

SHOPPERS STOP LIMITED

NOTICE

NOTICE is hereby given that the Sixteenth Annual General Meeting of the members of Shoppers Stop Limited will be held at National Stock Exchange of India Ltd., Exchange Plaza, Dr. R. H. Patil Auditorium, Ground Floor, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051 on Tuesday, July 30, 2013 at 3.30 p.m. to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2013 and the Statement of Profit and Loss for the year ended on that date together with the Reports of the Directors and Statutory Auditors thereon.
2. To declare a dividend on equity shares.
3. To appoint a Director in place of Mr. Gulu Mirchandani, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Deepak Ghaisas, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Deloitte Haskins & Sells, Chartered Accountants with registration no. 117366W, the retiring Auditors as Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting on such remuneration as may be mutually agreed between the Auditors and the Board of Directors of the Company.

Registered Office:

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

**By Order of the Board of Directors
For Shoppers Stop Limited**

Prashant Mehta
Vice President - Legal &
Company Secretary

Date: April 30, 2013

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING ("MEETING") IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** The instrument appointing proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the aforesaid Meeting.
2. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
3. A Proxy shall not vote except on a Poll.
4. In case of joint holders attending the Meeting, only the joint holder who is higher in the order of names will be entitled to vote.
5. The profile of Directors retiring by rotation and seeking re-appointment is annexed hereto as stipulated under Clause 49 of the Listing Agreement.
6. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, July 23, 2013 to Tuesday, July 30, 2013 (both days inclusive) for the purpose of determining the eligibility of members entitled to dividend. The dividend on equity shares, if declared at the Meeting, will be credited/dispensed between July 31, 2013 and August 3, 2013, to those members whose names appear on the Company's Register of Members in case of shares held in physical form, and in case of shares held in dematerialized form, to the beneficial owners, whose details, are furnished by National Securities Depository Limited and Central Depository Services (India) Limited.
7. Members desirous of getting any information about the accounts of the Company are requested to send their queries to the Registered Office of the Company on or before July 20, 2013 so that the requisite information can be readily made available at the Meeting.

8. All relevant documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company on all working days except Saturdays, Sundays and public holidays, between 11.00 a.m. and 1.00 p.m. prior to the date of the Meeting.
9. Pursuant to the provisions of Sections 205A and 205C of the Companies Act, 1956 as amended, read with Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001, dividend which remains unpaid or unclaimed for a period of 7 (seven) years will be transferred to the Investor Education and Protection Fund. Shareholders/Investors who have not encashed the dividend warrant(s) so far are requested to make their claim by specifying their Folio No./DP ID and Client ID to the Registrar and Share Transfer Agent, M/s. Karvy Computershare Private Limited, Plot No. 17 to 24, Vittalrao Nagar, Madhapur, Hyderabad – 500 081. Shareholders are requested to please note that once the unclaimed dividend is transferred to the Investor Education and Protection Fund as above, no claim shall lie against the Company/IEPF in respect thereof.

Unclaimed dividend for the financial year 2005-06, must be claimed on or before September 21, 2013, as amount remaining unclaimed on the said date, would be transferred to Investor Education and Protection Fund (IEPF) within 30 days from thereof.

The Ministry of Corporate Affairs (MCA), Government of India, has on May 10, 2012, notified IEPF (Uploading of Information regarding Unpaid and Unclaimed amounts lying with Companies) Rules, 2012, with the objective of enabling shareholders to use the information provided by the Companies on their website and the website of IEPF, to verify the status of unclaimed dividend. The concerned shareholders are requested to verify the details of their unclaimed dividends, if any, from website of the Company or of IEPF and lodge their claim with the Company, before the due date for transfer to the IEPF.

10. Members are requested to bring their copy of the Annual Report to the Meeting.
11. Members/proxies should bring the attendance slip duly filled in and signed for attending the Meeting.
12. The Company is concerned about the environment and utilizes natural resources in a sustainable way. The Ministry of Corporate Affairs (MCA), Government of India, through its Circular Nos. 17/2011 and 18/2011, dated April 21, 2011 and April 29, 2011 respectively, has allowed companies to send Annual Report to their members electronically as part of its 'Green Initiative in Corporate Governance'. Recognizing the spirit of the circular issued by the MCA, the Company will send documents like the Notice convening the general meetings, Financial Statements, Directors' Report, Auditors Report, etc. to the e-mail address registered with the depositories/Karvy Computershare Private Limited, Registrar and Share Transfer Agents of the Company.
13. We request you to update your e-mail address with your depository participant to ensure that the annual report and other documents reach you on your preferred e-mail address.

Members who have not registered their e-mail addresses so far are requested to register their e-mail addresses, in respect of electronic holdings, with the depository through their concerned depository participant. Members who hold shares in physical form are requested to register their e-mail addresses with M/s. Karvy Computershare Private Limited, Registrar and Share Transfer Agents of the Company.

PROFILE OF DIRECTORS RETIRING BY ROTATION AND SEEKING RE-APPOINTMENT AS ON MARCH 31, 2013

Mr. Gulu Mirchandani

Mr. Gulu Mirchandani, 69, is an Independent and Non-Executive Director of our Company. He is the Chairman and Managing Director of Mirc Electronics Limited, is an alumnus of BITS, Pilani and holds a degree in BE (Mechanical). Mr. Mirchandani is closely involved with the development of corporate strategy and formulating, incubating and delivering emerging technologies and services in the area of televisions and other products of Mirc Electronics Limited.

He is a Director of the Company since April 28, 2001 and he is holding 4,000 equity shares of the Company jointly with his son as the second holder.

List of other Directorship and Committee membership/chairmanship held in other companies is given below.

List of other Directorships held	Membership in Committees of other Companies	Chairmanship in Committees of other Companies
1. Mirc Electronics Ltd. 2. Adino Telecom Ltd. 3. KEC International Ltd. 4. VIP Industries Ltd. 5. Gulita Securities Ltd. 6. Algorhythm Tech Pvt. Ltd. 7. Fractal Analytics Pvt. Ltd. 8. Adino Research Foundation 9. Mumbai Angel Ventures Mentors	1. Shareholder & Investor Grievance Committee and Remuneration Committee – Mirc Electronics Ltd. 2. Audit Committee and Remuneration & Compensation Committee – VIP Industries Ltd.	1. Finance Committee – Mirc Electronics Ltd. 2. Compensation Committee, Option Allotment Committee and Share Transfer Committee – Fractal Analytics Pvt. Ltd. 3. Compensation Committee – Algorhythm Tech Pvt. Ltd.

Save and except Mr. Gulu Mirchandani, none of the other directors of the Company, are in any way, concerned or interested in the resolution as set out in Item No. 3 of the Notice which pertains to his appointment. Mr. Mirchandani, is not related to any directors of the Company.

Mr. Deepak Ghaisas

Mr. Deepak Ghaisas, 55, is an Independent and Non-Executive Director of our Company. He is a qualified Chartered Accountant, Cost Accountant and Company Secretary. He leads strategy development, visioning and conceptualisation of breakthrough business models for Gencoval Group, his new venture in Healthcare and Bio Tech. Prior to Gencoval, he has served as the Vice Chairman of Oracle Financial Services Software Limited (formerly known as i-Flex Solutions Limited, India). It was his strategic, financial and operational acumen that drove the company into a true Indian multinational. Mr. Ghaisas is the first Indian CFO to be felicitated with the prestigious CFO Asia award.

He is a Director of the Company since July 24, 2004 and he is holding 7,750 equity shares of the Company jointly with his wife as the second holder.

List of other Directorship and Committee membership/chairmanship held in other companies is given below.

List of other Directorships held	Membership in Committees of other Companies	Chairmanship in Committees of other Companies
1. USV Limited 2. Gencoval Strategic Services Pvt. Ltd. 3. GCV Life Pvt. Ltd. 4. Stemade Biotech Pvt. Ltd. 5. HealthBridge Advisors Pvt. Ltd. 6. Chitpavan Foundation 7. Hypercity Retail (India) Limited 8. Food and Allied Support Services Corporation Pte Ltd. 9. Sarvatra Technologies Pvt. Ltd. 10. Hariom Infracilities Services Pvt. Ltd. 11. Healthy Sleep Solutions India Pvt. Ltd. 12. NV Consulting Pvt. Ltd.	NIL	Audit Committee – USV Limited Audit Committee – Hypercity Retail (India) Limited

Save and except Mr. Deepak Ghaisas, none of the other directors of the Company, are in any way, concerned or interested in the resolution as set out in Item No. 4 of the Notice which pertains to his appointment. Mr. Ghaisas, is not related to any directors of the Company.

SHOPPERS STOP LIMITED

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

PROXY FORM

DP ID*

Ledger Folio No.

Client ID*

No. of Shares held

I/We _____ of _____ in the district of _____ being a Member(s) of Shoppers Stop Limited, hereby appoint _____ of _____ in the district of _____ or failing him _____ of _____ in the district of _____ or failing him _____ of _____ in the district of _____ as my/our proxy to attend and vote for me/us on my/our behalf at the **16th Annual General Meeting of the Company to be held at National Stock Exchange of India Ltd., Exchange Plaza, Dr. R. H. Patil Auditorium, Ground Floor, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051, on Tuesday, July 30, 2013, at 3.30 p.m.** or at any adjournment thereof.

Signed this _____ day of July, 2013

Affix
1 ₹
Revenue
Stamp

(Signature of the Member)

***Applicable to Members holding shares in electronic form.**

Notes:

1. This form duly completed and signed, should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
2. The Company reserves the right to ask for identification of the proxy.



Cut here



SHOPPERS STOP LIMITED

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

ATTENDANCE SLIP

To be handed over at the entrance of the Meeting Hall

DP ID*

Ledger Folio No.

Client ID*

No. of Shares held

Full Name of the Member attending (IN BLOCK LETTERS): _____

Full Name of Proxy (IN BLOCK LETTERS): _____

(To be filled in if Proxy attends instead of the Member)

I hereby record my presence at the **16th Annual General Meeting of the Company held at National Stock Exchange of India Ltd., Exchange Plaza, Dr. R. H. Patil Auditorium, Ground Floor, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051, on Tuesday, July 30, 2013, at 3.30 p.m.**

(Signature of the Member/Proxy)

***Applicable to Members holding shares in electronic form.**

(To be signed at the time of handing over this slip)

Note: Members are requested to bring their copies of the Annual Report to the Meeting.



Great things
grow from a firm
foundation.



SHOPPERS STOP

ANNUAL REPORT 2012-13

Great things grow from a firm foundation.

A strong foundation creates a solid future. With a foundation that is rooted in steadfast values and stable operating systems, success and growth is but inevitable.

Today, we are moving forward at a pace like never before. And each step of this journey has been paved by our steady foundation, our sturdy values and our sound business model. Our values keep us ahead of the game, help us delight our customers and create a great working environment for our people. Our strong business model helps us tide over challenging times to emerge stronger and better. It helps us innovate, grow and adapt to change.

Our Annual Report for the year 2012-13 will take you through the building blocks of our business and show you how great things continue to grow from our firmly rooted foundation.







FORMATS



The building blocks of our business

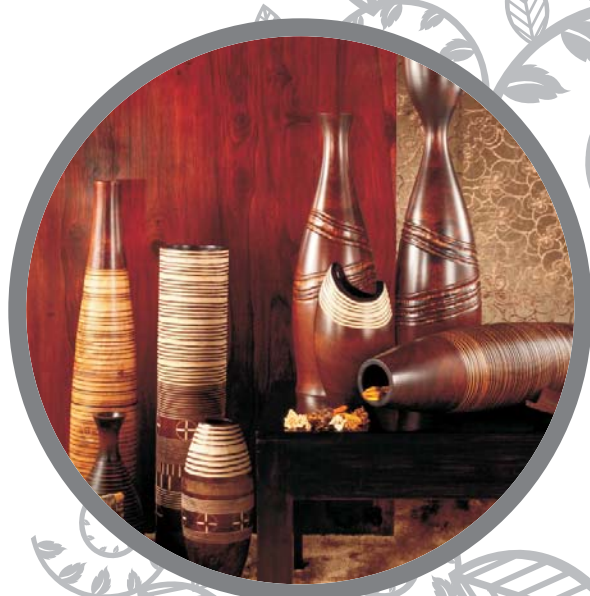
Our business is firmly anchored across multiple category formats that are well positioned to be an intrinsic part of our customers' lives. From fashion to home needs, from books to infant care, from concrete to click stores, Shoppers Stop continues to provide customers with unparalleled value.

Shoppers Stop

Shoppers Stop is the Company's flagship business of department stores. It offers customers an international shopping environment and a world class shopping experience through its 55 stores, including 2 airport stores, across 24 cities.

Shoppers Stop offers a wide assortment of national and international brands across categories such as fashion apparel, accessories, cosmetics, perfumes, home and kitchenware. Tommy Hilfiger, CK Jeans, French Connection, Mango, Guess,

Esprit, MUSTANG JEANS – Europe's renowned jeanswear and lifestyle brand, United Colors of Benetton, Jack & Jones, Vero Moda and US Polo are just a few of the many brands available in Shoppers Stop. In addition to the host of such 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 Vettorio Fratini, amongst others.



HomeStop

HomeStop is the first-of-its-kind premium home concept store from Shoppers Stop Ltd. It has 13 stores across 10 cities. It offers a wide range of home products across categories along with some of the most reputed national and international brands. It is a one-stop shop for all home needs ranging from home décor to furniture, bath accessories to bedroom furnishings, mattresses to draperies and carpets to health equipment, all under one roof.

Crossword

Crossword is the leader in the lifestyle bookstore category with a unique product mix of books, magazines, movies, CD-ROMs, music, stationery and toys. Crossword has 82 stores across 25 cities in India. Crossword's online foray, www.crossword.in includes more than 70 lac book titles. It has also introduced categories like toys, games, movies and music to its online store. There is a cash-on-delivery service as well. Crossword plans to launch a Crossword App in the next financial year.



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 12 stores in 8 cities of Mumbai, Bengaluru, Pune, Ahmedabad, Hyderabad, Bhopal, Jaipur and Amritsar.

Mothercare & Early Learning Centre (ELC)

Shoppers Stop Ltd. (SSL) has an exclusive retail arrangement with Mothercare PLC of UK to open and operate Mothercare and ELC shop-in-shops in India within Shoppers Stop stores. Mothercare, UK's premium international brand for maternity, infant and childcare products, has 40 stores operated by SSL, including 4 standalone stores, with a presence in 11 cities. Early Learning Centre (ELC), UK's number one educational toy brand for children aged 0-6 years, is also available in select Shoppers Stop stores.



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 and Clinique in India.

Shoppers Stop Ltd. has 27 M.A.C stores with a presence in Mumbai, Pune, Bengaluru, Delhi, Amritsar, Hyderabad, Kolkata, Ludhiana and Chennai. There are 6 stores of Estee Lauder, including 4 standalone stores, in Delhi, Bengaluru and Mumbai. There are 15 stores of Clinique, including six standalone stores, in Mumbai, Pune, Bengaluru, Delhi, Kolkata, Hyderabad and Chennai.

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. 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.

Timezone

Shoppers Stop Ltd. has a 33.87% stake in Timezone Entertainment Private Limited, which is the business of operating Family Entertainment Centres (FECs). It has 17 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.



Evergreen brands

Shoppers Stop offers a host of Indian and international brands that have timeless appeal and are yet always in sync with the latest trends. Attuned to the brand philosophy of 'Start Something New', Shoppers Stop feeds the needs of today's discerning customers with 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 modern shopper.

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



S T O P
everywear

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

Life

Trendy casual clothes and accessories based on global fashion trends.

काशी

Elegant and ornate occasion wear and accessories for ethnic chic.

V

Vettorio Fratini

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 and trendy salwar kameez and dupatta sets as well as a chic range of accessories.

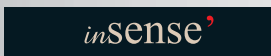
Shoppers Stop has named world famous sitar maestro and music composer Anoushka Shankar as the brand ambassador



for haute curry. She is not only a youth icon but is also an apt example of ethnic diversity, be it through her music or personal style. She perfectly matches the brand values and positioning of haute curry and her personal style statement mirrors the modernised ethnicity of haute curry's designs and styles.



Fashion denim wear for the urban youth that epitomises individuality.



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



Fashion & 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. The brand also offers smart casual wear for women.



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

life

A V O R I O

JooJoobs

HyperCITY
EVERY
Day

RIVERINC
GO WITH THE FLOW

TERZO

maxIT

e b a n o

technix



LOYALTY PROGRAMME



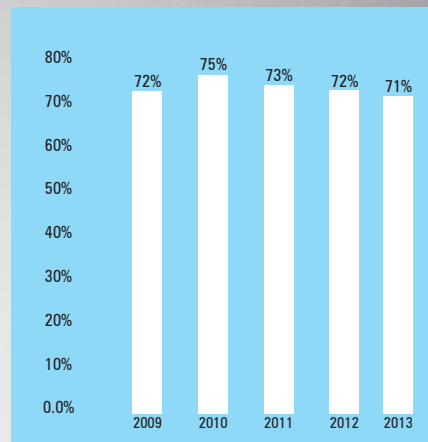
Loyal customers that are firmly rooted to us

Fostering and nurturing relationships with customers has always been paramount. This attribute of always putting the customer first has enabled Shoppers Stop to create a loyal brand affinity. This has translated into a base of over 2.88 million loyal customers who are a part of the First Citizen Loyalty Programme.

Shoppers Stop First Citizen Loyalty Programme

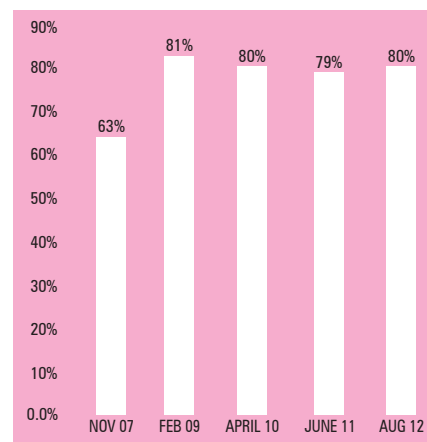
Shoppers Stop believes that the customer is the whole and soul of the Company, which is why this programme has more than 2.88 million loyal members who contribute to over 71% of sales.

The First Citizen Loyalty Programme is the first of its kind to be instituted in the retail industry in India. Today, it is one of the most successful 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 0.38 million members during the year, the Shoppers Stop First Citizen Loyalty Programme continues to grow.



First Citizen Contribution to Sales

The objective of the First Citizen Loyalty Programme is to ensure customer delight and enhance customer satisfaction. Shoppers Stop values the feedback it receives from its customers. 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.



Customer Satisfaction Index Scores

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 lac members. The Book Rewards Programme contributes to 48% of sales of Crossword Bookstores Ltd.

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 55.5% of sales. There are a total of 6.7 lac members.



DELIGHTFULLY
LOW
PRICES



Creating a fruitful shopping experience

Shoppers Stop has always aimed to create a fruitful and enjoyable shopping experience for each and every customer. In the past year, Shoppers Stop introduced clutter-breaking campaigns, innovative activations and attractive promotions that kept customers engaged and delighted.

Brand Campaign 'Start Something New'

Shoppers Stop's brand campaigns have always been distinctive and memorable. This year, the campaign continued with the brand philosophy of 'Start Something New'. The brand campaign of Shoppers Stop, whilst showcasing high fashion, has voiced various social concerns and causes in its typical tongue-in-cheek manner. The various causes adopted include water conservation, use of greener modes of transport and other civic and social issues. The campaign features stylish people in simple day-to-day situations actually doing something new. This has helped to symbolise that 'Start Something New' can actually translate into meaningful action.

Start Something New Today

The 'Start Something New Today' campaign is a series of small ads in leading publications that appear every Thursday on pg. 3. These ads provide interesting fashion trends and shopping tips to customers. Moreover, the same tip is highlighted at the physical stores through visual merchandising.

End of Season Sale

Shoppers Stop launched its 'Delightfully Low Prices Up To 51% Off Sale' campaign with innovative and clutter breaking imagery.

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.

Shoppers Stop created exclusive audio-visual communications on YouTube which communicated the core message of this campaign in a youthful and tongue-in-cheek manner.

Moreover, the Sale campaign was 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.

To promote this offer, Shoppers Stop created India's first branded 3D street art installation. This quirky and innovative initiative generated a substantial buzz.

Makeover Marathon

Shoppers Stop organised 'Makeover Marathons' in select cities wherein customers were treated to complimentary makeovers by professional make-up artists from the world's finest skincare and cosmetic brands such as Givenchy, Shiseido, Elizabeth Arden, Lancôme, Guerlain, Christian Dior and Yves Saint Laurent, to name a few. This activation gave customers the chance to experience these international brands.

Suits and Jackets Fest

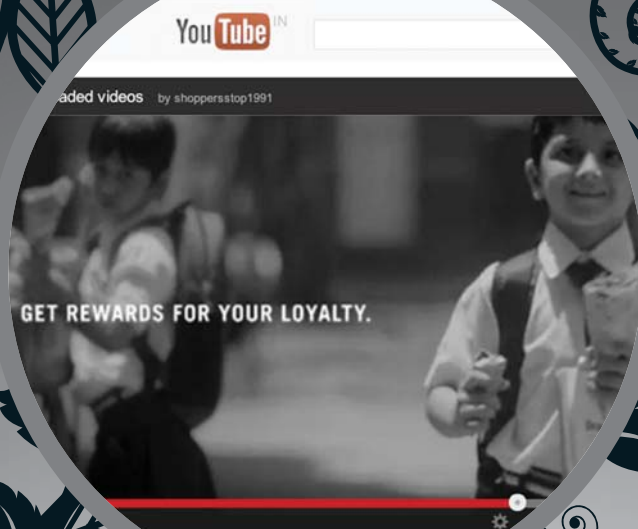
Shoppers Stop created India's largest formal men's jacket which stood at an imposing height of 22 feet. The jacket was displayed at Inorbit Mall in Mumbai to promote the 'Suits & Jackets' Fest. Shoppers Stop has made an entry into the Limca Book of Records for this exciting creation.

Gift Cards

In a bid to revolutionise the ritual of gifting, Shoppers Stop launched the perfect gifting option – 'The Shoppers Stop Gift Card'. The Gift Card ensures that Shoppers Stop customers have the freedom and flexibility to indulge in their personal choices and preferences. It can be loaded with a flexible value as desired by customers. It can also be redeemed for any value, thus making the shopping experience easy and carefree. What's more, the Shoppers Stop Gift Card can also be flexibly reloaded as many times as required.

World's Largest Stocking

To celebrate the spirit of Christmas with its customers, Shoppers Stop created the world's largest stocking which stood 223 feet high when measured from toe to cuff. The stocking was displayed at the Magrath Road Junction in Bengaluru. With this installation, Shoppers Stop is set to make an entry into the Guinness Book of World Records and the Limca Book of Records.



Leading^{the} digital and social media ecosystem

Shoppers Stop has always been at the forefront of the digital influx. From smartphones to social networks, Shoppers Stop is anywhere the customer desires it to be. Be it a mobile app, a Facebook interaction, a Twitter contest, or a YouTube video, customers can experience Shoppers Stop at the mere feather-touch of a button.

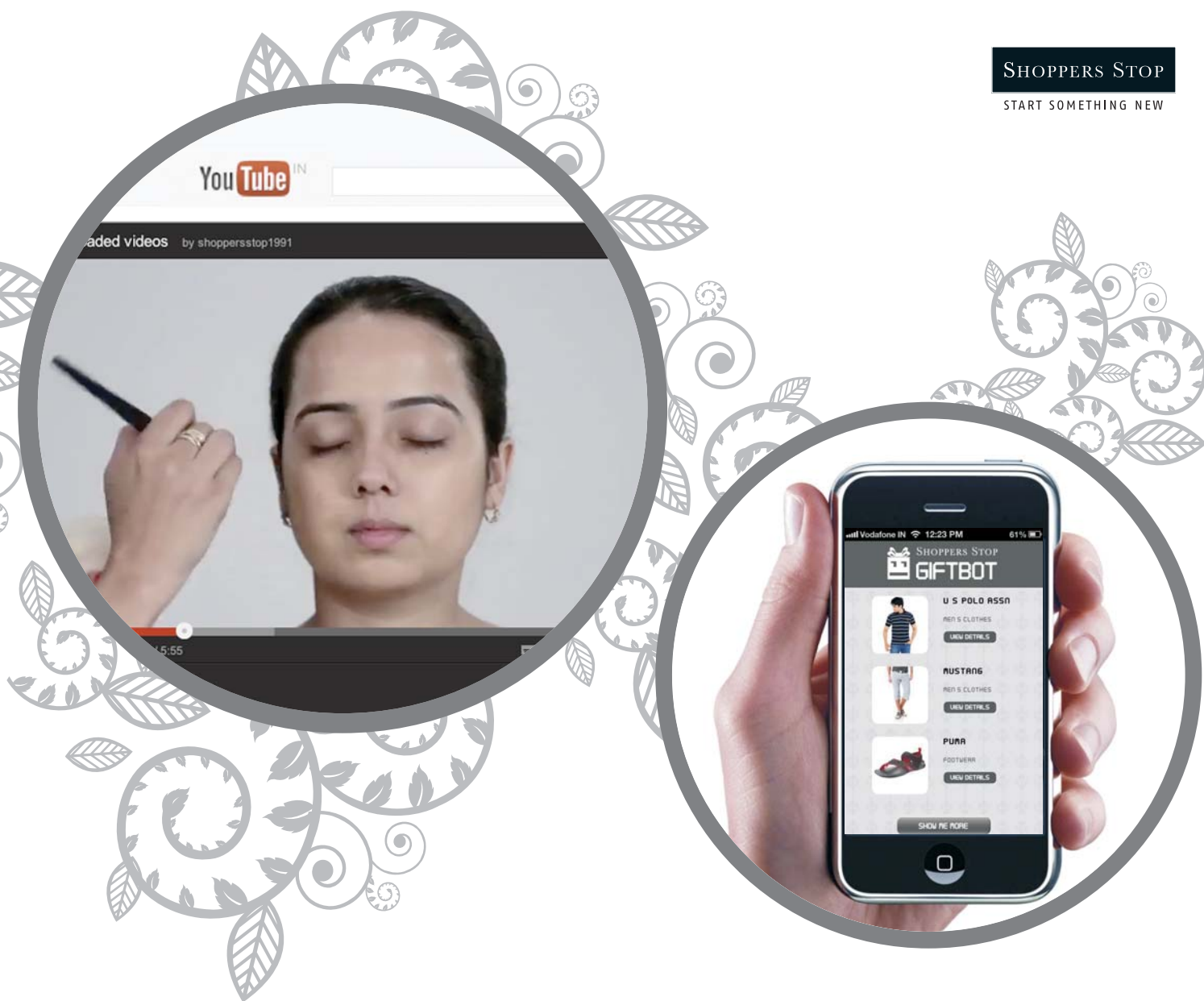
Facebook & Twitter

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 4.4 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, unique promotions and innovative contests such as the 'Tweet Store', 'New Year. Gifts', etc.

YouTube

Shoppers Stop has a dedicated channel on YouTube 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. Shoppers Stop is the first Indian retailer and Indian brand to have launched such a series.

Innovative use of QR & AR

Shoppers Stop has introduced various marketing innovations such as deployment of Quick Response (QR) and Augmented Reality (AR) codes to digitally enliven all marketing communications. Augmented Reality in India is still nascent and Shoppers Stop is the first Indian large-format retailer to have created an Augmented Reality set-up for its 'End of Season Sale' campaign. The Sale advertisements across major print publications featured an AR code that readers could trigger by

using a specially developed app that could be downloaded from the Android marketplace or iTunes Store. With the help of this app, readers could activate an AR set-up in which they could view merchandise.

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



Spreading our roots far & wide

Shoppers Stop continues to extend its reach to cities and towns across India. While doing so, the focus remains on delivering the best in class experience to customers. Shoppers Stop has converted the concept of retail into an experience and an indulgence.

Customers are treated with 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 5 Shoppers Stop stores.

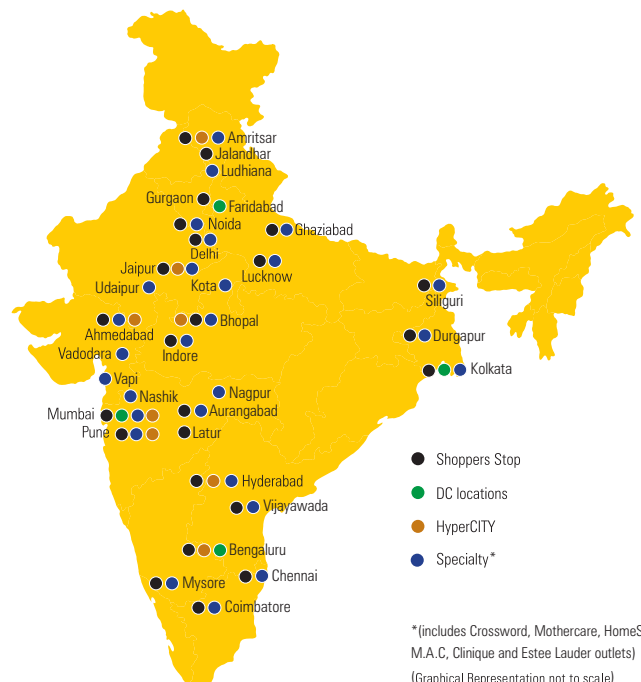
During the year, HomeStop added 2 stores, Mothercare added 3 stores, M.A.C added 8 stores, Crossword Bookstores added 10 stores (including 5 franchise stores) and Clinique added 4 stores.

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. 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 and utilise Shoppers Stop Gift Cards 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.



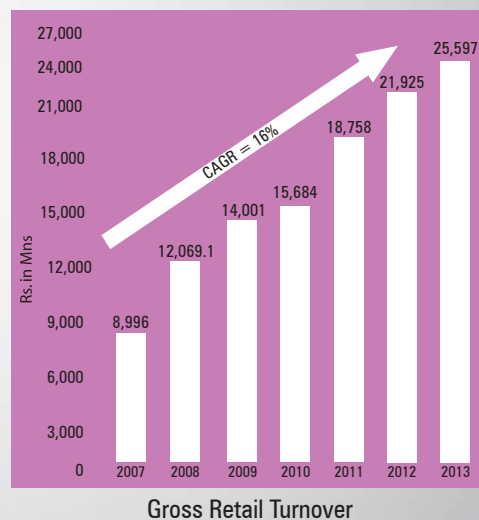


FINANCIAL HIGHLIGHTS



Growing steadily

Shoppers Stop has always been focused on steady and strategic growth. Its emphasis on cost rationalisation, streamlining operating processes and ensuring customer satisfaction gives it an edge in the industry. Shoppers Stop's strong business model ensures that it continues to grow from strength to strength.





With a strong business model and a sound value system, Shoppers Stop is well equipped for a stable growth trajectory. In the past year, the Company has worked steadfastly to ensure it consolidates its position as a leading Indian retail innovator. The substantial steps taken have provided a boost to overall growth. In FY 2013, Shoppers Stop Ltd. achieved a Gross Retail Turnover of Rs. 2560 crores, up by 17%.

The Company witnessed a volatile environment in the first half and a stable environment in the second half of the year, leading to a like-to-like growth of 7.4% 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.



AWARDS



Consistent efforts bear fruit

As a result of its services and innovations, Shoppers Stop has been honoured with numerous industry accolades and awards. These awards bear testimony to the values and beliefs that have catapulted Shoppers Stop to its present success. During the year 2012-2013, Shoppers Stop was the proud recipient of many industry accolades, few of which are mentioned below.

Shoppers Stop received the Silver Award from DMAi (Direct Marketing Association) for its 'Choose your Own Gift' campaign.

Shoppers Stop was awarded the 'Leadership Governance Award' in the service category at the Qimpro Best Prax Conclave 2012.

At the Star Retailer Awards, Shoppers Stop swept the awards for 'Department Store of the Year' and Crossword Bookstores won the 'Star Retailer of the Year 2012 – Books and Movies Category'.

Shoppers Stop entered the Limca Book of Records for creating 'India's largest men's formal jacket'.

At the prestigious ET Retail Awards, Shoppers Stop received the 'Most Trusted Retailer of the Year – Popular Choice' and Crossword was the proud recipient of the 'Award for Marketing Excellence'.

The Indian Retail Forum 2012 conferred Shoppers Stop with 'The Most Admired Retail Group of the Year'; HomeStop with 'The Most Admired Home Format of the Year' and HyperCITY with 'The Most Admired Hypermarket of the Year' awards.

At the 6th Loyalty Summit, Shoppers Stop was awarded the 'Loyalty Programme of the Year' in the 'Retail sector – Large Format', 'Best use of Social Media to Enhance Loyalty' and 'Champion of Champions – Loyalty Programme of the Year'.



Shoppers Stop was awarded the 'Most Admired Retailer', 'Leader in Shoppers Insight' and 'Excellence in Shoppers Insight & Consumer Behaviour' at the Awards for Shoppers and Consumer Insights.

At the POP- Instore Asia Visual Merchandising & Retail Design Awards 2013, Shoppers Stop received a 'Merit Certificate' in the 'Best Store Award > 20,000 sq.ft' category for the R-city store in Mumbai, a 'Merit certificate' in the 'Green Initiative Award' category for the Andheri store and the 'Gold Awards' in the 'Best Window Display' category as well as the 'Best Visual Merchandising' categories.

The Talent & HR Leadership Awards bestowed upon Shoppers Stop the awards for 'Best Talent Management' for the 'Baby Kangaroo Programme', 'Organisation with innovative HR practices' for the 'I Pledge' initiative and 'Learning and Talent Initiative Exercise' for 'Lead & Leap Programme'.



Going green

Shoppers Stop believes in sustainable development and is committed to making a difference to the environment and the society. Through its many initiatives that create and promote social awareness, Shoppers Stop makes a conscious effort to integrate social concerns into the very core of its strategy and business processes. Some of the initiatives are listed below.

Solar Power Initiative

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.



Brand Campaign 'Start Something New'

Carrying forward the brand's philosophy of 'Start Something New', the brand campaigns of Shoppers Stop have voiced various social concerns and causes in its typical tongue-in-cheek manner.

Foundation Day celebration

The Foundation Day of Shoppers Stop is dedicated to upholding social causes. Each store, region and Services Office helps an NGO of its choice.

Salwar Kameez Dupatta (SKD) Exchange offer

This is an annual exchange offer that Shoppers Stop has conducted for many years in association with NGOs like Concern India and Goonj. During the offer period in 2012, customers were invited to donate their old wearable Salwar Kameez Dupatta (SKD) sets towards the cause and in turn enjoy discounts on their new purchases of SKD sets. All old wearable SKD sets collected during the exchange offer were donated to Goonj.



BOARD OF DIRECTORS



CHANDRU L. RAHEJA



RAVI C. RAHEJA



NEEL C. RAHEJA



GULU MIRCHANDANI



SHAHZAAD DALAL



NITIN SANGHAVI



DEEPAK GHASAS



NIRVIK SINGH



B. S. NAGESH



GOVIND SHRIKHANDE



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SHOPPERS STOP



Chairman's Statement

The year gone by has been a year of two distinct halves. Whilst the first half was marked by a sense of economic sluggishness and consumption slowdown, the second saw a paradigm shift in economic sentiment and a substantial improvement on consumption and discretionary spends. In effect, whilst the first half of the year showed subdued growth, the second half of the year recorded robust growth.

Your Company has continued to ramp up its store presence, across the country, in all its formats, in keeping with its vision of being a leader and pioneer in Indian modern retail. During the year, your Company has launched 5 Shoppers Stop department stores, 2 Homestop stores, 8 MAC stores, 4 Clinique stores and 1 Estee Store.

For the year 2012-13, your Company has achieved revenues of Rs.2560 crores, up by 17%.

In the year gone by, your Company saw a Like-to-Like sales growth of 7% whilst chain level growth in sales was 17%. The Average Selling Price & Transaction Size have seen growths of 8% and 7% respectively over the last year.

As part of our continuous endeavour to grow and penetrate the market, your Company opened 5 new Shoppers Stop stores

during the year, one each at Pune, Jalandhar, Coimbatore and 2 stores at Bengaluru. At a chain level your Company has added more than 3,00,000 square feet in the year 2012-13.

Your Company's loyalty programme, The First Citizens Club achieved a major milestone in FY 12-13. The total membership of the programme crossed the 2.8 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 71% of your Company's sales. As our loyalty programme grows, our Facebook fan club is also growing very fast. It has now crossed 44 lac 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 "The Best Performer in Retail category" amongst top 500 of India in the "Dun & Bradstreet – Rolta Corporate Awards 2011", "Leadership Governance Award" in service category at the QIMPRO BEST PRAX CONCLAVE 2012, "The Most Admired



Retail Group of the Year" at IRF 2012 awards, "The Most Admired Home Format of the Year", at IRF 2012 awards, "Certificate of Distinction" in Top 10 Retailers Award by Retail Asia-Pacific Top 500-2012, Silver Award from DMAI (Direct Marketing Association) for its "Choose your Own Gift" campaign, "Top Class Brand Award 2012-13" to Shoppers Stop and "Rashtriya Udyog Ratna Award" to Mr. Govind Shrikhande and "Department Store of the year" award in Star Retailers Award 2012. World Retail Congress 2012-13, has awarded your Company with "Best Talent Management Award for BABY KANGAROO PROGRAMME", Organisation with innovative HR practices "I PLEDGE", Learning and Talent Initiative Exercise for "Lead & Leap programme" and Best Online Retailer of the year (Department Store). ET Retail Awards has bestowed your Company with the "Most Trusted Retailer of the Year – Popular Choice". The 6th Loyalty Summit has conferred your Company with "Loyalty Program of the year, Retail" large format for the second consecutive year, "Best use of Social media to enhance Loyalty" award and "Champion of Champions – Loyalty Program of the year. The prestigious Indian Digital summit (hosted by IAMAI) awarded your Company with the "Best Mobile Marketing Campaign" award. At the recent POP- Instore Asia and Visual Merchandising &

Retail Design Awards 2013, your Company received "Best Store Award > 20,000 sq.ft for R-city Mumbai, Store Planning team, "Green Initiative Award" – to Andheri store, Projects team, "Best Window Display" and "Best Visual Merchandising" to Visual Merchandising Team. Your Company also entered Limca Books of Records for creating "India's largest men's formal Jacket", and "For Largest Book". 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 endeavours. 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	– Director
Shahzaad S. Dalal	– Director
Prof. Nitin Sanghavi	– Director
Deepak Ghaisas	– Director
Nirvik Singh	– 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

Compensation / 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

Shareholders Investor Grievance and Share Transfer 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

Statutory Auditors

Deloitte Haskins & Sells,
Chartered Accountants,
Indiabulls Finance Centre,
Tower 3, 27th – 32nd Floor,
Elphinstone Mill Compound,
Senapati Bapat Marg,
Elphinstone (West),
Mumbai - 400 013

Internal Auditors

KPMG,
Lodha Excelus, 1st Floor,
Apollo Mills Compound, N. M. Joshi Marg,
Mahalaxmi, Mumbai - 400 011

Bankers

Axis Bank Limited
Bank of India
Deutsche Bank AG
ICICI Bank Limited
IDBI Bank Limited
HDFC Bank Limited
Kotak Mahindra Bank Limited
YES Bank Ltd.

Management Team

Govind Shrikhande
Anil Shankar
Ashwin Babbar
BVM Rao
CK Nair
Manohar Kamath
Prashant Mehta
Ranjit Satyanath
Salil Nair
Sanjay Chakravarti
Vinay Bhatia

Advocates & Solicitors

Wadia Ghandy & Co.

Financial Highlights & Key Ratios

Shoppers Stop Ltd.

	2012-13	2011-12	2010-11	2009-10	(₹ in lacs) 2008-09
Profitability Statement					
No. of Stores	104	91	97	93	72
Income					
Gross Retail Sales	256,050	218,919	187,344	159,845	141,298
Less: Value Added Tax	12,074	10,505	8,960	6,857	6,438
Gross Retail Sales (Net of taxes)	243,976	208,414	178,384	152,988	134,860
Other Operating & Miscellaneous Income	3,249	2,799	2,412	2,435	2,555
	247,225	211,213	180,796	155,423	137,415
Expenditures					
Cost of goods sold	159,065	136,775	116,554	102,376	90,034
Employee costs	16,106	12,764	9,898	8,759	8,588
Operating and administrative expenses	58,973	47,369	39,132	32,938	33,868
	234,144	196,908	165,584	144,073	132,490
EBIDTA	13,081	14,305	15,211	11,351	4,924
Interest and finance charges	1,907	752	734	1,869	2,560
Depreciation	5,075	3,772	3,100	3,103	6,313
Profit before exceptional items and Tax	6,100	9,781	11,377	6,379	(3,949)
Exceptional Items	74	—	(5)	(188)	2,486
Profit Before Tax	6,026	9,781	11,383	6,567	(6,436)
Profit After Tax	3,917	6,426	7,518	5,023	(6,372)
Balance Sheet items					
Share Capital	4,149	4,128	4,108	3,491	3,487
Optionally Convertible Warrants	—	—	—	3,072	—
Reserve & Surplus	65,233	61,722	55,702	24,326	19,822
Loan Funds	32,934	25,907	14,549	19,935	20,776
Deferred Tax (Liability)/Assets	(625)	(23)	325	455	—
Capital Employed	102,941	91,780	74,359	50,824	44,085
Fixed Assets	48,336	44,659	34,561	29,867	25,873
Net Working Capital	21,510	18,700	15,754	8,534	8,467
Profit & Loss Ratios					
Sales (Chain level growth)	17.0%	19.0%	23.0%	10.0%	15.9%
Sales (Like to Like growth)	7.4%	6.5%	16.7%	3.7%	1.2%
Gross Profit Margin	33.2%	32.7%	33.0%	31.7%	31.7%
Operating Expenses Ratio	29.3%	27.5%	26.2%	26.1%	30.0%
Operating Margin (EBIDTA) (Before exceptional item)	5.1%	6.5%	8.1%	7.1%	3.5%
PBT Margin before exceptional item	2.4%	4.5%	6.1%	4.0%	-2.8%
PAT Margin	1.5%	2.9%	4.0%	3.1%	-4.6%
Interest Coverage	3.90	5.23	8.85	4.72	0.98
Balance Sheet Ratios					
Debtors No. of Days	3	3	3	3	3
Creditors No. of Days	90	86	86	93	94
Stock Turnover Ratio	2.6	2.7	3.7	3.5	4.0
Current Ratio	1.5	1.5	1.4	1.3	1.5
Assets Turnover Ratio	2.7	2.7	3.0	3.4	3.1
Debt Equity Ratio	0.5	0.4	0.2	0.6	0.9
Return to Investors					
Return on Network	11.8%	16.8%	26.7%	30.4%	-5.2%
Return on Capital Employed	8.2%	12.7%	19.3%	17.4%	-3.0%
Book Value Per Share (in ₹)	83.81	79.89	75.71	88.58	66.85
EPS (taking equity share up to FY 2009-10 at ₹ 10/- each and thereafter at ₹ 5/- each) (In ₹)					
Basic	4.7	7.8	9.5	14.4	(18.3)
Diluted	4.7	7.8	9.4	14.3	(18.3)
Cash EPS	10.86	12.37	13.44	23.30	(0.17)
Dividend Per Share	0.75	0.75	0.75	1.50	—

Note: Number of stores includes the Shoppers Stop Department stores and Speciality Stores (viz Home Stop, Mothercare, Crossword Bookstores, Arcelia, Mac, Clinique, Estee Lauder & Airport Business).

Note: Figures have been regrouped for Presentation purpose.

Dear Members,

Your Directors present herewith 16th Annual Report on the business and operations of the Company together with the Audited Statements of Accounts for the year ended March 31, 2013.

Financial Performance

Particulars	(₹ in lacs)	
	Year ended March 31, 2013	Year ended March 31, 2012
Retail Turnover		
Own merchandise (including concession sales)	227,048.25	194,276.55
Consignment merchandise	26,111.84	22,289.34
Other Retail operating income	2,809.26	2,681.47
	255,969.35	219,247.36
Less: Value Added Tax	12,073.84	10,505.10
Less: Cost of consignment merchandise	18,306.59	15,771.75
	225,588.92	192,970.51
Other Income	1,721.47	1,868.76
	227,310.39	194,839.27
Profit before Depreciation & Tax	11,100.34	13,552.94
Less: Depreciation	5,074.71	3,772.24
Profit before Tax	6,025.63	9,780.70
Less: Provision for Tax	2,108.78	3,354.78
Profit after Tax	3,916.85	6,425.92
Add: Balance brought forward from previous year	14,516.00	9,131.05
Amount available for Appropriation	18,432.85	15,556.97
Appropriation		
Proposed Dividend (incl. Dividend Distribution Tax)	728.12	719.67
Transfer to General Reserve	195.84	321.30
Balance carried forward	17,508.89	14,516.00

Performance Review

During the year under review, your Company has opened 5 departmental stores i.e. one store each at Pune, Jalandhar, Coimbatore and two stores at Bengaluru taking its chain of stores to 55 stores (including two airport stores) spread across India. Further, the Company has also opened two "Home Stop" at Coimbatore and Chennai taking its tally to 13 stores.

The revenue of the Company is ₹ 227,310.39 lacs (previous year ₹ 194,839.27 lacs), registering a growth of 16.67% y-o-y basis. The net Profit achieved was ₹ 3,916.85 lacs (previous year ₹. 6,425.92 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:

- Dun & Bradstreet at Rolta Corporate Awards 2011.

- "Leadership Governance Award" in service category at Qimpro Best Prax Conclave 2012.
- Silver Award for 'Choose your Own Gift' campaign by DMAI.
- Most Admired Retail Group of the Year and Most Admired Home Format of the Year for HomeStop at IRF 2012.
- Top Class Brand Award 2012-2013 by National Education & Human Resource Development Organisation.
- No. 1 Social Net Worth Company on Facebook by Fortune Magazine (India). Ranking for the Company has improved from Rank 297 to Rank 276.
- Most Trusted Retailer of the Year – Popular choice at ET Retail Awards.
- The 6th Loyalty Summit conferred the Company with following awards:
 1. Loyalty Programmes of the Year – Retail Large Format
 2. Best use of Social Media to Enhance Loyalty
 3. Champion of Champions – Loyalty Programmes of the Year
- Best Mobile Marketing Campaign at Indian Digital Summit (hosted by IAMAI).
- World HRD Congress conferred the Company with following awards:
 1. Most Innovative initiative Award for Goodie box
 2. Best Talent Management Award for Baby Kangaroo Programmes
 3. Organisation with innovative HR practices "I Pledge"
 4. Learning and Talent Initiative Exercise for Lead & Leap Programmes.
- Best Online Retailer of the Year (Department Store) by ET NOW.
- POP – Instore Asia and Visual Merchandising & Retail Design Awards 2013 conferred the Company with following awards:
 1. Merit Award – Best Store Award > 20,000 sq. ft. – R-city Store
 2. Merit Award – Green Initiative Award – Andheri store
 3. Gold Award – Best Window Display
 4. Gold Award – Best Visual Merchandising

Credit Rating

During the year, India Ratings & Research Private Limited (A Fitch Group Company) has assigned the following credit ratings:

1. 'IND A1' for Commercial Paper Programmes of ₹ 500 million.
2. 'IND A1' for Short Term Debt Programmes of ₹ 500 million.

During the year, Credit Analysis & Research Limited has awarded the following credit ratings:

1. CARE A1 (Non Fund Based) and CARE A (Fund Based) for Bank Facilities of ₹ 461.50 crores (enhanced from ₹ 401.50 crores).
2. CARE A1 for Commercial Paper issue/Short Term Debt (Series I) issue of the Company, aggregating to ₹ 100 crores.
3. CARE A1 for Commercial Paper issue/Short Term Debt (Series II) issue of the Company, aggregating to ₹ 40 crores.
4. CARE A for Non Convertible Debentures issue of ₹ 100 crores.

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, 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 Compensation/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 ₹ 297/- per option to the specified employees of the Company and its subsidiary Companies.

During the year under review, the Company has allotted 417,383 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.

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 6,052 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, Chartered Accountants, Mumbai, will retire at the conclusion of the ensuing Annual General Meeting. Deloitte Haskins & Sells have sought the re-appointment and have confirmed that their re-appointment, if made, shall be within the limits laid down under Section 224(1B) of the Companies Act, 1956.

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

Directors

In accordance with the provision of the Companies Act, 1956 and Articles of Association of the Company, Mr. Gulu Mirchandani and Mr. Deepak Ghaisas, Directors of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

A brief particular of Mr. Gulu Mirchandani and Mr. Deepak Ghaisas is annexed to the Notice convening the Sixteenth Annual General Meeting in accordance with the listing agreement entered into with the Stock Exchanges.

Corporate Governance

The Company has taken adequate steps to ensure that the conditions of Corporate Governance as stipulated in Clause 49 of the listing agreement with the Stock Exchanges are complied with. A separate section on Corporate Governance and Auditors Certificate is annexed hereto and forms part of this Report.

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, motivating 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 optimising the temperature inside the stores (24°C). This drive is the major contributor for the energy conservation for the stores.
3. Optimised 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 thereby receiving 5% to 7% incentive on the energy bills.
6. These cumulative efforts resulted in the saving of 2,124,330 Units (Cost ₹ 224 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 installed solar panels in Andheri Store to reduce energy cost and help reduce pollution.
8. Company has also finalised the supplier of Wind Power for two of its stores in Maharashtra. This should help reduce the power cost of these stores substantially.

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 ₹ 5,393.36 lacs (previous year ₹ 4,704.40 lacs), whereas Foreign Exchange outgo was ₹ 4,821.10 lacs (previous year ₹ 3,723.44 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 Section 217 (2AA) of the Companies Act, 1956, the Board of Directors confirm that:

1. In the preparation of annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
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, 2013 and of the profit of the Company for the year ended on that date;
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 frauds 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 Account, section of this Annual Report.

Acknowledgement

Your Directors wish to convey their appreciation to all customers, business partners, suppliers, banks and financial institutions for their invaluable support and look forward to 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 acknowledge the confidence and faith reposed by Shareholders in the Company and look forward to having the same in future as well.

For and on behalf of the Board of Directors

April 30, 2013

Chandru L. Raheja
Chairman

Certificate of Compliance with the code of conduct for the financial year 2012-13

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 30, 2013

Govind Shrikhande
Customer Care Associate &
Managing Director

Information required to be disclosed under SEBI (ESOS and ESPS) Guidelines, 1999 as on March 31, 2013

Description	ESOP 2008 - 1*	ESOP 2008 - 2*	ESOP 2008 - 3	ESOP 2008 - 4
Options Granted	1,032,800	400,000	189,382	200,000
Date of Grant	29.04.2009	24.03.2010	29.04.2011	09.06.2012
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/-
Options vested	958,740	360,300	47,553	-
Options exercised and total number of Equity Shares arising as a result of exercise of options	898,220	157,300	1,223	-
Options lapsed/Cancelled	74,060	39,700	36,833	22,090
Variation of terms of options	-	-	-	-
Money realised by exercise of options (in ₹)	49,402,100	30,044,300	410,928	-
Total number of options in force	60,520	203,000	151,326	177,910
Options granted to Senior Management personnels				
Govind Shrikhande	The Company has not granted options during the current financial year under these ESOP schemes			13,750
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			13,750
Options granted to any employee equal to or exceeding 1% of the issued capital of the Company at the time of grant.				
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 ₹ 4.71 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 ₹ 202.35 lacs. Consequently profit after tax would have been lower by ₹ 202.35 lacs and the basic EPS of the Company would have been ₹ 4.49 per share (lower by ₹ 0.24 per share) and the diluted EPS would have been ₹ 4.47 per share (lower by ₹ 0.24 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 ₹ 297 per option which equals the market price; the fair value is ₹ 118.03 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 46.89%, risk free rate of 8.06%, expected life of 3.85 years, dividend yield of 0.25% and stock price of ₹ 296.85.
* The Equity Share of the Company was sub-divided from face value ₹ 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;
 - ii. these statements together present a true and a fair view of the Company's affairs 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 30, 2013

Indian Retail

The Indian retail segment accounts for more than one fifth of the country's Gross Domestic Product (GDP) and contributes about 8% to the total employment. The Indian retail market is amongst the largest and fastest growing in the world. With a population of over 1.2 billion and household size of 4 to 5 on an average, it is not difficult to see the potential attractiveness that this market offers. Indian retail business has grown by 16% Compounded Annual Growth Rate (CAGR) over the past two years and expected to accelerate to 18.8 % over the next few years, according to The India Retail Report 2013. India has emerged as the fifth most favourable destination for retailers, according to A T Kearney's Global Retail Development Index (GRDI) 2012. India ranks 6th in the Retail Talent Index, thanks to many years of a large, young, well-educated and attractive labour market, according to the report.

India's income pyramid has changed dramatically during the past two decades and will evolve even more significantly. As a result, consumption driven by "Choice" instead of "need" will grow significantly.

Modern Retail – Today

Modern retail has been in existence for some time now. In India, modern retail constitutes 7.8 % of the total retail market. According to The India Retail Report findings, modern retail in India is growing at a rapid rate of 26.8% CAGR and is expected to grow even faster by 2015. By 2015 the share of modern retail in India is expected to rise to more than 10 % of total retail in India. With the young demographics that India is blessed with, it can be assumed that modern retail will be trendy, fashionable, in demand and buzzing with hives of promotion and opportunities. With an increasing number of men and women working and being independent, disposable income is increasing. The easy availability of financial instruments is also playing its part in growing the modern retail space and consumption.

Modern retail is expected to mushroom in smaller towns in the next 3 years and also make a foray in to the rural heartland of India to service the 70% of the Indian population which is still in the rural markets. Qualitative factors within each city/town, such as modernisation index, westernisation index, youth population, etc., will play an important role in ascertaining the demand for categories and brands, which in turn will determine the direction and extent to which penetration in rural towns would happen.

With modern trade gaining ground in India, the opportunity for strong and continuous growth is immense. A simple comparison with other developed and emerging economies in Asia indicates room for a manifold increase in modern trade density. With a modest six modern trade stores per million customers, even matching the pace of countries like Thailand and Indonesia points to an inflection point that is yet to occur. Contrasted with the density of traditional trade outlets, the lower density of modern trade is certainly poised to change.

Modern Retail – Challenges Ahead

The Indian economic sector, including retail, has weathered an uneven ride. Changes in policies and markets have caused investors in this market to draw caution and adopt wait-and-watch policies. Rising inflation, even when disposable income has risen, has left a dampening mark on retail sales and consumption. Brands have decided to ensure an effective presence strategy while speculation markets have dropped. Big malls that were assured of complete occupancy just a few years back are having to resort to price-leading strategies to woo in tenants and consumers.

Retailers in India are struggling to strike a balance between choosing available retail space in desired location and rentals. The next challenge is that of human capital. With attrition still very high in the industry, human capital management continues to remain one of the top three agenda points for the retailer. The cost of training and retraining staff to replace people who leave, is high specifically for larger retailers who want to maintain a particular standard in their operations. Skill development, hence, is a critical factor to achieve scale and is an area which needs investment.

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 2.8 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 4.4 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 Centres covering more than 450,000 square feet handling over 400,000 SKUs per year, and working 24x7. 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 5 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 commercial 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.
- **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:

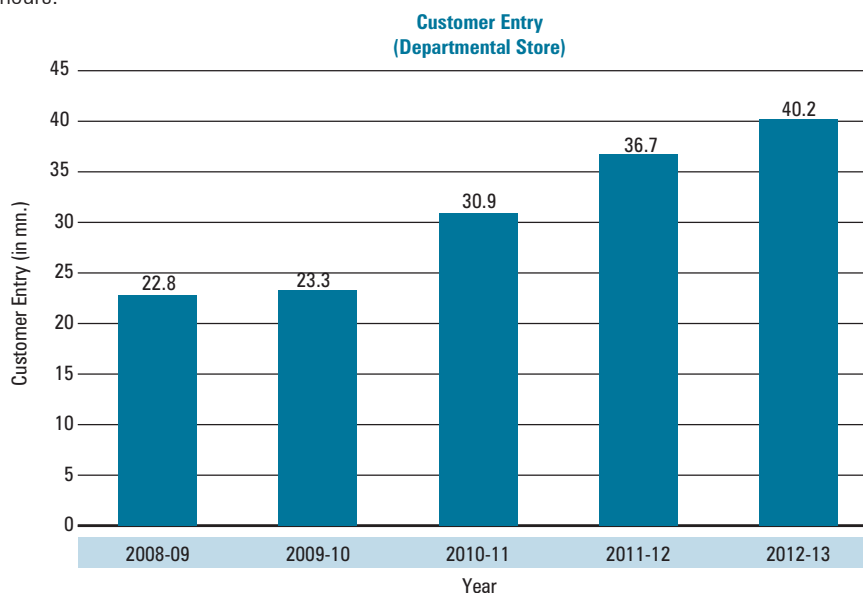
- **Geographical reach:** Your Company continues to increase its Pan-India footprint. The Company's strategy to increase the number of departmental stores, and therefore improve city wise penetration in new cities, increase market share in existing cities through additional new stores in those cities, and new stores in tier II cities, remains unchanged. Over the last two years the Company's retail space has increased from 2.3 million square feet for the year ended 31st March, 2011 to 3.4 million square feet for the year ended 31st March, 2013, which is an impressive increase of 48%.
- **Hypercity:** Hypercity which is a 51% subsidiary of the Company has shown encouraging performance, with an overall Sales growth of 12% for the year, like to like sales growth of 5% for the year and registered 7th consecutive quarter of store level profitability.
- **Format diversification and expansion:** Your Company, in its constant endeavour 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, Mothercare 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.

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:

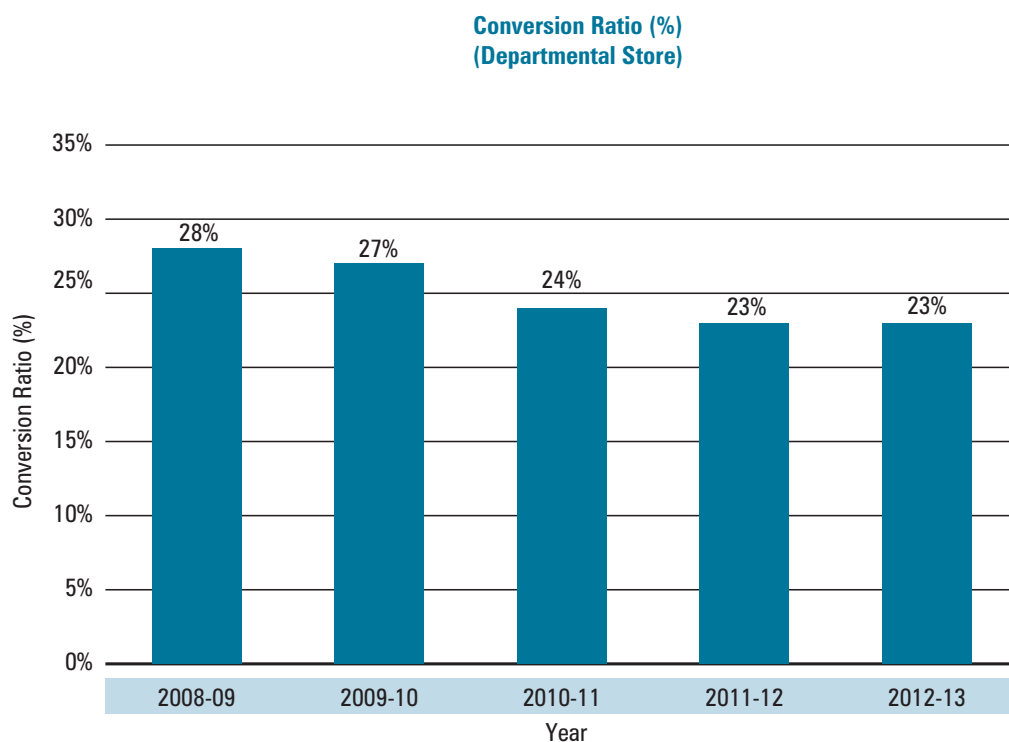
Retailers measure entry as footfalls, which is the number of people entering the stores. This is computed through manual count in all stores during trading hours.



(Source: Company MIS)

Conversion Ratio:

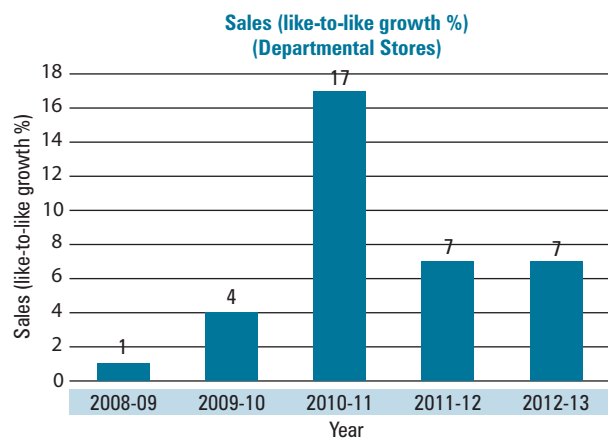
Conversion is the ratio of the number of transactions (Cash Memo) versus the total customer entry into the stores. Tracking conversion helps the retailer understand the productivity of his front-end store employees and the attractiveness of the merchandise and services.



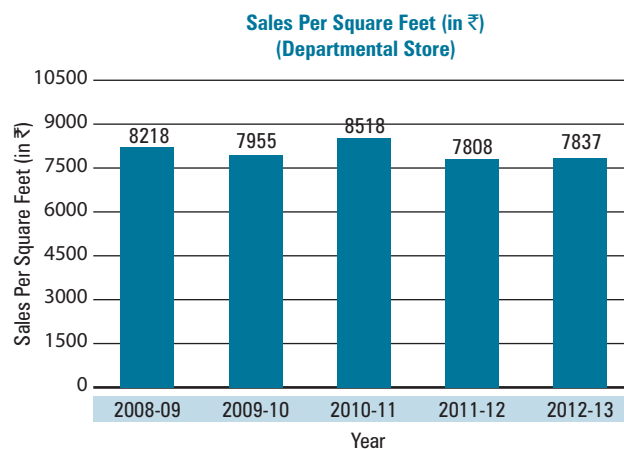
(Source: Company MIS)

Sales:

Gross Sales both at chain level and for Like-To-Like stores has grown against last year. The growth was 17% 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)



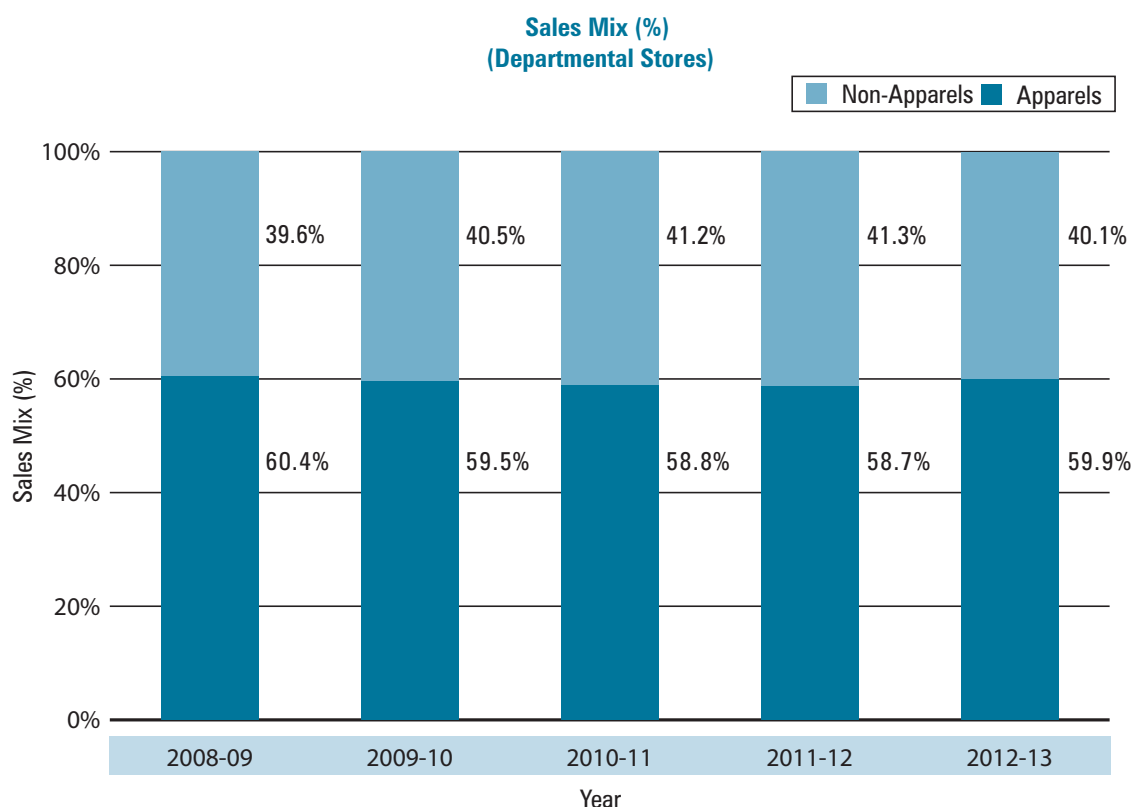
(Source: Company MIS)

Apparel:

The Apparel contribution to total sales of the Shoppers Stop Departmental store business was 59.9% in 2012-13 as compared to 58.7% in 2011-12.

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 40.1% in 2012-13.



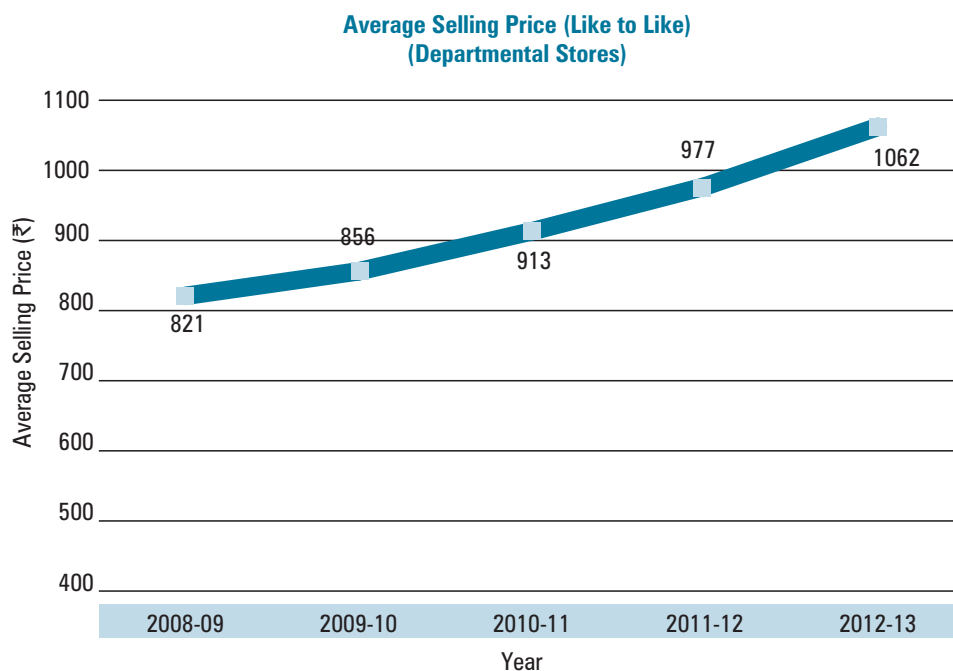
(Source: Company MIS)

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 15.9% of sales, and private label sales grown by 16%. Your Company has got an exclusive arrangement for departmental store business with MUSTANG JEANS, a German Brand, for there 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):

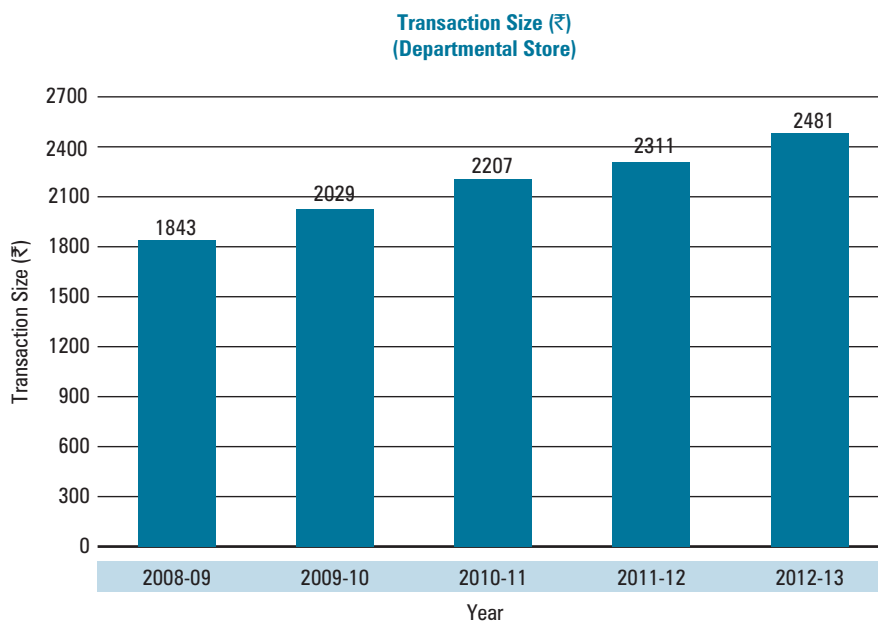
Average Selling Price is the Gross Retail Sales divided by the number of units sold. Tracking ASP helps the retailer to align the offering as per the customer segment as well as improve the productivity of the floor space.



(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.

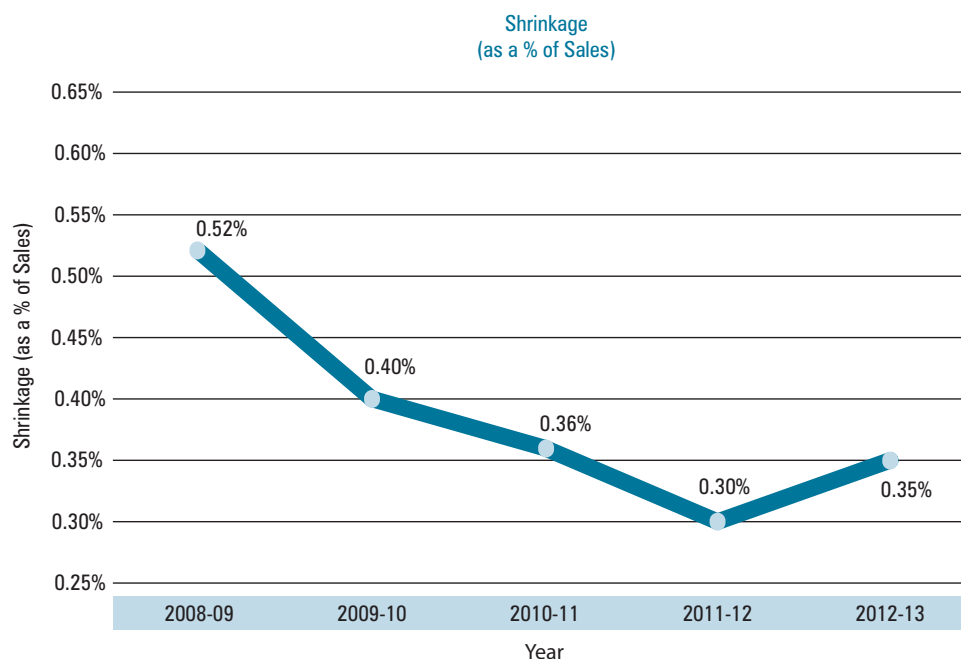
Your Company believes in a broad distribution of risk with no high dependency on any single supplier and has a diversified supplier base. Suppliers are selected after evaluation based on fairly stringent parameters which ensure the quality & reliability of supply. Alternate distribution channels for 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 centres. 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 0.35% of the Turnover and our endeavour will always be to lower this ratio through proper monitoring and continuously reviewing Inventory management processes and systems.



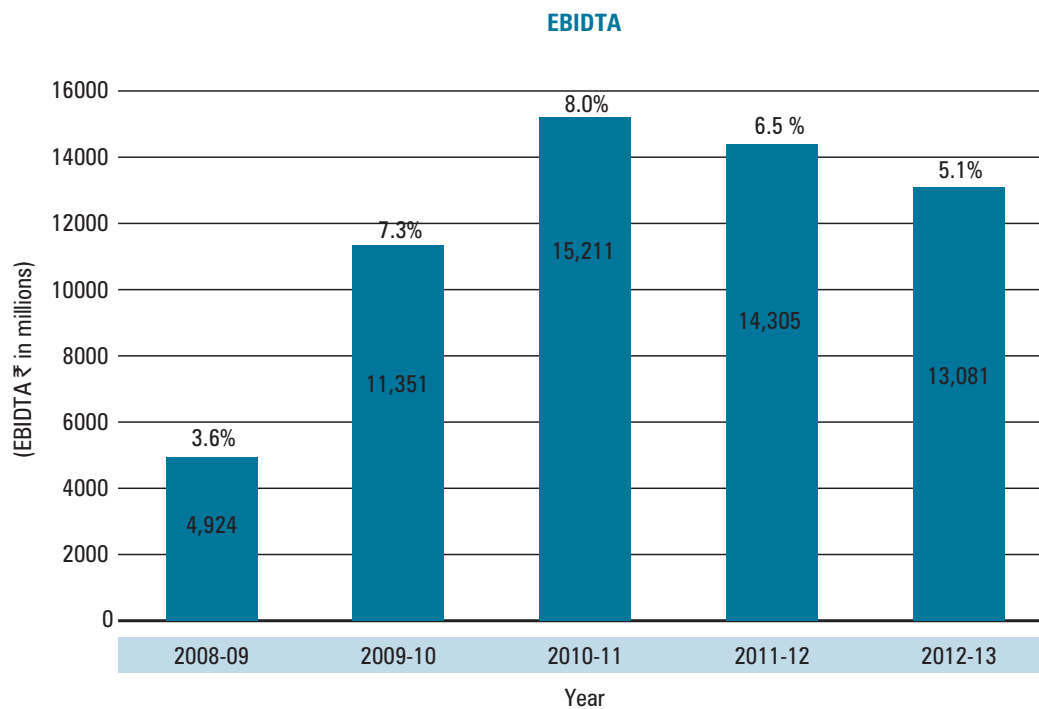
(Source: Company MIS)

Gross Margins:

The gross margin increased during the year to 33.2% from 32.7% as compared to the last Improved sales mix with higher contribution from lifestyle products (i.e. watches, leather, jewellery, perfumes and cosmetics), helped 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 decreased by 9% to ₹ 13,081 lacs from ₹ 14,305 lacs in the previous year. The Operating Profit Margin has degrown to 5.1% from 6.5% due to economic slowdown and opening of large number of new stores.



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

Net Interest:

Interest cost has increased to ₹ 1,906.8 lacs as against ₹ 752.4 lacs.

Profit after Tax:

The Company has achieved post tax profit of ₹ 3,916.9 lacs, as against a post tax profit of ₹ 6,425.9 lacs last year.

Dividend:

The Company has proposed a dividend of 15% amounting to ₹ 728 lacs (Including Corporate Dividend Tax).

Inventory:

The inventory as at the end of current year is ₹ 24,382 lacs as against ₹ 21,204 lacs as at the end of the last year. Inventory holding period is 140 days during the current fiscal against 133 days last year. The inventory has been valued at lower of cost or net realisable value.

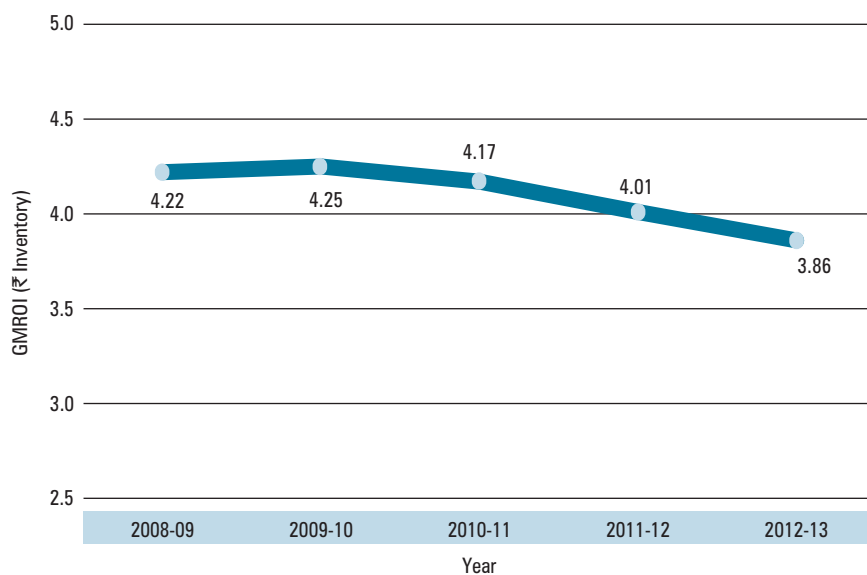
Liquidity:

The cash generated from operations was ₹ 11,236 lacs.

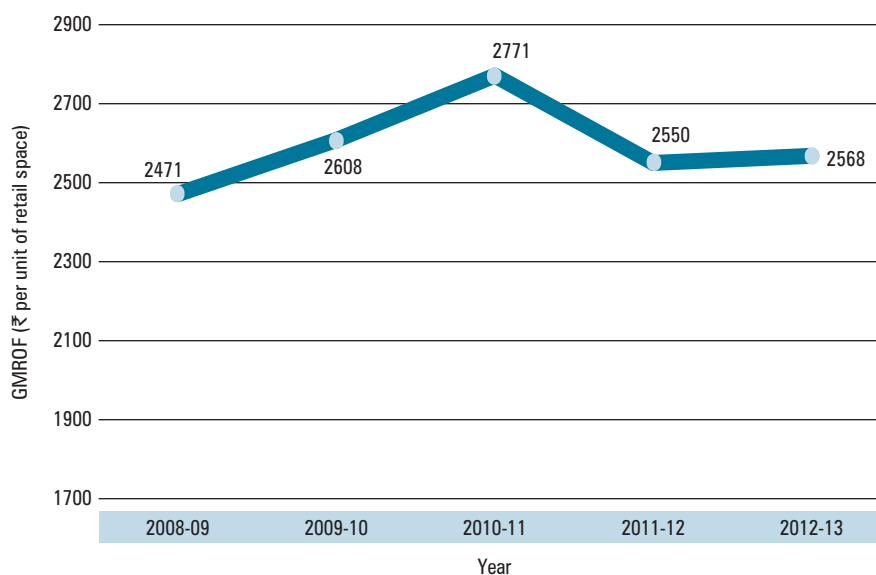
Productivity/Operating efficiency parameters:

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).

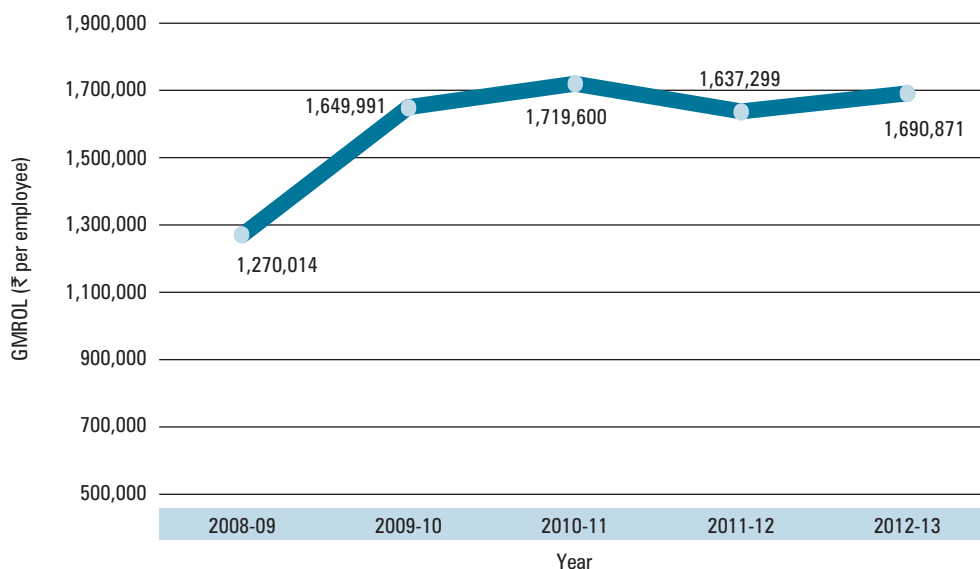
GMROI helps to optimise inventory levels, GMROF helps to maximise the cash margins and GMROL helps to increase labour productivity.

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	2008	2009	2010	2011	2012
Scores	4.06	3.89	4.14	3.85	4.07

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:

For your Company, the Human Resource function has evolved from pure HR to Talent Management over the last one year. With our focus being on Talent Management – Talent development and retention were of prime importance over the past year.

Your Company 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 40 associates cross the bridge from a front end associate towards a managerial roll. We identified, developed, trained and groomed them for their next big assignment.

The Managerial and Supervisory Training programmes (M.A.S.T.) was conducted for 37 days with the help of internal as well as external trainers. The content was exhaustive and effective.

The 'I Pledge – Our Values' initiative kicked off on 27th October 2012 (Shoppers Stop Foundation 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 54 stores and 24 cities.

The focus from Learning & Development was on incorporating the Coach & Mentor model, which was applied to the Trainee Trading Manager and Trainee Category manager for a period of 7 months each, helping the individuals on the development plan through technical and behavioural coach & coachee model.

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 5th value which clearly states that we will recognise and support the individuals' need for growth through constant input, direction and opportunities with respect to both employee and business associates

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".

The focus on Learning & Development has been an on-going and integral part of the organisation where there has been a growth in training hours extended to associates across all levels.

Training Hours 11-12	Training Hours 12-13	Growth Over Last Year %
22,455	25,594	14%

Your Company has conducted 144 assessment centres in the F.Y. 2012-2013 covering 1020 associates in order to provide growth opportunities thus ensuring a fair and transparent growth process.

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 4.12 and the overall satisfaction levels were more or less the same across different levels.

Year	2008	2009	2010	2011	2012
Overall Loyalty Index	4.01	3.95	3.95	4.11	4.12

Marketing:

Our brand philosophy of 'Start Something New' was translated into our brand campaign, which was themed at voicing the Urban Social Concerns of environment, health, road & public transport, amongst others. At the same time the campaign portrayed the high fashion brand imagery of Shoppers Stop. Taking the brand philosophy a step further, we initiated the 'Start Something New Today' campaign in key markets like Mumbai, New Delhi and Bengaluru. This campaign is a series of small ads that are published every Thursday on page 3 of key city supplements of a leading publication in these cities. These ads provide interesting fashion/ shopping tips to customers every week, which are also highlighted at the physical stores through Visual Merchandising.

This year, we had category based promotions like the Denim Power, Makeover Marathon, Suits & Jackets Fest, to name a few. These festivals focused on offers that were available 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 44 lacs on Facebook. Shoppers Stop is also active on other platforms such as Twitter and You Tube.

Marketing Innovations such as the deployment of Quick Response (QR) and Augmented Reality (AR) codes have been used to enhance all marketing communications. Augmented Reality in India is still nascent and Shoppers Stop is the First Indian Large-Format Retailer to have created an Augmented Reality set-up for a campaign.

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:

November 2007	February 2009	April 2010	June 2011	August 2012
63	81	80	79	80

Loyalty Programme:

Your Company runs the famed 'First Citizen Loyalty Programme'. The First Citizens programme now has a base of over 28.8 lacs customers. During the current year, the First Citizens contributed 71% 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 member earned 3 times the reward points 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. For customers who are averse to credit, there is an option of activating a debit card. As on 31 March, 2013, the number of members in the co-branded card programme was over 1,67,176 members.

Risk Management and Internal Control:

Effective governance consists of competent management; implementation of standard policies and processes; maintenance of an appropriate audit programmes 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, standardizing 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 2012-13, your Company continued its thrust towards scaling up for growth, increasing operational efficiency and exploring technology lead innovation to sustain the leadership position in IT adoption in the Indian and Global retail markets. Some of the key initiatives in this direction are:

Allocation:

Shoppers Stop rolled out the Allocation application from JDA. The application predicts the merchandise most likely to sell in each store and quantities thereof based on past sales data. This allows more relevant inventory to be sent to each store thus leading to increased sales throughput and a better customer experience.

iCatalog:

In its endeavour to constantly bring benefits of the latest technologies to customers, your Company deployed an iPad based application in the HomeStop format. This application will serve as a potent tool to the Home Consultants & showcase the latest home products & solutions, for better customer engagement & enhanced experience.

Customer engagement through Mobility:

Having delighted the customer by engaging her through the First Citizen app, your Company has added more functions and features to the app which will provide customers with important information like store locations, partner benefits, in store promotions, etc. This success story has also encouraged our sister concern, Crossword Bookstores to rollout a similar app to engage their customers and book lovers.

Business Intelligence:

As part of the Business Intelligence initiative, Shoppers Stop implemented cutting edge, in-memory, Data Analysis technology called QlikView. The technology was chosen keeping in mind the growing need of effectively analysing data at a granular level and drawing insights from it. QlikView has allowed the business to browse & analyse data with just few clicks with a self-service model with minimal technical help. Having successfully completed the roll-out of the first phase in the stipulated time, the project has delivered above expectations.

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, 2013 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,

Chartered Accountants

(Registration No. 117366W)

Shyamak R. Tata

Partner

Membership No. 38320

Place: Mumbai

April 30, 2013

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 ten members including one executive director and nine non-executive directors. The Company has a non-executive promoter Chairman and the number of independent directors is 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 interalia 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 ¹	Committee Membership ^{1 & 2}	Committee Chairmanship ^{1 & 2}
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	5	1	1
Mr. Neel C. Raheja	Promoter & Non-Executive Director	Director	3	Yes	5	0	0
Mr. Gulu L. Mirchandani	Independent & Non-Executive Director	Director	4	No	5	2	0
Mr. Shahzaad S. Dalal	Independent & Non-Executive Director	Director	3	Yes	9	3	1
Prof. Nitin Sanghavi	Independent & Non-Executive Director	Director	3	Yes	1	1	0
Mr. Deepak Ghaisas	Independent & Non-Executive Director	Director	4	Yes	2	0	2
Mr. Nirvik Singh	Independent & Non-Executive Director	Director	2	Yes	1	0	0
Mr. B. S. Nagesh	Non-Executive Director	Vice Chairman	3	Yes	3	1	0
Mr. Govind Shrikhande	Executive Director	Managing Director	4	Yes	5	1	0

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.

During the year under review, the Board of Directors met four times i.e. on 30th April, 2012, 31st July, 2012, 30th October, 2012 and 29th January, 2013. 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. Additional meetings of the Board are held when deemed necessary by the Board.

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 30th April, 2012, 31st July, 2012, 30th October, 2012 and 29th January, 2013.

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 twelve times i.e., on 30th April, 2012, 30th May, 2012, 9th June, 2012, 1st August, 2012, 28th August, 2012, 28th September, 2012, 30th October, 2012, 28th November, 2012, 20th December, 2012, 29th January, 2013, 26th February, 2013 and 26th March, 2013.

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	12
Mr. Ravi C. Raheja	Member	12
Mr. Shahzaad S. Dalal	Member	4
Prof. Nitin Sanghavi	Member	3

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, macroeconomic 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	80,000	380,000
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	40,000	340,000
Mr. B. S. Nagesh	300,000	60,000	360,000
Total	2,100,000	600,000	2,700,000

Details of remuneration paid to Mr. Govind Shrikhande, Managing Director for the financial year 2012-2013 is as under:

Salary and Bonus (₹)	Perquisites (₹)	Contribution to Provident Fund (₹)	Total (₹)
31,442,624	939,900	1,508,400	33,890,924

ESOPs

Details of grant of stock options to and exercise of stock options by Mr. B. S. Nagesh, Vice Chairman under the following ESOP Schemes is as under:

Scheme	Date of Grant	Options Granted	Options vested and exercised	Grant price (₹)	Fair value on the date of grant (₹)	Vesting period
ESOP 2008-1	29.04.09	100,000	100,000	55	55	38 months

Corporate Governance Report

Shoppers Stop Ltd.

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 (₹)	Fair value on the date of grant (₹)	Vesting period
ESOP 2008-1	29.04.09	260,000	260,000	55	55	38 months
ESOP 2008-2	24.03.10	24,000	24,000	191	191	3 Years
ESOP 2008-3	29.04.11	29,700	0	336	336	3 years
ESOP 2008-4	09.06.12	13,750	0	297	297	3 years

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

Mr. Govind Shrikhande was appointed as Managing Director for a period of 3 years w.e.f. 29th July, 2010.

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 2012-13.

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 7 (seven) 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 Mr. 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
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.
2009-2010	29th July, 2010	3.00 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.

Postal Ballot

There was no special resolution passed through Postal Ballot during the year 2012-13 and no special resolution is proposed to be passed through Postal Ballot.

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 Counselor 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 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	: 30th July 2013 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	: 1st April, 2012 to 31st March, 2013
(3) Date of Book Closure	: 23rd July, 2013 to 30th July, 2013 (Both days inclusive).
(4) Dividend payment date	: 31st July, 2013
(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 2013-2014 has been paid to both the above Stock Exchanges where the equity shares of the Company are listed

(6) Stock Code:

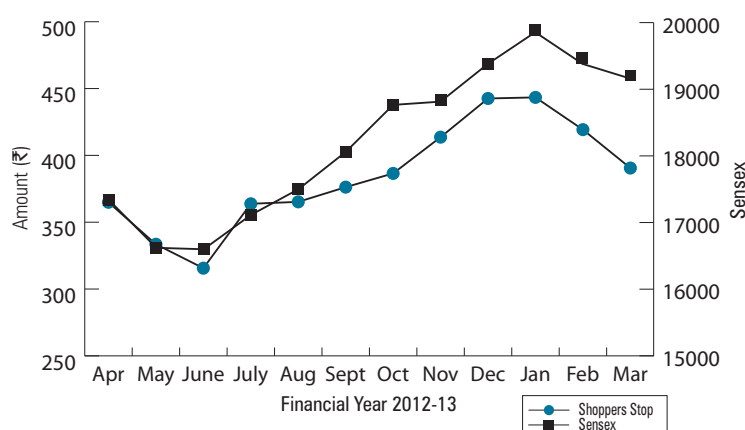
BSE Limited.	: 532638
National Stock Exchange of India Ltd.	: SHOPERSTOP (Symbol)

(7) Stock Market Data for the period – 1st April, 2012 to 31st March, 2013

Share price performance in comparison on BSE:

Month (2012-13)	BSE		Sensex		No. of Shares transacted
	High (₹)	Low (₹)	High	Low	
April	396.00	333.80	17,664.10	17,010.16	103,256
May	355.00	312.00	17,432.33	15,809.71	35,289
June	343.00	288.20	17,448.48	15,748.98	424,199
July	392.00	335.55	17,631.19	16,598.48	859,398
August	393.85	336.60	17,972.54	17,026.97	181,986
September	417.45	335.00	18,869.94	17,250.80	916,440
October	451.90	321.10	19,137.29	18,393.42	198,523
November	442.00	385.25	19,372.70	18,255.69	245,373
December	494.00	391.15	19,612.18	19,149.03	1,718,298
January	473.90	412.85	20,203.66	19,508.93	436,177
February	454.00	384.50	19,966.69	18,793.97	105,937
March	418.50	362.55	19,754.66	18,568.43	164,894

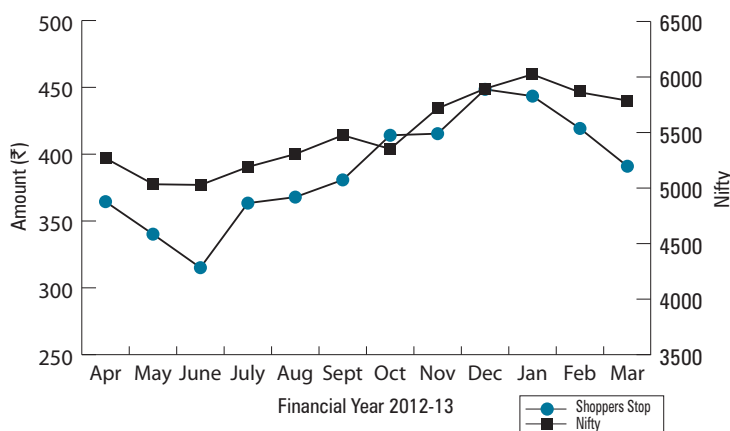
Shoppers Stop Price Movement Chart – BSE



Share price performance in comparison on NSE:

Month (2012-13)	NSE		Nifty		No. of Shares transacted
	High (₹)	Low (₹)	High	Low	
April	395.00	333.95	5,378.75	5,154.30	1,648,003
May	367.30	313.00	5,279.60	4,788.95	875,215
June	341.95	288.20	5,286.25	4,770.35	3,276,285
July	391.65	335.10	5,348.55	5,032.40	2,103,537
August	393.40	342.35	5,448.60	5,164.65	739,442
September	417.50	344.00	5,735.15	5,215.70	3,638,483
October	452.00	376.25	5,815.35	4,888.20	1,141,817
November	441.70	389.00	5,885.25	5,548.35	1,074,893
December	496.90	400.10	5,965.15	5,823.15	6,761,815
January	473.50	413.35	6,111.80	5,935.20	1,630,794
February	454.00	384.50	6,052.95	5,671.90	493,153
March	419.55	362.40	5,971.20	5,604.85	483,253

Shoppers Stop Price Movement Chart – NSE

**(8) Distribution of Shareholding as on 31st March, 2013 and 31st March, 2012:**

Shareholding of Nominal Value	As on 31st March, 2013				As on 31st March, 2012			
	Shareholders		% to total		Shareholders		% to total	
₹	Number	% to total	₹	% to total	Number	% to total	₹	% to total
Upto 5000	9856	96.45	4,270,980	1.03	8,793	97.43	3,015,655	0.73
5001-10000	129	1.26	949,160	0.23	60	0.66	476,885	0.11
10001-20000	81	0.79	1,167,630	0.28	40	0.44	575,920	0.14
20001-30000	30	0.29	740,450	0.18	24	0.27	605,885	0.15
30001-40000	15	0.15	543,640	0.13	11	0.12	397,885	0.10
40001-50000	14	0.14	665,240	0.16	7	0.08	331,040	0.08
50001-100000	24	0.23	1,760,550	0.42	20	0.22	1,466,240	0.35
100001 and above	70	0.69	404,799,935	97.57	70	0.78	405,941,160	98.34
Total	10,219	100.00	414,897,585	100.00	9,025	100.00	412,810,670	100.00

Shareholding Pattern

The categories of shareholdings as on 31st March, 2013 and 31st March, 2012:

Category	As on 31st March, 2013		As on 31st March, 2012	
	No. of Shares Held	% to total	No. of Shares Held	% to total
Promoters	56,029,674	67.52	56,029,674	67.86
Mutual Funds	8,782,564	10.58	5,334,046	6.46
Financial Institution	10,607	0.01	0	0.00
Foreign Institutional Investors	7,933,430	9.56	11,294,642	13.68
Corporate Bodies	4,825,594	5.82	5,004,472	6.06
Indian Public & HUF	5,283,302	6.37	4,860,916	5.89
Banks	8,640	0.01	0	0.00
NRI's	83,265	0.10	21,830	0.03
Clearing Members (Transit)	22,437	0.03	16,550	0.02
Trust	4	0.00	4	0.00
Total	82,979,517	100.00	82,562,134	100.00

Shareholding of Board of Directors as on 31 March, 2013:

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	4,000
Mr. Shahzaad S. Dalal	Director	2,000
Prof. Nitin Sanghavi	Director	0
Mr. Deepak Ghaisas**	Director	7,750
Mr. Nirvik Singh	Director	0
Mr. B. S. Nagesh	Vice Chairman	572,874
Mr. Govind Shrikhande	Managing Director	263,921

* Mr. Gulu L. Mirchandani holds 4,000 Equity Shares jointly with his son as second holder.

** 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 2342 0818, 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 330 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. Nucleus Mall, 1 Church Road, Pune – 411 001
9. HomeStop, Inorbit Mall, 2nd Floor, Link Road, Malad (West), Mumbai – 400 064
10. Prozone Mall, Plot Sector-C, Chikalthana Industrial Area, Masantpur, Aurangabad – 431 210
11. Inorbit Mall, Vashi, Navi Mumbai – 400 705
12. HomeStop, Inorbit Mall, 2nd Floor, Vashi, Navi Mumbai – 400 705
13. Inorbit Mall, Wadgaon Sheri, Nagar Road, Pune – 411 014
14. Alpha One Mall, Near Vastrapur Lake, Vastrapur, Ahmedabad – 380 054
15. R City Mall, LBS Marg, Ghatkopar (West), Mumbai – 400 086
16. Pacific Mall, S.No 42, 43, Shankar Seth Road, Pune – 411 037
17. Opposite Alankar Talkies, Chainsukh Road, Latur – 413 512
18. HomeStop, Inorbit Mall, 2nd Floor, Wadgaon Sheri, Nagar Road, Pune – 411 014
19. HomeStop, R City, 2nd Floor, LBS Marg, Ghatkopar (West), Mumbai – 400 086
20. HomeStop, FP No. 216, TP Scheme -1, Vastrapur, Ahmedabad – 380 054
21. Koregaon Park Shopping Centre, S. No. 37, Hissa No. 4, Village Mouje, Gorpadi Taluka, Pune – 411 001

Southern Region

1. Garuda Star Mall, Magrath Road, Ashok Nagar, Bengaluru – 560 025
2. Commerce@Mantri, Ground Floor, N.S. Palya, Bannerghatta Road, Bengaluru – 566 076
3. Mantri Square, #. 1. 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. No. 2, 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, Cyberabad, Hyderabad – 500 081
9. GMR Hyderabad International Airport Ltd., Level – D, Passenger Terminal Building, Shamshabad Airport, Rangareddy, District – 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, Shop No – S008, 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. Upper Ground Floor, Inorbit Mall – Whitefield, EPIP Area, Whitefield, Bengaluru – 560 066
21. E-City Mall, S-7, No. 474, Near Rangavilas Mill, Avinash Road, Near PSG Krishnammal College, Coimbatore – 641 004
22. HomeStop, E-City Mall, Near Rangavilas Mill, Avinash Road, Near PSG Krishnammal College, Coimbatore – 641 004
23. “Soul Space Arena” Outer Ring Road, Doddanekkundi Village, K R Puram Hobli, Bengaluru – 560 037
24. Homestop, Phoneix Market City, 142 Velachery Main Road, Velachery, Chennai – 600 042

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, Uttar Pradesh – 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, Tehsil Sawai, Jaipur – 302 012
10. Alpha One Mall, MBN 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, Plot No. 3b1, Twin Dist. Centre-1, 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, 1JLN Marg, Malviya Nagar, Jaipur – 302 017

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, Opp. Jodhpur Park, Kolkata – 700 068
4. Junction Mall, Mouza – Faridpur, J. L. No. 74, City Centre, Durgapur – 713 216
5. City Centre, Siliguri Uttorayon Township, NH – 31, Matigara, Siliguri – 734 010

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, 2013, 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") 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 auditor's 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, 2013;
 - (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 (2012: ₹ 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 ₹ 33,058.39 lacs (2012: ₹ 28,801.49 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 referred to in Section 211(3C) of the Act.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013 from being appointed as a director in terms of Section 274(1)(g) of the Act.

For Deloitte Haskins & Sells

Chartered Accountants
(Firm Registration No. 117366W)

Shyamak R. Tata

Partner
Membership No. 38320
Place: Mumbai
Date: 30 April, 2013

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 programmes 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 ₹ 15,350 lacs. At the year-end, the outstanding balance of such loans aggregated ₹ 8,350 lacs and the maximum amount involved during the year was ₹ 11,350 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, 2013.
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:
 - (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.

Annexure to the Independent Auditors' Report

Shoppers Stop Ltd.

- (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, 2013 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, 2013. The details of dues of Income Tax, Service Tax, Sales Tax and Customs Duty which have not been deposited as on 31st March, 2013 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	(₹ in lacs)
The Income-Tax Act, 1961	Income-Tax	2009-10	Appellate Authority – Tribunal level	228.20
Finance Act, 1994	Service-Tax	May 06 to May 07	Appellate Authority – Tribunal level	1,004.91
		F.Y. 2004-05 & 2005-06	Appellate Authority – Tribunal level	370.20
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
Tamil Nadu Value Added Tax Act, 2006	Sales-Tax	2007-08	Appellate Authority – Deputy Commissioner level	1.15
Central Sales Tax	Sales-Tax	2009-10	Appellate Authority – Commissioner level	76.56
The Customs Act, 1962	Custom Duty	2008	Appellate Authority – Tribunal level	5.17
		2008	Appellate Authority – Commissioner level	7.06

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**
Chartered Accountants
(Firm Registration No. 117366W)

Shyamak R. Tata
Partner
Membership No. 38320
Place: Mumbai
Date: 30 April, 2013

(All amounts in ₹ lacs)

	Notes	Mar-13	Mar-12
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	3	4,148.98	4,128.11
Reserves and surplus	4	65,233.22	61,721.66
		69,382.20	65,849.77
NON CURRENT LIABILITIES			
Long-term borrowings	5	11,250.00	3,500.00
Deferred tax liabilities (net)	6	625.43	23.48
		11,875.43	3,523.48
CURRENT LIABILITIES			
Short-term borrowings	7	19,433.71	18,406.87
Trade payables	8	28,467.66	23,607.54
Other current liabilities	9	13,609.86	14,234.41
Short-term provisions	10	1,028.07	928.08
		62,539.30	57,176.90
		143,796.93	126,550.15
ASSETS			
NON CURRENT ASSETS			
Fixed assets			
Tangible assets	11	44,298.28	40,618.34
Intangible assets	11	1,293.32	1,063.34
Capital work in progress		2,744.86	2,977.07
		48,336.46	44,658.75
Non-current investments	12	33,094.74	28,421.29
Long-term loans and advances	13	27,540.34	25,028.65
Other non-current assets	14	790.45	—
		109,761.99	98,108.69
CURRENT ASSETS			
Inventories	15	24,382.49	21,204.01
Trade Receivables	16	2,036.36	1,916.92
Cash and cash equivalents	17	1,172.13	714.62
Short-term Loans and advances	18	5,857.36	3,892.48
Other current assets	19	586.60	713.43
		34,034.94	28,441.46
		143,796.93	126,550.15

The accompanying notes 1 to 41 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
Chartered Accountants

C. L. Raheja
Chairman

Ravi Raheja
Director

Govind S. Shrikhande
Customer Care Associate &
Managing Director

Shyamak R. Tata
Partner
Mumbai, Dated: 30 April, 2013

Sanjay Chakravarti
Customer Care Associate &
Chief Financial Officer
Mumbai, Dated: 30 April, 2013

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

Statement of Profit and Loss
for the year ended 31 March 2013

Shoppers Stop Ltd.

(All amounts in ₹ lacs)

	Notes	Mar-13	Mar-12
INCOME			
Revenue from operations	20	225,588.92	192,970.51
Other income	21	1,721.47	1,868.76
Total revenue		227,310.39	194,839.27
EXPENSES			
Purchase of stock-in-trade	22	143,936.81	127,093.82
Changes in Inventories of stock-in-trade – (increase)/decrease	23	(3,178.48)	(6,090.35)
Employee benefits expense	24	16,106.41	12,764.04
Finance costs	25	3,188.14	2,503.60
Depreciation and amortisation expense	11	5,074.71	3,772.24
Other expenses	26	56,083.11	45,015.22
Total expenses		221,210.70	185,058.56
PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX		6,099.69	9,780.70
Exceptional Item (Note 40)		74.06	—
PROFIT BEFORE TAX		6,025.63	9,780.70
Tax expense	27	2,108.78	3,354.78
PROFIT FOR THE YEAR		3,916.85	6,425.92
EARNINGS PER EQUITY SHARE			
Equity shares of face value ₹ 5 each	28		
Basic (₹)		4.73	7.80
Diluted (₹)		4.71	7.75

The accompanying Notes 1 to 41 are an integral part of the financial statements.

In terms of our report of even date.

For Deloitte Haskins & Sells
Chartered Accountants

Shyamak R. Tata
Partner
Mumbai, Dated: 30 April, 2013

For and on behalf of the Board of Directors

C. L. Raheja
Chairman

Ravi Raheja
Director

Sanjay Chakravarti
Customer Care Associate &
Chief Financial Officer
Mumbai, Dated: 30 April, 2013

Govind S. Shrikhande
Customer Care Associate &
Managing Director

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

Cash Flow Statement for the year ended 31 March 2013

Shoppers Stop Ltd.

(All amounts in ₹ lacs)

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

Depreciation and Amortisation

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)

Deposit towards Service Tax

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 40)

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 others

Dividend Received

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 financing activities (C)**Net 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 (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 41 are an integral part of the financial statements.

In terms of our report of even date.

For Deloitte Haskins & Sells

Chartered Accountants

Shyamak R. Tata

Partner

Mumbai, Dated: 30 April, 2013

For and on behalf of the Board of Directors

C. L. Raheja

Chairman

Ravi Raheja

Director

Sanjay Chakravarti

Customer Care Associate &

Chief Financial Officer

Mumbai, Dated: 30 April, 2013

Govind S. ShrikhandeCustomer Care Associate &
Managing Director**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 through departmental stores. As at 31 March 2013, the Company operated through 55 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. 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 up to 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 Lease

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, 2013

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

82,979,517 (2012 : 82,562,134) equity shares of ₹ 5/- each fully paid-up

Mar-13	Mar-12
10,000.00	10,000.00
4,148.98	4,128.11
4,148.98	4,128.11

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 2013	
Numbers	₹ Lacs
8,25,62,134	4,128.11
4,17,383	20.87
8,29,79,517	4,148.98

31 March 2012	
Numbers	₹ Lacs
8,21,66,836	4,108.34
3,95,298	19.77
8,25,62,134	4,128.11

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-13	Mar-12
4,17,383	3,95,298
5,92,756	8,53,367

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

Name of the Shareholder	31 March 2013		31 March 2012	
	Shares held (Nos)	Shares held (%)	Shares held (Nos)	Shares held (%)
Palm Shelter Estate Development Pvt. Ltd.	1,18,13,300	14.24%	1,18,13,300	14.31%
Raghukool Estate Development Pvt. Ltd.	82,63,300	9.96%	82,63,300	10.01%
Capstan Trading Pvt. Ltd.	81,29,768	9.80%	8,129,768	9.85%
Casa Maria Properties Pvt. Ltd.	79,13,300	9.54%	7,913,300	9.58%
Anbee Construction Pvt. Ltd.	65,11,762	7.85%	6,511,762	7.89%
Cape Trading Pvt. Ltd.	62,61,040	7.55%	6,261,040	7.58%

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 2013, the amount of per share final dividend recognised as distribution to equity shareholders was ₹ 0.75 per share (2012: ₹ 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 (2012: ₹ 0.75 per share)

Tax on proposed dividend

Transferred to General Reserve

Closing Balance

Employees' Stock Options outstanding

Balance at beginning of the year

Less: Transferred to securities premium on options exercised

Closing balance

5. LONG TERM BORROWINGS**From banks**

Term Loans (Secured)

Less: Current maturities (Note 9)

5.1 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 1st 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.

2012: 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 and future.

5.2 Terms of the Facilities:**Loan Balance****Name of the Bank Rate of Interest Repayment Schedule**

HDFC Bank Ltd.	11.60%(Previous Year: 11.80%)	Repayable on 10th April 2013. For 2012, Loan is repayable in 5 monthly Equal Installments from 10th Dec. 2012
Bank of India	11.25%(Previous Year: 11.75%)	Repayable on 8th June 2014
ICICI Bank Ltd.	11.75%	Repayable in 15 Equal Quarterly Installments from 1st Sep. 2014
IDBI Bank Ltd.	12.00%	Repayable in 4 Equal Quarterly Installments from 1st Feb. 2014

Mar-13**Mar-12****1,000.00**

5,000.00

2,500.00

2,500.00

5,000.00

-

5,000.00

-

(All amounts in ₹ lacs)

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

Deferred tax assets

On provision for doubtful debts/advances

On fiscal allowances on expenditure

Deferred tax liabilities (Net)

7. SHORT-TERM BORROWINGS

Loans from banks (secured)

Loans from bank (unsecured)

Commercial papers (unsecured)

(maximum amount outstanding during the year ₹ 11,500 lacs; Previous year ₹ 8,500 lacs)

7.1 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 1st 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.

2012: 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 and future.

8. TRADE PAYABLES

– Micro, Small and Medium enterprises

– Other than Micro, Small and Medium enterprises

8.1 There are no Micro, Small and Medium 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.

Mar-13	Mar-12
1,034.43	724.89
1,034.43	724.89
138.04	108.67
270.96	592.74
409.00	701.41
625.43	23.48
16,501.38	14,406.87
932.33	-
2,000.00	4,000.00
19,433.71	18,406.87
-	-
28,467.66	23,607.54
28,467.66	23,607.54

(All amounts in ₹ lacs)

9. OTHER CURRENT LIABILITIES

	Mar-13	Mar-12
Current maturities of long term borrowings: secured (Note 5)	2,250.00	4,000.00
Interest accrued and not due on borrowings	48.54	94.07
Unpaid dividends	0.46	0.46
Other liabilities:		
a) Creditors for capital expenditure	413.54	739.32
b) Liability for gift vouchers/point award redemptions	7,176.65	6,642.21
c) Statutory dues payable	1,740.52	1,172.81
d) Accrued Payroll	1,559.22	1,275.70
e) Security deposits	192.57	169.74
f) Related parties payables (Note 38)	98.21	98.25
g) Gratuity	130.14	41.85
	13,609.86	14,234.41

10. SHORT-TERM PROVISIONS

For Employee benefits: Leave Encashment	299.96	208.42
For Proposed Dividend	622.34	619.21
For Corporate Dividend Tax	105.77	100.45
	728.11	719.66
	1,028.07	928.08

11. FIXED ASSETS

Description	GROSS BLOCK			DEPRECIATION/AMORTISATION			NET BLOCK		
	1 April 2012	Additions	Deductions	31 March 2013	1 April 2012	For the year	Deductions	31 March 2013	31 March 2013
TANGIBLE ASSETS									
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
Total	61,360.42	9,168.89	2,196.64	68,332.67	20,742.09	4,556.98	1,264.67	24,034.39	44,298.28
INTANGIBLE ASSETS									
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
Total	3,039.04	747.71	—	3,786.75	1,975.70	517.73	—	2,493.43	1,293.32
Previous Year									
Description	GROSS BLOCK			DEPRECIATION/AMORTISATION			NET BLOCK		
	1 April 2011	Additions	Deductions	31 March 2012	1 April 2011	For the year	Deductions	31 March 2012	31 March 2012
TANGIBLE ASSETS									
Leasehold improvements	15,139.06	6,208.02	12.86	21,334.22	4,721.08	1,174.35	12.25	5,883.18	15,451.04
Air conditioning and other equipment	13,931.10	3,538.06	19.83	17,449.33	3,756.25	913.39	30.02	4,639.62	12,809.71
Furniture, fixtures and other fittings	12,573.77	2,374.54	171.11	14,777.20	5,304.04	669.54	110.70	5,852.88	8,914.32
Office Equipment	888.63	279.34	6.93	1,161.04	489.42	127.58	26.10	590.90	570.14
Computers	5,285.89	1,535.97	224.81	6,597.05	3,353.51	618.46	225.39	3,746.58	2,850.47
Vehicles	41.58	—	—	41.58	17.11	1.82	—	18.93	22.65
Total	47,860.03	13,935.92	435.54	61,360.42	17,641.41	3,505.14	404.46	20,742.09	40,618.34
INTANGIBLE ASSETS									
Trademarks	320.02	0.48	—	320.50	171.56	24.39	—	195.95	124.55
Software	2,384.19	334.35	—	2,718.54	1,537.04	242.71	—	1,779.75	938.79
Total	2,704.21	334.83	—	3,039.04	1,708.60	267.10	—	1,975.70	1,063.34
Note: Some of the Trademarks and Patents are pending for registration with relevant authorities and formalities (including for removal of objections) are under progress.									

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-13

5.00

(5.00)

Mar-12

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

133,39,488 (2012: 119,94,900) Equity Shares of ₹ 10/- each Fully Paid

1,333.94

1,199.49

Nuance Group (India) Private Limited

364,10,000 Equity Shares of ₹ 10/- each Fully Paid

3,641.00

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)

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

Crossword Bookstores Limited

100,00,000 5.5% Cumulative Redeemable

Preference Shares of ₹ 10/- each Fully Paid

Hypercity Retail (India) Limited

1310,70,000 7% Compulsorily Convertible

Preference Shares of ₹ 10/- each Fully Paid

Hypercity Retail (India) Limited

10,36,00,000 (2012:5,82,10,000), 7% Cumulative Redeemable

Preference Shares of ₹ 10/- each Fully paid

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

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 (Note 38)

– Considered good

14. OTHER NON-CURRENT ASSETS

Insurance Claim Receivable (Note 40)

15. INVENTORIES

(At lower of cost and net realisable value)

Stock-in-trade: Retail merchandise

Mar-13	Mar-12
1,000.00	1,000.00
14,182.20	14,182.20
10,360.00	5,821.00
33,094.74	28,421.29
17.55	17.55
1,390.26	956.28
13,665.57	12,629.49
1,824.88	1,824.88
744.06	158.57
9,389.32	9,140.14
2,291.00	2,291.00
11,680.32	11,431.14
2,291.00	2,291.00
9,389.32	9,140.14
526.25	319.29
27,540.34	25,028.65
790.45	-
790.45	-
24,382.49	21,204.01

(All amounts in ₹ lacs)

16. 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 *

Less: Provision for doubtful debts

* includes receivable from a subsidiary company on account of transfer of business
₹ Nil (2012 ₹ 0.53 lacs)**17. CASH AND CASH EQUIVALENTS**

Balance with bank in current accounts

Other bank balances:

Margin money accounts (under lien against bank guarantee)

Dividend accounts

Cash on hand

Of the above, cash and cash equivalents comprise:

Balance with banks in current accounts

Cash on hand

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

Mar-13	Mar-12
2.73	33.64
12.40	12.40
2,033.63	1,883.28
2,048.76	1,929.32
12.40	12.40
2,036.36	1,916.92
417.60	344.97
151.29	123.76
0.46	0.46
602.78	245.43
1,172.13	714.62
417.60	344.97
602.78	245.43
1,020.38	590.40
4,356.43	2,916.27
393.73	393.73
4,750.16	3,310.00
393.73	393.73
4,356.43	2,916.27
196.49	99.71
1,304.44	876.50
5,857.36	3,892.48
586.60	713.43
586.60	713.43

(All amounts in ₹ lacs)

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

21. OTHER INCOME

Interest Income:
Interest Income from subsidiary companies
Interest Income from others

Compensation received for loss of business
Miscellaneous income

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)/Decrease

Mar-13	Mar-12
227,048.25	194,276.55
26,111.84	22,289.34
253,160.09	216,565.89
12,073.84	10,505.10
18,306.59	15,771.75
222,779.66	190,289.04
1,284.18	836.39
683.07	890.02
842.01	955.06
2,809.26	2,681.47
225,588.92	192,970.51
227,048.25	194,276.55
26,111.84	22,289.34
2,809.26	2,681.47
255,969.35	219,247.36
1,223.17	1,641.97
36.45	23.80
432.00	117.61
29.85	85.38
1,721.47	1,868.76
143,936.81	127,093.82
143,936.81	127,093.82
81,519.01	69,460.54
62,417.80	57,633.28
21,204.01	15,113.66
24,382.49	21,204.01
(3,178.48)	(6,090.35)

(All amounts in ₹ lacs)

24. EMPLOYEE COSTS

	Mar-13	Mar-12
Salaries, allowances and bonus	14,647.89	11,760.82
Contribution to provident and other funds	1,035.18	672.89
Staff welfare expenses	423.34	330.33
	16,106.41	12,764.04

25. FINANCE COSTS

Interest on bank borrowings	2,386.29	1,738.76
Interest - others	680.98	656.99
Other borrowing costs	32.29	17.11
Bank charges	88.58	90.74
	3,188.14	2,503.60

26. OTHER EXPENSES

Insurance	115.31	94.22
Lease rent and hire Charges (Note 26.1)	21,644.47	17,887.09
Business conducting fees	1,268.49	1,027.70
Rates and taxes	40.32	31.82
Repairs and maintenance		
– Buildings	5,082.78	4,008.19
– Others	744.79	626.64
Legal and professional fees (Note 26.2)	775.10	696.48
Housekeeping charges	1,149.29	870.96
Security charges	1,527.78	1,401.37
Computer expenses	1,158.13	793.54
Conveyance and travelling expenses	1,290.59	1,027.75
Electricity charges	6,399.40	4,804.53
Advertisement and publicity	3,850.39	3,178.01
Sales promotion	2,662.07	1,831.27
Charges on credit card transactions	1,633.33	1,403.60
Packing materials	476.35	554.85
Loss on Sale of Fixed Assets (net)	83.88	31.22
Foreign exchange loss (net)	157.31	27.09
Service tax input credit expensed	4,252.24	2,579.51
Miscellaneous expenses	1,771.09	2,139.38
	56,083.11	45,015.22

(All amounts in ₹ lacs)

26.1 Leasing Transactions

- a) Operating lease rentals charged to revenue:
- b) Variable rentals charged to revenue:
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

Later than one year and not later than five years

Later than five years

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.

26.2 Payments to Auditors (excluding service tax):

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

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 (Nos)
- c) Weighted Number of equity shares outstanding during the year after adjustment for dilution (Nos)
- d) Nominal value per share (₹)
- e) EPS:
- Basic (₹)
- Diluted (₹)

Mar-13	Mar-12
11,044.67	10,559.11
10,512.59	7,245.82
8,637.21	8,992.04
14,345.85	17,520.48
620.12	942.67
37.95	34.50
4.25	3.50
2.54	0.80
44.74	38.80
2,006.54	3,005.70
(499.71)	-
242.94	349.08
359.01	-
2,108.78	3,354.78
3,916.85	6,425.92
8,27,87,593	8,24,25,678
8,31,59,250	8,28,82,344
5	5
4.73	7.80
4.71	7.75

(All amounts in ₹ lacs)

Mar-13 Mar-12

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	702.10	1,068.85
(ii) Service tax, Sales tax and other Indirect tax claims disputed by the Company relating to issues of applicability and classification aggregating	1,496.75	1,419.05
(iii) Third party claims arising from disputes relating to contracts aggregating	236.19	236.19
b) Other matters	52.25	52.25
c) Estimated amount of contracts remaining to be executed on capital account and not provided for	3,927.78	2,427.87
d) Corporate guarantee given jointly and severally with joint venture partners to banks for loans taken by Joint venture entities	1,338.57	1,338.57
e) Corporate guarantee given jointly and severally with the promoter group company for loans taken by Hypercity Retail (India) Ltd.	9,500.00	5,000.00
f) Bank Guarantees	379.62	324.74

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

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 passed an interim order dated 14th October, 2011, with regard to the levy of service tax on immovable property 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 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 ₹ 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	24,609.81	8,448.58	33,058.39

Hypercity continues to make losses and the accumulated losses of ₹ 45,175.83 lacs as at 31st March, 2013 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.

Notes to Financial Statements
for the year ended 31 March, 2013

Shoppers Stop Ltd.

32. The Company has financial involvement in two joint venture companies, namely Nuance Group (India) Private Limited and Timezone Entertainment Private Limited, as follows:

(All amounts in ₹ lacs)

Name of the Company	Investment in Equity and Preference Capital	Loans and Advances	Total Involvement
Nuance Group (India) Private Limited	3,641.00	—	3,641.00
Timezone Entertainment Private Limited	1,333.94	407.27	1,741.21

The Net worth of these companies have substantially been eroded as at 31st March, 2013. Based on the business plans of these companies and the business valuation by an independent valuer, no provision for any loss is currently considered necessary in these financial statements.

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 2013.

(All amounts in ₹ lacs)

Particulars	31 March 2013		31 March 2012	
Number of Contracts	8	3	—	2
Type	Buy	Buy	—	Buy
Foreign currency (in lacs)	7.70 GBP	1.36 USD	—	2.08 USD
INR Equivalent (in lacs)	644.12	75.50	—	104.36

- 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 2013		31 March 2012	
	₹ In lacs	In Foreign currency	₹ In lacs	In Foreign currency
Payable for purchase of Merchandise	—	—	242.15	GBP 2,92,128
	—	—	—	—
Payable towards Royalty	64.95	USD 1,18,879	45.59	USD 89,992
	5.48	GBP 6,632	12.46	GBP 15,034

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 2013		31 March 2012	
Outstanding at the beginning of the year	8,53,367	154.91	11,59,832	101.78
Granted during the year	2,00,000	297.00	1,89,382	336.00
Lapsed/Cancelled during the year	43,228	—	1,00,549	—
Exercised during the year	4,17,383	82.35	3,95,298	84.44
Surrendered during the year	—	—	—	—
Outstanding at the end of the year	5,92,756	245.95	8,53,367	154.91

Details of year wise grant and exercise:

Year / (date of Grant)	Options granted (net of lapsed)	Exercised till 31.03.2012	Exercised in 2012-13	Exercised till 31.03.2013	Outstanding 31.03.2013
2005-06 (28-12-2005)	1,12,328	1,12,328	—	1,12,328	—
2009-10 (29-04-2009)	9,58,740	5,63,460	3,34,760	8,98,220	60,520
2009-10 (24-03-2010)	3,60,300	75,900	81,400	1,57,300	2,03,000
2011-12 (29-04-2011)	1,52,549	—	1,223	1,223	1,51,326
2012-13 (09.06.2012)	1,77,910	—	—	—	1,77,910
			4,17,383		5,92,756

b) New Schemes Launched

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

	2012-13		2011-12	
Date of grant	09.06.2012	—	29.04.2011	—
Number of option granted	2,00,000	—	1,89,382	—
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)	118.03	—	152.39	—
Model inputs (share price at the grant date) ₹	296.85	—	333.85	—
Exercise Price ₹	297.00	—	336.00	—
Expected Volatility	46.89%	—	52.34%	—
Risk free rate of return	8.06%	—	8.26%	—

Notes to Financial Statements
for the year ended 31 March, 2013

Shoppers Stop Ltd.

- c) The weighted average contractual life of the options outstanding is 3.85 years
d) Other information regarding employee share-based payment plans is as below:-

	31 March 2013	31 March 2012
(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	(202.35)	(233.07)
(iii) EPS if fair value method have been used instead of Intrinsic Value Method (₹)		
— Basic	4.49	7.51
— Diluted	4.47	7.47
(iv) ESOP Outstanding	—	—
Opening Balance	—	5.10
Less: Transfer to securities premium on exercise of options	—	(5.10)
Less: Options lapsed during the year	—	—
	—	—

(All amounts in ₹ lacs, unless otherwise stated)

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

Defined contribution plans

Company's contribution to Provident Fund

590.27

31 March 2012

416.08

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

Current Service Cost

87.96

80.46

Interest Cost

42.30

33.75

Expected Return on Plan assets

(38.86)

(26.70)

Actuarial Losses/(Gain)

101.93

(16.76)

193.33

70.75

II. Change in Defined Benefit Obligations (DBO)

Present Value of DBO at the Beginning of Period

497.66

421.82

Current Service Cost

87.96

80.46

Interest Cost

42.30

33.75

Actuarial Losses/(Gains)

124.99

(8.42)

Benefits paid/transferred

(61.92)

(29.95)

Present Value of DBO at the End of Period

690.99

497.66

III. Change in Fair Value of Assets

Plan Assets at the Beginning of Period

455.81

332.98

Expected Return on Plan Assets

38.86

26.70

Actuarial Gains/(Losses)

23.06

8.34

Actual Company Contribution

105.04

117.74

Benefits paid/transferred

(61.92)

(29.95)

Plan Assets at the End of Period

560.85

455.81

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

Present Value of Defined Benefit Obligation

690.99

497.66

Fair Value of Plan Assets

560.85

455.81

Status [Surplus/(Deficit)]

(130.14)

(41.85)

Unrecognised Past Service Cost

—

—

Net Asset/(Liability) Recognised in Balance Sheet

(130.14)

(41.85)

V. Actuarial assumptions

Discount Rate

8.00% p.a.

8.50% p.a.

Expected Return on Plan Assets

8.70% p.a.

8.60% p.a.

Rate of increase in salaries

4.00% p.a.

4.00% p.a.

Rate of Attrition

9.50% p.a.

8.50% p.a.

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

	31 Mar 2013	31 Mar 2012	31 Mar 2011	31 Mar 2010	31 Mar 2009
Present Value of the Defined Benefit Obligation	690.99	497.66	421.82	262.51	280.43
Fair Value of the Plan Assets	560.85	455.81	332.98	262.51	280.43
Surplus/(Deficit) in the Plan	(130.14)	(41.85)	(88.84)	—	—
Experience Adjustments arising on Plan Liabilities – Losses/(Gains)	(35.86)	(63.86)	108.69	(49.45)	(0.44)
Experience Adjustments arising on Plan Assets – Gains/(Losses)	9.88	8.35	3.29	(16.45)	(15.81)

Notes to Financial Statements for the year ended 31 March, 2013

Shoppers Stop Ltd.

The Company expects to contribute ₹ 311.66 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 a jointly controlled entities are as follows:

Name	Principal Activities	Proportion of ownership Interest 31 March 2013 and 31 March 2012
Nuance Group (India) Private Limited	Airport retailing	50%
Timezone Entertainment Private Limited	Entertainment	33.87% (2012; 33.66%)

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 2013	31 March 2012
I. ASSETS		
Non-Current Assets		
a) Fixed Assets including capital work in progress (Net)	940.01	1,234.74
b) Long-term loans and advances	807.41	972.10
c) Other non-current assets	0.52	12.57
Current Assets		
a) Inventories	714.67	657.18
b) Trade receivables	81.70	94.42
c) Cash and cash equivalents	691.91	348.84
d) Short-term loans and advances	280.02	92.83
e) Other current assets	54.67	25.87
II. LIABILITIES		
Non-Current Liabilities		
Long-term borrowings	—	66.58
Other long term liabilities	1.55	40.54
Long-term provisions	4.96	8.82
Current Liabilities		
Short-term borrowings	399.80	342.32
Trade payables	1,144.46	1,080.71
Other current liabilities	385.98	326.25
Short-term provisions	10.04	3.48
III. INCOME		
Revenue from Operations	5,431.00	4,605.43
IV. EXPENSES		
Operational Expenses	4,856.99	4,180.05
Finance costs	71.85	73.50
Depreciation/Amortisation	496.86	350.18
Provision for taxation	—	—
V. CONTINGENT LIABILITIES	182.18	657.32

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 2012.

(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 (c) below)	Joint Ventures	Key Management Personnel	Total
Purchase of Assets	—	12.17	—	—	12.17
Magna Warehousing & Distribution Pvt. Ltd.	—	12.17	—	—	—
	(—)	(—)	(—)	(—)	(—)
Sale of Assets	—	47.93	—	—	47.93
Trion Properties Private Limited	—	47.93	—	—	—
Purchase of Merchandise	193.72	—	—	—	193.72
Crossword Bookstores Limited	190.07	—	—	—	—
Hypercity Retail (India) Limited	3.65	—	—	—	—
	(252.21)	(—)	(—)	(—)	(252.21)
Sale of Merchandise	190.26	—	—	—	190.26
Crossword Bookstores Limited	190.26	—	—	—	—
	(252.46)	—	—	—	(252.46)
	(—)	(—)	(—)	(—)	(—)
Payment of conducting fees/Lease Rent/ Common Area Maintenance Charges	113.82	4,629.22	—	—	4,743.04
Ivory Properties and Hotels Private Limited	—	1,492.76	—	—	—
Inorbit Malls (India) Private Limited	—	1,926.87	—	—	—
Hypercity Retail (India) Limited	113.82	—	—	—	—
Magna Warehousing & Distribution Pvt. Ltd.	—	191.27	—	—	—
Trion Properties Private Limited	—	1,018.32	—	—	—
	(116.99)	(4,272.22)	(—)	(—)	(4,389.21)
Interest Received	1,194.13	—	29.04	—	1,223.17
Crossword Bookstores Limited	43.31	—	—	—	—
Hypercity Retail (India) Limited	1,150.82	—	—	—	—
Timezone Entertainment Pvt. Ltd.	—	29.04	—	—	—
	(1,618.18)	(23.79)	(—)	(—)	(1,641.97)
Deposits Paid	0.90	80.18	—	—	81.08
Hypercity Retail (India) Limited	0.90	—	—	—	—
Inorbit Malls (India) Private Limited	—	44.70	—	—	—
Trion Properties Private Limited	—	35.48	—	—	—
	(—)	(35.48)	(—)	(—)	(35.48)
Advance Given	12.65	—	—	—	12.65
Gateway Multichannel Retail (India) Limited	12.65	—	—	—	—
	—	—	—	—	—

Notes to Financial Statements
for the year ended 31 March, 2013

Shoppers Stop Ltd.

(All amounts in ₹ lacs, unless otherwise stated)

Reimbursement of Expenses	409.25	168.18	—	—	577.43
Inorbit Malls (India) Private Limited	—	131.42	—	—	—
Crossword Bookstores Limited	388.78	—	—	—	—
Hypercity Retail (India) Limited	20.47	—	—	—	—
Trion Properties Private Limited	—	32.88	—	—	—
	(—)	(—)	(—)	(—)	(—)
Expenses paid	—	22.09	—	—	22.09
Retailers Association of India	—	11.83	—	—	—
Sanghavi Associates Ltd.	—	10.26	—	—	—
	(—)	(—)	(—)	(—)	(—)
Expenses recovered	119.54	—	0.31	—	119.85
Hypercity Retail (India) Limited	0.50	—	—	—	—
Nuance Group (India) Private Limited	—	—	0.31	—	—
Crossword Bookstores Limited	119.04	—	—	—	—
	(2.61)	—	(10.27)	—	(12.88)
Investments made	4,539.00	—	134.46	—	4,673.46
Hypercity Retail (India) Limited — Preference Shares	4,539.00	—	—	—	—
Timezone Entertainment Pvt. Ltd.	—	—	134.46	—	—
	(4,701.45)	—	(—)	(—)	(4,701.45)
Deposit received back	—	6.42	—	—	6.42
Inorbit Malls (India) Private Limited	—	6.42	—	—	—
	(—)	(—)	(—)	(—)	(—)
Loan Given	15,753.00	—	200.00	—	15,953.00
Crossword Bookstores Limited	403.00	—	—	—	—
Hypercity Retail (India) Limited	15,350.00	—	—	—	—
Timezone Entertainment Private Limited	—	—	200.00	—	—
	(11,340.00)	(—)	(—)	(—)	(11,340.00)
Recovery of Loan	16,028.00	—	—	—	16,028.00
Crossword Bookstores Limited	428.00	—	—	—	—
Hypercity Retail (India) Limited	15,600.00	—	—	—	—
	(14,793.00)	(—)	(—)	(—)	(14,793.00)
Remuneration to Directors	—	—	—	338.91	338.91
Govind Shrikhande	—	—	—	338.91	—
	(—)	(—)	(—)	(310.70)	(310.70)
Commission and Sitting fees to Non Executive Directors	—	—	—	27.00	27.00
Chandru L. Raheja	—	—	—	0.80	—
Ravi Raheja	—	—	—	0.80	—
Neel Raheja	—	—	—	0.60	—
B. S. Nagesh	—	—	—	3.60	—
Gulu L. Mirchandani	—	—	—	3.80	—
Shahzaad Dalal	—	—	—	3.60	—
Nitin Sanghavi	—	—	—	3.60	—
Deepak Ghaisas	—	—	—	6.80	—
Nirvik Singh	—	—	—	3.40	—
	(—)	(—)	(—)	(27.00)	(27.00)

**Balance outstanding at the year end
Payable**

Upasna Trading Limited	98.21	
	(98.25)	Cr.

Receivables

Shoppers Stop Services (India) Limited	1.04	
	(0.68)	Dr.
Shoppers Stop.Com (India) Limited	0.63	
	(0.29)	Dr.
Hypercity Retail (India) Limited	8,579.76	
	(8,852.95)	Dr.
Ivory Properties and Hotels Private Limited	1,016.09	
	(958.51)	Dr.
Inorbit Malls (India) Private Limited	620.08	
	(581.80)	Dr.
Gateway Multi Channel Retail (India) Limited	2,306.12	
	(2,291.00)	Dr.
Timezone Entertainment Private Limited	407.27	
	(200.00)	Dr.
Nuance Group (India) Private Limited	118.98	
	(119.29)	Dr.
Trion Properties Private Limited	488.89	
	(444.12)	Dr.
Crossword Bookstores Limited	923.95	
	(406.54)	Dr.

The figure in bracket pertain 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 Multichannel Retail (India) Limited. Hypercity Retail (India) Limited |
| b) | Promoter directors having control/significant influence over companies stated in (c) below | C.L. Raheja, Ravi C. Raheja, Neel C. Raheja |
| c) | Companies in which the persons stated in (b) 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 Avacado Properties and Trading India Private Limited, K. Raheja IT Park (Hyderabad) Private Limited, Trion Properties Private Limited, Magna Warehousing and Distribution Private Limited |
| d) | Joint Ventures | Nuance Group (India) Private Limited
Timezone Entertainment Private Limited. |
| e) | Key Management Personnel | Executive Director: Govind Shrikhande
Non Executive Directors: Chandru L. Raheja
Ravi Raheja
Neel Raheja
B. S. Nagesh
Gulu L. Mirchandani
Shahzaad Dalal
Nitin Sanghavi
Deepak Ghaisas
Nirvik Singh |

(All amounts in ₹ lacs)

39. Additional notes

	Mar-13	Mar-12
a) Value of Imports on CIF Basis:		
Capital Goods	381.46	185.17
Purchase of Merchandise	3,883.05	3,160.55
	4,264.51	3,345.72
b) Expenditure in foreign currency:		
Consultancy/Professional fees	169.75	154.31
Royalty	76.39	65.59
Commission paid to Directors	6.00	6.00
Sitting fees paid to a director	1.20	1.20
Others	303.25	150.62
	556.59	377.72
c) Earnings in foreign exchange:		
Foreign currency and foreign credit card collection on sale of merchandise	5,393.36	4,704.40
	5,393.36	4,704.40

40. The Company's assets (including inventory) were destroyed/damaged in a fire, on 21 June, 2012, at its store in Koregaon Park, Pune. The Company has filed claim with the insurance company and, the survey by the insurance company is under process. The Company is adequately insured (including for materials damage and for loss of profits) and has set up a receivable of ₹ 790.45 lacs (net of on account receipt of ₹ 500 lacs) from the insurance company in respect of the value of the asset destroyed/damaged based on the company's current best estimates and reasonable certainty considering the reports of the relevant authorities and the Company's past experience. The net loss of ₹ 74.06 lacs on this account, primary on policy exclusions, has been disclosed as an exceptional item. The operations of the store remain suspended.

41. 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	407.89	6,278.78	6,278.78	—	9,079.20	(588.57)	166.50	(755.06)	—	India
2	Upasna Trading Limited	INR	5.00	17.31	170.01	170.01	—	0.01	(0.45)	—	(0.45)	—	India
3	Gateway Multichannel Retail (India) Limited	INR	5.00	(4,495.44)	17.45	17.45	—	0.01	(8.05)	—	(8.05)	—	India
4	Shoppers Stop Services (India) Limited	INR	5.00	3.66	9.89	9.89	—	0.37	0.03	0.01	0.02	—	India
5	Shoppers Stop.com (India) Limited	INR	5.00	(3.37)	2.42	2.42	—	0.21	(0.13)	—	(0.13)	—	India
6	Hypercity Retail (India) Limited	INR	46,108.73	(45,175.83)	33,534.42	33,534.42	—	78,216.63	(8,773.17)	—	(8,773.17)	—	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
2012-13

Independent Auditors' Report

Shoppers Stop Ltd.

To,

The Board of Directors of Shoppers Stop Limited

1. Report on the Consolidated Financial Statements

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, 2013, 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.

2. Management's Responsibility for the Consolidated Financial Statements

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.

3. Auditors' Responsibility

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.

6. Opinion

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 other auditors on the financial statements of the subsidiaries and jointly control 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, 2013;
- (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.

7. Emphasis of Matter

We draw attention to Note 30 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 (2012: ₹ 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.

8. Other Matter

We did not audit the financial statements of certain subsidiaries and one jointly controlled entity, whose financial statements reflect total assets (net) of ₹ 6,936.33 lacs as at 31st March, 2013, total revenues of ₹ 10,324.47 lacs and net cash flows amounting to ₹ 17.74 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 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

Chartered Accountants
(Firm Registration No. 117366W)

Shyamak R. Tata

Partner
(Membership No. 38320)

Place: Mumbai

Date: 30 April, 2013

(All amounts in ₹ lacs)

	Notes	Mar-13	Mar-12
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	3	4,148.98	4,128.11
Reserves and surplus	4	45,942.02	47,476.54
		50,091.00	51,604.65
MINORITY INTEREST		457.13	394.98
NON-CURRENT LIABILITIES			
Long-term borrowings	5	16,624.98	9,441.57
Deferred tax liabilities (net)	6	626.36	23.48
Other long-term liabilities	7	1.55	80.82
		17,252.89	9,545.87
CURRENT LIABILITIES			
Short-term borrowings	8	30,442.99	28,828.69
Trade payables	9	38,143.02	31,980.63
Other current liabilities	10	16,194.18	17,285.55
Short-term provisions	11	1,125.92	998.42
		85,906.11	79,093.29
		153,707.13	140,638.79
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Tangible assets	12	62,052.64	59,815.75
Intangible assets	12	2,154.10	1,792.21
Capital work-in-progress		3,185.35	3,190.55
Intangible assets under development		3.03	14.91
		67,395.12	64,813.42
Goodwill on consolidation		9,874.51	9,873.82
Non-current investments	13	1.61	1.61
Deferred Tax Assets (net)	14	—	2.53
Long-term loans and advances	15	23,956.92	21,554.24
Other non-current assets	16	922.08	537.88
		102,150.24	96,783.50
CURRENT ASSETS			
Inventories	17	36,981.95	33,113.41
Trade Receivables	18	3,217.12	2,630.72
Cash and cash equivalents	19	2,678.13	1,501.70
Short-term loans and advances	20	7,572.75	5,866.31
Other current assets	21	1,106.94	743.15
		51,556.89	43,855.29
		153,707.13	140,638.79

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

In terms of our report of even date.

For Deloitte Haskins & Sells
Chartered Accountants

Shyamak R. Tata
Partner
Mumbai, Dated: 30 April, 2013

For and on behalf of the Board of Directors

C. L. Raheja
Chairman

Sanjay Chakravarti
Customer Care Associate &
Chief Financial Officer
Mumbai, Dated: 30 April, 2013

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 & Loss for the year ended 31 March 2013

Shoppers Stop Ltd.

(All amounts in ₹ in lacs)

	Notes	Mar-13	Mar-12
A. CONTINUING OPERATIONS			
INCOME			
Revenue from operations	22	317,719.08	278,706.99
Other income	23	689.20	756.96
Total revenue		318,408.28	279,463.95
EXPENDITURE			
Purchase of stock-in-trade	24	211,747.94	192,629.16
Changes in Inventories of stock-in-trade – (increase)/decrease	25	(3,862.42)	(8,065.04)
Employee benefits expenses	26	23,593.27	19,908.74
Finance costs	27	5,465.77	4,216.47
Depreciation and amortisation expenses	12	7,907.39	6,093.42
Other expenses	28	76,627.01	63,909.48
Total expenses		321,478.96	278,692.23
(LOSS)/PROFIT FROM CONTINUING OPERATIONS BEFORE TAX		(3,070.68)	771.72
Exceptional Item (Note 38)		74.06	—
(Loss)/Profit before tax		(3,144.74)	771.72
Tax expense	31	2,275.28	3,216.96
(LOSS)/PROFIT FOR THE YEAR		(5,420.02)	(2,445.24)
B. DISCONTINUING OPERATIONS			
(LOSS)/PROFIT FROM DISCONTINUING OPERATIONS BEFORE TAX	37	(8.05)	3.37
Tax expenses		—	—
(LOSS)/PROFIT FOR THE YEAR		(8.05)	3.37
C. TOTAL OPERATIONS			
LOSS FOR THE YEAR BEFORE MINORITY INTEREST		(5,428.07)	(2,441.87)
Minority Interest – Share of loss		4,298.85	4,343.30
(LOSS)/PROFIT FOR THE YEAR		(1,129.22)	1,901.43
EARNINGS PER EQUITY SHARE	32		
Equity shares of face value ₹ 5 each			
Basic (₹)		(1.36)	2.31
Diluted (₹)		(1.36)	2.29

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

In terms of our report of even date.

For Deloitte Haskins & Sells
Chartered Accountants

Shyamak R. Tata
Partner
Mumbai, Dated: 30 April, 2013

For and on behalf of the Board of Directors

C. L. Raheja
Chairman

Sanjay Chakravarti
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Chief Financial Officer
Mumbai, Dated: 30 April, 2013

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)/profit before exceptional item and tax****Adjustments for:**

Depreciation, Amortisation	7,907.39	6,093.42
Finance costs	5,465.77	4,216.75
Loss/(Gain) on account of stake increase/dilution in a joint venture	—	(216.49)
Loss on sale of fixed assets	107.51	62.89
Provision for advances/doubtful debts	47.88	(9.74)
Interest income	(77.67)	(77.20)

Operating Profit before working capital changes

Inventories	(4,383.64)	(8,058.74)
Trade receivables	(586.40)	(441.85)
Short term loans and advances, other current assets	(2,047.67)	(544.60)
Long term loans and advances	75.96	(191.13)
Other non-current assets	406.25	(537.88)
Lease deposits (net)	(1,252.34)	(2,017.45)
Deposit towards service tax	—	(2,179.70)
Long term liabilities	(79.28)	(9.62)
Short term provisions	127.50	(85.89)
Trade payables and other current liabilities	7,770.76	5,947.89
Cash generated from operations	10,403.30	2,725.75
Income taxes paid (net of refunds)	(2,213.31)	(3,252.37)

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

Insurance claim (Note 39)

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

Purchase of fixed assets	(12,257.40)	(17,484.81)
Sale of fixed assets	153.20	167.29
Purchase of interest in a joint venture/subsidiary	(134.46)	(2.45)
Purchase of other investment	—	(0.50)
Interest received	77.67	80.17

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

Issue of share capital	20.87	19.77
Securities premium on Issue of shares capital	322.83	318.63
Issue of share capital to minority shareholders	4,361.00	4,514.73
Dividend and dividend tax paid	(719.67)	(716.23)
Proceeds from long-term borrowings	10,000.00	14,000.00
Repayment of long-term borrowings	(5,366.59)	(7,121.14)
Short-term loans (net)	1,614.31	10,390.15
Finance costs paid	(5,514.87)	(4,209.71)

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	1,019.43	1,590.15
Cash and cash equivalents as at the end of the year	2,266.31	1,019.43

Note:

Cash and Cash Equivalents as per Balance sheet (see note 19)

Less: Balance under lien/earmarked with banks

Cash and Cash Equivalent as reported above

Mar-13	Mar-12
(3,078.73)	775.09
7,907.39	6,093.42
5,465.77	4,216.75
—	(216.49)
107.51	62.89
47.88	(9.74)
(77.67)	(77.20)
10,372.15	10,844.72
(4,383.64)	(8,058.74)
(586.40)	(441.85)
(2,047.67)	(544.60)
75.96	(191.13)
406.25	(537.88)
(1,252.34)	(2,017.45)
—	(2,179.70)
(79.28)	(9.62)
127.50	(85.89)
7,770.76	5,947.89
10,403.30	2,725.75
(2,213.31)	(3,252.37)
8,189.99	(526.62)
500.00	—
8,689.99	(526.62)
(12,257.40)	(17,484.81)
153.20	167.29
(134.46)	(2.45)
—	(0.50)
77.67	80.17
(12,160.99)	(17,240.30)
20.87	19.77
322.83	318.63
4,361.00	4,514.73
(719.67)	(716.23)
10,000.00	14,000.00
(5,366.59)	(7,121.14)
1,614.31	10,390.15
(5,514.87)	(4,209.71)
4,717.88	17,196.20
1,246.88	(570.72)
1,019.43	1,590.15
2,266.31	1,019.43
1,246.88	(570.72)
2,678.13	1,501.70
411.82	482.27
2,266.31	1,019.43

The accompanying Notes 1 to 40 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

Chartered Accountants

C. L. Raheja

Chairman

Ravi Raheja

Director

Govind S. ShrikhandeCustomer Care Associate &
President & Chief Executive Officer &
Executive Director**Shyamak R. Tata**

Partner

Mumbai, Dated: 30 April, 2013

Sanjay ChakravartiCustomer Care Associate &
Chief Financial Officer

Mumbai, Dated: 30 April, 2013

Prashant MehtaCustomer 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, 2013, the Company operated through 55 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. 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 up to 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

82,979,517 (2012: 82,562,134) equity shares of ₹ 5/- each fully paid up

Mar-13	Mar-12
10,000.00	10,000.00
4,148.98	4,128.11
4,148.98	4,128.11

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

31 March 2012	
Numbers	₹ lacs
82,166,836	4,108.34
395,298	19.77
82,562,134	4,128.11

3.4 Shares reserved for issue under options:

Employee Stock Option Plan (ESOP)

Options exercised during the year

Option Outstanding as at

Mar-13

Mar-12

417,383

395,298

592,756

853,367

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.

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%

31 March 2012	
Shares held (Nos)	Shares held (%)
11,813,300	14.31%
8,263,300	10.01%
8,129,768	9.85%
7,913,300	9.58%
6,511,762	7.89%
6,261,040	7.58%

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 2013, the amount of per share final dividend recognised as distribution to equity shareholders was ₹ 0.75 per share (2012: ₹ 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/(Less): (Loss)/Profit for the year

Appropriations:

Dividend proposed to be distributed to equity shareholders-

₹ 0.75 per share (2012: ₹ 0.75 per share)

Tax on proposed dividend

Transferred to General Reserve

Closing Balance

Employees' Stock Options outstanding

Balance at beginning of the year

Less: transferred to securities premium on options exercised

Closing balance

* Includes Share in Joint Ventures – Loss ₹ 3,259.80 lacs (2012 : ₹ 3,285.18 lacs)

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

Term Loans (Secured)

Less: Current maturities (Note 10)

Share in Joint Ventures – Term Loan (Note 38)

Less: Current maturities (Note 10)

Mar-13	Mar-12
45,956.03	45,637.40
322.82	318.63
46,278.85	45,956.03
1,249.63	928.33
195.84	321.30
1,445.47	1,249.63
270.88	(589.58)
(1,129.22)	1,901.43
(858.34)	1,311.85
622.35	619.22
105.77	100.45
195.84	321.30
(1,782.30)	270.88
—	5.10
—	5.10
—	—
45,942.02*	47,476.54*
19,374.98	14,674.99
2,750.00	5,300.00
16,624.98	9,374.99
67.00	199.74
67.00	133.16
—	66.58
16,624.98	9,441.57

5.1 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.

2012: 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.

5.2 Terms of the Facilities:

Name of the Bank	Rate of Interest	Repayment Schedule	Loan Balance	
			31 March 2013	31 March 2012
HDFC Bank Ltd.	11.60% (Previous Year: 11.80%)	Repayable on 10th April 2013. For 2012, Loan is repayable in 5 monthly Equal Installments from 10th Dec. 2012	1,000.00	5,000.00
Bank of India	11.25% (Previous Year: 11.75%)	Repayable on 8th June 2014	2,500.00	2,500.00
ICICI Bank Ltd.	11.75%	Repayable in 15 Equal Quarterly Installments from 1st Sept. 2014	5,000.00	—
IDBI Bank Ltd.	12.00%	Repayable in 4 Equal Quarterly Installments from 1st Feb. 2014	5,000.00	—
IDBI Bank Ltd.	Nil (Previous Year: 14.75%)	For 2012, Loan is repayable in 4 Quarterly Installments from 13th May 2012	—	800.00
Kotak Mahindra Bank Ltd.	12.25% (Previous Year: 12.30%)	Loan is repayable in 21 equal installments from 30th April 2013. For 2012, Loan is repayable in 33 Equal Monthly Installments from 30th April 2012	875.00	1,375.00
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

(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 liability (Net)

7. OTHER LONG-TERM LIABILITIES

Share in Joint Venture (Note 38)

Mar-13	Mar-12
1,170.99	724.89
1,170.99	724.89
138.04	108.67
297.36	592.74
109.23	—
544.63	701.41
626.36	23.48
1.55	80.82
1.55	80.82

(All amounts in ₹ lacs)

8. SHORT-TERM BORROWINGS

	Mar-13	Mar-12
Loans from banks (secured)	26,567.66	24,152.53
Loans from bank (unsecured)	932.33	-
Bill discounting	651.52	401.16
Buyer Credit	27.18	-
Commercial papers (unsecured)	2,000.00	4,000.00
(maximum amount outstanding during the year ₹ 11,500 lacs; 2012: ₹ 8,500 lacs)		
Share in Joint Ventures (Note 38)	264.30	275.00
	30,442.99	28,828.69

- 8.1** 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 charge 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** 2012: 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 charge 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. 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, Small and Medium enterprises	11.16	23.44
– Other than Micro, Small and Medium enterprises	37,068.98	30,827.26
Share in Joint Ventures (Note 38)	1,062.88	1,129.93
	38,143.02	31,980.63

- 9.1** There are no Micro, Small and Medium 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 Payable	
Share in Joint Ventures (Note 38)	
(includes current maturities of term loans 2013: ₹ 67 lacs, 2012: ₹ 133.16 lacs)	

Mar-13	Mar-12
2,750.00	5,300.00
59.50	108.59
18.25	32.79
0.46	0.46
603.76	809.01
2,008.38	1,261.02
2,085.45	1,717.35
420.19	352.90
7,736.00	7,285.94
154.31	96.39
357.88	321.10
16,194.18	17,285.55

11. SHORT-TERM PROVISIONS

For employee benefits:	
For Leave encashment	
For Proposed equity dividend	
For Tax on Proposed equity dividend	
Share in Joint Ventures (Note 38)	

392.11	269.98
622.34	619.21
105.77	100.45
728.11	719.66
5.70	8.78
1,125.92	998.42

12. FIXED ASSETS

(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
TANGIBLE ASSETS										
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	8,247.58
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	7,321.77
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	7,769.76
Office Equipment	1,779.45	172.58	39.78	21.84	1,890.41	829.89	187.89	23.68	18.65	975.46
Computers	8,335.18	813.75	555.51	204.76	8,388.66	4,584.03	945.95	523.28	190.30	4,816.39
Vehicles	106.71	—	21.00	0.01	85.70	56.01	5.82	8.67	0.04	53.11
Share in Joint Ventures (Note 39)	2,209.93	282.80	164.89	(8.67)	2,336.51	1,093.70	476.86	146.73	(3.98)	1,427.82
Total	86,292.24	10,535.12	3,405.96	756.84	92,664.56	26,476.49	7,263.87	2,369.11	759.35	30,611.89
INTANGIBLE ASSETS										
Trademarks and patents (Note)	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	3,371.43
Share in Joint Ventures (Note 39)	66.90	9.87	—	—	76.77	42.68	20.00	—	—	62.67
Total	6,373.04	1,002.95	0.90	133.44	7,241.65	4,580.83	762.52	0.90	254.90	5,087.55
Total										2,154.10

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

(All amounts in ₹ lacs)

DESCRIPTION	GROSS BLOCK				DEPRECIATION, AMORTISATION				NET BLOCK	
	1 April 2011	Additions	Deductions	Adjustments	31 March 2012	1 April 2011	For the year	Deductions	Adjustments	31 March 2012
TANGIBLE ASSETS										
Leasehold improvements	20,171.32	7,258.40	17.11	—	27,412.61	5,296.14	1,561.52	16.27	—	6,841.39
Air conditioning and other equipment	21,392.34	4,806.56	144.39	—	26,054.51	4,635.62	1,469.25	133.05	—	5,971.82
Furniture, fixtures and other fittings	17,231.34	3,480.43	317.92	—	20,393.85	6,206.68	1,129.77	236.80	—	7,099.65
Office Equipment	1,423.01	372.57	16.13	—	1,779.45	670.48	192.91	33.50	—	829.89
Computers	6,769.59	1,856.71	291.12	—	8,335.18	4,019.02	852.36	287.35	—	4,584.03
Vehicles	101.26	9.86	4.41	—	106.71	55.03	4.88	3.90	—	56.01
Share in Joint Ventures	2,156.81	524.63	471.51	—	2,209.93	1,076.55	338.69	321.54	—	1,093.70
Total	69,245.67	18,309.16	1,262.59	—	86,292.24	21,959.52	5,549.38	1,032.41	—	26,476.49
INTANGIBLE ASSETS										
Trademarks and patents (Note)	1,747.10	0.48	—	—	1,747.58	1,651.55	96.03	—	—	1,747.58
Computer Software	3,677.11	881.45	—	—	4,558.56	2,354.07	436.50	—	—	2,790.57
Share in Joint Ventures	66.90	—	—	—	66.90	31.17	11.51	—	—	42.68
Total	5,491.11	881.93	—	—	6,373.04	4,036.79	544.04	—	—	4,580.83
Note:										
Some of the Trademarks and Patents are pending for registration with relevant authorities and certain formalities (including for removal of objections) are under progress.										
Total	5,491.11	881.93	—	—	6,373.04	4,036.79	544.04	—	—	1,792.21

Note:

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

(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

1.61

1.61

14. DEFERRED TAX ASSETS (NET)

Major components are as follows:

Deferred tax liability

On fiscal allowances on fixed assets

—

158.39

—

158.39

Deferred Tax Assets

Unabsorbed depreciation

—

126.02

Expenditure allowable on payment basis

—

34.90

—

160.92

Deferred tax asset (Net)

—

2.53

(All amounts in ₹ lacs)

15. LONG-TERM LOANS AND ADVANCES

(Unsecured, considered good unless otherwise stated)

	Mar-13	Mar-12
Capital advances	1,512.38	993.49
Premises and other deposits	18,098.53	16,815.87
Deposit towards service tax (Note 30)	2,179.70	2,179.70
Advance income tax (net of provision)	1,084.69	377.27
Loans and advances to related parties (Note 35)		
— Considered good	274.21	203.25
Share in Joint Ventures (Note 38)	807.41	984.66
	23,956.92	21,554.24

16. OTHER NON-CURRENT ASSETS

(Unsecured, considered good unless otherwise stated)

Statutory recoverables		
— Considered good	129.99	336.97
— Considered doubtful	100.27	100.27
	230.26	437.24
Less : Provision for doubtful advances	100.27	100.27
	129.98	336.97
Insurance Claim receivables	790.45	37.87
Other receivables	1.12	—
Minimum alternate tax credit entitlement	—	163.04
Share in Joint Ventures (Note 38)	0.52	—
	922.08	537.88

17. INVENTORIES

(At lower of cost and net realisable value)

Stock-in-trade: Retail merchandise	35,191.28	31,380.22
(including Stock in transit ₹ 228.99 lacs, 2012: ₹ 141.72 lacs)		
Property option inventories	1,076.00	1,076.00
Share in Joint Ventures (Note 38)	714.67	657.19
	36,981.95	33,113.41

(All amounts in ₹ lacs)

18. 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

Less: Provision for doubtful debts

Share in Joint Ventures (Note 38)

Mar-13

Mar-12

29.71

44.91

82.03

58.03

3,105.72

2,491.40

3,217.46

2,594.34

82.03

58.03

3,135.43

2,536.31

81.69

94.41

3,217.12

2,630.72

19. CASH AND CASH EQUIVALENTS

Balance with banks in

Current accounts

Deposit accounts

Other bank balances:

Margin Money account (under lien against bank guarantee)

Dividend accounts

Cash on hand

Share in Joint Ventures (Note 38)

706.44

405.11

12.72

5.73

379.83

340.40

0.46

0.46

886.75

401.16

1,986.20

1,152.86

691.93

348.84

2,678.13

1,501.70

Of the above, cash and cash equivalents comprise:

Balance with banks in

Current accounts

Deposit accounts

Cash on hand

Share in Joint Ventures (Note 38)

706.44

405.11

12.72

5.73

886.75

401.16

660.40

207.43

2,266.31

1,019.43

(All amounts in ₹ lacs)

20. SHORT-TERM LOANS AND ADVANCES

(unsecured, considered good unless otherwise stated)

Advances for goods and rendering of services to be received:

- Considered good
- Considered doubtful

Less: Provision for doubtful advances

Advances to employees

Premises and other deposits

Advance to suppliers

Less: Provision for doubtful advances

Prepaid expenses & other receivables

Share in Joint Ventures (Note 38)

21. OTHER CURRENT ASSETS

Statutory recoverable

Share in Joint Ventures (Note 38)

22. 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

Revenue from Gaming Business (Share in Joint Venture)

Other Retail operating revenue

Facility management fees

Income from store displays and sponsorship Income

Direct marketing Income

Income from franchisees

Share in Joint Ventures (Note 38)

22.1 The gross retail volume of business and operations comprise:-

Own merchandise

Consignment merchandise

Other Retail operating revenue

Mar-13	Mar-12
5,048.96	3,902.10
459.40	461.64
5,508.36	4,363.74
459.40	461.64
5,048.96	3,902.10
212.58	104.44
—	30.33
346.27	208.26
26.12	—
320.15	208.26
1,749.84	1,525.27
241.22	95.91
7,572.75	5,866.31
1,013.47	720.37
93.47	22.78
1,106.94	743.15
321,243.25	282,337.91
26,111.84	22,289.34
347,355.09	304,627.25
18,346.62	16,483.66
18,306.59	15,771.75
310,701.88	272,371.84
1,369.45	1,307.27
312,071.33	273,679.11
1,284.18	856.83
3,074.69	2,653.60
911.71	1,028.39
192.37	310.72
5,462.95	4,849.54
184.80	178.34
5,647.75	5,027.88
317,719.08	278,706.99
321,243.25	282,337.91
26,111.84	22,289.34
5,647.75	5,027.88
353,002.84	309,655.13

(All amounts in ₹ lacs)

23. OTHER INCOME

	Mar-13	Mar-12
Interest Income from others	77.67	77.20
Gain on account of stake dilution in joint venture	—	216.49
Miscellaneous income and credits	89.67	77.99
Provision for doubtful debts/advances written back	15.07	25.29
Profit on sale of fixed assets (net)	—	4.21
Compensation for loss of business	432.00	306.54
	614.40	707.72
Share in Joint Ventures (Note 38)	74.80	49.24
	689.20	756.96

24. PURCHASE OF TRADED GOODS

Purchase of trading goods – retail merchandise	209,931.38	191,145.43
Share in Joint Ventures (Note 38)	1,816.56	1,483.73
	211,747.94	192,629.16

24.1 Details of purchase of traded goods

Apparels	81,519.01	69,460.54
Non-apparels	62,417.80	57,633.28
Food, Household items etc.	61,224.07	59,337.84
Others (mainly books, CDs etc.)	6,587.06	6,197.50
	211,747.94	192,629.16

25. CHANGES IN INVENTORIES OF STOCK-IN-TRADE

Opening inventory	32,456.22	24,389.47
Closing inventory	36,267.28	32,456.22
Share in Joint Ventures (Note 38)	(51.37)	1.71
(Increase)/Decrease	(3,862.42)	(8,065.04)

26. EMPLOYEE BENEFITS EXPENSE

Salaries, allowance and bonus	20,946.92	17,717.48
Contribution to Provident and other funds	1,408.27	1,032.83
Staff welfare expenses	769.51	745.87
	23,124.70	19,496.18
Share in Joint Ventures (Note 38)	468.57	412.56
	23,593.27	19,908.74

(All amounts in ₹ lacs)

27. FINANCE COSTS

	Mar-13	Mar-12
Interest on bank borrowings	4,379.77	3,186.00
Interest on others	697.38	695.43
Other borrowing costs	32.29	9.10
Bank charges	294.33	252.45
	5,403.77	4,142.98
Share in Joint Ventures (Note 38)	62.00	73.49
	5,465.77	4,216.47

28. OTHER EXPENSES

Insurance	150.53	125.27
Lease rent and hire Charges (Note 29)	27,535.09	23,536.51
Business conducting fees	1,268.49	1,027.70
Rates and taxes	42.69	33.97
Repairs and maintenance		
– Buildings	6,774.36	5,470.02
– Others	1,754.07	1,464.38
Legal and professional fees	1,042.47	924.70
Housekeeping charges	1,633.56	1,345.97
Security charges	1,925.13	1,787.94
Computer expenses	1,236.20	901.84
Conveyance and travelling expenses	1,748.10	1,632.47
Electricity charges	8,836.46	6,977.40
Advertisement and publicity	5,420.51	4,400.11
Sales promotion	2,684.35	1,872.56
Charges on credit card transactions	2,288.31	2,073.39
Packing materials	946.10	1,098.18
Loss on Sale of Fixed Assets (net)	107.51	67.10
Provision for Doubtful debts/advances	62.95	15.55
Foreign exchange loss (net)	154.90	32.56
Balances written off	70.26	—
Service tax input credit expensed	5,610.93	3,519.78
Miscellaneous expenses	2,706.82	3,319.93
	73,999.79	61,627.33
Share in Joint Ventures (Note 38)	2,627.22	2,282.15
	76,627.01	63,909.48

(All amounts in ₹ lacs)

29. Leasing Transactions

a) Operating lease rentals charged to revenue:

15,811.31

14,897.62

b) Variable rentals charged to revenue:

13,398.77

9,693.85

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

12,734.42

13,512.88

Later than one year and not later than five years

19,835.13

26,441.24

Later than five years

2,598.26

2,934.31

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.

30. 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 has made an aggregate deposit of ₹ 2,145.94 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.

31. Tax expense comprises of:

Current tax

– For the year

2,006.54

3,201.27

– For the earlier year

(499.71)

(35.22)

Deferred tax

– For the year

246.40

213.95

– For the earlier year

359.01

—

MAT Credit Reversal/(Entitlement)

163.04

(163.04)

2,275.28

3,216.96

32. EARNING PER EQUITY SHARE**Calculated as follows:****Particulars**

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

(1,129.22)

1,901.43

b) Weighted Number of equity shares outstanding during the year

82,787,593

82,425,678

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

83,159,250

82,882,344

d) Nominal value per share (₹)

5.00

5.00

e) EPS:

Basic (₹)

(1.36)

2.31

Diluted (₹)

(1.36)

2.29

(All amounts in ₹ lacs)

33. Contingent liabilities and commitments:

	Mar-13	Mar-12
a) Claims against the Company not acknowledged as debts comprise of:		
Income tax claims disputed by the Company relating to disallowances aggregating	702.10	1,068.85
Service tax, Sales tax and other Indirect tax claims disputed by the Company relating to issues of applicability and classification aggregating	1,496.75	1,687.03
Third party claims arising from disputes relating to contracts aggregating	699.06	644.96
b) Others	52.25	52.25
c) Estimated amount of contracts remaining to be executed on capital account and not provided for	4,920.20	2,671.39
d) Corporate guarantee given jointly and severally with joint venture partners to banks for loans taken by Joint venture entities	1,338.57	1,338.57
e) Corporate guarantee given jointly and severally with the promoter group company for loans taken by Hypercity Retail (India) Ltd.	9,500.00	5,000.00
f) Unpaid preference dividend	4,442.90	3,058.12
g) Bank Guarantees	382.62	327.74
h) Share of Joint Ventures (see Note 38)	182.18	657.32

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)

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

Defined contribution plans

Company's contribution to Provident Fund

915.81

31 March 2012

717.90

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

Current Service Cost

108.24

106.48

Interest Cost

50.62

42.38

Expected Return on Plan assets

(44.52)

(32.53)

Actuarial (Gains)/Losses

101.32

(6.56)

215.66

109.77

II. Change in Defined Benefit Obligations (DBO)

Present Value of DBO at the Beginning of Period

598.91

535.21

Current Service Cost

108.24

106.48

Interest Cost

50.62

42.38

Actuarial Losses

125.98

1.43

Benefits paid/transferred

(81.59)

(86.59)

Present Value of DBO at the End of Period

802.16

598.91

III. Change in Fair Value of Assets

Plan Assets at the Beginning of Period

502.52

426.89

Expected Return on Plan Assets

44.52

32.53

Actuarial Losses

24.04

7.99

Actual Company Contribution

158.36

121.70

Benefits paid/transferred

(81.59)

(86.59)

Plan Assets at the End of Period

647.85

502.52

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

Present Value of Defined Benefit Obligation

802.16

598.91

Fair Value of Plan Assets

647.85

502.52

Status [Surplus/(Deficit)]

(154.31)

(96.39)

Unrecognised Past Service Cost

—

—

Net Asset/(Liability) Recognised in Balance Sheet

(154.31)

(96.39)

V. Actuarial assumptions

Discount Rate

7.75% - 8.00% p.a.

8.00%-8.50% p.a.

Expected Return on Plan Assets

8.00% - 8.70% p.a.

8.00%-8.60% p.a.

Rate of increase in salaries

4.00-5.00% p.a.

4.00-5.00% p.a.

Rate of Attrition

8.50-25.00%

8.50-25.00%

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

	31 March 2013	31 March 2012	31 March 2011	31 March 2010	31 March 2009
Present Value of the Defined Benefit Obligation	802.16	598.91	535.21	268.81	285.21
Fair Value of the Plan Assets	647.85	502.52	426.89	263.81	281.45
Surplus/(Deficit) in the Plan	(154.31)	(96.39)	(108.32)	(5.00)	(3.76)
Experience Adjustments arising on Plan Liabilities – Losses/(Gains)	(44.01)	(63.86)	120.21	(49.45)	(0.44)
Experience Adjustments arising on Plan Assets – Gains/(Losses)	6.23	8.35	3.09	(16.45)	(15.83)

The group expects to contribute ₹ 324.42 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.

35. 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 (b) below)	Joint Ventures	Key Management Personnel	Total
Purchase of Assets	12.17	34.44	—	46.61
LAI Games Sales Inc.	—	4.44	—	
LAI Games International Pte. Ltd.	—	21.49	—	
Timezone Funtasia	—	4.07	—	
Embed International Pty.	—	4.44	—	
Magna Warehousing & Distribution Pvt. Ltd.	12.17	-	—	
	—	(90.87)	—	(90.87)
Sale of Assets	47.93	—	—	47.93
Trion Properties Private Limited	47.93	—	—	
	—	—	—	
Purchase of Goods	—	13.38	—	13.38
Leisure & allied Industries Philippines Inc.	—	5.57	—	
LAI Games International Pte. Ltd.	—	1.65	—	
P T Matahari Graha Fantasi	—	0.04	—	
Embed International Pty.	—	0.05	—	
The Nuance Group AG	—	6.07	—	
	—	(5.68)	—	(5.68)
Sale of Merchandise	—	—	—	—
The Nuance Group AG	—	—	—	
	—	(61.09)	—	
Payment of conducting fees/Lease Rent/Common Area Maintenance Charges	7,358.47	—	—	7,358.47
Ivory Properties and Hotels Private Limited	2,117.43	—	—	
Inorbit Malls (India) Private Limited	2,622.19	—	—	
Avacado Properties and Trading India Private Limited	217.31	—	—	
Magna Warehousing & Distribution Pvt. Ltd.	191.27	—	—	
Trion Properties Private Limited	2,210.27	—	—	
	(7,251.85)	—	—	(7,251.85)
Expenses Paid	410.93	—	—	410.93
Inorbit Malls (India) Private Limited	213.47	—	—	
Avacado Properties and Trading India Private Limited	3.59	—	—	
The Resort	6.73	—	—	
Trion Properties Private Limited	187.14	—	—	
	(418.26)	—	—	(418.26)
Deposits Paid	240.82	—	—	240.82
Trion Properties Private Limited	35.48	—	—	
Inorbit Malls (India) Private Limited	44.70	—	—	
Avacado Properties and Trading India Private Limited	160.64	—	—	
	(35.48)	—	—	(35.48)
Deposit received Back	6.42	—	—	6.42
Inorbit Malls (India) Private Limited	6.42	—	—	
	—	—	—	

Nature	Companies under common control/ significant influence (refer (b) below)	Joint Ventures	Key Management Personnel	Total
Reimbursement of Expenses	164.30	—	—	164.30
Inorbit Malls (India) Private Limited	131.42	—	—	
Trion Properties Private Limited	32.88	—	—	
	—	—	—	
Receiving of services	—	7.98	—	7.98
The Nuance Group AG	—	7.98	—	
	—	—	—	—
Expenses Paid	22.09	—	—	22.09
Retailers Association of India	11.83	—	—	
Sanghavi Associates Ltd.	10.26	—	—	
	—	—	—	
Expenses Recovered	102.34	—	—	102.34
Inorbit Malls (India) Private Limited	68.94	—	—	
Magna Warehousing and Distribution Private Limited	33.40	—	—	
Nuance Group (India) Private Limited	—	—	—	
	(68.94)	—	—	(68.94)
Other Expenses	—	26.63	—	26.63
Avel Pty. Ltd. (Royalty)	—	26.63	—	
	—	(26.78)	—	
	—	—	—	—
Issue of Equity/Preference Shares	4,361.00	81.32	—	4,442.32
Aberdee Pty. Ltd.	—	81.32	—	
K. Raheja Corp. Pvt. Ltd.	4,361.00	—	—	
	(4,514.73)	(338.29)	—	(4,853.02)
Share application money	—	—	—	—
Aberdee Pty. Ltd.	—	—	—	—
	—	(80.82)	—	(80.82)
Remuneration to Managing Director:	—	—	338.91	338.91
Govind Shrikhande			338.91	
			(310.70)	(310.70)
Commission and Sitting fees to Non Executive Directors			27.00	27.00
Chandru L. Raheja			0.80	
Ravi C. Raheja			0.80	
Neel C. Raheja			0.60	
B. S. Nagesh			3.60	
Gulu L. Mirchandani			3.80	
Shahzaad S. Dalal			3.60	
Nitin Sanghavi			3.60	
Deepak Ghaisas			6.80	
Nirvik Singh			3.40	
	—	—	(27.00)	(27.00)

**Balance outstanding at the year end
Receivables**

Avacado Properties and Trading India Private Limited	473.25
	(311.66)
Ivory Properties and Hotels Private Limited	1,202.67
	(1,092.59)
Inorbit Malls (India) Private Limited	843.51
	(922.65)
Trion Properties Private Limited	836.22
	(735.97)
LAI Games International Pte. Ltd.	—
	(2.97)
Magna Warehousing and Distribution Private Limited	33.40
	—
The Nuance Group AG	63.88
	(61.09)

Payables

Avel Pty. Ltd.	85.93
	(72.69)
LAI India Pvt. Ltd .	21.93
	(22.33)
P T Matahari Graha Fantasi	0.30
	(0.26)
P T Matahari Leisure	(0.46)
	(20.66)
LAI Singapore Pte. Ltd.	—
	(9.88)
Leisure & allied Industries Philippines Inc.	—
	(2.75)
The Nuance Group AG	626.04
	(484.13)

Corporate Guarantee

The Nuance Group AG	412.50
---------------------	--------

The figure in bracket pertain to previous year**Names of related parties and description of relationship:**

- | | | |
|-----|--|---|
| (a) | Promoter directors having control/significant influence over companies stated in (b) below | C.L. Raheja, Ravi C. Raheja, Neel C. Raheja |
| (b) | 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 IT Park (Hyderabad) Private Limited, Trion Properties Private Limited, Magna Warehousing and Distribution Private Limited, Sanghavi Associates Ltd., Retailers Association of India |
| (c) | Joint Ventures | Nuance Group (India) Private Limited
Timezone Entertainment Private Limited |
| (d) | Key Management Personnel | Executive Director: Govind Shrikhande
Non-Executive Directors: Chandru L. Raheja
Ravi Raheja
Neel Raheja
B. S. Nagesh
Gulu L. Mirchandani
Shahzaad Dalal
Nitin Sanghavi
Deepak Ghaisas
Nirvik Singh |

36. SEGMENT REPORTING

I) Information about primary segments (Business segments):

Particulars	31 March 2013			31 March 2012		
	Retail Operations	Others	Total	Retail Operations	Others	Total
SEGMENT REVENUE						
External Sales	316,349.63	1,369.45	317,719.08	277,399.72	1,307.27	278,706.99
Total Revenue	316,349.63	1,369.45	317,719.08	277,399.72	1,307.27	278,706.99
Segment Results	2,271.46	(43.68)	2,227.79	4,999.60	(94.85)	4,904.70
Interest Income			85.20			86.81
Interest Expenses			(5,465.77)			(4,216.47)
Provision for Taxation			(2,275.28)			(3,216.96)
Profit before minority interest			(5,428.07)			(2,441.87)
OTHER INFORMATION						
Segment Assets	152,576.60	1,130.54	153,707.13	139,541.91	1,096.88	140,638.79
Total Assets			153,707.13			140,638.79
Segment Liabilities	102,752.23	406.77	103,159.00	88,070.68	568.48	88,639.16
Total Liabilities			103,159.00			88,639.16
Segment Depreciation	7,715.82	191.58	7,907.39	5,868.75	224.67	6,093.42
Total Depreciation			7,907.39			6,093.42
Segment Capital Expenditure	12,058.12	199.28	12,257.40	16,889.97	594.84	17,484.81
Total Capital Expenditure			12,257.40			17,484.81

II) The Company has business segment as the primary segment for disclosure on the basis of nature of products, different risks and returns etc. and mainly operates in retail operations i.e. trading of Apparels, Non-apparels such as Cosmetics, Household items, Food products, Books & CDs etc. 'Others' comprise of Gaming business and Property options. Segment revenue includes other retail operating revenue.

III) The company operates in a single geographical environment i.e. in India.

37. 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, 2013 aggregated ₹ 17.45 lacs (Previous year ₹ 12.95 lacs) and ₹ 4,507.89 lacs (Previous year ₹ 4,495.34 lacs) respectively.

The net cash flows attributable to operating, investing and financing activities of Gateway during the year, aggregated ₹ 4.49 lacs (Previous year (5.89) lacs), ₹ Nil (Previous Nil) and ₹ 0.86 lacs (Previous year ₹ 0.28 lacs) respectively.

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

Particulars	31 March 2013			31 March 2012		
	Continuing operations	Discontinuing operations (Gateway)	Total	Continuing operations	Discontinuing operations (Gateway)	Total
REVENUE						
Sales/Income	317,719.08	—	317,719.08	278,706.99	—	278,706.99
Other Income	689.20	0.01	689.21	756.96	4.34	761.30
Total Revenue	318,408.29	0.01	318,408.29	279,463.95	4.34	279,468.29
Operating Expenses	316,087.25	8.06	316,095.31	274,475.76	0.69	274,476.45
Interest Expense	5,465.77	0.00	5,465.77	4,216.47	0.28	4,216.75
Profit/(Loss) before tax	(3,144.76)	(8.05)	(3,125.80)	771.72	3.37	775.09
Income tax	2,275.28	—	2,275.28	3,216.96	—	3,216.96
Profit/(Loss) after tax before minority interest	(5,420.03)	(8.05)	(5,428.07)	(2,445.24)	3.37	(2,441.87)

(All amounts in ₹ lacs, unless otherwise stated)

38. 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	Country of Incorporation	Percentage of ownership interest either directly or through subsidiary	
		31 March 2013	31 March 2012
Hypercity Retail (India) Limited	India	51	51
Crossword Book Stores 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	Country of Incorporation	Percentage of ownership interest either directly or through subsidiary	
		31 March 2013	31 March 2012
Nuance Group (India) Private Limited	India	50	50
Timezone Entertainment Private Limited	India	33.87	33.66

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.

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.

- 39.** The Company's assets (including inventory) were destroyed/damaged in a fire, on 21 June 2012, at its store in Koregaon Park, Pune. The Company has filed claim with the insurance company and, the survey by the insurance company is under process. The Company is adequately insured (including for materials damage and for loss of profits) and has set up a receivable of ₹ 790.45 lacs (net of on account receipt of ₹ 500 lacs) from the insurance company in respect of the value of the asset destroyed/damaged based on the company's current best estimates and reasonable certainty considering the reports of the relevant authorities and the Company's past experience. The net loss of ₹ 74.06 lacs on this account, primary on policy exclusions, has been disclosed as an exceptional item. The operations of the store remain suspended.
- 40.** 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	407.89	6,278.78	6,278.78	—	9,079.20	(588.57)	166.50	(755.06)	—	India
2	Upasna Trading Limited	INR	5.00	17.31	170.01	170.01	—	0.01	(0.45)	—	(0.45)	—	India
3	Gateway Multichannel Retail (India) Limited	INR	5.00	(4,495.44)	17.45	17.45	—	0.01	(8.05)	—	(8.05)	—	India
4	Shoppers Stop Services (India) Limited	INR	5.00	3.66	9.89	9.89	—	0.37	0.03	0.01	0.02	—	India
5	Shoppers Stop.Com (India) Limited	INR	5.00	(3.37)	2.42	2.42	—	0.21	(0.13)	—	(0.13)	—	India
6	Hypercity Retail (India) Limited	INR	46,108.73	(45,175.83)	33,534.42	33,534.42	—	78,216.63	(8,773.17)	—	(8,773.17)	—	India
* Total Assets = Non-Current Assets + Current Assets													
** Total Liabilities = Shareholder's Fund + Share Application money pending allotment + Non-Current Liabilities + Current Liabilities													

[illegible]

SHOPPERS STOP

START SOMETHING NEW

FORM A

(Covering letter of the Annual Audit Report to be filed with the Stock Exchanges)

1. Name of the Company : Shoppers Stop Limited (Consolidated)
2. Annual Financial Statements for the year ended : Consolidated financial statements for the year ended March 31, 2013
3. Type of Audit observation : EOM Para and Other Matter

Emphasis of Matter

We draw attention to Note 30 to the Consolidated Financial Statements regarding non-provision of service tax for the period 1st June, 2007 to 31st March, 2010 on renting of immoveable properties given for commercial use, aggregating Rs.2,010.90 lacs (2012: Rs. 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.

4. Frequency of observation : 4 Years (including 2013)

5. To be signed by-

- CEO/Managing Director

:



- CFO

:



- Audit Committee Chairman

: 

- Auditor of the Company

: Refer our Audit Report dated April 30, 2013
on the consolidated financial statements of the
Company

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm Registration No. 117366W)



(Shyamak R. Tata)
(Partner)
(Membership No. 38320)
Mumbai, July 2, 2013

Shoppers Stop Limited (Consolidated)

Year Ended: March 31, 2013

FORM A

(Covering letter of the Annual Audit Report to be filed with the Stock Exchanges)

1. Name of the Company : Shoppers Stop Limited (Standalone)
2. Annual Financial Statements for the year ended : Stand-alone financial statements for the year ended March 31, 2013
3. Type of Audit observation : Emphasis of Matter paragraphs:

1. 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 Rs.1,659.56 lacs (2012: Rs. 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.
- b) Note 31 to the financial statements regarding the Company's financial involvement aggregating Rs. 33,058.39 lacs (2012: Rs. 28,801.49 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.

4. Frequency of observation : Paragraph 1 a: 4 years (including 2013)
Paragraph 1 b: 2 years (including 2013)

5. To be signed by-

- CEO/Managing Director



- CFO



- Audit Committee Chairman



- Auditor of the Company

: Refer our Audit Report dated April 30, 2013
on the standalone financial statements of the
Company

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm Registration No 117366W)



(Shyamak R. Tata)
(Partner)
(Membership No. 38320)
Mumbai, July 2, 2013

Shoppers Stop Limited (Standalone)

Year ended: March 31, 2013