.72	—	—	
	(7,358.47)	—	—	(7,358.47)
<b>Expenses Paid</b>	<b>820.60</b>	<b>41.37</b>	—	<b>861.97</b>
Inorbit Malls (India) Private Limited	448.30	—	—	
K. Raheja Corp. Private Limited	9.10	—	—	
Avacado Properties and Trading India Private Limited	3.75	—	—	
Retailers Association of India	4.39	—	—	
K. Raheja Corp. Private Limited	4.09	—	—	
Sanghavi Associates Limited	11.73	—	—	
Trion Properties Private Limited	251.83	—	—	
Magna Warehousing & Distribution Pvt. Ltd.	86.68	—	—	
Chalet Hotels Ltd.	0.73	—	—	
Avel Pty Ltd (Royalty)	—	41.37	—	
	(433.02)	(26.63)	—	(459.65)
<b>Deposits Paid</b>	<b>218.32</b>	—	—	<b>218.32</b>
Magna Warehousing & Distribution Private Limited	41.24	—	—	
Inorbit Malls (India) Private Limited	137.21	—	—	
Avacado Properties and Trading India Private Limited	39.87	—	—	
	(240.82)	—	—	(240.82)

Nature	Companies under common control/ significant influence (refer (c) below)	Joint Ventures	Key Management Personnel	Total
<b>Deposit received Back</b>	—	—	—	—
Inorbit Malls (India) Private Limited	—	—	—	—
	(6.42)	—	—	(6.42)
<b>Reimbursement of Expenses</b>	<b>183.77</b>	—	—	<b>183.77</b>
Inorbit Malls (India) Private Limited	146.76	—	—	—
Trion Properties Private Limited	33.26	—	—	—
IL & FS Investment Advisors LLC Br	3.75	—	—	—
	(164.30)	—	—	(164.30)
<b>Space Hire Fees Received</b>	<b>3.52</b>	—	—	<b>3.52</b>
K. Raheja Corp. Private Limited	3.52	—	—	—
	—	—	—	—
<b>Receiving of services</b>	—	<b>33.42</b>	—	<b>33.42</b>
The Nuance Group AG	—	33.42	—	—
	—	(7.98)	—	(7.98)
<b>Reimbursement of costs (Receivable)</b>	—	<b>763.38</b>	—	<b>763.38</b>
Nuance Group Fashion & Luxury Duty Free Private Limited	—	763.38	—	—
<b>Expenses Recovered</b>	—	—	—	—
Inorbit Malls (India) Private Limited	—	—	—	—
	(102.94)	—	—	(102.94)
<b>Issue of Equity/Preference Shares</b>	<b>3,895.50</b>	—	—	<b>3,895.50</b>
Genext Hardware Parks Private Limited	3,895.50	—	—	—
	(4,361.00)	(81.32)	—	(4,442.32)
<b>Remuneration to Managing Director:</b>	—	—	<b>369.73</b>	<b>369.73</b>
Govind Shrikhande	—	—	369.73	—
	—	—	(338.91)	(338.91)
<b>Commission and Sitting fees to Non Executive Directors</b>	—	—	<b>27.20</b>	<b>27.20</b>
Chandru L. Raheja	—	—	0.80	—
Ravi C. Raheja	—	—	0.80	—
Neel C. Raheja	—	—	0.60	—
B. S. Nagesh	—	—	3.60	—
Gulu L. Mirchandani	—	—	3.60	—
Shahzaad S. Dalal	—	—	3.60	—
Nitin Sanghavi	—	—	6.80	—
Deepak Ghaisas	—	—	3.60	—
Nirvik Singh	—	—	0.20	—
Avnish Bajaj	—	—	(27.00)	(27.00)

**Balance outstanding at the year end****Receivables**

Avacado Properties and Trading India Private Limited	488.05
	(473.25)
Ivory Properties and Hotels Private Limited	1,211.06
	(1,202.67)
Inorbit Malls (India) Private Limited	1,004.26
	(843.51)
Trion Properties Private Limited	829.05
	(836.22)
LAI Games International Pte. Ltd.	4.64
	—
Magna Warehousing and Distribution Private Limited	31.04
	(33.40)
The Nuance Group AG	65.52
	(63.88)
Nuance Group Fashion & Luxury Duty Free Private Limited	763.38
	—

**Payables**

K. Raheja Corp. Private Limited	0.40
	—
K. Raheja Private Limited	2,266.00
	—
Avel Pty. Ltd.	128.72
	(85.93)
LAI India Pvt. Ltd.	30.78
	(21.93)
P T Matahari Graha Fantasi	—
	(0.30)
P T Matahari Leisure	—
	(0.46)
The Nuance Group AG	746.96
	(626.04)

**Corporate Guarantee**

The Nuance Group AG	412.50
	(412.50)

**The figure in bracket pertains to previous year**

**Names of related parties and description of relationship:**

- |     |  |  |                     |                |
|-----|--|--|---------------------|----------------|
| (a) | Promoter directors having control/significant influence over companies stated in (c) below | C.L. Raheja, Ravi C. Raheja, Neel C. Raheja  |                     |                |
| (b) | Key Management Personnel   | Executive Director:  | Govind Shrikhande   |                |
|     |  | Non-Executive Directors:   | Chandru L. Raheja   | Shahzaad Dalal |
|     |  |  | Ravi Raheja         | Nitin Sanghavi |
|     |  |  | Neel Raheja         | Deepak Ghaisas |
|     |  |  | B. S. Nagesh        | Nirvik Singh   |
|     |  |  | Gulu L. Mirchandani | Avnish Bajaj   |
| (c) | Companies in which the persons stated in (a) above have control/significant influence      | Ivory Properties and Hotels Private Limited, K. Raheja Corp. Private Limited, K. Raheja Private Limited, Inorbit Malls (India) Private Limited, Hypercity Retail (India) Limited, Avacado Properties and Trading India Private Limited, K. Raheja Corp. Private Limited, Trion Properties Private Limited, Retailers Association of India, Magna Warehousing and Distribution Private Limited, Sanghavi Associates Ltd., Chalet Hotels Limited, IL & FS Investment Advisors LLC Br. Nuance Group (India) Private Limited |                     |                |
| (d) | Joint Ventures   | Timezone Entertainment Private Limited   |                     |                |



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**36. DISCONTINUING OPERATIONS:**

The Board of Directors of Gateway Multichannel Retail (India) Limited (Gateway), a subsidiary of SSL had decided to discontinue operation in January 2009. SSL has committed to provide the necessary level of support, to enable Gateway to remain in existence and continue as a going concern.

The total assets and liabilities of Gateway as at March 31, 2014 aggregated ₹ 17.74 lacs (Previous year ₹ 17.45 lacs) and ₹ 4,517.98 lacs (Previous year ₹ 4,507.89 lacs) respectively.

The net cash flows attributable to operating, investing and financing activities of Gateway during the year, aggregated ₹ (1.05) lacs (Previous year 0.99 lacs), ₹ 0.28 lacs (Previous 0.01 lacs) and ₹ Nil (Previous year Nil) respectively.

**Statement showing the revenue and expenses of continuing and discontinuing operations: (All amounts in ₹ lacs)**

Particulars	31 March 2014			31 March 2013		
	Continuing operations	Discontinuing operations (Gateway)	Total	Continuing operations	Discontinuing operations (Gateway)	Total
<b>REVENUE</b>						
Sales/Income	377,092.56	—	377,092.56	317,552.52	—	317,552.52
Other Income	617.72	0.31	618.03	689.19	0.01	689.20
<b>Total Revenue</b>	<b>377,710.28</b>	<b>0.31</b>	<b>377,710.59</b>	<b>318,241.71</b>	<b>0.01</b>	<b>318,241.72</b>
Operating Expenses	373,631.30	10.11	373,641.41	315,920.69	8.06	315,928.75
Impairment Loss	—	—	—	—	—	—
<b>Pre-tax Profit/(Loss) from operating activities</b>	<b>4,078.98</b>	<b>(9.80)</b>	<b>4,069.18</b>	<b>2,321.02</b>	<b>(8.05)</b>	<b>2,312.97</b>
Interest Expense	6,532.81	—	6,532.81	5,465.77	—	5,465.77
<b>Profit/(Loss) before tax</b>	<b>(2,453.83)</b>	<b>(9.80)</b>	<b>(2,463.63)</b>	<b>(3,144.75)</b>	<b>(8.05)</b>	<b>(3,152.80)</b>
Income tax	2,569.11	—	2,569.11	2,275.28	—	2,275.28
<b>Profit/(Loss) after tax before minority interest</b>	<b>(5,022.94)</b>	<b>(9.80)</b>	<b>(5,032.74)</b>	<b>(5,420.03)</b>	<b>(8.05)</b>	<b>(5,428.08)</b>

**37.** The Consolidated Financial Statements have been prepared in accordance with Accounting Standard 21 (AS 21) – “Consolidated Financial Statements” and Accounting Standard 27 (AS 27) – “Financial Reporting of Interests in Joint Ventures” as notified by Companies (Accounting Standards) Rules, 2006.

(a) The subsidiaries (which alongwith Shoppers Stop Limited, the parent, constitute the Group) considered in the preparation of these Consolidated Financial Statements are:

Name of the Company	Country of Incorporation	Percentage of ownership interest either directly or through subsidiary	
		31 March 2014	31 March 2013
Hypercity Retail (India) Limited	India	51	51
Crossword Bookstores Limited	India	100	100
Upasna Trading Limited	India	100	100
Shoppers Stop Services (India) Limited	India	100	100
Shoppers Stop.Com (India) Limited	India	100	100
Gateway Multichannel Retail (India) Limited	India	100	100

## (b) Interests in Joint Ventures:

The Group's interests in jointly controlled entities (incorporated Joint Ventures) are:

Name of the Company	Country of Incorporation	Percentage of ownership interest either directly or through subsidiary	
		31 March 2014	31 March 2013
Nuance Group (India) Private Limited	India	50	50
Timezone Entertainment Private Limited	India	48.42	33.87

The financial statements of the joint ventures, considered in the consolidated accounts, are drawn upto 31st March other than for Nuance Group (India) Private Limited where it is upto 31st December.

Nuance Group Fashion & Luxury Duty Free Private Limited ('NFPL'), a subsidiary of NGIPL has not been considered for consolidation since the investment made by NGIPL in NFPL is temporary with a view to its subsequent disposal in the near future.

The Group's interest in these joint ventures is accounted for using proportionate consolidation.

(c) These Consolidated Financial Statements are based, in so far as they relate to amounts included in respect of subsidiaries and joint ventures, on the audited financial statements prepared for consolidation in accordance with the requirements of AS 21 and AS 27 by each of the included entities.

(d) The details of the subsidiary companies are given in the Annexure.

**38.** Exceptional items comprise of (i) net loss of ₹ 29.56 Lacs relating to the Group's inventory destroyed / damaged in a fire, in May 2013, at its store in Inorbit Mall, Pune. (ii) net loss of ₹ 37.84 Lacs (2013: ₹ 74.06 Lacs) relating to the Group's assets destroyed / damaged in a fire, in June 2012, at its store at Koregaon Park, Pune. In respect of the above, the Group received insurance claims aggregating Rs. 1,100.20 Lacs (2013 : ₹ 500 Lacs) during the year.

**39.** Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

## STATEMENT REGARDING SUBSIDIARY COMPANIES

Annexure  
(All amounts in ₹ lacs)

Sr. No.	Name of Subsidiary Company	Reporting Currency	Share Capital	Reserves	Total Assets*	Total Liabilities**	Investments	Turnover/ Total Income	Profit/(Loss) Before Taxation	Provision for Taxation	Profit/(Loss) After Taxation	Proposed Dividend including Dividend distribution tax	Country
1	Crossword Bookstores Limited	INR	1,956.25	19.25	6,014.60	6,014.60	—	8,865.33	(389.55)	(0.93)	(388.63)	—	India
2	Upasna Trading Limited	INR	5.00	16.74	169.63	169.63	—	—	(0.57)	—	(0.57)	—	India
3	Gateway Multi channel Retail (India) Limited	INR	5.00	(4,492.19)	17.73	17.73	—	0.32	(9.80)	—	(9.80)	—	India
4	Shoppers Stop Services (India) Limited	INR	5.00	3.68	10.14	10.14	—	0.40	0.02	(0.00)	0.02	—	India
5	Shoppers Stop.Com (India) Limited	INR	5.00	(3.47)	2.64	2.64	—	0.22	(0.13)	(0.03)	(0.10)	—	India
6	Hypercity Retail (India) Limited	INR	54,058.73	(53,757.28)	40,818.76	40,818.76	—	90,771.06	(8,581.45)	—	(8,581.45)	—	India
* Total Assets = Non-Current Assets + Current Assets													
** Total Liabilities = Shareholder's Fund + Share Application money pending allotment + Non-Current Liabilities + Current Liabilities													



[illegible]

## Notes

Shoppers Stop Ltd.

[illegible]

[illegible]

## Notes

Shoppers Stop Ltd.

[illegible]



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SHOPPERS STOP

START SOMETHING NEW