

SHOPPERS STOP

ANNUAL REPORT 2014-15



STY
L E
HUB



Welcome to our legacy of style.

We have been styling India since 1991. From a single store back then to a prominent retail group today, we have indeed come a very long way. With each passing year, we have scaled newer heights and set higher benchmarks. Our fashion has evolved, our brands have grown, and our network has expanded. What has remained unfalteringly constant is our customer-focus. We take great pride in our legacy of styling and delighting our customers day in and day out.

Today, with formats ranging across fashion, accessories, home décor, home needs, childcare, books and much more, we are a one-stop shopping destination for all of India's needs and desires.

We are the ultimate Style Hub.

Our Annual Report for the year 2014-2015 encapsulates our journey and illustrates our supremacy in style through beautiful sketches drawn by our in-house team of talented designers.





BRAND
Elliza
Donatein



A DIVERSIFIED PORTFOLIO

From fashion to home needs, from books to infant care, from concrete to click stores, our diversified formats are an intrinsic part of every household. Our portfolio of businesses is well-differentiated and strongly entrenched into every customer's journey of personal transformation.

Shoppers Stop

Shoppers Stop is the Company's flagship business of department stores. It offers customers a world-class shopping experience through its 72 stores across 34 cities.

Shoppers Stop offers a wide assortment of national and international brands across categories such as fashion apparel, accessories, cosmetics, perfumes, homeware and more. Tommy Hilfiger, CK Jeans, French Connection, Guess, United Colors of Benetton, Jack & Jones, Vero Moda, Being Human and US Polo are just a few of the many brands available in Shoppers Stop. In addition to the host of such national and international brands, Shoppers Stop offers a wide variety of merchandise across categories under its exclusive brands Stop, Kashish, Life, Haute Curry, Elliza Donatein and Vettorio Fratini, amongst others.

HomeStop

HomeStop is the first-of-its-kind premium home concept store from Shoppers Stop Ltd. It has 19 stores across 12 cities.

It is a one-stop shop for all home needs ranging from home décor to furniture, bath accessories to bedroom furnishings, mattresses to draperies, kitchen accessories to tools and gadgets, appliances to storage solutions and carpets, etc. all under one roof. The extensive choice of brands available at HomeStop includes the exclusive brands IVY, Back to Earth, Fern, Treasures, Harrisa and Stop. Also available are renowned national and international brands like Philips, Morphy Richards, Esprit, Portico, Spaces, Tangerine, Swayam, Bombay Dyeing, Spirella, Interdesign, Progressive, Norpro, Umbra, OXO, Joseph Joseph, Whatmore, Whitmore, Spectrum, Lock & Lock, Wonderchef, Bergner, Corelle, Luminarc, Ocean and Soul Flower, amongst many more.

Crossword

Crossword is the leader in the lifestyle bookstore category with a unique product mix of books, magazines, movies, music, stationery, toys, hardware, accessories and gifting. A wholly owned subsidiary of the Company, Crossword has 94 stores across 31 cities in India. Its online foray, www.crossword.in, includes more than 60 lac book titles. It has also introduced categories like toys, games, movies, music and gifts to its online store. There is a cash-on-delivery service as well.

HyperCITY

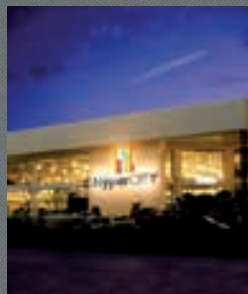
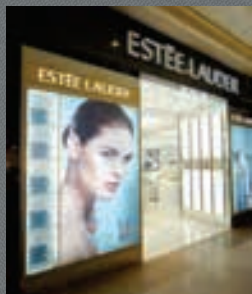
HyperCITY has redefined the experience of the Indian consumer in the 'big box mixed retail' format. Its offerings include food and grocery, fashion, electronics, home furniture, home needs, sports, toys and stationery. The business operates a 'Big Store Big Savings' byline and delivers quality products at a great value all under one roof. HyperCITY operates 16 stores in 9 cities of Mumbai, Bengaluru, Pune, Ahmedabad, Hyderabad, Bhopal, Jaipur, Vadodara and Amritsar. HyperCITY is a 51% subsidiary of the Company.

Mothercare

Shoppers Stop Ltd. (SSL) has an exclusive retail arrangement with Mothercare PLC of UK to open and operate Mothercare shop-in-shops in India within Shoppers Stop stores. Mothercare, UK's premium international brand for maternity, infant and childcare products, has 41 stores operated by SSL, including 2 standalone stores.

Estee Lauder Group of Companies

Shoppers Stop Ltd. has entered into a non-exclusive retail agreement with world renowned cosmetics major Estee Lauder to open stores for international brands like M.A.C, Estee Lauder, Clinique and Bobbi Brown in India. Shoppers Stop Ltd. has 35 M.A.C. stores, including twelve shop-in-shops, across Mumbai, Bengaluru, Delhi, Amritsar, Chennai, Hyderabad, Pune, Gurgaon, Noida, Ludhiana, Chandigarh, Surat and Kolkata. There are 9 stores of Estee Lauder, including two shop-in-shops, across Bengaluru, Mumbai, Chennai, Delhi, Gurgaon and Kolkata. There are 25 stores of Clinique, including 13 standalone stores, across Mumbai, Bengaluru, Delhi, Kolkata, Hyderabad, Amritsar, Chandigarh, Surat, Pune, Gurgaon and Noida. Bobbi Brown has 4 stores in the country across Delhi, Gurgaon and Mumbai.





www.shoppersstop.com

Shoppers Stop Ltd. is also available to customers across India through its e-commerce website www.shoppersstop.com. It offers more than 30,000 product options across 20 different sub-categories in fashion and home. It caters to more than 1,200 cities and towns across the country. This year, Shoppers Stop has embarked on a multi-year omni-channel roadmap to tap into the exponential digital commerce growth in India through robust online and in-store digital technologies. The company plans to invest ₹ 50 crores in omni-channel technology and supply chain management. It has signed on Hybris, an SAP company, as its omni-channel platform and order management technology.

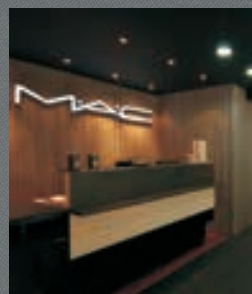
Joint Ventures

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 duty free stores at the international airports in Bengaluru and Mumbai.

Timezone

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



BRAND
Haute
Curry



INDIA'S STYLE STATEMENT

Shoppers Stop has been styling India since 1991. Our powerful brands have timeless appeal and are yet always in sync with the latest trends. From a wide range of exclusive labels to an inimitable assortment of international brands, we offer the best brands across all categories under one roof.

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 has been carefully selected to meet the desires of the discerning modern shopper.

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

STOP™
to start

The iconic brand Stop makes every day awesome with its distinctive line of smart clothes and accessories. It offers a perfect mix of classic and contemporary style which makes it ideal for working men and women.

X LIFE™
LIVE IT NOW

The popular youth brand Life is the ultimate in affordable fashion. In keeping with its byline 'Live It Now', the brand's essence is vibrant and playful which makes it the ideal option for youngsters. It offers trendy casual clothes and accessories based on global fashion trends.

kashish

Kashish underscores grace and sophistication in ethnic wear. The brand offers elegant and ornate occasion wear and accessories for men and women.

VETTORIO FRATINI
SPORT

Vettorio Fratini is a casual sports-inspired lifestyle brand for upwardly mobile image-conscious men. It offers contemporary, trendy and casual sportswear and accessories.

haute curry

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





Elliza Donatein offers fashionable corporate wear and accessories for women. It is a distinctive and stylish desk-to-dinner wardrobe solution for contemporary women.



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.

OTHER BRANDS INCLUDE

HomeStop



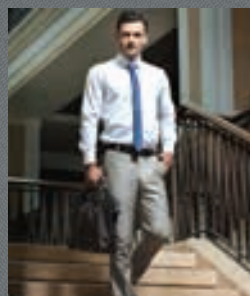
HyperCITY



e b a n o



A V O R I O



BRAND
Elliza
Donatein





THE FRONT ROW

Our loyal customers receive nothing less than a red-carpet treatment and front row seats. From special previews to exclusive privileges, we pull out all the stops to pamper our loyal customers. Their allegiance is our biggest asset.

Shoppers Stop First Citizen Loyalty Programme

The First Citizen Loyalty Programme is the first of its kind to be instituted in the retail industry in India. It has more than 3.7 million loyal members who contribute to over 72% of sales. Today, it is one of the most successful customer relationship and loyalty programmes in the industry.

The objective of the First Citizen Loyalty Programme is to ensure customer delight and enhance customer satisfaction. To truly know and understand customers, Shoppers Stop analyses the proprietary First Citizen data on a continuous basis. The insight thus gleaned, termed 'First Insight', helps to plan targeted offers, brands and communications. In FY 15, Shoppers Stop was able to generate over ₹ 115 crores of incremental turnover through such targeted initiatives.

Crossword Book Rewards Programme

Customer satisfaction and customer loyalty being the no. 1 priority for Crossword, The Crossword Book Rewards Programme rewards its loyal members with points,

discounts, previews during sales, event updates, news on various upcoming titles, offers and much more. 'eWords', a monthly e-newsletter with reviews of new arrivals, news about in-store events and best seller lists that Crossword recommends, is mailed to these members. Crossword has added 75,000 plus members this year, increasing the total loyalty base to 5.25 lac members. The Book Rewards Programme contributes to 51% of sales of Crossword bookstores.

Discovery Club Programme

The HyperCITY Discovery Club brings every customer great savings, exclusive promotions, special previews and a whole lot more. One can earn discovery reward points and redeem them against purchases. This loyalty programme reflects HyperCITY's commitment to offer its customers the ultimate shopping experience. HyperCITY's loyalty programme Discovery Club, launched in 2009, continues to grow and represents 58% of sales. There are a total of 10 lac members.



BRAND
Life



BUILDING A NATIONWIDE FOOTPRINT

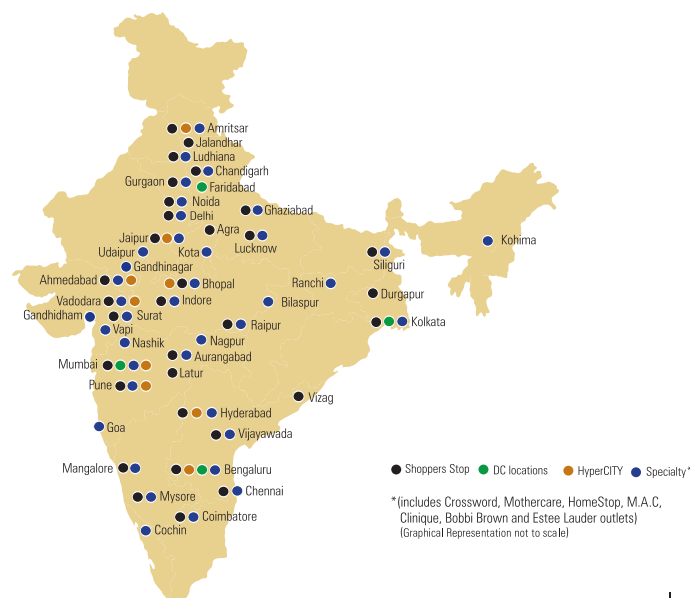
Shoppers Stop continues to extend its reach to cities and towns across India through physical stores and the e-store. While doing so, the focus remains on creating a seamless, integrated and indulgent shopping experience.

Customers are treated to a complete sensorial experience while shopping at Shoppers Stop stores. The soothing fragrance of the Beauty hall at the entrance mesmerizes 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 6 Shoppers Stop stores. HomeStop added 1 store, Mothercare added 3 stores, Crossword Bookstores added 21 stores (including franchise stores) and HyperCITY added 1 store. Shoppers Stop Ltd. also added 4 M.A.C stores, 2 Clinique stores and 3 Bobbi Brown stores.

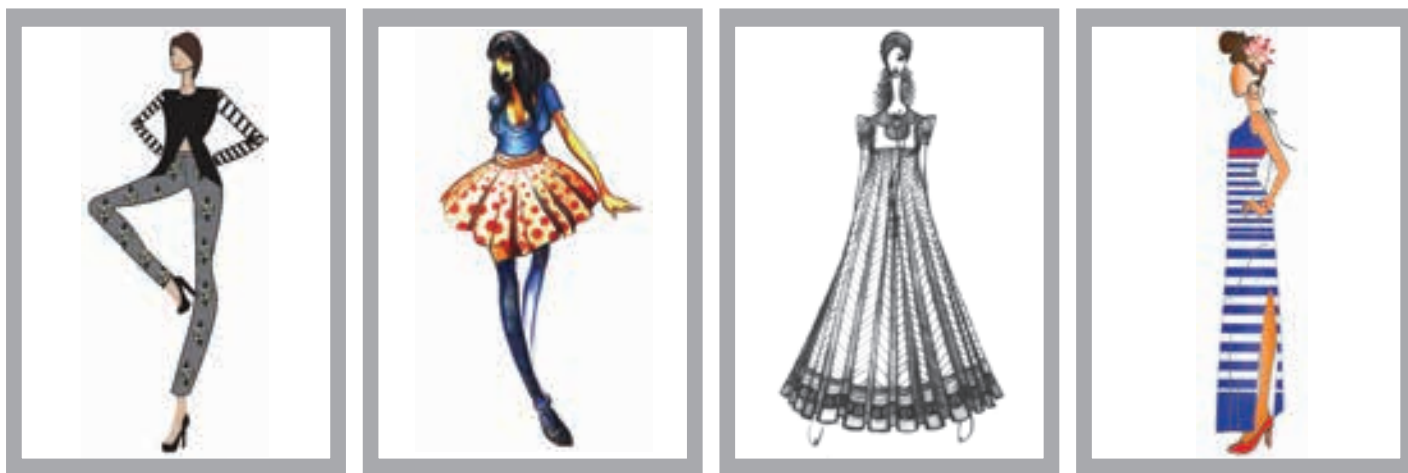
Where physical stores are not present, Shoppers Stop has reached out to customers across India through its e-commerce website www.shoppersstop.com. It delivers to more than 1,200 cities and towns across the country.

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.



BRAND
Life





TAILOR-MADE CAMPAIGNS

Our marketing campaigns are tailor-made for our discerning customers. Be it through our tongue-in-cheek advertising, our unique promotions or our viral social media content, we craft campaigns to make our customers feel special.

Exclusive Brands

This year, Shoppers Stop reinvigorated its exclusive brands Life, Stop and Haute Curry by introducing fresh and bold styles under each of them. The positioning of these brands has been strengthened and the designs are strongly reflective of this core brand promise. In order to promote these exclusive brands, Shoppers Stop designed distinctive and colourful advertising campaigns. These campaigns featured Shoppers Stop's signature style and chic imagery while showcasing the USP of the individual brands.

End of Season Sale

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

Equal Streets

In keeping with its brand philosophy of 'Start Something New', Shoppers Stop partnered with the Times of India in support of the 'Equal Streets' movement. 'Equal Streets' was a citizen initiative aimed at reclaiming the streets of Mumbai for the benefit of the citizens. Each Sunday, Shoppers Stop constructed a Style Hub at Bandra (Mumbai) where fun activities ranging across dancing, yoga, zumba, painting, games, flash mobs and much more were organised for the citizens.

Magical Points Bonanza

Shoppers Stop gave its First Citizens a reason to rejoice with its Magical Points Bonanza. Loyal customers were given ₹ 100 worth of magical bonus points which had to be redeemed within a 4 day period.

Chic Carnival

This promotion gave customers the opportunity to enjoy exclusive offers on women's wear and accessories. Tailor-made for women customers, the promotion included the choicest brands in women's wear and accessories.

Men in Vogue

Not to leave the men behind, Shoppers Stop created the 'Men in Vogue' campaign which provided a wide range of exclusive offers on men's apparel and accessories.

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.

Facebook

Shoppers Stop actively communicates with customers on its popular Facebook page. It constantly churns out interesting and engaging content on Facebook to keep fans hooked. It is little wonder that Shoppers Stop has over 6.68 million fans on Facebook, making it the largest big-box retailer on Facebook in India. It engages its fans and followers on a real-time basis through constructive dialogues, innovative contests and unique promotions.

Twitter

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





YouTube

Shoppers Stop has a dedicated channel on YouTube (shoppersstop1991) that offers customers an opportunity to experience audio-visual content crafted by the brand. For instance, the innovative 'How to..' series 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 also introduced 'Style Hub' videos on its YouTube channel. It is a fashion content property that features a set of stylised videos which showcase different styles and looks across Shoppers Stop's exclusive brands.

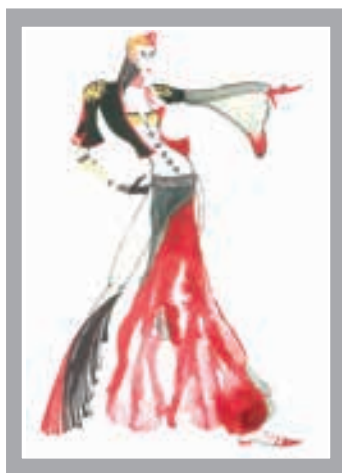
Exclusive Apps

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.



BRAND
Haute
Curry





SUSTAINABILITY IN BUSINESS

We strongly believe in conducting our business in an environmentally sustainable manner. After all, being environmentally and socially conscious will never go out of style.

Energy Conservation

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

Solar Power Initiative

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

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

Back to Earth by HomeStop

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

Foundation Day Celebration

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

BRAND
**Vettorio
Fratini**

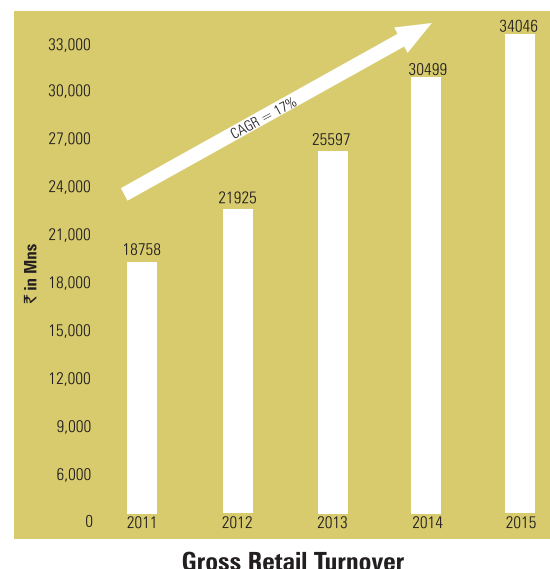


THE BUSINESS OF STYLE

The business of style is not an easy one. It takes patience, consistent hard-work and unfaltering dedication to the customer. We are here to run the full marathon and to grow our business profitably while keeping the focus on delighting our customers. In this section, we let our numbers and accolades do the (cat) walk.

The Company is focussed on building a profitable business that not only provides great value to its customers but also to its shareholders. In the past year, the Company's financial results have been very satisfactory owing to its sustained engagement with customers and internal operating efficiencies. In FY 2015, Shoppers Stop Ltd. achieved a Gross Retail Turnover of ₹ 3,405 crores, up by 12% over the last year.

The overall like-to-like growth was at 5% 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.



Gross Retail Turnover

In this financial year, Shoppers Stop was awarded numerous industry accolades. Some of these are listed below.

At the prestigious Loyalty Summit 2015, Shoppers Stop won the coveted 'Loyalty Programme of the Year' in the large-format retail sector. It was also given the awards for 'Best Use of Social Media to Enhance Loyalty' and 'Customer Choice Loyalty Programme'.

Great Place to Work® Institute ranked Shoppers Stop 25th in the 'Best Places to Work in Asia' survey. The Company was also awarded the 'Best Employer Brand' at the 5th Asia Best Employer Brand Awards. At the 23rd Global HR Congress, Shoppers Stop won the '8th Best Employer of the Year', 'Innovation in Recruitment' and 'Excellence in Training' awards.

In addition to this, Shoppers Stop was also honoured at the World HRD Congress with the 'National Award for Excellence in Training & Development' for the best leadership development programme for the top management.

The Indian Retail Forum presented Crossword with the 'Best Book Retailer' award and Shoppers Stop with the 'Most Admired Department Store of the Year' award.





Shoppers Stop was selected as one of the '100 Most Valuable Brands of the Year' by World Consulting & Research Corporation (WCRC) and also honoured as a 'Superbrand' by Superbrands India.

The Company won the 'Golden Peacock Eco-Innovation' award and the prestigious 'Global Award for Excellence in Supply Chain Innovation' in the retail vertical at The World Quality Congress.

Moreover, it was also honoured with the 'Most Efficient Supply Chain Company' in the retail vertical by the Confederation of Indian Industries (CII).

At the 8th Express Logistics and Supply Chain Conclave, Shoppers Stop won the award for 'The Best Supply Chain Company' in the retail vertical.





**BOARD OF
DIRECTORS**



CHANDRU L. RAHEJA



RAVI C. RAHEJA



NEEL C. RAHEJA



DEEPAK GHAISAS



ABANTI SANKARANARAYANAN



NIRVIK SINGH



NITIN SANGHAVI



AVNISH BAJAJ



MANISH CHOKHANI



GARETH THOMAS



B. S. NAGESH



GOVIND SHRIKHANDE

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SHOPPERS STOP



CHAIRMAN'S STATEMENT

Last year the economic environment continued to be challenging. In spite of that, your Company has registered an impressive growth, which speaks highly of the resilience of the business model and the quality of the management. During the year, your Company has launched 6 Shoppers Stop departmental stores, 1 HomeStop, 4 M.A.C stores, 2 Clinique stores and 3 Bobbi Brown stores.

The Company reported an annual turnover of ₹ 3,370 crores for the year under review as compared to ₹ 3,017 crores in previous year, a rise of 11.7%. Net Profit for the same period stood at ₹ 40.7 crores as compared to ₹ 37.0 crores FY '14; up by 10%. The Company's financial performance has been satisfactory due to sustained engagement with customers coupled with internal operating efficiencies.

Driving ahead its successful Loyalty programme, the Company continued to expand its membership base by adding new members to the First Citizen Loyalty Programme. The programme now has a total First Citizen base of over 37.36 lac members and today it is one of the largest loyalty programmes across sectors which have contributed to 72% of your Company's sales. Your Company's First Citizens continue to be a huge bastion of support for your Company. 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. Our Facebook fan club is also growing very fast. It has now crossed 6.68 million fans.

By 2020, India will have 40-50% Internet penetration accessed from all kinds of devices viz. desktops, tablets, mobiles, TV. The penetration of online shopping amongst the Internet users will grow from 20% (2014) to 40% (2020) thanks to improvements in digital connectivity (3G/4G) and smartphone growth. Further, more than 80% of the online population will access the Internet via smartphones and tablets.

Mobiles will make Internet accessible to the rural masses driving online commerce. E-commerce is an emerging sales channel and your Company strongly believes that it is an opportunity to expand its sales and customer base.

Omni-channel initiatives of the Company will be a key pillar to its growth strategy. To this purpose, the Company have signed a new technology platform for our e-tailing initiative. The Company is confident of generating 10% of revenue from digital channels in next three years on the back of its omni-channel efforts with an investible corpus of around ₹ 50 crores in Omnichannel technology.

For the year under review, your Company received a number of coveted awards. These have been featured on page no 22 & 23 of this Annual Report. The significant awards inter-alia includes selection as "SUPERBRAND" in India, Tata Institute of Social Sciences (TISS) Leap Vault CLO Awards - L&D Team of the year award, Best Supply Chain Company in Retail Vertical at the 8th Express Logistics and Supply Chain Conclave, Best Employer Brand Award at the 5th Asia Best Employer Brand Awards, National Award for Excellence in Training & Development for the Best Leadership Development Programme for Top Management at the World HRD Congress, Golden Peacock Eco-Innovation Award established by Institute of Directors, 25th rank in the "Great Places to Work in Asia", 27th position in "Top 50 Great Places to Work" amongst 600 Top Indian Companies, Global Award for Excellence in Supply Chain Innovation from World Quality Congress, The Most Efficient Supply Chain Company in Retail vertical by Confederation of Indian Industries Summit.

While Shoppers Stop continues to do well, HyperCity Retail (India) Ltd; subsidiary, too has shown significant improvement over the last year. The key highlights of HyperCity's performance were sales up by 6.4%, Like-to-like sales per sq. ft. growth of 15%, net margin growth of 130 basis points and first ever Company level EBITDA profit in Q2 and Q3. This has resulted in the consolidated FY '15 results to be far ahead of the FY '14 consolidated results.

In conclusion, I would like to thank our shareholders for their continuing support. I also thank all the members of the Board and other stakeholders for their valuable contributions from time to time. The year's achievement have been made possible by the hard work put in by all the associates of the Company.



CHANDRU L. RAHEJA
Chairman

Board of Directors

Chandru L. Raheja	– Chairman
Ravi C. Raheja	– Director
Neel C. Raheja	– Director
Deepak Ghaisas	– Director
Abanti Sankaranarayanan (w.e.f. 19.06.14)	– Director
Nirvik Singh	– Director
Nitin Sanghavi	– Director
Avnish Bajaj	– Director
Manish Chokhani (w.e.f. 31.07.2014)	– Director
Gareth Thomas (w.e.f. 05.11.2014)	– Director
B. S. Nagesh	– Vice Chairman
Govind Shrikhande	– Managing Director
Gulu L. Mirchandani (upto 31.07.14)	– Director
Shahzaad S. Dalal (upto 31.07.14)	– Director

Audit Committee

Deepak Ghaisas	– Chairman
Ravi C. Raheja	– Member
Nitin Sanghavi	– Member
Manish Chokhani	– Member

Nomination and Remuneration (including Corporate Governance) Committee

Nirvik Singh	– Chairman
Avnish Bajaj	– Member
Nitin Sanghavi	– Member

Stakeholders Relationship Committee

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

Corporate Social Responsibility Committee

Abanti Sankaranarayanan	– Chairman
Ravi C. Raheja	– Member
Gareth Thomas	– Member
Govind Shrikhande	– 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
email: investor@shoppersstop.com
CIN:L51900MH1997PLC108798

Statutory Auditors

Deloitte Haskins & Sells LLP

Internal Auditors

KPMG

Registrar & Share Transfer Agent

Karvy Computershare Private Limited.
Karvy Selenium Tower B, Plot 31-32, Gachibowli,
Financial District, Nanakramguda, Hyderabad - 500 032.
Tel : 040 6716 1500
Fax : 040 23420814
e-mail ID: einward.ris@karvy.com

Bankers

Axis Bank Limited
Deutsche Bank AG
IDBI Bank Limited
ICICI Bank Limited
Kotak Mahindra Bank Limited
HDFC Bank Limited
Bank of India
Yes Bank Limited

Management Team

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

Solicitors

Wadia Ghandy & Co.

Financial Highlights & Key Ratios

Shoppers Stop Ltd.

(₹ in lacs)

Profitability Statement

	2014-15	2013-14	2012-13	2011-12	2010-11
No. of Stores	147	137	104	91	97

Income

Gross Retail Sales	3,40,613	3,05,215	2,56,050	2,18,919	1,87,344
Less: Value Added Tax	16,095	14,582	12,074	10,505	8,960
Gross Retail Sales (Net of taxes)	3,24,517	2,90,633	2,43,977	2,08,414	1,78,384
Other Operating & Miscellaneous Income	3,702	3,326	3,241	2,799	2,412
	3,28,219	2,93,959	2,47,218	2,11,213	1,80,796

Expenditures

Cost of goods sold	2,07,806	1,88,096	1,59,065	1,36,775	1,16,554
Employee costs	22,703	20,445	16,106	12,764	9,898
Operating and administrative expenses	78,552	70,017	58,973	47,369	39,132
	3,09,061	2,78,557	2,34,145	1,96,908	1,65,585

EBIDTA

	19,158	15,401	13,073	14,305	15,211
Interest and finance charges	3,621	2,886	1,899	752	734
Depreciation	8,581	6,178	5,075	3,772	3,100
Profit Before Tax before exceptional items	6,956	6,338	6,100	9,781	11,377
Exceptional Items	—	67	74	—	(5)
Profit Before Tax after exceptional items	6,956	6,271	6,026	9,781	11,383
Profit After tax	4,074	3,700	3,917	6,426	7,518

Balance Sheet items

Share Capital	4,168	4,161	4,149	4,128	4,108
Optionally Convertible Warrants	—	—	—	—	—
Reserve & Surplus	72,360	68,706	65,233	61,722	55,702
Loan Funds	51,839	45,131	32,934	25,907	14,549
Deferred Tax (Liability)/Assets	(956)	(996)	(625)	(23)	325
Capital Employed	1,29,323	1,18,994	1,02,941	91,780	74,359
Fixed Assets	61,056	58,090	48,336	44,659	34,561
Net Working Capital	(1,606)	(3,734)	(1,545)	(3,070)	(7,712)

Profit & Loss Ratios

Sales (Chain level growth)	11.6%	19.2%	17.0%	16.9%	23.0%
Sales (Like to Like growth)	5.0%	10.2%	7.4%	6.5%	16.7%
Gross Profit Margin	34.3%	33.6%	33.2%	32.7%	33.0%
Operating Expenses Ratio	29.7%	29.6%	29.3%	27.5%	26.2%
Operating Margin (EBIDTA) (Before exceptional item)	5.6%	5.0%	5.1%	6.5%	8.1%
PBT Margin before exceptional item	2.0%	2.1%	2.4%	4.5%	6.1%
PAT Margin	1.2%	1.2%	1.5%	2.9%	4.0%
Interest Coverage	4.49	4.45	5.77	14.55	15.47

Balance Sheet Ratios

Debtors No. of Days	3	3	3	3	3
Creditors No. of Days	81	82	90	86	86
Stock Turnover Ratio	2.7	2.3	2.6	2.7	3.7
Current Ratio	0.9	0.9	1.0	0.9	0.7
Assets Turnover Ratio	2.8	2.8	2.7	2.7	3.0
Debt Equity Ratio	0.7	0.6	0.5	0.4	0.2

Return to Investors

Return on Network	14.2%	13.0%	11.8%	16.8%	26.7%
Return on Capital Employed	8.5%	8.3%	8.2%	12.7%	19.3%
Book Value Per Share (in ₹)	92.44	88.02	83.81	79.89	75.71
EPS (In ₹)					
Basic	4.9	4.5	4.7	7.8	9.5
Diluted	4.9	4.4	4.7	7.8	9.4
Cash EPS	15.29	11.93	10.86	12.37	13.44
Dividend Per Share (In ₹)	0.75	0.75	0.75	0.75	0.75

Note: 1. Number of stores includes the Shoppers Stop Department stores and Speciality Stores (viz. HomeStop, Mother Care, Crossword Bookstores, Arcelia, Mac, Clinique, Bobbi Brown, Estee Lauder & Airport Business).

2. Figures have been regrouped for Presentation purpose.

Dear Members,

Your Directors present herewith 18th Annual Report on the business and operations of the Company together with the Audited Statements of Accounts for the year ended March 31, 2015.

1. Financial Performance

	(₹ in lacs)	
Particulars	Year ended 31-Mar 2015	Year ended 31-Mar 2014
Retail Turnover		
Own merchandise (including concession sales)	306,930.78	274,109.89
Consignment merchandise	30,088.43	27,590.06
Other Retail operating income	3,437.78	3,290.47
	340,456.99	304,990.42
Less: Value Added Tax	16,095.48	14,581.77
Less: Cost of consignment merchandise	20,162.71	19,051.33
	304,198.80	271,357.32
Other Income	1,765.49	1,338.88
	305,964.29	272,696.20
Profit before Depreciation & Tax	15,536.96	12,448.43
Less: Depreciation	8,580.71	6,177.89
Profit before Tax	6,956.25	6,270.54
Less: Provision for Tax	2,882.72	2,570.07
Profit after Tax	4,073.53	3,700.47
Add: Balance brought forward from previous year	20,294.15	17,508.89
Amount available for appropriation	24,367.68	21,209.36
Less: Adjustment of depreciation charge Sch. II	69.30	—
	24,298.38	21,209.36
Appropriation		
Proposed Dividend (incl. Dividend Distribution Tax)	752.54	730.19
Transfer to General Reserve	203.68	185.02
Balance carried forward	23,342.16	20,294.15

2. Performance Review

Your Company has opened 5 departmental stores i.e., one store each at Ludhiana, Ahmedabad, Pune, Visakhapatnam and Mangalore taking its chain of stores to 71 stores (including four airport stores) spread across India. Further, the Company has also opened 1 HomeStop store at Pune taking its tally to 19 stores.

The revenue of the Company is ₹ 305,964.29 lacs (previous year ₹ 272,696.20 lacs), registering a growth of 12.20 % y-o-y basis. The net profit achieved was ₹ 4,073.53 lacs (previous year ₹ 3,700.47 lacs).

3. Dividend

Your Directors have recommended 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 shareholders at the ensuing Annual General Meeting.

The dividend will be paid to the members whose names appear in the Register of Members as on July 23, 2015 and in case of shares held in dematerialised form, to the members, whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited, as on that date.

During the year, the unclaimed dividend pertaining to the Financial Year 2006-07, was transferred to Investor Education & Protection Fund after giving due notice to the concerned shareholders.

4. Finance

The Company continues to focus on judicious management of its working capital with various initiatives for bringing down the cost of borrowings. The various parameters such as commercial paper, working capital demand loans, vendor bill discounting facility, etc were kept under check through its continuous monitoring.

5. Credit Rating

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

1. India Ratings & Research Private Limited (A Fitch Group Company):
 - IND A1 for Commercial Paper Programme of ₹ 500 million.
 - IND A1 for Short Term Debt Programme/Commercial Paper of ₹ 500 million.
2. Credit Analysis & Research Limited has assigned the following credit ratings:
 - CARE A to the Long Term Bank facilities of ₹ 672 crore and CARE A1 to the Short Term Bank facilities of ₹ 31.50 crore.
 - CARE A1 for Commercial Paper issue/ Short Term Debt issue aggregating to ₹ 100 crore.
 - CARE A for Non-Convertible Debentures issue amounting to ₹ 100 crore.
3. CRISIL Limited has assigned CRISIL A1 rating for Commercial Paper programme of ₹ 100 crore.

6. Subsidiary & Joint Venture Companies

Hypercity: Hypercity Retail (India) Ltd; the subsidiary Company achieved the total revenues (net of taxes) of ₹ 90,768.49 lacs (previous year ₹ 85,311.32 lacs), registering a growth of 6.4%, y-o-y basis. Hypercity has operated 15 stores for full year. Hypercity has posted net profit of ₹ 1,347.72 lacs (previous year loss of ₹ 8,581.45 lacs).

Crossword: Crossword Bookstores Ltd; the wholly owned subsidiary has chain strength of 96 stores across the Country. The revenue of the Company in year under review was ₹ 9,038.66 lacs (previous year ₹ 8,841.47 lacs). Crossword has incurred a loss after tax of ₹ 716.13 lacs (previous year loss of ₹ 388.63 lacs).

Timezone: Timezone Entertainment Pvt. Ltd; is engaged in the business of operating Family Entertainment Centers (FECs) under the 'Timezone' brand. There are 23 FECs which are set up and operated at leading shopping malls by Timezone. The revenue of the Company in year under review was ₹ 5,553.81 lacs (Previous year ₹ 4,606.15 lacs), registering a growth of 20.57% y-o-y basis. The Company has achieved the maiden net profit of ₹ 122.54 lacs (previous year loss of ₹ 148.86 lacs).

Nuance: Nuance Group India Pvt. Ltd; is a joint venture Company formed between The Nuance Group AG, one of the leading airport retailers in the world and Shoppers Stop Ltd; to operate the duty free stores at International Airport at Bengaluru, India. The revenue of the Company in year under review (15 months period) was ₹ 13,591.50 lacs (previous year (12 months) ₹ 9,518.16 lacs). Sales growth on like to like basis was 11.6% mainly resulting from growth in passengers. The Company has delivered profit after tax of ₹ 133.87 lacs (previous year ₹ 515.86 lacs) despite increase in concession fees by maintaining margins and controlling the discretionary spends.

The other subsidiaries of the Company viz., Upasna Trading Ltd; Shopper's Stop Services (India) Ltd; Shopper's Stop.Com (India) Ltd; and Gateway Multichannel Retail (India) Ltd; either have insignificant or no operations during the year under review.

There have been no changes in the subsidiaries, joint venture and associate companies during the year under review.

The financial statements along with the report of Directors and Auditors thereon of the above mentioned subsidiary companies are kept open for inspection by the members at the Registered Office of the Company. These statements are also available on the website of the Company www.shoppersstop.com.

7. Consolidated Financial Statements

The Consolidated Financial Statements have been prepared by the Company in accordance with the applicable Accounting Standards. These Statements, together with Auditors' Report thereon form part of the Annual Report.

The statement containing the salient features of a Company's subsidiaries and joint venture companies under Section 129 of the Companies Act, 2013, is attached to the Financial Statements.

8. Employees Stock Option Plan

The Nomination and Remuneration (including Corporate Governance) Committee of the Board of Directors of the Company, inter-alia, administers and monitors the Employees' Stock Option Scheme in accordance with the SEBI Guidelines.

During the year under review, the Company has granted 160,675 and 4,325 Employee Stock Options at a grant price of ₹ 362/- and ₹ 524/- respectively per option to the specified employees of the Company and its subsidiary companies.

During the year under review, the Company has allotted 152,045 equity shares of ₹ 5/- each on exercise of vested options by certain employees of the Company and its subsidiary companies under the ESOP Scheme.

The particulars as required to be disclosed pursuant to the SEBI Guidelines is annexed herewith as Annexure I.

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

9. Human Resources

The Company continued to create a productive, learning and caring environment by implementing robust and comprehensive HR processes, fair transparent online performance evaluation and taking new initiatives to further align its Human Resource policies to meet the growing needs of its business. Special designed training modules for the frontline employees are being delivered from time to time to meet the training needs of the employees. People development continues to be a key focus area in the Company. These processes within the Company have enabled the Company to earn 27th position in "Top 50 Great Places to Work" amongst 600 top Indian Companies in the year 2014. As on date of the Balance Sheet, the Company had a total of 6,829 Customer Care Associates.

10. Corporate Social Responsibility

Pursuant to the provisions of Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014, a Corporate Social Responsibility Committee has been constituted by the Board of Directors of the Company. The Committee comprises of Ms. Abanti Sankaranarayanan, as a Chairperson and Mr. Ravi C. Raheja, Mr. Gareth Thomas, Mr. Govind Shrikhande as members.

The CSR Policy may be accessed on the Company's website at the link: http://corporate.shoppersstop.com/uploaded_files/6a821c5-ec98.pdf. The report on CSR is annexed herewith as Annexure II.

11. Directors & Key Managerial Personnel

In accordance with the provisions of the Section 152 of the Companies Act, 2013, Mr. Neel Raheja, (DIN 00029010) Non-Executive & Non-Independent Director of the Company, will retire by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment. The Board recommends his re-appointment.

Mr. Manish Chokhani (DIN 00204011) and Mr. Gareth Thomas (DIN 07010320) were appointed as Independent Directors of the Company on July 31, 2014 and November 5, 2014 respectively. The Company has received requisite notice under Section 160 of the Companies Act, 2013, from a member proposing their appointment as Directors of the Company. The Board and the Nomination & Remuneration (including Corporate Governance) Committee recommends their appointment as Independent Directors of the Company for a period of 5 (five) years.

A brief particulars about these Directors are provided in the Notice convening the ensuing 18th Annual General Meeting of the Company.

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

Mr. Shahzaad Dalal and Mr. Gulu L Mirchandani, had informed to the Board that due to time constraints and other personal commitments, they would not like that their appointment as Independent Directors under the Companies Act, 2013 be approved at the 17th Annual General Meeting of the Company held on July 31, 2014 and would continue as Independent Directors only till such date. The Board of Directors records its sincere appreciation and recognition of the valuable contribution and services rendered by them during their long association with the Company.

None of the Key Managerial Personnel has resigned or being appointed during the year under review.

12. Performance Evaluation

The Board of Directors of the Company and the Nomination and Remuneration (including Corporate Governance) Committee had decided that after every board meeting, all directors will evaluate the performance of the Board and its committees under the following criteria:

1. Quality of Pre-Read for the Meeting
2. Presentation by Management Team Members
3. Degree of Participation of Board Members
4. Openness
5. Contribution by Board to the Company

Other than above criteria, a qualitative feedback has also been taken on the conduct of the Board, subsequent to every Board Meeting. The score thereof has been tabulated and shared with the Chairman of the Nomination and Remuneration (including Corporate Governance) Committee and the Board of Directors in order to ascertain the areas of improvement.

Based on these parameters, the Nomination and Remuneration (including Corporate Governance) Committee and the Board of Directors had evaluated the performance of each director, including Independent Directors comprising therein and each director as a member of relevant Committees of the Company.

13. Familiarisation programme for Independent Directors

Periodic presentations are made at the Board Meetings, on business, performance updates & business strategy of the Company.

The Company had arranged Training / Familiarisation programme for the Independent Directors of the Company through one of the Big 4 Accounting Firms. They had carried out a detailed Training / Familiarisation programme for them, inter-alia as prescribed under the provisions of the Companies Act, 2013 read with amended clause 49 of the Listing Agreement. The details about this programme is uploaded on the Company's website and is accessible at the web link: <http://corporate.shoppersstop.com/Investors/Training.aspx>

14. Remuneration Policy

The Board of Directors has on the recommendation of the Nomination and Remuneration (including Corporate Governance) Committee has framed a policy for selection and appointment of Directors, senior management and their remuneration. The said policy is annexed herewith as Annexure III.

15. Disclosures

Extract of Annual Return: The details forming part of extract of the annual return in form MGT 9 is annexed herewith as Annexure IV.

Meetings of the Board of Directors: The Board of Directors met 6 (six) times in the year under review. The details about the board meetings and the attendance of the directors are provided in Corporate Governance Report.

Audit Committee: The Audit Committee comprises of four Non-Executive Directors i.e., Mr. Deepak Ghaisas, as the Chairman and Mr. Ravi C. Raheja, Prof. Nitin Sanghavi, Mr. Manish Chokhani as the members. The Board of Directors has accepted the recommendations made by Audit Committee from time to time.

Related Party Transactions: All related party transactions that were entered into during the financial year were on arm's length basis and were in ordinary course of business of the Company. During the year, the Company had not entered into any contract / arrangement / transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions.

The Related Party Transactions Policy, including policy for determining 'material' subsidiaries and on materiality of related party transactions, as approved by the Board of Directors is posted on the Company's website and is accessible at the web link: http://corporate.shoppersstop.com/uploaded_files/d4595fa-d959.pdf

Since all related party transactions entered into by the Company were in the ordinary course of business and were on an arm's length basis, the disclosure under form AOC-2 is not applicable. However, the Directors draw attention of the members to Note 36 to the standalone financial statement which sets out related party disclosures.

Particulars of Loans, Guarantees or Investments: The details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the Notes to the standalone financial statement.

Other Disclosures: The Board of Directors state that no disclosure and / or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

- Details relating to deposits covered under Section 73 of the Companies Act, 2013 read with Companies (Acceptance of Deposits) Rules, 2014.
- Issue of shares (including sweat equity shares) to employees of the Company under any scheme save and except ESOP referred to in this Report.
- Issue of equity shares with differential rights as to dividend, voting or otherwise.
- Managing Director of the Company has not received any remuneration or commission from any of the Company's subsidiaries.
- No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

The Company has adopted a policy for prevention of sexual harassment at work place and is fully committed to comply with its various provisions. The policy inter-alia provides for protection against sexual harassment of women at workplace and for prevention and redressal of such complaints. During the year under review, there were three complaints received pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The same has been disposed off completely.

16. Material Related Party Transactions

Pursuant to SEBI's Circular No. CIR/CFD/POLICY CELL/2/2014 dated April 17, 2014 read with Circular No. CIR/CFD/POLICY CELL/7/2014 dated September 15, 2014, all existing material related party contracts or arrangements as on April 17, 2014, the date of aforesaid SEBI's circular, which are likely to continue beyond March 31, 2015 needs to be placed for approval of the Shareholders in the first General Meeting subsequent to October 1, 2014.

A transaction with a related party shall be considered material, if the transaction(s) entered into individually or taken together with previous transactions during the financial year, exceeds 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

The Company had entered into the various transactions with Hypercity Retail (India) Ltd; (Hypercity) a 51% subsidiary, which are standing as on April 17, 2014, and are continuing beyond March 31, 2015. The details in respect of these transactions are provided in the explanatory statement to the Notice convening the ensuing 18th Annual General Meeting of the Company.

Accordingly, this material related party contracts or arrangements as on April 17, 2014, with Hypercity, which had continued beyond March 31, 2015, is placed before the shareholders for their approval at the ensuing Annual General Meeting of the Company.

17. Risk Management

In line with the new regulatory requirements, the Company has formally framed a Risk Management Policy to identify and assess the key risk areas, monitor and report the compliance and effectiveness of the same. A Risk Management Committee has been constituted to oversee the risk management process in the Company. The committee has reviewed the major risks which effect the

Company from both the external and the internal environment perspective. Appropriate actions have been initiated to either mitigate, partially mitigate, transfer or accept the risk (if need be) and monitor the risks on a regular basis. Based on the detailed review the following key risks inter-alia have been identified:

Internet Usage: India's Internet user base is currently third largest in the world. This, coupled with the rising consumer confidence in online retail, is driving the growth of e-commerce in the country. With a significant number of Indian consumers turning Internet users, and eventually, online shoppers, selling through the online channel is set to redefine retail. The Company in order to counter the impact of loss in business due to online e-commerce sales, has designed a two pronged strategy which includes, Omni-channel approach to driving sales with the emphasis on seamless and engaging customer experience and plans to sell products and brands online via tie up with leading online E-Commerce portals.

Development of new technologies: E-Commerce platforms being adopted by Brands themselves or by B2C & B2B Applications; as well as the obsolescence of older technologies could have a significant impact on the performance of the Company. The Company will be making focussed and substantial investments to embrace new technologies and infrastructure for the Omni channel, which is a combination of physical store and online site.

Vendor production capacity / supply reaching full capacity bottlenecks: The Company's expansion plans combined with renewed vigour on the e-commerce retail segment & possible new entrants in the brick & mortar segment of retail, these factors may trigger a constraint in terms of vendors reaching their production / supply capacity. The Company is looking at establishing new sources within and outside India, to mitigate the problem.

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. The Company continuously looks at stepping up the marketing activities and strong cost control to protect its profitability.

18. Internal Financial Controls

The Company has laid down internal financial control's, through a combination of Entity level controls, Process level controls and IT General controls inter-alia to ensure orderly and efficient conduct of business, including adherence to the Company's policies and procedures, accuracy and completeness of accounting records and timely preparation and reporting of reliable financial statements/information, safeguarding of assets, prevention and detection of frauds and errors.

The evaluation of these internal financial controls was done through the internal audit process, established within the Company and also through appointing professional firm to carry out such tests by way of systematic annual internal audit program. Based on the review of these reported evaluations, the directors confirm that, for the preparation of financial accounts for the year ended March 31, 2015, the applicable Accounting Standards have been followed and the internal financial controls are generally found to be adequate and were operating effectively & that no significant deficiencies were noticed.

19. Whistle Blower / Vigil Mechanism

The Company has established a vigil mechanism and adopted a whistle blower policy, pursuant to which whistle blowers can report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. The mechanism provides adequate safeguards against victimisation of persons who use this mechanism. The brief detail about this mechanism may be accessed on the Company's website at the link http://corporate.shoppersstop.com/uploaded_files/ce848df-1585.pdf

20. Corporate Governance

The Company has complied with the corporate governance requirements as prescribed under the Companies Act, 2013 and as stipulated under clause 49 of the Listing Agreement entered into with the Stock Exchanges. A separate Section on corporate governance and the certificate from the Statutory Auditors of the Company, confirming the compliance thereof is annexed to the Report.

The specified information about the elements of remuneration such as salary, benefits, bonuses, stock options, pension, etc., of all the directors, details of fixed component and performance linked incentives along with the performance criteria, service contracts, notice period, severance fees, stock option details are provided in said Corporate Governance Report.

21. Management's Discussion and Analysis Report

Management's Discussion and Analysis Report for the year under review, as stipulated under clause 49 of the Listing Agreement with the Stock Exchanges is presented in a separate Section forming part of this Annual Report.

22. Auditors

Statutory Auditors

Your Company's Statutory Auditors, Deloitte Haskins & Sells LLP, Chartered Accountants, Mumbai, who retire at the conclusion of the ensuing Annual General Meeting are eligible for re-appointment. They have confirmed their eligibility and are not disqualified for re-appointment under the Companies Act, 2013. They have confirmed that they have been subjected to the peer review process of the Institute of Chartered Accountants of India (ICAI) and hold a valid certificate issued by the Peer Review Board of ICAI.

The Audit Committee and the Board of Directors recommend the re-appointment of Deloitte Haskins & Sells LLP, as the Statutory Auditors of the Company. The shareholders are requested to appoint Deloitte Haskins & Sells LLP, Chartered Accountants, as Statutory Auditors of the Company and to authorise the Board to fix their remuneration.

The Auditors' Report to the members for the year under review does not contain any qualification, reservation or adverse remark.

Secretarial Audit

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed V. Sundaram & Co, a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company. The Secretarial Audit Report issued by them, is annexed herewith as Annexure V. The said report does not contain any qualification, reservation or adverse remark.

23. Energy Conservation, Technology Absorption and Foreign Exchange Earnings & Outgo

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134 of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 is annexed herewith as Annexure VI. During the year under review, the foreign exchange earnings was ₹ 5,972.14 lacs and outgo was ₹ 3,993.33 lacs.

24. Demat Suspense Account Unclaimed Shares

As on date there are 13 members 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 members 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 members. The voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

25. Particulars of Employees

In terms of the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules are provided in the Annual Report.

Further, the disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in the Annual Report.

Having regard to the provisions of the first proviso to Section 136(1) of the Act, the Annual Report excluding the aforesaid information is being sent to the members of the Company. The said information is available for inspection at the registered office of the Company during working hours and any member interested in obtaining such information may write to the Company Secretary and the same will be furnished on request. The Annual Report including the aforesaid information is also available on the Company's website.

26. Directors' Responsibility Statement

Pursuant to the requirements of Section 134 of the Companies Act, 2013, the Board of Directors confirms that:

- a. in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- b. appropriate accounting policies have been selected and applied them consistently and judgments and estimates have been made 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, 2015 and of the profit of the Company for the year ended on March 31, 2015;
- c. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. the annual accounts have been prepared on a going concern basis;
- e. the proper internal financial controls has been laid down and that the internal financial controls are adequate and were operating effectively;
- f. the proper systems to ensure compliance with the provisions of all applicable laws are in place and were adequate and operating effectively.

27. Awards and Recognition

During the year under review, your Company received many awards and felicitations conferred by reputable organisations.

Some of them are:

- Human Resource team of the Company has received following awards at 23rd Global HR Congress:
 - a. 8th Best Employer of the Year,
 - b. Award for Innovation in Recruitment, and
 - c. Award for Excellence in Training.
- 25th Rank in the "Great Places To Work in Asia".
- Awards at Loyalty Summit:
 - a. Customer Choice Loyalty Programme Awards,
 - b. Best Loyalty Programme in the Retail Sector,
 - c. Direct Marketing Campaign of the Year, and
 - d. Best use of Social Media to Enhance Loyalty.
- "100 Most Valuable Brands of The Year 2014" by World Consulting & Research Corporation (WCRC) and KPMG.
- Selected as "SUPERBRAND" in India.
- "Tata Institute of Social Sciences" (TISS) Leap Vault CLO Awards - L&D Team of The Year Award.
- Best Supply Chain Company in Retail Vertical in the 8th Express Logistics and Supply Chain Conclave.
- Best Employer Brand Award at the 5th Asia Best Employer Brand Awards.
- National Award for Excellence in Training & Development for the Best Leadership Development Program for Top Management at the World HRD Congress.
- Golden Peacock Eco-Innovation Award established by Institute of Directors.

- 27th position in “Top 50 Great Places to Work” amongst 600 Top Indian Companies.
- Global Award for Excellence in Supply Chain Innovation from World Quality Congress.
- The Most Efficient Supply Chain Company in Retail vertical by Confederation of Indian Industries Summit.

28. Material Changes

There are no material changes and commitments affecting the financial position of the Company which has occurred between March 31, 2015 and the date of this Board of Directors' Report.

29. Acknowledgement

Your Directors wish to express their appreciation to all customers, business partners, suppliers, banks and financial institutions for their continued support and co-operation extended by them.

Your Directors also place on record their sincere appreciation to all associates of the Company for their unstinted commitment towards the growth of the Company.

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

For and on behalf of the Board of Directors

April 30, 2015

Chandru L. Raheja
Chairman

Certificate of Compliance with the code of conduct for the Financial Year 2014-15

I, Salil Nair, Chief Executive Officer of the Company, hereby declare that the Company has adopted a Code of Conduct for the Board of Directors and Senior Management of the Company and they have affirmed compliance with the said Code of Conduct.

For Shoppers Stop Limited

Salil Nair

Customer Care Associate & Chief Executive Officer

April 30, 2015

Particulars of employee stock options granted by the Company as per SEBI Regulations as on March 31, 2015.

Summary							
Description	ESOP 2008 - 1*	ESOP 2008 - 2*	ESOP 2008 - 3	ESOP 2008 - 4	ESOP 2008 - 5	ESOP 2008 - 6	ESOP 2008 - 7
Options Granted	1,032,800	400,000	189,382	200,000	200,000	160,675	4,325
Date of Grant	29.04.2009	24.03.2010	29.04.2011	09.06.2012	28.08.2013	29.04.2014	05.11.2014
The pricing formula	The options are granted to eligible employees at the closing price of the Equity Shares of the Company at BSE on the working day immediately preceding the date of grant. The options were granted at an exercise price of ₹ 55/-	The options are granted to eligible employees at the closing price of the Equity Shares of the Company at BSE on the working day immediately preceding the date of grant. The options were granted at an exercise price of ₹ 191/-	The options are granted to eligible employees at the closing price of the Equity Shares of the Company at BSE on the working day immediately preceding the date of grant. The options were granted at an exercise price of ₹ 336/-	The options are granted to eligible employees at the closing price of the Equity Shares of the Company at BSE on the working day immediately preceding the date of grant. The options were granted at an exercise price of ₹ 297/-	The options are granted to eligible employees at the closing price of the Equity Shares of the Company at BSE on the working day immediately preceding the date of grant. The options were granted at an exercise price of ₹ 344/-	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 ₹ 362/-	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 ₹ 524/-
Options vested	958,740	359,800	143,650	99,612	52,708	—	—
Options exercised and total number of Equity Shares arising as a result of exercise of Options	936,740	330,000	102,242	58,386	17,663	—	—
Options lapsed / Cancelled	74,060	40,200	45,732	41,265	29,502	6,755	—
Variation of terms of options	—	—	—	—	—	—	—
Money realised by exercise of options (in ₹)	51,520,700	63,030,000	34,353,312	17,340,642	6,076,072	—	—
Total number of Options in force	22,000	29,800	41,408	100,349	152,835	153,920	4,325

Options granted to Senior Management Personnels.			
Govind Shrikhande	The Company has not granted options during the current financial year	9,200	—
Salil Nair	The Company has not granted options during the current financial year	8,300	—
Sanjay Chakravarti	The Company has not granted options during the current financial year	4,600	—
Prashant Mehta	The Company has not granted options during the current financial year	2,000	—
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	9,200	—
Salil Nair	The Company has not granted options during the current financial year	8,300	—
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 ₹ 4.88 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 ₹ 206.87 lacs. Consequently profit after tax would have been lower by ₹ 206.87 lacs and the basic EPS of the Company would have been ₹ 4.64 per share (lower by ₹ 0.25 per share) and the diluted EPS would have been ₹ 4.63 per share (lower by ₹ 0.25 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 ₹ 362 per option which is more than the market price; the fair value is ₹ 126.38 per option	Exercise price is ₹ 524 per option which is more than the market price; the fair value is ₹ 179.61 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 36.48%, risk free rate of 8.77%, expected life of 3.05 years, dividend yield of 0.21% and stock price of ₹ 361.25	Black Scholes Option Pricing model using Volatility of 36.11%, risk free rate of 8.24%, expected life of 3.05 years, dividend yield of 0.14% and stock price of ₹ 523.25
* The Equity Share of the Company was sub-divided from face value of ₹ 10/- each into two equity shares of ₹ 5/- each w.e.f. January 13, 2011, consequently the options and its related information has been adjusted.			

Annexure to the Directors' Report
Annexure II

Shoppers Stop Ltd.

Annual Report on Corporate Social Responsibility (CSR) activities for the Financial Year 2014-15.

1	A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programmes.	The Company has framed the CSR Policy in compliance with provisions of the Companies Act, 2013. The same is placed on the website of the Company and link for the same is http://corporate.shoppersstop.com/uploaded_files/6a821c5-ec98.pdf
2	Composition of the CSR Committee	Ms. Abanti Sankaranarayanan, Chairperson – Independent Director Mr. Ravi C. Raheja, Non Independent Director Mr. Govind Shrikhande, Managing Director Mr. Gareth Thomas, Independent Director Mr. BVM Rao, Head: HR as Secretary
3	Average Net Profit of the Company for last 3 financial years	₹ 73.59 crore
4	Prescribed CSR Expenditure (2% of the amount as in item 3 above)	₹ 1.47 crore
5	Details of CSR spent during the financial year: (a) Total Amount to be spent for the financial year; (b) Amount unspent, if any; (c) Manner in which the amount spent during the financial year is detailed below	₹ 1.47 crore ₹ 1.47 crore –

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	CSR project or activity identified.	Sector in which the Project is covered	Projects or programmes 1. Local area or other 2. Specify the state and district where projects or programmes was undertaken	Amount outlay (budget) project or programmes wise	Amount Spent on the Projects Or Programmes Sub-Heads: (1) Direct Expenditure (2) Overhead	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing agency
-	-	-	-	-	-	-	-

6.	Reasons for not spending the amount	<p>The CSR Committee was presented with a CSR plan of actions for the next three years. The Committee believed that the plan should be re- worked to reflect a stronger and more direct link with the Company's core business Objectives and Strategy.</p> <p>This work is still underway and is expected to be completed by September 30, 2015. Hence, for the year 2014-15, the Company could not spend the requisite amount of funds towards CSR.</p> <p>However, once completed, the CSR Plan will be a more robust one, and will ensure that the CSR spend of the Company is effective in positively impacting the society, while being in sync with the Company's Business and Vision.</p>
7.	The CSR Committee confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.	

Govind Shrikhande
Managing Director

Abanti Sankaranarayanan
Chairperson – CSR Committee

APPOINTMENT AND REMUNERATION OF DIRECTORS & SENIOR MANAGEMENT POLICY

The Nomination and Remuneration (including Corporate Governance) Committee and this Policy is in compliance with the provisions of Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and clause 49 of the Listing Agreement.

This appointment and remuneration policy (the "**Policy**") applies to (i) selection and appointment of the directors and senior management (including Key Management Personnel therein), and (ii) remuneration of the directors and senior management of Shoppers Stop Limited (the "**Company**").

I. Purpose

The human resources of a Company are critical to performance of the Company. Therefore the Company aims to achieve a balance of experience, expertise and the right skills amongst its Directors and other human resources and to optimise the compensation payable to them in order to drive the Company's performance to maximise stakeholders value.

The primary objective of this Policy is to provide a framework and set standards for the selection, appointment and re-appointment of directors and senior management who should have the capacity and ability to lead the Company towards achieving sustainable development. The Policy is aimed at ensuring that the management of the Company consists of persons with a diverse range of skills and qualities to meet their primary responsibility for promoting the success of the Company in a way which ensures that the interests of the Company as well as the interests of the stakeholders are promoted and protected.

II. Policy for Selection & Appointment of Directors and Senior Management

The Board is responsible for the selection, appointment of directors and senior management. The Board has delegated the screening and selection process involved in selecting directors and senior management to the Nomination and Remuneration (including Corporate Governance) Committee ("Committee") of the Company.

The Board has constituted the said Committee consisting of three non-executive independent directors of the Company.

The Board should be of a size and composition as is conducive to quick and focused decision making. It should be large enough to incorporate a variety of perspective skills, and to represent the best interests of the Company as a whole rather than of individual shareholders or interest groups. At the same time it should not be so large that effective decision-making is hindered.

The Board of Directors believes that the membership of the Board as well as of the senior management of the Company should comprise persons with an appropriate mix of skills, experience and personal & positive attributes that allow the management to:

- Discharge their responsibilities and duties under the law effectively and efficiently;
- Understand the business of the Company and the environment in which the Company operates so as to be able to appreciate the management objectives, goals and strategic direction which will maximise stakeholder's value; and
- Assess the performance of the management in meeting those goals and objectives.

The role of the Committee shall, inter-alia, shall include the following:

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- Formulation of criteria for evaluation of Independent Directors and the Board;
- Devising a policy on Board diversity;
- In accordance with this policy, identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.

The Committee shall consider the selection, appointment of the Directors and Senior Management and make a recommendation to the Board. The Committee may engage in informal discussions with the members of the Board for the purpose. Alternatively, a member of the Board may recommend a candidate for a position on the Board or as a part of senior management to the Committee. The Committee shall then assess whether a position exists for the candidate so nominated and shall also evaluate whether the nominated candidate meets the criteria and is suitable for the position.

In evaluating the necessity to appoint a director on the Board (whether by increasing the strength of the Board or on account of retirement of an existing director or otherwise), or on whether to appoint a person to senior management, due consideration should be given to the following:

- Assess the management's current skills, experience and expertise to identify the skills that may be lacking or the skills that would best increase the effectiveness of the management as well as that of the Company;
- Assess the needs of the business currently and going forward. The Board and senior management should be structured in a manner it has proper understanding of and competence to deal with the current and emerging business issues;
- The extent to which the candidate is likely to contribute to the overall effectiveness of the Board and senior management; as the case may be and work constructively with the existing management;
- The skills and experience that the candidate shall bring to the role and how he will enhance the skill sets and experience of the management as a whole.
- Independence of such candidate under the provisions of the Companies Act, 2013 and Listing Agreement, if and as may be applicable.

Accordingly, in selecting and recommending potential new director and member of senior management and analysing renewal of the term of existing directors, the Committee should identify the competencies required to enable the Board and senior management to fulfil their respective responsibilities within the framework of the overall objectives and goals of the Company and wherever applicable, should also have regard to the results of the annual appraisals of the relevant person's past performance, whether on the Board of the Company or elsewhere.

While any individual person may not necessarily fulfil all criteria, in evaluating and recommending the candidature of a candidate, regard shall be had to the following criteria, skills and personal attributes:

- Outstanding in capability with extensive and varied senior commercial experience, preferably with a listed Company engaged in the business of retail;
- High level of honesty, personal integrity and probity;
- Degree / professional qualification inter-alia in the field of management, finance, accounting, technology or law;
- Strategic capability with business vision and track record of achievement;
- Entrepreneurial spirit;
- Expertise / experience inter-alia in technology, accounting and finance, administration, retail, corporate and strategic planning, human resources, etc.;
- Ability to be independent and capable of lateral thinking;
- Excellent interpersonal, communication and representational skills and established / demonstrable leadership qualities;
- Commitment to the promotion of equal opportunities, community cohesion and health and safety at work place;
- Have a reasonable network of contacts relative to the business of the Company;
- Availability of time to discharge the duties as a director of the Company including the other commitments of the candidate that require significant time commitments of the candidate.

If the candidate is found suitable, the Committee shall recommend the candidate to the Board for appointment as director or Senior Management, as the case may be.

The re-appointment of directors shall not be automatic. A Director who retires at an Annual General Meeting may, if willing to act, be re-appointed and is subject to the selection and appointment procedures outlined above. The re-election shall also be dependent upon the evaluation of such directors' performance by the Board.

The Committee may engage recruitment consultants as and when required to undertake search for new candidates for new positions on the Board or senior management and / or may consult other independent experts where it considers necessary to carry out its duties and responsibilities.

III. Evaluation of Directors and Senior Management

The performance of each Director (Independent and Non-Independent) and member of senior management shall be reviewed on an annual basis by the Committee, who may use such external support as may be required to undertake such reviews.

The performance of each Director (Whether Independent or Non-Independent) and member of senior management shall be evaluated annually against the Goal Sheet as may be decided by the Board from time to time. The Committee shall discuss the findings of the evaluation and give its recommendation to the Board in this regard. However, the actual evaluation shall remain confidential and shall be a constructive mechanism to improve the effectiveness of the Board.

IV. Policy for remuneration of the Directors and members of Senior Management

The objective of the Company's remuneration policy is to attract, motivate and retain qualified and expert individuals that the Company needs in order to achieve its strategic and operational objectives, whilst acknowledging the societal context around remuneration and recognising the interests of the Company's stakeholders.

The remuneration / compensation / commission for the Directors and senior management (including annual increments, if any) will be determined by the Committee and recommended to the Board for approval.

In determining the remuneration policy, it shall be ensured that a competitive remuneration package for executive talent is maintained and the Company should aim for a total remuneration level that is comparable to levels provided by other companies that are similar to the Company in terms of size, scale of operations and complexity, the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully; relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

In order to link remuneration to the Company's performance, the remuneration package shall include a variable part in the form of an annual incentive, i.e., Profit Link Reward Scheme (PLRS), (based on factors such as the achievement of specific targets) and a long-term incentive in the form of Employee Stock Options. Equity-related compensation of Executive Directors and senior management motivates them and aligns their financial interests with those of shareholders. The emphasis should be on linking pay with performance by rewarding effective management of business performance with a long-term focus, as well as individual achievement.

In designing and setting the levels of remuneration for the members of the Board and for senior management of the Company, the Committee / Board shall also take into account the relevant statutory provisions and provisions relating to corporate governance, societal and market trends and the interests of stakeholders. However, in extraordinary circumstances the remuneration payable may exceed the level prescribed under the relevant statutory provisions by taking appropriate consents as prescribed.

The remuneration package may comprise the following components:

- Fixed remuneration;
- Performance based remuneration (variable salary);
- Use of official car to the Executive Directors as may be decided by the Board;
- Leave travel allowance according to the policy of the Company;
- House rent & other allowances according to the policy of the Company;
- Employee Stock options;
- Other benefits as may be approved by the Board on the recommendation of the Committee.

Deviations on elements of this remuneration policy in extraordinary circumstances may, however, be considered, when deemed necessary in the interests of the Company, in order to attract or retain extraordinary talent.

V. Disclosure of Remuneration of Non-Executive Directors

All pecuniary relationship or transactions of the non-executive directors vis-à-vis the Company shall be disclosed in the Annual Report.

In addition to the disclosures required under the Companies Act, 2013, the following disclosures on the remuneration of directors shall be made in the section on the Corporate Governance of the Annual Report of the Company:

- All elements of remuneration package of individual directors summarised under major groups, such as salary, benefits, bonuses, stock options, pension, etc.
- Details of fixed component and performance linked incentives, along with the performance criteria.
- Service contracts, notice period, severance fees.
- Stock option details, if any – and whether issued at a discount as well as the period over which accrued and over which exercisable.

The Company shall publish its criteria of making payments to non-executive directors in its Annual Report. Alternatively, this may be put up on the Company's website and reference drawn thereto in the Annual Report.

The Company shall disclose the number of shares and convertible instruments held by non-executive directors in the Annual Report.

Non-executive directors shall be required to disclose their shareholding (both own or held by / for other persons on a beneficial basis) in the Company in which they are proposed to be appointed as directors, prior to their appointment. These details should be disclosed in the notice to the general meeting called for appointment of such director.

VI. Notification

The details of this policy shall be included in the report of the Board of Directors prepared under Section 134 (3) of the Companies Act, 2013.

EXTRACT OF ANNUAL RETURN**As on the Financial Year ended on 31.03.2015****[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management & Administration) Rules, 2014]****FORM NO. MGT-9**

I	REGISTRATION & OTHER DETAILS	
i	CIN	L51900MH1997PLC108798
ii	Registration Date	16th June, 1997
iii	Name of the Company	Shoppers Stop Limited
iv	Category / Sub-category of the Company	Company Limited by Shares / Indian Non-Government Company
v	Address of the Registered office & contact details	Eureka Towers, 9th Floor, B-Wing, Mindspace, Link Road, Malad (West), Mumbai - 400 064. Tel : 022 - 42497000 E-mail: prashant.mehta@shoppersstop.com Website: www.shoppersstop.com
vi	Whether listed Company	Yes
vii	Name, address & contact details of the Registrar & Transfer Agent, if any	Karvy Computershare Private Limited. Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032. Tel : 040 - 6716 1500 e-mail ID: einward.ris@karvy.com

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:-

Sr. No.	Name & Description of main products/services	NIC Code of the Product /service*	% to total turnover of the Company
1	Apparels	477	58%
2	Non Apparels	477	42%

* As per National Industrial Classification - Ministry of Statistics and Programme implementation.

III PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES

Sr. No.	Name & Address of the Company	CIN	Holding / Subsidiary / Associate	% of Shares held	Applicable Section
1	Hypercity Retail (India) Ltd. Paradigm, A-Wing, 1st Floor, Mindspace, Link Road, Malad (West), Mumbai - 400 064.	U52510MH2004PLC146577	Subsidiary Company	51%	Section 2(87) of the Companies Act, 2013
2	Crossword Bookstores Ltd. Eureka Towers, 9th Floor, B-Wing, Mindspace, Link Road, Malad (West), Mumbai - 400 064.	U52396MH1999PLC122528	Subsidiary Company	100%	Section 2(87) of the Companies Act, 2013

Annexure to the Directors' Report
Annexure IV

Shoppers Stop Ltd.

3	Shopper's Stop.Com (India) Ltd. Eureka Towers, 9th Floor, B-Wing, Mindspace, Link Road, Malad (West), Mumbai - 400 064.	U72900MH2000PLC124178	Subsidiary Company	100%	Section 2(87) of the Companies Act, 2013
4	Shopper's Stop Services (India) Ltd. Eureka Towers, 9th Floor, B-Wing, Mindspace, Link Road, Malad (West), Mumbai - 400 064.	U74999MH2000PLC124945	Subsidiary Company	100%	Section 2(87) of the Companies Act, 2013
5	Upasna Trading Ltd. Eureka Towers, 9th Floor, B-Wing, Mindspace, Link Road, Malad (West), Mumbai - 400 064.	U51900MH1995PLC095115	Subsidiary Company	100%	Section 2(87) of the Companies Act, 2013
6	Gateway Multichannel Retail (India) Ltd. Eureka Towers, 9th Floor, B-Wing, Mindspace, Link Road, Malad (West), Mumbai - 400 064.	U52100MH2007PLC170243	Subsidiary Company	100%	Section 2(87) of the Companies Act, 2013
7	Nuance Group (India) Pvt. Ltd. Eureka Towers, 9th Floor, B-Wing, Mindspace, Link Road, Malad (West), Mumbai - 400 064.	U51228MH2006PTC166148	Associate Company	50%	Section 2(6) of the Companies Act, 2013
8	Timezone Entertainment Pvt. Ltd. Eureka Towers, 305, B-Wing, 3rd Floor, Mindspace, Link Road, Malad (West), Mumbai - 400 064.	U92199MH2003PTC142597	Associate Company	48.42%	Section 2(6) of the Companies Act, 2013

IV SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAK UP AS % OF TOTAL EQUITY) AS ON MARCH 31, 2015									
(i) Category-wise Share Holding									
Category of Shareholders	No. of Shares held at the beginning of the year (i.e., as on April 1, 2014)				No. of Shares held at the end of the year (i.e., as on March 31, 2015)				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	3,695,000	0	3,695,000	4.44	3,695,000	0	3,695,000	4.43	—
b) Central Government / State Government(s)	0	0	0	0.00	0	0	0	0.00	—
c) Bodies Corporates	52,334,674	0	52,334,674	62.89	52,334,674	0	52,334,674	62.78	—
d) Financial Institutions/Banks	0	0	0	0.00	0	0	0	0.00	—
e) Others	0	0	0	0.00	0	0	0	0.00	—
SUB TOTAL: (A) (1)	56,029,674	0	56,029,674	67.33	56,029,674	0	56,029,674	67.21	(0.12)
(2) Foreign									
a) Individuals (NRIs/Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	—
b) Bodies Corporates	0	0	0	0.00	0	0	0	0.00	—
c) Institutions	0	0	0	0.00	0	0	0	0.00	—
d) Others	0	0	0	0.00	0	0	0	0.00	—
SUB TOTAL: (A) (2)	0	0	0	0.00	0	0	0	0.00	0.00
Total Shareholding of Promoter* (A) = (A)(1) + (A)(2)	56,029,674	0	56,029,674	67.33	56,029,674	0	56,029,674	67.21	(0.12)
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds / UTI	12,577,215	0	12,577,215	15.11	11,551,259	0	11,551,259	13.86	(1.25)
b) Financial Institutions / Banks	13,696	0	13,696	0.02	8,785	0	8,785	0.01	(0.01)
c) Central Government / State Government(s)	0	0	0	0.00	0	0	0	0.00	—
d) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	—
e) Insurance Companies	0	0	0	0.00	0	0	0	0.00	—

Annexure to the Directors' Report
Annexure IV

Shoppers Stop Ltd.

f) Foreign Institutional Investors / Foreign Portfolio Investors	2,335,543	0	2,335,543	2.81	3,203,965	0	3,203,965	3.84	1.03
g) Foreign venture Capital Investors	0	0	0	0.00	0	0	0	0.00	-
h) Others	0	0	0	0.00	0	0	0	0.00	-
SUB TOTAL (B)(1):	14,926,454	0	14,926,454	17.94	14,764,009	0	14,764,009	17.71	(0.23)
(2) Non Institutions									
a) Bodies Corporates	9,557,555	0	9,557,555	11.48	9,930,307	0	9,930,307	11.91	0.43
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lac	1,046,562	324	1,046,886	1.26	970,203	322	970,525	1.16	(0.10)
ii) Individuals shareholders holding nominal share capital in excess of ₹ 1 lac	1,606,692	0	1,606,692	1.93	1,448,977	0	1,448,977	1.74	(0.19)
c) Others									
Non-resident Indians / Foreign Nationals	30,244	0	30,244	0.04	188,209	0	188,209	0.23	0.19
Clearing Members	11,107	0	11,107	0.01	29,604	0	29,604	0.04	0.03
Trusts	7,148	0	7,148	0.01	6,500	0	6,500	0.01	(0.00)
SUB TOTAL (B)(2):	12,259,308	324	12,259,632	14.73	12,573,800	322	12,574,122	15.08	0.35
Total Public Shareholding (B) = (B)(1) + (B)(2)	27,185,762	324	27,186,086	32.67	27,337,809	322	27,338,131	32.79	0.12
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
Grand Total (A + B + C)	83,215,436	324	83,215,760	100.00	83,367,483	322	83,367,805	100.00	0.00

*Note: There is no change in the number of shares held by the promoters of the Company. However, the percentage of the shareholding has changed during the year due to allotment of equity shares due to exercise of Employee Stock Options by employees of the Company and Subsidiary Companies.

Share holding of Promoters as on March 31, 2015														
(ii)	Sr. No.	Shareholders Name	Shareholding at the beginning of the year (i.e., as on April 1, 2014)				Shareholding at the end of the year (i.e., as on March 31, 2015)				% change in share holding during the year			
			No. of shares	% of total shares of the Company	No. of shares pledged	% of shares pledged encumbered to total shares	No. of shares	% of total shares of the Company	No. of shares pledged	% of shares pledged encumbered to total shares				
	1	Palm Shelter Estate Development Pvt. Ltd.	11,813,300	14.20	0	0.00	11,813,300	14.17	0	0.00	—			
	2	Raghukool Estate Development Pvt. Ltd.	8,263,300	9.93	0	0.00	8,263,300	9.91	0	0.00	—			
	3	Capstan Trading Pvt. Ltd.	8,129,768	9.77	0	0.00	8,129,768	9.75	0	0.00	—			
	4	Casa Maria Properties Pvt. Ltd.	7,913,300	9.51	0	0.00	7,913,300	9.49	0	0.00	—			
	5	Anbee Constructions Pvt. Ltd.	6,511,762	7.83	0	0.00	6,511,762	7.81	0	0.00	—			
	6	Cape Trading Pvt. Ltd.	6,261,040	7.52	0	0.00	6,261,040	7.51	0	0.00	—			
	7	K Raheja Corp Pvt. Ltd.	3,382,204	4.07	3,382,204	4.07	3,382,204	4.07	3,382,204	4.07	—			
	8	Neel Chandru Raheja	1,150,000	1.38	1,150,000	1.38	1,150,000	1.38	1,150,000	1.38	—			
	9	Ravi Chandru Raheja	1,100,000	1.32	1,100,000	1.32	1,100,000	1.32	1,100,000	1.32	—			
	10	Jyoti Chandru Raheja	747,500	0.90	747,500	0.90	747,500	0.90	747,500	0.90	—			
	11	Chandru L. Raheja	697,500	0.84	697,500	0.84	697,500	0.84	697,500	0.84	—			
	12	Inorbit Malls (India) Private Limited	20,000	0.02	0	0.00	20,000	0.02	0	0.00	—			
	13	Ivory Properties And Hotels Pvt. Ltd.	20,000	0.02	0	0.00	20,000	0.02	0	0.00	—			
	14	K Raheja Private Limited	20,000	0.02	0	0.00	20,000	0.02	0	0.00	—			
		Total	56,029,674	67.33	7,077,204	8.50	56,029,674	67.21	7,077,204	8.49	(0.12)			

Annexure to the Directors' Report
Annexure IV

Shoppers Stop Ltd.

(iii) Change in Promoter's Shareholding (Specify if there is no change)

There is no change in the Promoter's Shareholding.

(iv) Shareholding Pattern of Top Ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs)					
Sr. No.	Particulars	Shareholding at the beginning of the year (i.e., as on April 1, 2014)		Shareholding at the end of the year (i.e., as on March 31, 2015)	
	For Each of the Top 10 Shareholders	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Reliance Capital Trustee Co. Ltd. A/C Reliance Equity Opportunities Fund	4,949,960	5.95	5,209,410	6.25
2	Vidya Investment and Trading Co. Pvt. Ltd.	2,223,009	2.67	1,223,009	1.47
3	Bajaj Allianz Life Insurance Company Ltd.	1,997,409	2.40	1,664,051	2.00
4	Miraj Marketing Company LLP	1,856,250	2.23	1,856,250	2.23
5	LO Funds - Emerging Consumer	1,800,000	2.16	1,530,000	1.84
6	Zodiac Clothing Company Ltd.	1,713,750	2.06	1,713,750	2.06
7	IDFC Premier Equity Fund	1,527,674	1.84	—	—
8	Reliance Capital Trustee Co. Ltd. A/C Reliance Tax Saver (ELSS) Fund	1,350,000	1.62	1,359,000	1.63
9	Reliance Capital Trustee Co. Ltd. A/C - Reliance Regular Savings Fund-Equity Option	1,000,000	1.20	895,600	1.07
10	Birla Sun Life Trustee Company Private Ltd. A/C Birla Sunlife Tax Relief 96	974,626	1.17	1,280,030	1.54
11	Napean Trading and Investment Co Pvt. Ltd.	407,144	0.49	1,000,000	1.20
12	The Master Trust Bank of Japan	—	—	1,081,048	1.30
	Total	19,799,822	23.79	17,916,548	21.49

(v) Shareholding of Directors and Key Managerial Personnel					
Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year (i.e., as on April 1, 2014)		Shareholding at the end of the year (i.e., as on March 31, 2015)	
	Name of the Directors and KMP	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Mr. Chandru L. Raheja (Chairman)	697,500	0.84	697,500	0.84
2	Mr. Ravi C. Raheja	1,100,000	1.32	1,100,000	1.32
3	Mr. Neel C. Raheja	1,150,000	1.38	1,150,000	1.38
4	Mr. B S Nagesh	572,874	0.69	567,685	0.68
5	Mr. Govind Shrikhande (Managing Director)	285,866	0.34	287,664	0.35
6	Mr. Deepak Ghaisas (holds with his wife as second holder)	7,750	0.01	7,750	0.01
7	Prof. Nitin Sanghavi	—	—	—	—
8	Mr. Shahzaad Dalal *	2,000	0.00	N.A.	N.A.
9	Mr. Gulu Mirchandani *	—	—	N.A.	N.A.
10	Mr. Nirvik Singh	—	—	—	—
11	Mr. Avnish Bajaj	—	—	—	—
12	Ms. Abanti Sankaranarayanan	N.A.	N.A.	—	—

13	Mr. Manish Chokhani	N.A.	N.A.	—	—
14	Mr. Gareth Thomas	N.A.	N.A.	—	—
15	Mr. Salil Nair (Chief Executive Officer)	156,926	0.19	147,820	0.18
16	Mr. Sanjay Chakravarti (Chief Financial Officer)	1,850	0.00	2,337	0.00
17	Mr. Prashant Mehta (Vice-President – Legal & Company Secretary)	57,968	0.07	55,084	0.07

***Note:** Mr. Shahzaad Dalal and Mr. Gulu Mirchandani the Non-Executive & Independent Directors of the Company did not seek re-appointment at the Annual General Meeting held on 31st July, 2014.

V INDEBTEDNESS					
Indebtedness of the Company including interest outstanding/accrued but not due for payment (₹. in lacs)					
	Particulars	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year					
i)	Principal Amount	44,140.66	990.05	—	45,130.71
ii)	Interest due but not paid	87.60	—	—	87.60
iii)	Interest accrued but not due	—	—	—	—
	Total (i + ii + iii)	44,228.26	990.05	—	45,218.31
Change in Indebtedness during the financial year					
	Additions	14,365.90	7.98	—	14,373.88
	Reduction	7,666.00	—	—	7,666.00
	Net Change	6,699.90	7.98	—	6,707.88
Indebtedness at the end of the financial year					
i)	Principal Amount	42,340.66	9,497.93	—	51,838.59
ii)	Interest due but not paid	153.55	—	—	153.55
iii)	Interest accrued but not due	—	—	—	—
	Total (i + ii + iii)	42,494.21	9,497.93	—	51,992.14

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL		
A. Remuneration to Mr. Govind Shrikhande (Managing Director)		
Sr. No.	Particulars of Remuneration	Mr. Govind Shrikhande (Managing Director)
1	Gross salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	36,354,560
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	327,575
	(c) Profits in lieu of salary u/s 17(3) of the Income Tax Act, 1961	—
2	Stock option	1,077,674
3	Sweat Equity	—
4	Commission as % of profit	—
5	Others	3,775,015
	Total (A)	41,534,824
	Ceiling as per the Act	10% of the net profits of the Company

B.	Remuneration to other Directors										
1	Independent Directors										
Sr. No.	Particulars of Remuneration	Name of the Directors									Total Amount
		Mr. Shahzaad Dalal	Mr. Gulu Mirchandani	Mr. Deepak Ghaisas	Prof. Nitin Sanghavi	Mr. Nirvik Singh	Mr. Avnish Bajaj	Ms. Abanti Sankaranarayanan	Mr. Manish Chokhani	Mr. Gareth Thomas	
a)	Fee for attending Board and / or Audit committee meetings	70,000	70,000	310,000	290,000	150,000	120,000	150,000	140,000	100,000	1,400,000
b)	Commission	—	—	600,000	300,000	300,000	300,000	300,000	300,000	225,000	2,325,000
c)	Others, please specify	—	—	—	—	—	—	—	—	—	—
	Total B (1)	70,000	70,000	910,000	590,000	450,000	420,000	450,000	440,000	325,000	3,725,000

2 Other Non-Executive Directors						
Sr. No.	Particulars of Remuneration	Name of the Directors				
		Mr. Chandru L. Raheja	Mr. Ravi C. Raheja	Mr. Neel C. Raheja	Mr. B S Nagesh	Total Amount
a)	Fee for attending Board and / or Audit committee meetings	190,000	290,000	190,000	190,000	860,000
b)	Commission	—	—	—	300,000	300,000
c)	Others, please specify	—	—	—	—	—
	Total B (2)	190,000	290,000	190,000	490,000	1,160,000
	Total (B) = (B1 + B2)					4,885,000
	Ceiling as per the Act	Sitting fees of ₹ 1 lac for attending each Meeting of Board and Committees thereof and 1% of the Net profits of the Company for commission.				

C. Remuneration to Key Managerial Personnel other than Managing Director					
Key Managerial Personnel					
Sr. No.	Particulars of Remuneration	Mr. Salil Nair (Chief Executive Officer)	Mr. Sanjay Chakravarti (Chief Financial Officer)	Mr. Prashant Mehta (Company Secretary)	Total
1	Gross Salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	29,588,389	10,369,480	7,374,412	47,332,281
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	159,087	30,521	51,128	240,736
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	—	—	—	—
2	Stock Option	612,714	125,499	156,709	894,922
3	Sweat Equity	—	—	—	—
4	Commission as % of profit	—	—	—	—
5	Others	654,192	252,864	185,256	1,092,312
	Total	31,014,382	10,778,364	7,767,505	49,560,251

VII PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES					
Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority (RD / NCLT / Court)	Appeal made if any (give details)
A. COMPANY					
Penalty			Nil		
Punishment					
Compounding					
B. DIRECTORS					
Penalty			Nil		
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty			Nil		
Punishment					
Compounding					

SECRETARIAL AUDIT REPORT**Form No. MR-3****[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]**

To,
The Members,
Shoppers Stop Limited
CIN: L51900MH1997PLC108798

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practice by Shoppers Stop Limited (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon:

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has during the audit period covering the Financial Year ended on 31st March, 2015, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Shoppers Stop Limited ("the Company") for the Financial Year ended on 31st March, 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not Applicable to the Company during the audit period.)
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations 1993 regarding Companies Act dealing with the Company;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not Applicable to the Company during the audit period.) and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not Applicable to the Company during the audit period.)
- (vi) We have relied on the representation made by the Company and its officers for systems and mechanism formed by the Company and having regard to the compliance system prevailing in the Company & on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the following laws applicable specifically to the Company:
 - a. The Information Technology Act, 2000;
 - b. Income Tax Act and other Indirect Tax laws;

- c. Shops and Establishments Acts across the Country;
- d. All applicable Labour Laws and other incidental laws related to labour and employees appointed by the Company either on its payroll or on contractual basis as related to wages, gratuity, provident fund, ESIC, compensation, etc;
- e. Central Excise Act;
- f. Legal Metrology Act, 2009 and Rules thereunder;
- g. The Trade Marks Act, 1999; The Copyright Act, 1957 & rules made thereunder;
- h. Customs Act, 1962;
- i. Indian Stamp Act, 1999;
- j. Negotiable Instruments Act, 1881; and
- k. Packaged commodities Rules;

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India. (Not notified hence not applicable to the Company during the audit period).
- (ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

To the best of our knowledge and belief, during the period under review, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc., mentioned above.

We further report that –

The Board of Directors of the Company is duly constituted with proper balance of Executive Director, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decisions at the meetings of Board of Directors of the Company were carried through on the basis of majority. There were no dissenting views by any member of the Board of Directors during the period under review.

There are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

The company had conducted 2 (two) postal ballots during the year for the following items:

- A. 1. Resolution under section 180(1)(c) of the Companies Act, 2013 to approve the borrowing powers upto Rs.1000 crores.
- 2. Resolution under section 180(1)(a) of the Companies Act, 2013 for creation of charges on the movable and immovable (including intangibles) properties of the Company both present and future, in respect of borrowings upto Rs.1000 crores.
- 3. Approval for payment of remuneration to be paid to Mr. Govind Shrikhande, Managing Director of the Company for the financial year 2014-15, 2015-16 and for the period from April 1, 2016 to July 28, 2016.
- B. 1. To partially modify the existing special resolution passed by postal ballot on September 13, 2013 and as modified by postal ballot on September 11, 2014 relating to the payment of remuneration to Mr. Govind Shrikhande, Managing Director of the Company.

We further report that during the audit period the company and its officers in all departments have co-operated with us and have produced before us all the required forms information, clarifications, returns and other documents as required for the purpose of our audit.

V Sundaram

Place: Mumbai

Date: April 30, 2015

Company Secretary in Practice

FCS No.: 2023 C P No.: 3373

Conservation of Energy & Technology Absorption.

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 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, motivate 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, signages, 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. This Financial Year we have availed benefit of ₹ 62 lacs towards PF incentive till Feb-15.
6. These cumulative efforts were resulted in the saving of 611,870 Units (Cost ₹ 66 lacs) cumulatively for like-to-like stores by consistent monitoring and controlling the consumption at optimum level as compared to the consumption of the last year.
7. Result of the good maintenance practices and energy optimised uses helped Shoppers Stop Ltd. to win First & Second prize in "National Energy Conservation Award 2014" conducted by the Bureau of Energy Efficiency under the Central Ministry of Power for Latur & MGF-Delhi stores among the "Shopping Malls" category.



Certification by CEO & 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 Financial Year 2014-15 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 affair and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transaction entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit Committee:
 - i. significant changes in internal control over the financial reporting during the year;
 - ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For Shoppers Stop Limited

Salil Nair

Customer Care Associate &
Chief Executive Officer

Sanjay Chakravarti

Customer Care Associate &
Chief Financial Officer

April 30, 2015

Indian Retail

India has always been regarded as a country of retailers. Its 550 billion US dollars market is still dominated by traditional retail with a share of 90% & modern retail's share at 9%. The highly disruptive online retail is less than 1% but growing at a very fast pace. Retail continues to grow at 16% plus growth rate, driven by growing urbanisation, rising income, younger demographics & rising aspirations of the middle class. Improving infrastructure & availability of real estate for malls, growth in services sector, fast adoption of technology & communication channels are further aiding this growth.

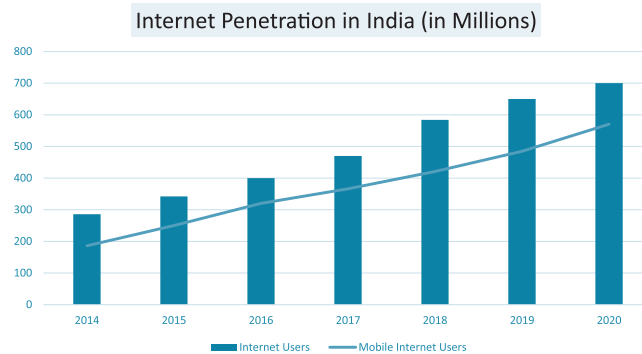
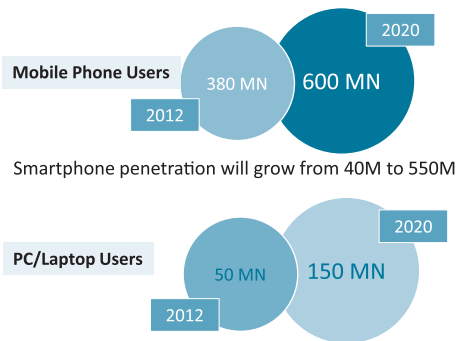
By 2020 the Indian retail market will reach a size of 1150 billion US dollars, with online contributing almost 45 billion US dollars.

E-tailing

Globally e-tailing has crossed 1.4 trillion US dollars and contributing more than 5% of total retail sales. The cost of Internet access through data plans has dropped considerably with speed of access going up by almost 100 percent. India is therefore witnessing an increase in the number of consumers accessing the Internet. There is also a change in the Internet browsing behaviour of consumers. Convenient online interfaces, an enhanced user experience, attractive offers, services like cash-on-delivery, EMLs, hassle free returns, etc., are some of the key enablers for this change. It is anticipated that this rise in the number of internet consumers will continue, driven by a further improvement in access, use of interactive options and migration of essential services to the Internet.

Online is also being driven by large scale private equity investment, discounting & advertising. Currently online retail is estimated at USD 3.5 billion approx. and is expected to cross USD 45 billion approx. by 2020. By category, fashion is a major contributor at 35% of the sales volume mix, followed by electronics at 30%, books & music at 15% and others at 20%.

Key Factors Driving Digital Commerce Growth

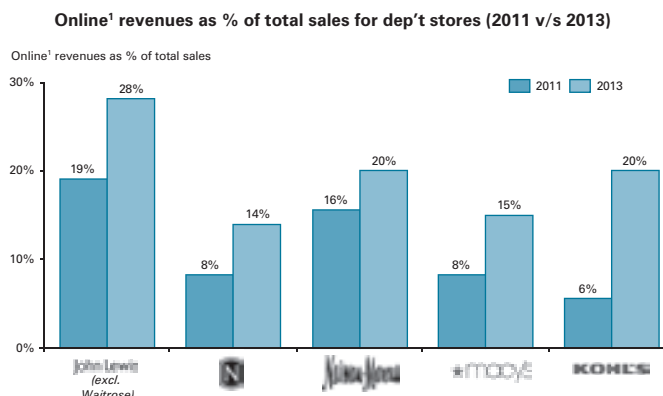


- By 2020, India will have 40-50% Internet penetration accessed from all kinds of devices viz. desktops, tablets, mobiles, TV.
- The penetration of online shopping amongst the Internet users will grow from 20% (2014) to 40% (2020) thanks to improvements in digital connectivity (3G / 4G) and smartphone growth.
- More than 80% of the online population will access the Internet via smartphones and tablets. Mobiles will make Internet accessible to the rural masses driving online commerce.

Source: Motilal Oswal, Google

Global Benchmarks

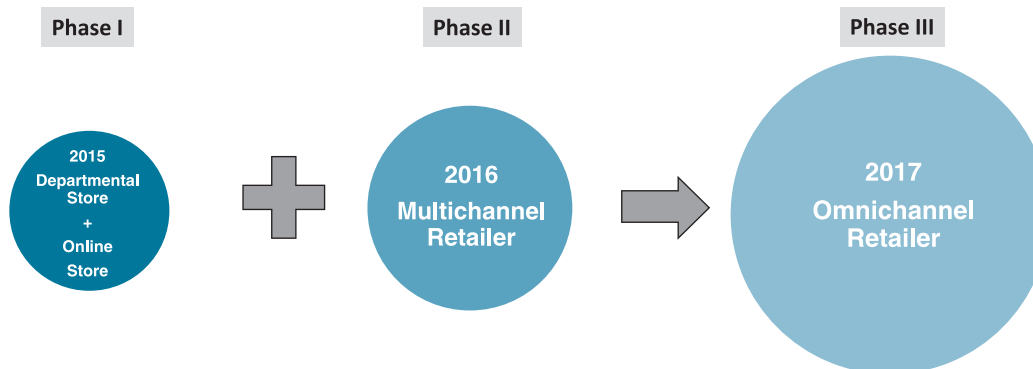
Department Store	National eCom Penetration %	Online Sales %
John Lewis	15%	28%
Macys	12%	15%
Nordstrom	12%	14%
Neiman Marcus	12%	20%
Kohls	12%	20%



- Digital channels have led to a double digit growth while pure-play store sales have grown in single digit.
- Omni-channel customer journeys such as Click N Collect having an online and offline touch point account for 60-70% of digital sales.
- While digital sales account only for 10-20% of overall sales, customer journeys show a digital touch-point on 75% of the overall orders.

Source: Boston Consulting Group

Strategic Objective



- Invest 50-60 Crores in OmniChannel technology
- Phase I Launch on SAP Hybris technology platform targeted for End-of-Year 2015
- Generate 10% Revenue From Digital Channels In Next 3 Years
- Take HomeStop, HyperCity, Crossword OmniChannel

Customer Value Proposition

Provide a seamless personalised shopping experience

- EVERYWHERE
- EVERYTIME *on*
- EVERYTHING

with

- ONE Customer Identity
- ONE Inventory View
- ONE Order History



Modern Retail

Modern retail has become a part of our day to day lifestyle. More than 500 operational shopping malls in India having thousands of brands across food, fashion and lifestyle are offering best of national & international brands to better educated consumers.

The current size of modern retail is US\$ 46.5 billion approx. which is 9% of total retail market and is likely to be pegged at US\$ 150 billion by 2020

The new buzz word in retail is omni-channel. Omni-channel offers a seamless experience to the customers across various channels, whether brick & mortar, online etc. This strategy makes your brand always available to the customer giving an impetus to sales by increasing visibility, consumer base across various geographies and optimising inventory holding costs, operating costs and real estate cost. Successful global department stores have executed the omni-channel strategy very well and their online contribution to sales is in excess of 10%.

Modern Retail – Challenges ahead

Lack of quality retail real estate supply, coupled with a non-supportive FDI Policy, has so far acted as an impediment to the spread of organised retail in India. Adopting an omni-channel strategy with clear investments in technology and resources can help modern retail to satisfy customers and gain share.

S.W.O.T. ANALYSIS

Strengths:

- **First Citizens:** Our Loyalty Programme “First Citizens Club” has continued to be one of the main strengths of our business. We crossed a 3.7 million mark in memberships, making it one of the largest loyalty 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, aided by targeted promotional activities. Our fan base on social media has been increasing, with more than 6.68 million fans on our Facebook page. We see significant opportunities on both these platforms for engaging our customers.
- **Strong focus on Systems & Processes:** We continue to invest in our retail front end as well as back end processes with IT enablement. 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 initiatives in the technology deployment and continue to improve our current information technology capabilities and processes.

- Strong distribution and logistics network and supply chain: We have created a robust distribution and logistics network, with four regional distribution centres covering more than 450,000 square feet handling over 400,000 SKUs per year and working 24x7. The organisation strongly 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 develop our Customer Care Associates (CCAs) across all levels through Development & 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 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.
- 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 7 Independent Directors with rich and diverse experience across industries and geographies.
- Strong Brand: Shoppers Stop has been a forerunner in establishing a Pan India Retail Brand. Our strong brand image, helps us in being, the first choice for shopping by elite customers, anchor tenant for mall operators & place to launch new brands for all brands and suppliers. The Company has successfully grown gross margins year on year due to the brand strength.

Risks and Concerns:

- Execution: We believe the key risk to our growth is execution risk. 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.
- 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. The Company continuously looks at stepping up the marketing activities and strong cost control to protect the Company’s profitability.

Opportunities:

- Geographical reach: Your Company continues to increase its Pan-India footprint. The Company’s strategy to increase the number of departmental stores and therefore improve city wise penetration in new cities, increase market share in existing cities through additional new stores in those cities, and new stores in tier II cities, remains unchanged. Over the last three years, the Company’s retail space has increased from 2.3 million square feet for the year ended 31st March, 2011 to 4.16 million square feet for the year ended 31st March, 2015 which is an impressive increase of 81%.
- 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, Bobby Brown, Estee Lauder & Clinique which retail high end

makeup and skin care products, Mother Care which retails infant and kids merchandise and airport retailing by tying up with the Nuance Group AG of Switzerland. The Company has also made a successful foray into Internet retailing through its e-retailing portal. The Company continues to expand these formats successfully and will maintain a focus on them.

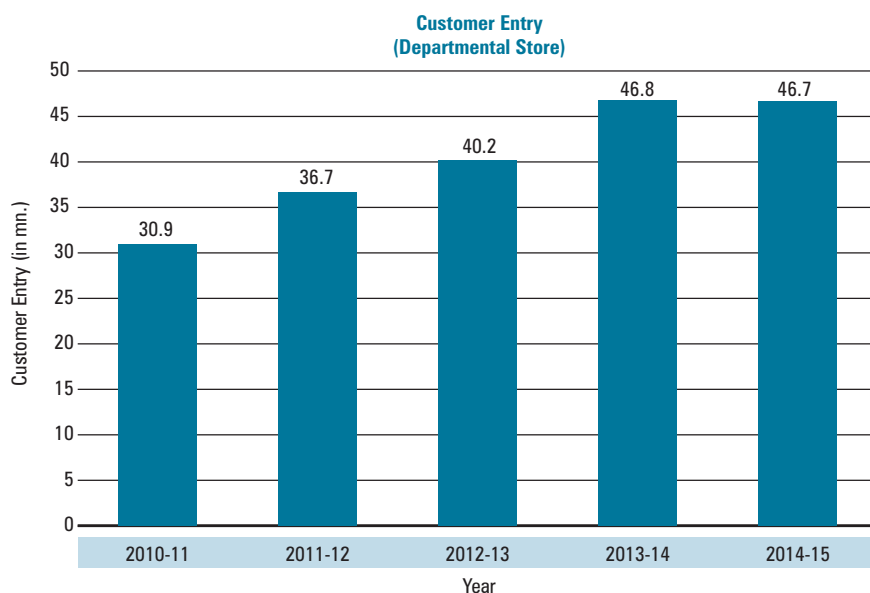
- **Omni-channel:** This year, Shoppers Stop has embarked on a 3 year omni-channel roadmap to tap into the exponential e-commerce growth in India. Your Company believes that the increase in mobile and smartphone penetration and the convenience of shopping from anywhere using mobile apps will drive consumers to embrace digital shopping channels online & in-store. The Company has plans for focussed investments in technology & operations setup over the next few years to provide seamless and personalised shopping experience to our customers and drive profitable revenue growth through digital.

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 product 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.
- **Growing competition from online players price war** among e-tailers for ramping up sales by offering steep discounts, attractive deals and lucky draws on a range of products, has brought disruption to the traditional retail sector.
- **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:

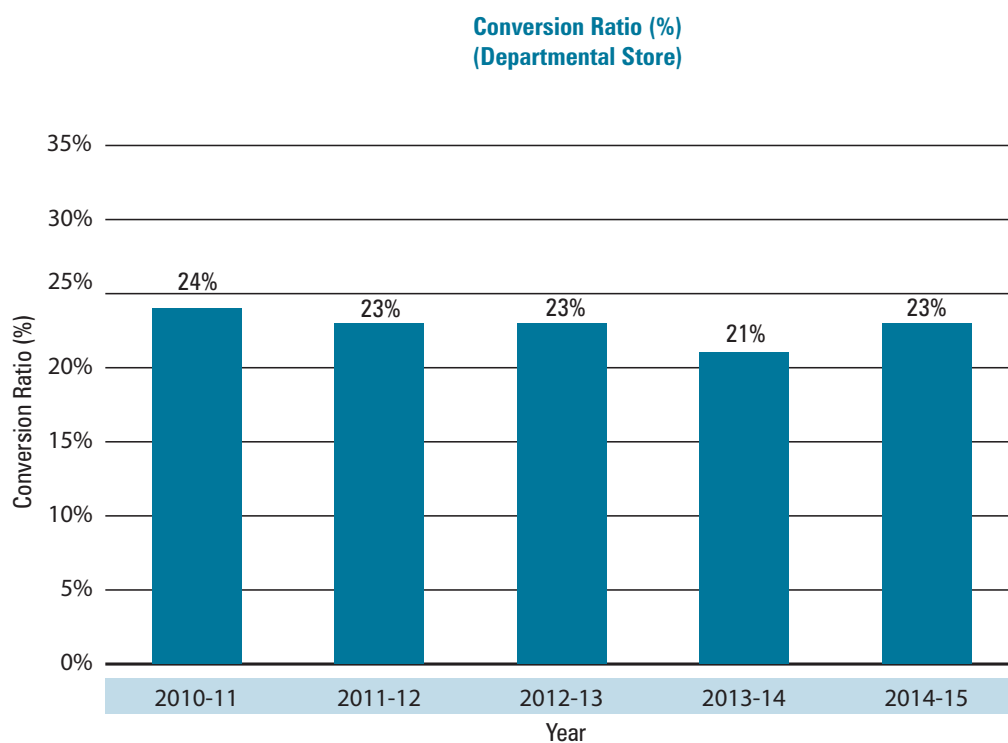
Retailers measure entry as footfalls, which is the number of people entering the stores. This is computed through manual count in all stores during trading hours.



(Source: Company MIS)

Conversion Ratio:

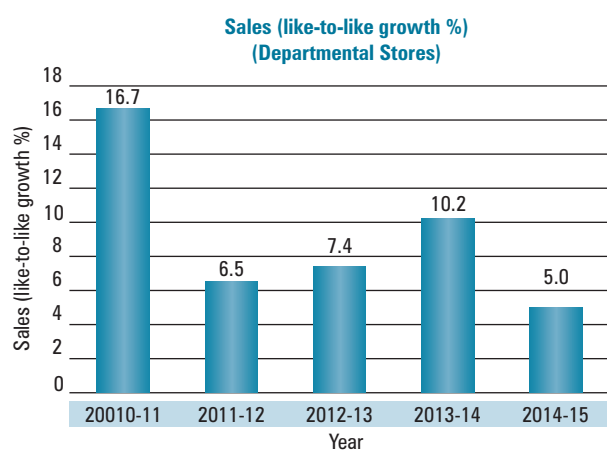
Conversion is the ratio of the number of transactions (Cash Memo) versus the total customer entry into the stores. Tracking conversion helps the retailer understand the productivity of his front-end store employees and the attractiveness of the merchandise and services.



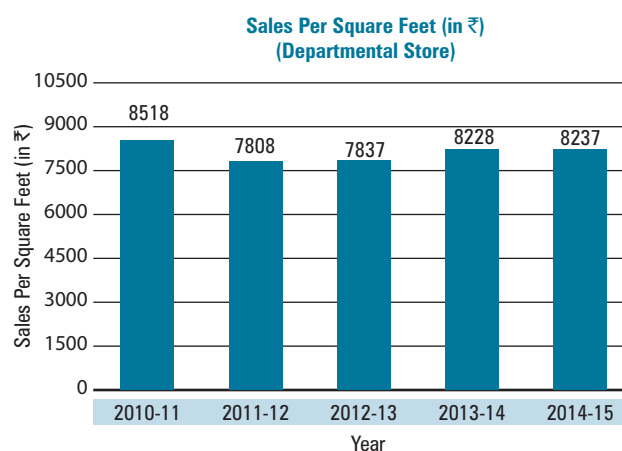
(Source: Company MIS)

Sales:

Gross Sales both at chain level and for like-to-like stores has grown against last year. The growth was 10.5% in gross retail turnover of Shoppers Stop departmental store business. The sales per square feet has been computed on built-up area.



(Source: Company MIS)



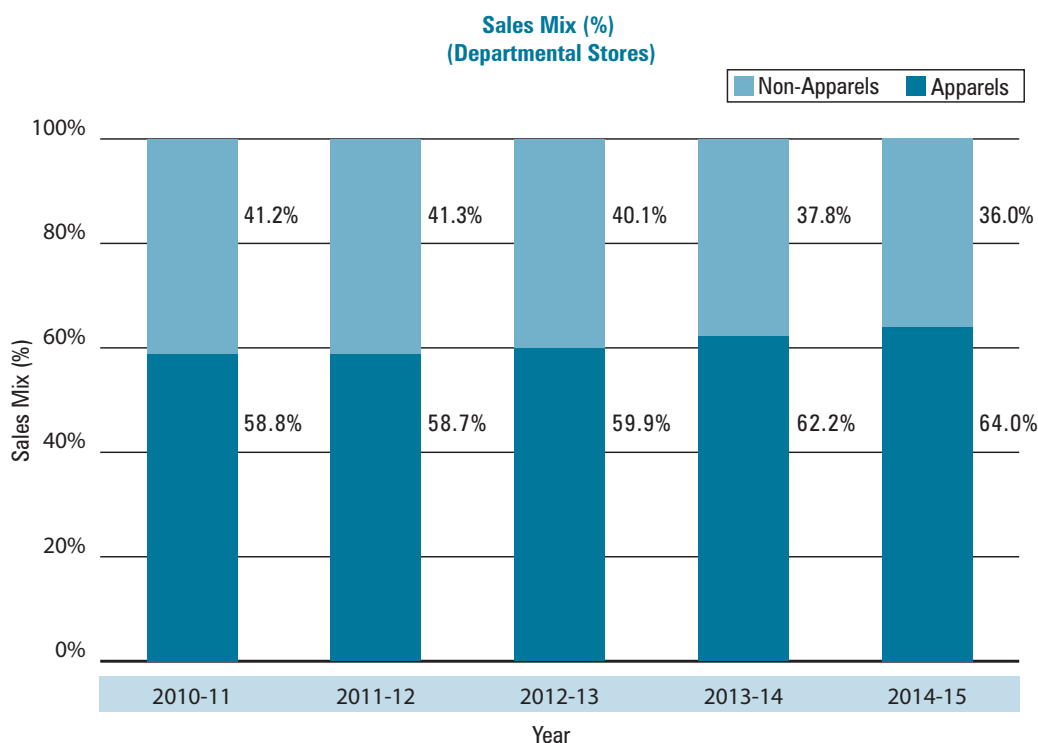
(Source: Company MIS)

Apparel:

The Apparel contribution to total sales of the Shoppers Stop Departmental store business was 64% in 2014-15 as compared to 62.2% in 2013-14.

Non-Apparel:

This category includes Cosmetics, Personal Accessories, Jewellery and 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 36% in 2014-15.



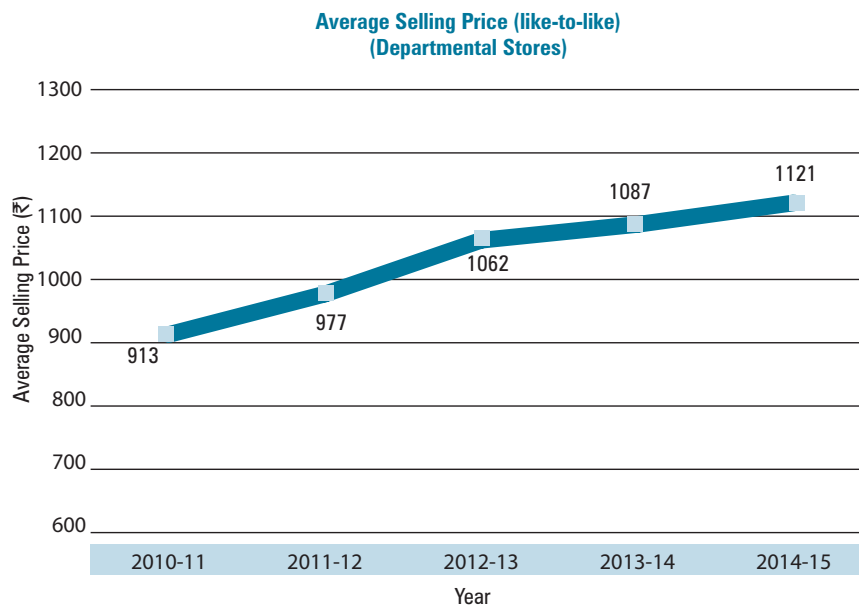
(Source: Company MIS)

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 17.0% of sales as compared to 16.6% last year and private label sales grown by 12%. Your Company is working on several new initiatives to drive the share of existing private brands like Stop, Life, Haute Curry, Vittorio Fratini, Eliza Donatein & Kashish and launch of new exclusive brands/labels such as Rheson by Sonam & Rhea Kapoor, Wrogn by Virat Kohli and Desigual the Spanish Fast Fashion Brand.

Average Selling Price (ASP):

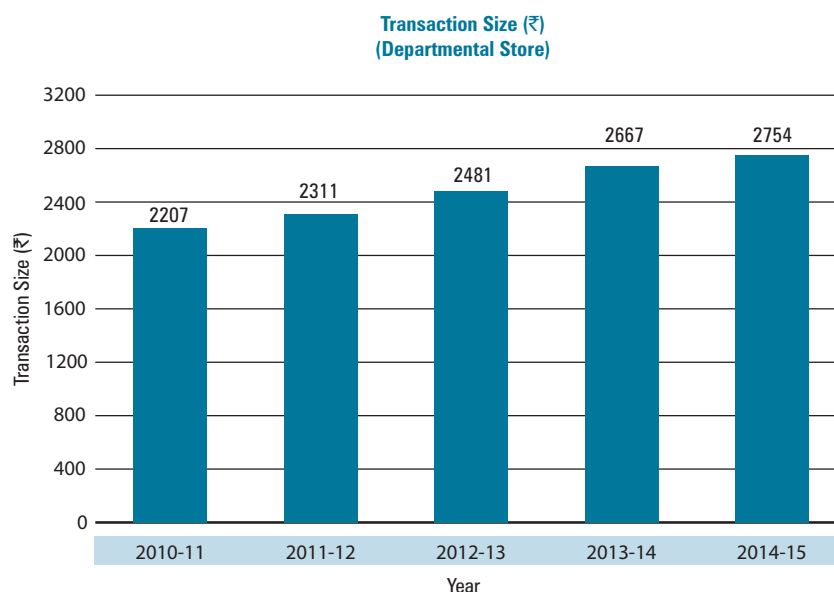
Average Selling Price is the Gross Retail Sales divided by the number of units sold. Tracking ASP helps the retailer to align the offering as per the customer segment as well as improve the productivity of the floor space.



(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 and 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.

Management Discussion and Analysis Report

Shoppers Stop Ltd.

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.

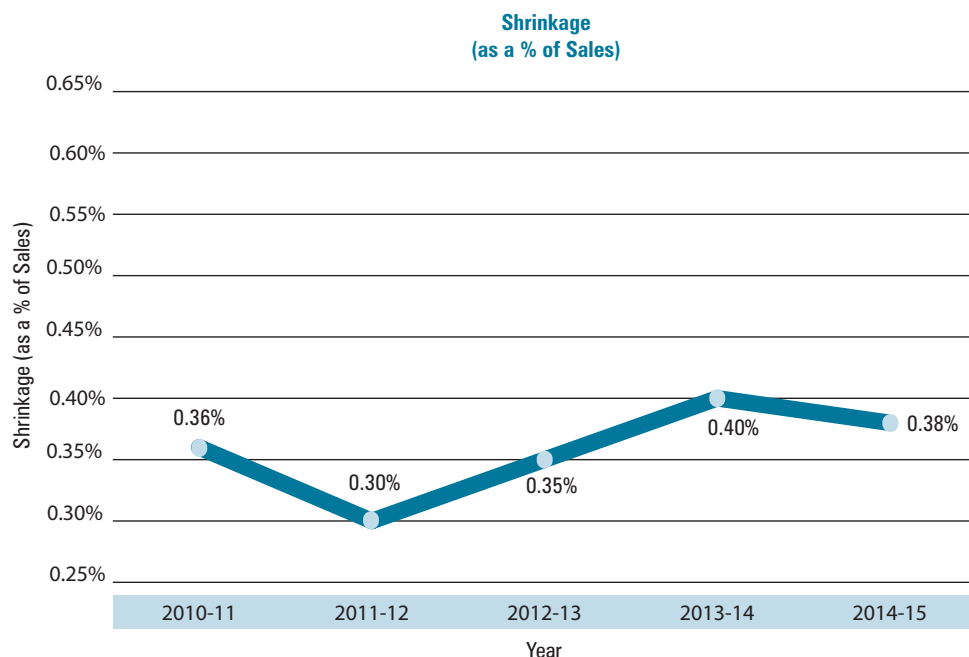
Your Company believes in a broad distribution of risk with no high dependency on any single supplier and has a diversified supplier base. Suppliers are selected after evaluation based on fairly stringent parameters which ensure the quality and reliability of supply. Alternate distribution channels for 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 Outright 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 0.38% of the Turnover and our endeavour will always be to lower this ratio through proper monitoring and continuously reviewing Inventory management processes and systems.



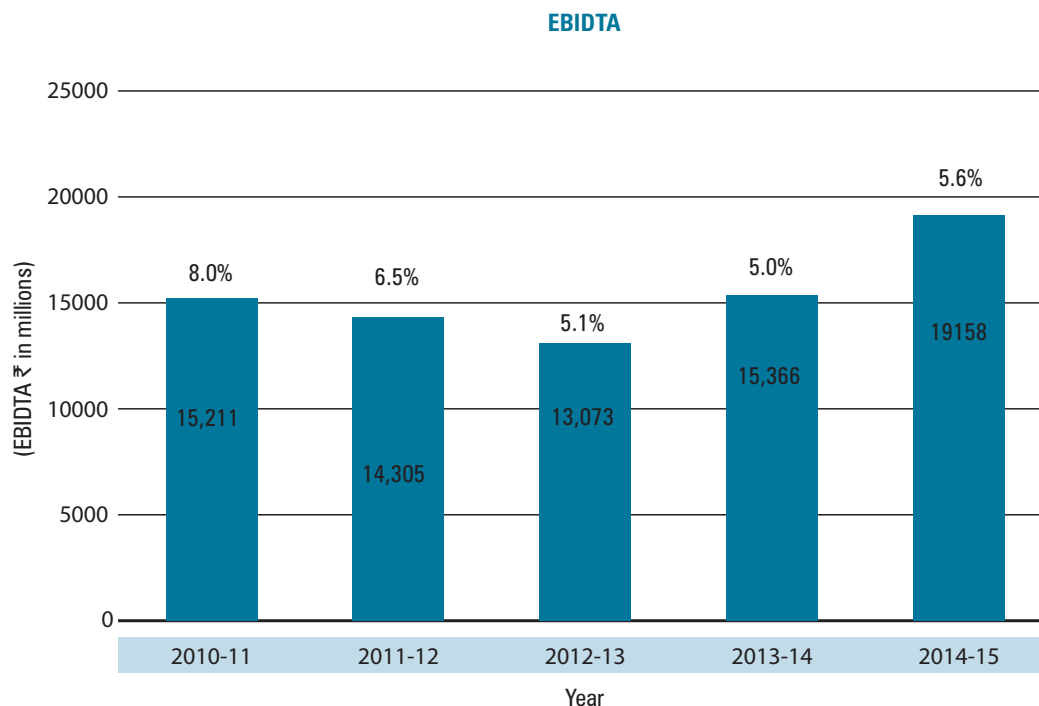
(Source: Company MIS)

Sustaining Gross Margins:

The gross margin has increased during the year to 33.8% from 33.0% as compared to the last year, principally on account improved sales mix with higher contribution from lifestyle products (i.e., watches, leather, jewellery, perfumes and cosmetics), helped to improve gross margins. Vendor management as also sourcing ability has improved with scale and would accrue more economies and higher gross margins.

Operating Profit:

Operating Profit (without exceptional items) has increased by 24% to ₹ 19157.93 lacs from ₹ 15401.34 lacs in the previous year. The Operating Profit (without exceptional items) has increased during the year to 5.6% from 5.0% as compared to last year.



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

(Source: Company MIS)

Net Interest:

Interest cost has increased to ₹ 3620.97 lacs as against ₹ 2885.51 lacs.

Profit after Tax:

The Company has achieved post tax profit of ₹ 4073.53 lacs, as against a post-tax profit of ₹ 3700.47 lacs last year.

Dividend:

The Company has proposed a dividend of 15% amounting to ₹ 752.54 lacs (Including Corporate Dividend Tax).

Inventory:

The inventory as at the end of current year is ₹ 32961 lacs as against ₹ 29553 lacs as at the end of the last year. Inventory holding period is 134 days during the current fiscal against 159 days last year. The inventory has been valued at lower of cost or net realisable value.

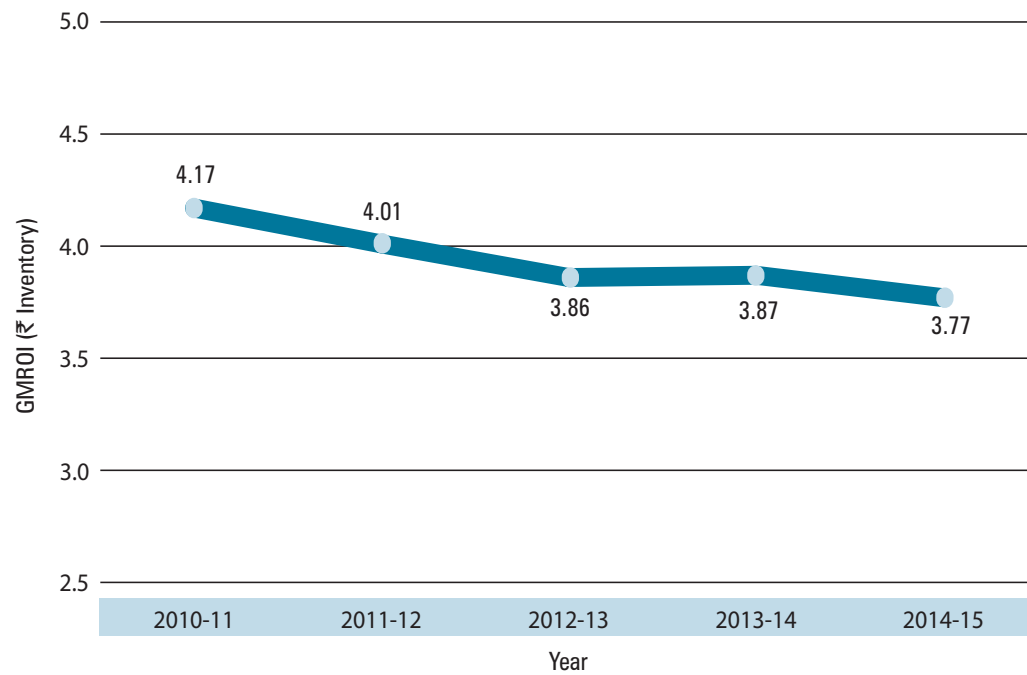
Liquidity:

The cash generated from operations was ₹ 12,992 lacs.

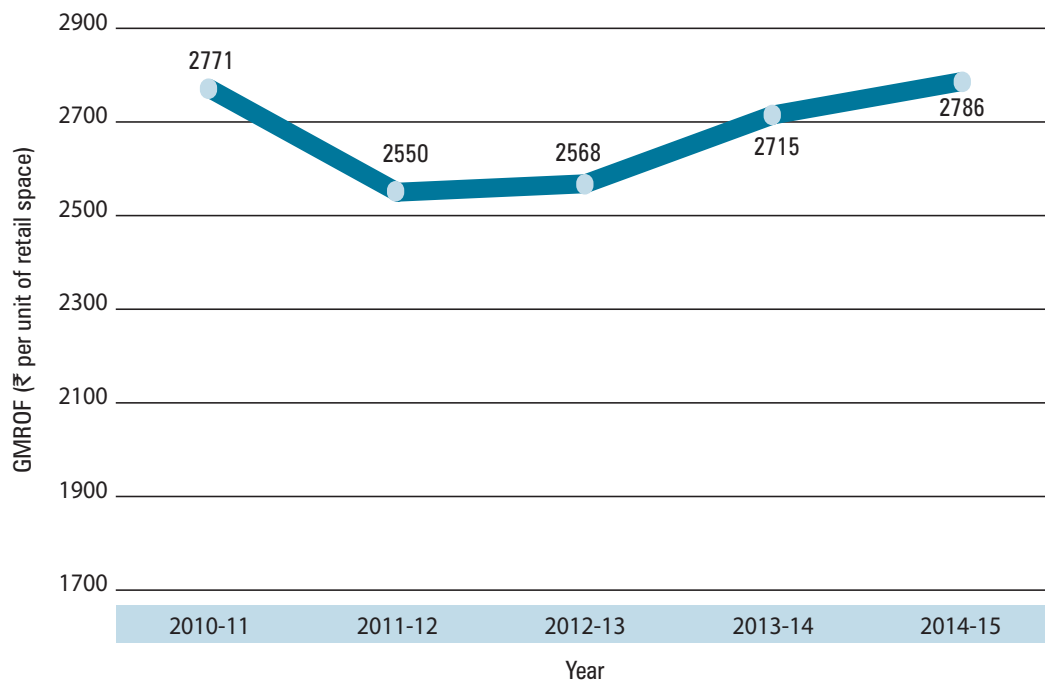
Productivity / Operating efficiency parameters:

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).

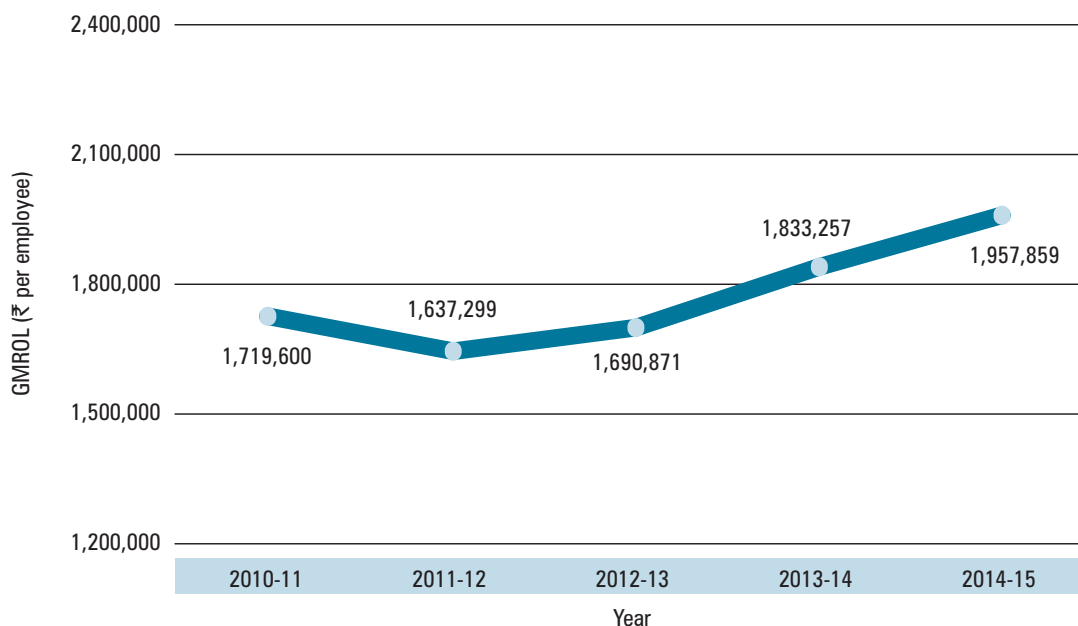
GMROI helps to optimise inventory levels, GMROF helps to maximise the cash margins and GMROL helps to increase labour productivity.

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 Customer Satisfaction Measurement and Management (CSMM), a part of Indian Marketing and Research Bureau (IMRB) 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	2010	2011	2012	2013	2014
Scores	4.14	3.85	4.07	4.31	4.20

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:

- The Baby Kangaroo programme which fundamentally develops the front end associates to a managerial roll. This year we worked with and helped 35 customer care associates and fashion assistants cross the bridge from a front end associate towards a managerial roll. We identified, developed, trained and groomed them for their next big assignment. The Managerial and Supervisory Training programme (M.A.S.T) was conducted for 34 days with the help of internal as well as external trainers. The content was exhaustive and effective.
- The focus was on incorporating the Mentor & Mentee programme – “Dronacharya” where Unit Managers with a specific year of experience were interviewed and assessed to be eligible for the profile of Internal Mentors.
- Hi-Potential Category Managers and Unit Managers were exposed to the Innovative Thinking programme to enhance thought provoking environment for teams to be creative in the ever changing retail scenario.
- F.L.E.X – First Line Executive Xcellence a competency development 28 hour programme for the Department Managers was introduced across the country which allowed these managers to work on live and pertinent Action Learning Projects under the guidance of the Area / Regional Operation Heads.
- P.O.E.M – Pursuit of Excellence in Management a competency based 28 hour programme for Retail Operations managers was introduced which oriented managers to work on live current issues at their respective stores via Action Learning Projects under the guidance of the Area / Regional Operation Heads.
- “FAP’ing” – Feedback Appreciation and Praise an outdoor based learning programme but with an unconventional method was applied to all 1,200 associates during the outbound training programme at Kerala.
- “SS MOBCAST” was a venture into Mobile Learning this year with creation of a customised mobile app, its focus on refresher learning modules specifically for Customer Care Associates at the stores and for Learning snippets for the middle management and above.
- “The Learning Planet” – Learning Management System (LMS) was another venture into managing learning data and content online for all associates.
- Developing Strategic Thinking – The focus was on High Potential Head Of Departments via Coaching sessions by external experienced coaches over a period of 12 months.
- Awards – Shoppers Stop Limited has been awarded the 25th Rank in the "Great Places To Work in Asia". Great Place to Work® Institute’s annual Best Workplaces List – India’s Best Companies to Work for, is part of the world’s largest and most respected study of workplace excellence and people management practices.
- Training Hours:

Training Hours 13 -14	Training Hours 14 -15
29513	27842

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 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.

The overall loyal index levels were more or less the same across different levels.

Year	2011	2012	2013	2014	2015
Overall Loyalty Index	4.11	4.12	4.22	4.21	4.24

Marketing:

This year, Shoppers Stop advertised their exclusive brands like Haute Curry, Life, Stop and Vettorio Fratini through a series of press advertisements featuring the trendy designs from the latest collections.

This year, we had category based promotions like the Chic Carnival, Men in Vogue fest to name a few. These festivals provided offers across all brands available in our store for the particular category.

Customer engagement through innovative initiatives in Digital and Social Media continued to be a big highlight this year. Various contests and continual engagement on this space have ensured that Shoppers Stop enjoys a large number of fans, more than 6.68 million, on Facebook. Shoppers Stop is the largest big-box retailer on Facebook in India. Shoppers Stop is also active on other platforms such as Twitter, You Tube, Instagram and Pinterest.

We also partnered with the Times Of India Group in Mumbai to launch the Unique Equal Streets Programme. This initiative envisages citizens owning the streets on a weekend, with more than 50,000 customers enjoying the streets every weekend.

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:

April 2010	June 2011	August 2012	August 2013	August 2014
80	79	80	80	81

Loyalty Programmes:

Your Company runs the famed 'First Citizen Loyalty Programme'. The First Citizens programme now has a base of over 3.7 million customers. During the current year, the First Citizens contributed 72% of the Company's annual sales. The First Citizen programme has 3 tiers – Classic Moments (entry level), Silver Edge and Golden Glow. Members fall into the various tiers on the basis of their spends with us.

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

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

The First Citizen experience is also accessible on mobile, by updating the exclusive First Citizen Mobile application on Blackberry, Android and iPhone platforms.

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

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

Co-branded Credit / Debit card programmes with Citibank:

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

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

Risk Management and Internal Control:

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

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

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

The Company has laid down 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.

In line with the needs of the new Companies Act 2013 the Company has documented & tested all the key internal controls related to both Financial Reporting and Operational Controls.

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 2014-15, your Company has taken significant initiatives to maintain leadership position in Retail Technology. During the year your Company worked with a leading global consultant for advise on establishing a technology roadmap in lines of the aspirations to be a truly omni-channel Retail organisation. These endeavours have helped improving the efficiencies of existing applications and infrastructure and building new ones. Some of the key initiatives that your Company took during the year are:

Better Check out experience with Oracle POS

With a consistent focus on improving the in-store checkout experience for the customers your Company had taken up the implementation of a new-age "Point of Sale" solution from Oracle. The implementation of the same has been completed across stores in the year 2014-15. This solution besides providing a faster and smoother checkout also brings host of features for better promotion management.

Omni-channel & E-commerce

Continuing the endeavour to better serve our customers and provide a consistent cross channel experience, your Company has established an Omni-channel strategy and aligned the technology roadmap to introduce new set of technology solutions. Your Company has selected new age commerce platform, with rich features of cross channel integration and fulfilment options which is set to create a differentiated proposition and provide personalised shopping experience for customers.

Store WiFi

In an effort to provide improved shopping experience for customer, your Company has invested in enabling WiFi network at stores. This would allow customers to enjoy free WiFi while they shop at our stores and to access promotions running at the store, thereby providing a richer shopping experience.

HRMS

Human resource being a critical element in maintaining a customer centric organisation culture, the Company has implemented an agile HRMS solution. This new solution with improved features of employee self-service and mobile enabled functionalities would be key to efficient workforce management.

Supply Chain

Your Company has further strengthened its Supply Chain efficiency by improving automation of the Merchandise inward and Reverse Logistics process. Thus creating efficiency in overall distribution and logistics execution.

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 31 March, 2015, as stipulated in clause 49 of the Listing Agreement of the said Company with 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 above-mentioned Listing Agreement.

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

For Deloitte Haskins & Sells LLP

Chartered Accountants

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

Shyamak R. Tata

Partner

Membership No. 38320

Place: Mumbai

April 30, 2015

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 towards 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 12 members viz. one executive director and eleven non-executive directors including one woman director. The Company has a non-executive promoter Chairman and the number of independent directors is more than one half of the total number of Directors. The independent directors on the Board are professionals, technocrats and retail experts, who are senior, competent and highly respected persons from their respective fields and provide strategic direction and thrust to the operation of the Company.

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

None of the Directors on the Board are serving as an Independent Director in more than seven listed companies. Further there are no persons on the Board of the Company, who is serving as a whole time director with any listed Company.

None of the Directors on the Board is a Member in 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	6	Yes	2	1	0
Mr. Ravi C. Raheja	Promoter & Non-Executive Director	Director	5	Yes	3	1	0
Mr. Neel C. Raheja	Promoter & Non-Executive Director	Director	6	Yes	3	0	0
Prof. Nitin Sanghavi	Independent & Non-Executive Director	Director	5	Yes	1	1	0
Mr. Deepak Ghaisas	Independent & Non-Executive Director	Director	6	Yes	5	0	1
Mr. Nirvik Singh	Independent & Non-Executive Director	Director	4	Yes	1	0	1
Mr. Avnish Bajaj	Independent & Non-Executive Director	Director	3	No	1	0	0
Ms. Abanti Sankaranarayanan	Independent & Non-Executive Director	Director	4	Yes	0	0	0
Mr. Manish Chokhani	Independent & Non-Executive Director	Director	2	N.A.	4	2	0

Corporate Governance Report

Shoppers Stop Ltd.

Mr. Gareth Thomas	Independent & Non-Executive Director	Director	2	N.A.	0	0	0
Mr. B. S. Nagesh	Non-Executive Director	Vice Chairman	6	Yes	5	3	0
Mr. Govind Shrikhande	Executive Director	Managing Director	6	Yes	5	0	1
Mr. Gulu L. Mirchandani	Independent & Non-Executive Director	Director	2	No	—	—	—
Mr. Shahzaad S. Dalal	Independent & Non-Executive Director	Director	2	No	—	—	—

Notes:

1. The other Directorships and Chairmanships/Memberships of committees held in foreign companies, private limited companies and companies incorporated u/s 8 of the Companies Act, 2013 are excluded.
2. The Chairmanship and Membership of Audit Committee and Stakeholders Relationship Committee alone are considered.
3. Mr. Ravi C. Raheja and Mr. Neel C. Raheja are sons of Mr. Chandru L. Raheja. No other director is related to any other director of the Company.
4. Mr. Gulu Mirchandani and Mr. Shahzaad Dalal, the Non-Executive & Independent Directors of the Company did not seek re-appointment at the preceding Annual General Meeting held on 31st July, 2014.
5. Ms. Abanti Sankaranarayanan, Mr. Manish Chokhani and Mr. Gareth Thomas were appointed w.e.f. 19th June, 2014, w.e.f. 31st July, 2014 and w.e.f. 5th November, 2014 respectively.

During the year under review, the Board of Directors met six times i.e., on 29th April, 2014, 19th June, 2014, 31st July, 2014 (met twice), 5th November, 2014 and 30th January, 2015. The maximum interval between any two Meetings during this period does not exceed one hundred and twenty days.

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.

Separate meetings of the Independent Directors

As stipulated under the Companies Act, 2013 and the Listing Agreement, a separate meeting of the Independent Directors of the Company was held, without the attendance of non-independent directors and members of the management of the Company. All Independent Directors of the Company were present in the meeting.

Training / Familiarisation programme for Independent Directors

The Company had arranged Training / Familiarisation programme for the Independent Directors of the Company through one of the Big 4 Accounting Firms. They had carried out a detailed Training / Familiarisation programme for them, inter-alia as prescribed under the provisions of the Companies Act, 2013 and the Listing Agreement. The same has been posted on the Company's web site under web link <http://corporate.shoppersstop.com / Investors / Training.aspx>

Performance Evaluation

The criteria for performance evaluation of each member of the Board of Directors and their membership in respective Committees of the Company were discussed in detail and same was set and taken on record.

The Board of Directors and the Nomination and Remuneration (including Corporate Governance) Committee had decided that after every board meeting, all directors and leadership team of the management will evaluate the performance of the Board and its committees under the following 5 criteria:

1. Quality of Pre-Read for the Meeting
2. Presentation by Management Team Members
3. Degree of Participation of Board Members
4. Openness
5. Contribution by Board to the Company

Other than above criteria, a qualitative feedback would be taken on the conduct of the Board post every Board Meeting. The score will be tabulated and shared with the Chairman of the Nomination and Remuneration (including Corporate Governance) Committee and the Board Members so that areas of improvement can be discussed and considered.

Based on these parameters, the performance evaluation of the Board of Directors including Independent Directors comprising therein and each director as a member of relevant Committees of the Company has been carried out.

Remuneration of Directors

Compensation paid/payable to Directors during the year are as under :

Name of Non-Executive Directors	Commission (₹)	*Sitting Fees (₹)	Total (₹)
Mr. Chandru L. Raheja	—	1,90,000	1,90,000
Mr. Ravi C. Raheja	—	2,90,000	2,90,000
Mr. Neel C. Raheja	—	1,90,000	1,90,000
Prof. Nitin Sanghavi	3,00,000	2,90,000	5,90,000
Mr. Deepak Ghaisas	6,00,000	3,10,000	9,10,000
Mr. Nirvik Singh	3,00,000	1,50,000	4,50,000
Mr. Avnish Bajaj	3,00,000	1,20,000	4,20,000
Ms. Abanti Sankaranarayanan	3,00,000	1,50,000	4,50,000
Mr. Manish Chokhani	3,00,000	1,40,000	4,40,000
Mr. Gareth Thomas	2,25,000	1,00,000	3,25,000
Mr. B. S. Nagesh	3,00,000	1,90,000	4,90,000
Mr. Gulu L. Mirchandani	—	70,000	70,000
Mr. Shahzaad S. Dalal	—	70,000	70,000
Total	26,25,000	22,60,000	48,85,000

* The sitting fees for attending each Board Meeting was revised from ₹ 20,000/- to ₹ 50,000/- w.e.f. Board Meeting held on 31st July, 2014. The aforesaid sitting fees also include the payment of ₹ 40,000/- made to the members of the Audit Committee for attending each meeting of the Committee w.e.f. the Audit Committee held on 30th July, 2014.

Criteria for payment of Commission to Non-Executive Directors

The Nomination and Remuneration (including Corporate Governance) Committee and the Board of Directors had decided that the criteria for payment of Commission to Non-Executive Directors would be on the basis of collective performance and not individual performance. However, the Audit Committee Chairman would be paid an additional amount as Commission for the year under review. The Committee and the Board will also evaluate the additional payment as Commission to the Chairman of other Committees in due course of time. The Committee also decided that for members who are using their intellectual capabilities and putting additional time and resources with the management of the Company will be compensated with the additional Commission.

Remuneration paid to Mr. Govind Shrikhande, Managing Director

Amount in ₹			
Salary	Perquisites*	Contribution to Fund	Total
3,63,54,560	28,61,864	23,18,400	4,15,34,824

*Includes perquisite value of ESOP of ₹ 10,77,674/-

ESOPs

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

Scheme	Date of Grant	Options Granted	Options vested and exercised	Grant price per equity share (₹)	Fair value on the date of grant (₹)	Vesting period
ESOP 2008-3	29.04.11	29,700	29,700	336	336	3 Years
ESOP 2008-4	09.06.12	13,750	8,250	297	297	3 Years
ESOP 2008-5	28.08.13	13,650	4,095	344	344	3 Years
ESOP 2008-6	29.04.14	9,200	0	362	362	3 Years

Service contract, severance fees and notice period

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

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

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 177 of the Companies Act, 2013.

The Audit Committee comprises of four Non-Executive Directors, of which more than two-third are Independent Directors. The members of the Committee possess the sound knowledge of finance and 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, Chief Executive Officer, 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 28th April, 2014, 30th July, 2014, 31st October, 2014 and 29th January, 2015 wherein which the requisite quorum as prescribed under the Listing Agreement was present.

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
Prof. Nitin Sanghavi	Member	Independent Director	4
Mr. Manish Chokhani	Member	Independent Director	1
Mr. Shahzaad S. Dalal	Member	Independent Director	1

Note: Mr. Manish Chokhani was inducted as a Member of the Committee on 31st July, 2014 in place of Mr. Shahzaad S. Dalal.

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

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

1. Oversight of 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. Recommendation for appointment, remuneration and terms of appointment of auditors i.e., statutory and internal auditor of the Company;
3. Approval of payment to auditors i.e., statutory and internal auditor for any other services rendered by them;
4. Reviewing, with the management, the annual financial statements and auditors report thereon 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 (c) of Sub-Section 3 of Section 134 of the Companies Act, 2013

- 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 judgment 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 any related party transactions
 - g. Qualifications in the draft audit report
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
 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 / prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
 7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
 8. Approval or any subsequent modification of transactions of the Company with related parties;
 9. Scrutiny of inter-corporate loans and investments;
 10. Valuation of undertakings or assets of the Company, wherever it is necessary;
 11. Evaluation of internal financial controls and risk management systems;
 12. Reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
 13. Reviewing the adequacy of internal audit function, if any, 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;
 14. Discussion with internal auditors of any significant findings and follow up there on;
 15. 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;
 16. 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;
 17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
 18. To review the functioning of the Whistle Blower mechanism;
 19. Approval of 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 and background, etc., of the candidate;
 20. Carrying out any other function as may be decided by the Board and is mentioned in the terms of reference of the Audit Committee.

Nomination and Remuneration (including Corporate Governance) Committee

In compliance with the provisions of Section 178 of the Companies Act, 2013 and the Listing Agreement, the Board has renamed the existing "Compensation / Remuneration Committee" constituted in the year 2001 as the "Nomination and Remuneration (including Corporate Governance) Committee".

During the year, the Committee met seven times i.e., on 29th April, 2014, 30th May, 2014, 25th June, 2014, 31st July, 2014, 5th November, 2014, 30th January, 2015 and 13th March, 2015.

The composition of Nomination and Remuneration (including Corporate Governance) Committee and the attendance of its members at the meetings held are as follows:

Name of Member	Status	No. of meetings attended
Mr. Nirvik Singh	Chairman	2
Prof. Nitin Sanghavi	Member	5
Mr. Avnish Bajaj	Member	3
Mr. Ravi C. Raheja*	Member	3
Mr. G. L. Mirchandani*	Chairman	4
Mr. Shahzaad S. Dalal*	Member	3

Note: The Committee was re-constituted on 31st July, 2014 comprising of Mr. Nirvik Singh as Chairman and Prof. Nitin Sanghavi and Mr. Avnish Bajaj as members.

* Mr. G. L. Mirchandani and Mr. Shahzaad S. Dalal ceases to be a Member and Director of the Company w.e.f. 31st July, 2014. Mr. Ravi C. Raheja is an Invitee to the Committee, earlier he was a Member of the Committee.

Mr. BVM Rao, Head – Human Resources of the Company acts as the Secretary to the Committee.

The broad terms of reference of the Nomination and Remuneration (including Corporate Governance) Committee inter-alia are as under:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the appointment, removal and remuneration of the directors, key managerial personnel and senior management i.e., one level below the Board which includes functional heads of the Company.

In formulating the aforesaid policy, following needs to be considered:

- a) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully;
 - b) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - c) Remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.
2. Formulation of criteria for evaluation of every Director's performance.
 3. Devising a policy on Board's diversity.
 4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal.
 5. To determine and recommend to the Board of Directors of the Company for payment of remuneration to executive directors, sitting fees and commission to Non-executive Directors of the Company.
 6. Allotment of equity shares of the Company on account of exercise of vested Employee Stock Option Schemes (ESOPs) from time to time.

Remuneration Policy:

The Board of Directors has on the recommendation of the Nomination and Remuneration (including Corporate Governance) Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The said policy is provided in Annual Report.

Stakeholders Relationship Committee

In compliance with the provisions of Section 178 of the Companies Act, 2013 and the Listing Agreement, the Board has renamed the existing "Shareholders Investor Grievance and Share Transfer Committee" constituted in the year 2004 as the "Stakeholders Relationship Committee".

During the year, the Committee met eleven times i.e., on 20th May, 2014, 17th June, 2014, 15th July, 2014, 19th August, 2014, 16th September, 2014, 16th October, 2014, 18th November, 2014, 16th December, 2014, 20th January, 2015, 17th February, 2015 and 17th March, 2015.

The composition of Stakeholders Relationship Committee and the attendance of its members at the meetings are as follows:

Name of Member	Status	No. of meetings attended
Mr. Ravi C. Raheja	Chairman	9
Mr. Neel C. Raheja	Member	9
Mr. B. S. Nagesh	Member	11

Mr. Prashant Mehta, Vice President – Legal & Company Secretary is the Compliance Officer of the Company.

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

1. Redressal of shareholders grievances.
2. Oversees the performance of the Registrar and Share Transfer Agents and recommends measures for overall improvement in the quality of investor services.

During the year, the Company has received 8 (eight) Communications / grievances, which were attended and resolved to the satisfaction of the Shareholders. No grievances were pending at the year end.

Subsidiary Companies

Under Listing Agreement, a 'material non-listed Indian subsidiary' is an unlisted subsidiary, incorporated in India, whose income or net worth (i.e., paid up capital and free reserves) exceeds 20% of the consolidated income or net worth respectively, of the listed holding Company and its subsidiaries in the immediately preceding accounting year.

In this regard, Hypercity Retail (India) Ltd.; a 51% subsidiary, is a material non-listed subsidiary of the Company. Mr. Deepak Ghaisas and Prof. Nitin Sanghavi, the Independent Directors of the Company are on the Board of Hypercity Retail (India) Ltd.

The Audit Committee reviews the financial statement & investment made by them, if any of the subsidiaries on quarterly basis and Board of Directors of the Company inter-alia, review the annual financial statements of Hypercity Retail (India) Ltd.; and 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 all 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
2013-2014	31st July, 2014	3.30 p.m.	National Stock Exchange of India Ltd., Exchange Plaza, Dr. R. H. Patil Auditorium, Ground Floor, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051	No special resolution has been passed.
2012-2013	30th July, 2013	3.30 p.m.		
2011-2012	31st July, 2012	3.30 p.m.		

Postal Ballot

As per Section 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management and Administration) Rules, 2014, during the year 2014-15, the following special resolutions were passed by members through postal ballot on 11th September, 2014 and 31st March, 2015. Details of the postal ballot process followed in these regard are as under:

1. Results of Postal Ballot announced on 11th September, 2014

Approval of members was sought for following Special Resolutions:

1. To approve the borrowing powers of Board of Directors to an amount of ₹ 1,000 crore pursuant to provisions of Section 180(1)(c) of the Companies Act, 2013;

2. To approve creation of charge on the movable and immovable (including intangibles) properties of the Company, both present and future, in respect of borrowings up to ₹ 1,000 crore, pursuant to the provisions of Section 180(1)(a) of the Companies Act, 2013; and
3. To approve payment of remuneration to Mr. Govind Shrikhande, Managing Director of the Company for the Financial Year 2014-15, 2015-16 and for the period from 1st April, 2016 to 28th July, 2016.

Voting Pattern and Procedure for Postal Ballot

1. The Board of Directors of the Company had appointed Mr. V. Sundaram, Practicing Company Secretary as a Scrutiniser for conducting the voting through Postal Ballot.
2. All postal ballot forms and e-votes received upto 10th September, 2014, the last date for receiving the postal ballot forms from shareholders were considered for scrutiny. Envelopes/e-votes received after this date was not considered for scrutiny.
3. The results of the Postal Ballot was announced on 11th September, 2014 at the Registered Office of the Company. The details of voting are as follows:

Particulars	In favour			Against			Total No. of Shares
	No. of Postal Ballot Forms	No. of Votes	%	No. of Postal Ballot Forms	No. of Votes	%	
Resolution 1	141	72,705,566	99.95	07	35,988	0.05	72,741,554
Resolution 2	140	72,705,516	99.95	08	36,038	0.05	72,741,554
Resolution 3	119	70,280,330	97.02	27	2,159,348	2.98	72,439,678

2. Results of Postal Ballot announced on 31st March, 2015

Approval of members was sought for partially modifying the earlier special resolutions for making the payment of remuneration to Mr. Govind Shrikhande within a limit of ten percent of the net profits of the Company.

Voting Pattern and Procedure for Postal Ballot

1. The Board of Directors of the Company had appointed V Sundaram & Co., Practicing Company Secretaries, as a Scrutiniser for conducting the voting through Postal Ballot.
2. All postal ballot forms and e-votes received upto 30th March, 2015, the last date for receiving the postal ballot forms from shareholders were considered for scrutiny. Envelopes/e-votes received after this date was not considered for scrutiny.
3. The results of the Postal Ballot was announced on 31st March, 2015 at the Registered Office of the Company. The details of voting are as follows:

In favour			Against			Total No. of Shares
No. of Postal Ballot Forms	No. of Votes	%	No. of Postal Ballot Forms	No. of Votes	%	
116	73,289,937	97.30	23	2,031,951	2.70	75,321,888

3. There was no special resolution proposed to be passed through Postal Ballot.

Related Party Transactions

During the year under review, all related party transactions have been approved by the Audit Committee and these transactions entered into with the related parties were on arm's length basis and were in the ordinary course of business.

Material Related Party Transaction: During the year under review there were no materially significant related party transactions that may have potential conflict with the interests of the Company at large. The transactions entered with the related parties which are on arm's length basis and in the ordinary course of business are disclosed in the Annual Report. The Company has formulated a Related Party Transaction Policy including therein the materiality of related party transaction, which has been posted on the website of the Company and is accessible at the web link: http://corporate.shoppersstop.com/uploaded_files/d4595fa-d959.pdf

Pursuant to SEBI's Circular No. CIR/CFD/POLICY CELL/2/2014 dated 17th April, 2014 read with Circular No. CIR/CFD/POLICY CELL/7/2014 dated 15th September, 2014, all existing material related party contracts or arrangements as on 17th April, 2014, the date of aforesaid SEBI's circular, which are likely to continue beyond 31st March, 2015 needs to be placed for approval of the Shareholders in the first General Meeting subsequent to 1st October, 2014.

A transaction with a related party shall be considered material, if the transaction(s) entered into individually or taken together with previous transactions during the financial year, exceeds 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

The Company had entered into the various transactions with Hypercity Retail (India) Ltd.; (Hypercity) a 51% subsidiary, which are standing as on 17th April, 2014, and are continuing beyond 31st March, 2015. The details in respect of these transactions are provided in the explanatory statement to the Notice convening the ensuing 18th Annual General Meeting of the Company.

Hence these material related party contracts or arrangements as on 17th April, 2014, with Hypercity, which had continued beyond 31st March, 2015, is placed before the shareholders for their approval at the ensuing Annual General Meeting of the Company.

Disclosure of Accounting Treatment

The financial statements of the Company comply with the Accounting Standards referred to in the Companies Act, 2013.

Risk Management

The Board of Directors had constituted a Risk Management Committee consisting of Mr. Ravi Raheja as a Chairman (In case of his unavailability, Mr. Neel Raheja to act as a Chairman), Mr. Manish Chokhani – Director, Mr. Govind Shrikhande – Managing Director and Mr. Sanjay Chakravarti – Chief Financial Officer, as Members of the Committee.

The Company has laid down the procedures for risk assessment and its minimisation, as a part of its risk management.

Details of non-compliance on matters relating to Capital Market

There have been no instances of non-compliances by the Company 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.

Code of Conduct for all Board members and senior management personnel

The Company has adopted the Code of Conduct for all Board members and senior management personnel of the Company. This Code is posted on the website of the Company. All Board members and senior management personnel have confirmed compliance to the Code of Conduct. A declaration signed by the Chief Executive Officer of the Company to this effect is annexed and forms part of the Annual Report.

Whistle Blower Policy / Vigil Mechanism

The Company has established Vigil Mechanism and adopted whistle blower policy for its directors and employees to report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. The mechanism provides adequate safeguards against victimisation of persons who use such mechanism. Every whistle blower has direct access to the Chairman of the Audit Committee. The Company has formulated a Whistle Blower Policy, and brief details thereof has been posted on the website of the Company and is accessible at the web link http://corporate.shoppersstop.com/uploaded_files/ce848df-1585.pdf

Compliance with non mandatory requirements of Clause 49 of the Listing Agreement

The Company has voluntarily complied with the non mandatory requirements relating to separate position of Chairman and Managing Director / Chief Executive Officer.

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. There are no unutilised issue proceeds thereof.

CEO/CFO Certification

The CEO and the CFO of the Company had issued certificate pursuant to provisions of clause 49 of the Listing Agreement certifying that the financial statement do not contain any materially untrue statement and these statements represents a true and fair view of the Company's affairs. The said certificate is annexed and forms part of the Annual Report.

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	: 31st July, 2015 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, 2014 to 31st March, 2015
(3) Date of Book Closure	: 24th July, 2015 to 31st July, 2015 (Both days inclusive).
(4) Dividend payment date	: Within 5 days from the date of declaration of dividend
(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.

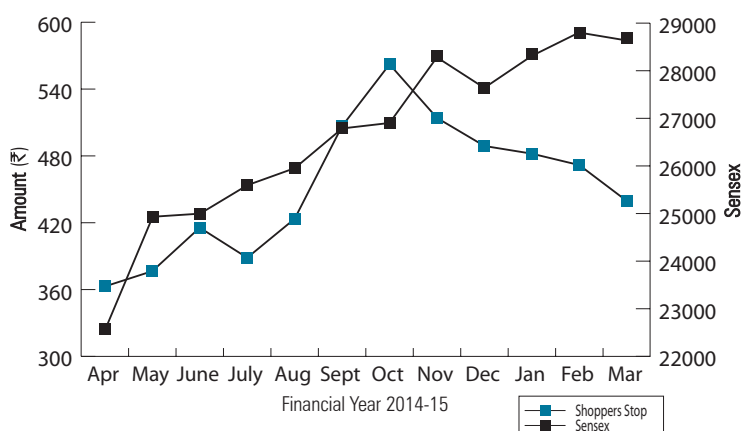
The requisite Listing Fees for the Financial Year 2015-16 has been paid to both the above Stock Exchanges where the equity shares of the Company are listed:

(6) Stock Code:

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

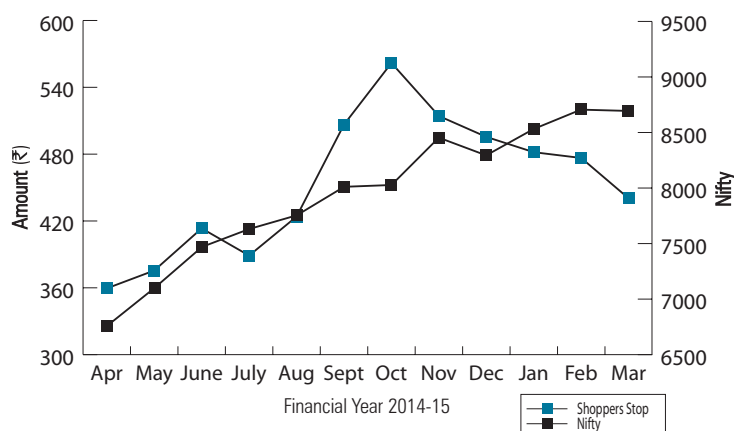
(7) Stock Market Data for the period – 1st April, 2014 to 31st March, 2015**Share price performance in comparison on BSE:**

Month (2014-15)	BSE		Sensex		No. of Shares transacted
	High (₹)	Low (₹)	High	Low	
April	385.00	340.60	22,939.31	22,197.51	55,508
May	408.95	344.10	25,375.63	22,277.04	47,853
June	459.15	372.00	25,725.12	24,270.20	151,417
July	407.05	370.10	26,300.17	24,892.00	94,606
August	466.10	380.95	26,674.38	25,232.82	447,025
September	570.40	443.10	27,354.99	26,220.49	290,741
October	623.50	501.00	27,894.32	25,910.77	91,156
November	555.00	473.15	28,822.37	27,739.56	597,755
December	520.30	457.50	28,809.64	26,469.42	72,451
January	509.00	455.00	29,844.16	26,776.12	88,536
February	499.50	444.00	29,560.32	28,044.49	146,180
March	470.00	407.25	30,024.74	27,248.45	279,461

Shoppers Stop Price Movement Chart – BSE**Share price performance in comparison on NSE:**

Month (2014-15)	NSE		Nifty		No. of Shares transacted
	High (₹)	Low (₹)	High	Low	
April	384.00	335.00	6,869.85	6,650.40	308,873
May	410.00	341.00	7,563.50	6,638.55	324,391
June	458.00	368.70	7,700.05	7,239.50	767,438
July	408.40	369.50	7,840.95	7,422.15	603,144
August	472.75	375.10	7,968.25	7,540.10	1,177,730
September	572.00	441.10	8,180.20	7,841.80	669,505
October	624.40	499.30	8,330.75	7,723.85	845,534
November	554.80	473.70	8,617.00	8,290.25	2,498,109
December	520.95	470.00	8,626.95	7,961.35	908,793
January	509.50	454.00	8,996.60	8,065.45	1,844,349
February	502.00	451.10	8,941.10	8,470.50	853,815
March	471.90	408.60	9,119.20	8,269.15	609,682

Shoppers Stop Price Movement Chart – NSE

**(8) Distribution of Shareholding as on 31st March, 2015 and 31st March, 2014:**

Shareholding of Nominal Value ₹	As on March 31, 2015				As on March 31, 2014			
	Shareholders		% to total		Shareholders		% to total	
	Number	% to total	₹	% to total	Number	% to total	₹	% to total
Upto 5000	7,437	96.80	2,702,395	0.65	8,006	96.96	2,792,890	0.67
5001-10000	57	0.74	439,135	0.11	64	0.77	492,180	0.12
10001-20000	43	0.56	638,420	0.15	44	0.53	598,035	0.14
20001-30000	23	0.30	563,885	0.14	27	0.33	650,495	0.16
30001-40000	8	0.10	270,010	0.06	14	0.17	477,545	0.11
40001-50000	11	0.14	503,630	0.12	9	0.11	406,695	0.10
50001-100000	32	0.42	2,421,585	0.58	27	0.33	2,022,355	0.49
100001 and above	72	0.94	409,299,965	98.19	66	0.80	408,638,605	98.21
Total	7,683	100.00	416,839,025	100.00	8,257	100.00	416,078,800	100.00

Shareholding Pattern

The categories of shareholdings as on 31st March, 2015 and 31st March, 2014:

Category	As on March 31, 2015		As on March 31, 2014	
	No. of Shares Held	% to total	No. of Shares Held	% to total
Promoters	56,029,674	67.21	56,029,674	67.33
Mutual Funds	11,551,259	13.86	12,577,215	15.11
Financial Institution	1,285	0.00	6,496	0.01
Foreign Institutional Investors	3,203,965	3.84	2,335,543	2.81
Corporate Bodies	9,930,307	11.91	9,557,555	11.48
Indian Public & HUF	2,419,502	2.90	2,653,578	3.19
Banks	7,500	0.01	7,200	0.01
NRIs	188,209	0.23	30,244	0.04
Clearing Members (Transit)	29,604	0.04	11,107	0.01
Trust	6,500	0.01	7,148	0.01
Total	83,367,805	100.00	83,215,760	100.00

Shareholding of Board of Directors as on 31st March, 2015:

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
Prof. Nitin Sanghavi	Director	0
Mr. Deepak Ghaisas*	Director	7,750
Ms. Abanti Sankaranarayanan	Director	0
Mr. Nirvik Singh	Director	0
Mr. Avnish Bajaj	Director	0
Mr. Manish Chokhani	Director	0
Mr. Gareth Thomas	Director	0
Mr. B. S. Nagesh	Vice Chairman	567,685
Mr. Govind Shrikhande	Managing Director	287,664

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

- (9) Registrar and Transfer Agent :** Karvy Computershare Private Limited.
Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District,
Nanakramguda, Hyderabad – 500 032
Tel : 040 6716 1500 Fax : 040 23420814
- (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.
- (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 322 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**
- 211-D, S. V. Road, Andheri (West), Mumbai - 400 058.
 - Krushal Commercial Complex, G. M. Road, Chembur (West), Mumbai – 400 089.
 - Suburbia, Old Bandra Talkies, Linking Road, Bandra (West), Mumbai – 400 050.
 - Nirmal Lifestyles, L. B. S. Marg, Mulund (West), Mumbai – 400 080.

5. Inorbit Mall, Link Road, Malad (West), Mumbai – 400 064.
6. Dynamix Mall, Sant Dhyaneswar Marg, JVPD Scheme, Next to Chandan Cinema Hall, Vile Parle (West), Mumbai – 400 049.
7. Godrej Eternia, B Wing, Shivaji Nagar, Mumbai-Pune Road, Pune – 411 005.
8. HomeStop, Inorbit Mall, 2nd Floor, Link Road, Malad (West), Mumbai – 400 064.
9. Prozone Mall, Plot Sector - C, Chikalthana Industrial Area, Masantpur, Aurangabad – 431 210.
10. Inorbit Mall, Vashi, Navi Mumbai – 400 705.
11. HomeStop, Inorbit Mall, 2nd Floor, Vashi, Navi Mumbai – 400 705.
12. Inorbit Mall, Wadgaon Sheri, Nagar Road, Pune – 411 014.
13. Alpha G, Near Vastrapur Lake, Vastrapur, Ahmedabad – 380 054.
14. R City Mall, LBS Marg, Ghatkopar (West), Mumbai – 400 086.
15. Pacific Mall, Shankar Seth Road, Pune – 411 037.
16. Opposite Alankar Talkies, Chainsukh Road, Latur – 413 512.
17. HomeStop, Inorbit Mall, 2nd Floor, Wadgaon Sheri, Nagar Road, Pune – 411 014.
18. HomeStop, R City, LBS Marg, Ghatkopar (West), Mumbai – 400 086.
19. HomeStop, FP No. 216, TP Scheme -1, Vastrapur, Ahmedabad – 380 054.
20. Koregaon Park Shopping Centre, Village Mouje, Gorpadi Taluka, Pune – 411 001.
21. Metro Junction Mall, Shil Road, Kalyan – 421 306.
22. VR Mall, Near Magdalia Chokdi, Dumas Road, Surat – 395 007.
23. Viviana Mall, Eastern Express Highway, Thane – 400 062.
24. Alembic Road, Subhanpura, Vadodara – 390 003.
25. C G Square, C.G. Road, Ahmedabad – 380 009.
26. First floor, Seasons Mall, South Magarpatta City, Hadapsar, Pune – 411 028.
27. HomeStop, First floor, Seasons Mall, South Magarpatta City, Hadapsar, Pune – 411 028.

Southern Region

1. Garuda Star Mall, Magrath Road, Ashok Nagar, Bengaluru – 560 025.
2. Commerce@Mantri, Ground Floor, N.S. Palya, Bannerghatta Road, Bengaluru – 560 076.
3. Mantri Square, Sampige Road, Malleshwaram, Bengaluru – 560 003.
4. Salarpuriya Tower – II, Near Forum Mall, Kormangala Indl. Layout, Bengaluru – 560 095.
5. Plot No. 1-11-251/1, Alladin Mansion, Begumpet, Hyderabad - 500 016.
6. Harrington Road, Chetpet, Chennai - 600 031.
7. GVK One Mall, Road No. 01, Banjara Hills, Hyderabad – 500 034.
8. Inorbit Mall, Apiic Software Layout, Hitech City, Madhapur, Hyderabad – 500 081.
9. Passenger Terminal Building, Shamshabad Airport, Rangareddy, Hyderabad – 500 409.
10. Passenger Terminal Building, Bengaluru International Airport, Devanahalli, Bengaluru – 560 300.
11. HomeStop, Raheja Point No. 17/2, Magrath Road, Bengaluru – 560 025.

12. HomeStop, Royal Meenakshi Mall, Bannergetta Road, Opp. Meenakshi Temple, Bengaluru – 560 076.
13. HomeStop, LEPL Icon, Vijayawada – 520 008.
14. 1st and 2nd Floor, Celebros Shyamala Towers, 136 Acrot Road, Saligramam, Chennai – 600 093.
15. LEPL Icon Mall, Vijayawada – 520 008.
16. OMR, Ground Floor, Gopalan Signature Towers, Opp. RMZ Infinity, Old Madras Road, Bengaluru – 560 096.
17. Mall of Mysore, Indira Nagar Extension, Nazarabad Mohalla, M.G. Road, Mysore – 570 010.
18. HomeStop, Inorbit Mall, Apiic Software Layout, Hitech City, Cyberabad, Hyderabad – 500 081.
19. Inorbit Mall – Whitefield, EPIP Area, Whitefield, Bengaluru – 560 066.
20. E-City Mall, Avinash Road, Coimbatore – 641 004.
21. HomeStop, E-City Mall, Avinash Road, Coimbatore – 641 004.
22. “Soul Space Arena” Outer Ring Road, K R Puram Hubli, Bengaluru – 560 037.
23. Homestop, Phoneix Market City, Velachery, Chennai – 600 042.
24. Homestop, Manjeera Trinity Mall, Kukatpally, Hyderabad – 500 072.
25. The Grand Mall, No. 137, Dr. Seetharam Nagar, Velachery, Chennai – 600 042.
26. Homestop, SJR Padukone Plaza, (Shop in Shop Crossword), 18th Main Road, Koramangla, Bengaluru - 560 034.
27. Manjeera, Trinity Mall, Kukatpally, Hyderabad – 500 072.
28. Homestop, Embassy Paragon, (Shop in Shop Hypercity), ITPL Main Road, Bengaluru – 560 037.
29. SRK Destiny, VIP Road, near CBM Compound, Visakhapatnam – 530 016.
30. Upper, Ground and First Floor Forum Fiza Mall, Pandeshwar Road, Mangalore – 575 001.

Northern Region

1. Ansal Plaza, Hudco Palace, Andrew Ganj, Khelgaon Marg, Near South Extension, New Delhi – 110 049.
2. The Metropolitan Mall, Mehrauli-Gurgaon Road, Gurgaon, Haryana – 122 002.
3. Shipra Mall, Shipra Suncity, 9 Vaibhav Khand, Indirapuram, Ghaziabad – 201 012.
4. HomeStop, Plot No. A/3, Select City Walk, District Centre, Saket, New Delhi – 110 017.
5. E-City Mall, Opp. Paryatan Bhavan, Beside Eldeco Green Compound, Gomti Nagar, Lucknow – 226 010.
6. Eros Mall, Shivaji Palace, Rajouri Garden, Rajouri, New Delhi – 110 027.
7. The Great India Palace, New Okhla Industrial Development Area, Noida – 201 301.
8. Metropolitan Mall, Press Enclave Road, District Centre Saket, Sector II, New Delhi – 110 017.
9. Suncity Triton Mall, Near Bhawani Niketan College, Off Sikar Road, Sitarampura, Jaipur – 302 012.

10. Alpha One Mall, MBM Farms, Sultan Wind, Main G. T. Road, Amritsar – 143 010.
11. Ambience Mall, Nelson Mandela Road, Vasant Kunj, New Delhi – 110 070.
12. DB City Mall, Arera Hills, Bhopal – 462 011.
13. Spaze I, Tech Park, Gurgaon, Spaze Mall, Sohna Road, Gurgaon – 122 002.
14. Rohini, Sector – 10, Adjacent to Rithala Metro Station, Rohini, New Delhi – 110 085.
15. BPK Star Building, Opp. Lig Gurudwara, A.B. Road, Indore – 452 001.
16. HomeStop, 2nd Floor, Fun Republic Mall, Gomti Nagar, Lucknow – 206 010.
17. MBD Neopolis Mall, Civil Lines, Beside Hotel Raddison, BMC Chowk, GT Road, Jalandar – 144 001.
18. World Trade Park, South Block, Malviya Nagar, Jaipur – 302 017.
19. Elante Mall, Industrial Area Phase -1, Chandigarh – 160 002.
20. New Udaan Bhawan, Indira Gandhi International Airport, New Delhi – 110 037.
21. OMaxe SRK Mall, Nagala Padi, Agra – 280 002.
22. Jaipur International Airport (Departure - Level 2), New Terminal Building T-2, Jaipur – 302 011.
23. HomeStop, Elante Mall, Industrial Area Phase -1, Chandigarh – 160 002.
24. HomeStop, Gaurav Towers 2, Indira Palace, Malaviya Nagar, Jaipur – 302 017.
25. Gaur Central Mall, Rajnagar, Ghaziabad – 201 002.
26. Pavillion Mall, Old Sessions Court Road, Ludhiana – 141 001.

Eastern Region

1. 10/3, Lala Lajpat Rai Sarani (Elgin Road), Kolkata – 700 020.
2. City Centre, DC - 1, Sector – 1, Salt Lake, Kolkata – 700 064.
3. South City Mall, 375, Prince Anwar Shah Road, Kolkata – 700 068.
4. Junction Mall, Mouza – Faridpur, City Centre, Durgapur – 713 216.
5. City Centre, Siliguri Uttarayan Township, NH – 31, Matigara, Siliguri – 734 010.
6. Vidhan Sabha Road, Village Mowa, Raipur – 492 005.
7. New Integrated Terminal Building, Swami Vivekanand Airport, Raipur – 492 001.
8. City Center 2, Rajarhat, New Town, Major Arterial Road, Action Area IID, Kolkata – 700 157.

To,

The Members of Shoppers Stop Limited

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of **SHOPPERS STOP LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, 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 Standalone Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
4. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. 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 internal financial control relevant to the Company's preparation of the 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 whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
6. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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, of the state of affairs of the Company as at 31st March, 2015, and its profit and its cash flows for the year ended on that date.

Emphasis of Matter

8. We draw attention to the following matters in the notes to the financial statements:

- a) Note 29 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 (2014: ₹ 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 30 to the financial statements regarding the Company's financial involvement aggregating ₹ 43,274.56 lacs (2014: ₹ 39,085.32 lacs) in Hypercity Retail (India) Limited, a subsidiary Company. The Company considers no provision for any loss is currently necessary for the reason stated in the note.

Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of Section 143 (11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.

10. As required by Section 143 (3) of the Act, we report that:

- (a) We have sought and 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 aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements in accordance with the generally accepted accounting practice – Also refer Note 28 and 29 to the financial statements.
 - ii. The Company did not have any on long-term contracts (including derivative contracts) for which a provision is required for material foreseeable losses under the applicable law or accounting standards.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For Deloitte Haskins & Sells LLP

Chartered Accountants

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

Shyamak R. Tata

Partner

(Membership No. 38320)

Place: Mumbai

Date: April 30, 2015

To,

The Members of Shoppers Stop Limited

(Referred to in paragraph 9 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date on the accounts of SHOPPERS STOP LIMITED ("the Company") for the year ended March 31, 2015)

1. In respect of fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - (b) Some of the fixed assets were physically verified during the year by the management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
2. In respect of 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 granted unsecured loans to companies covered in the Register maintained under Section 189 of the Companies Act, 2013, where the receipt of the principal and interest are as per stipulations and there are no overdue amounts in excess of ₹ 1 lac remaining outstanding as at the year-end.
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, for the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, we have not observed any major weakness in the aforesaid internal control system.
5. According to information and explanations given to us, the Company has not accepted any deposits and accordingly, the provisions of clause (v) of paragraph 3 of the Companies (Auditor's Report) Order, 2015 are not applicable to the Company.
6. In our opinion and according to the information and explanations given to us, the Companies (Cost Records and Audit) Rules, 2014 specified by the Central Government under Section 148 of the Companies Act, 2013 are not applicable to the Company.
7. According to the information and explanation 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 statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities. There were no undisputed amounts payable in respect of the aforesaid dues in arrears as at 31st March, 2015 for a period of more than six months from the date they became payable.
 - (b) There were no dues of Sales Tax, Wealth Tax, Duty of Excise and Cess, as applicable, which have not been deposited as at 31st March, 2015 on account of any dispute with the relevant authorities. The details of dues of Income Tax, Service Tax, Duty of Customs and Value Added Tax which have not been deposited as at 31st March, 2015 on account of any disputes are given below:

Name of the Statute	Nature of dues	Period to which the amount relates	Forum where dispute is pending	Amount (₹ in lacs)
The Income-Tax Act, 1961	Income Tax	2012-13	Appellate Authority – Commissioner level	374.08
Finance Act, 1994	Service Tax	May 2006 to May 2007	Appellate Authority – Tribunal level	775.97
		2004-05 & 2005-06	Appellate Authority – Tribunal level	421.69

Annexure to the Independent Auditors' Report

Shoppers Stop Ltd.

The West Bengal Value Added Tax Act, 2005	Value Added Tax	2008-09	Appellate Authority – Tribunal level	5.58
		2009-10	Appellate Authority – Commissioner level	2.12
The Customs Act, 1962	Duty of Customs	2008	Appellate Authority – Tribunal level	5.17
		2012	Appellate Authority – Tribunal level	37.44

- (c) The amounts required to be transferred to Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder, have been transferred to such fund within time.
8. The Company does not have accumulated losses at the end of the financial year and the Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
 9. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to the banks.
 10. 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 company and subsidiary company from banks are not, prima facie, are not prejudicial to the interest of the Company.
 11. In our opinion and according to the information and explanations given to us, the term loans obtained by the Company were applied for the purposes for which they were obtained.
 12. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no significant fraud on the Company has been noticed or reported during the year.

For Deloitte Haskins & Sells LLP

Chartered Accountants

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

Shyamak R. Tata

Partner

(Membership No. 38320)

Place: Mumbai

Date: April 30, 2015

		(All amounts in ₹ lacs)	
	Notes	Mar-15	Mar-14
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	3	4,168.39	4,160.79
Reserves and surplus	4	72,360.41	68,706.47
		76,528.80	72,867.26
NON-CURRENT LIABILITIES			
Long-term borrowings	5	22,535.71	19,983.33
Deferred tax liabilities (net)	6	955.75	996.19
		23,491.46	20,979.52
CURRENT LIABILITIES			
Short-term borrowings	7	23,255.26	17,480.71
Trade payables	8	33,135.40	30,969.50
Other current liabilities	9	21,443.70	22,521.30
Short-term provisions	10	1,175.42	1,066.25
		79,009.78	72,037.76
		179,030.04	165,884.55
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Tangible assets	11	57,173.37	52,679.08
Intangible assets	11	2,457.76	2,223.70
Capital work-in-progress		1,424.62	3,187.17
		61,055.75	58,089.95
Non-current investments	12	40,649.47	38,759.92
Long-term loans and advances	13	34,229.16	30,119.38
		135,934.38	126,969.25
CURRENT ASSETS			
Inventories	14	32,961.33	29,553.57
Trade Receivables	15	2,233.52	2,600.30
Cash and cash equivalents	16	490.47	873.40
Short-term loans and advances	17	6,255.25	4,397.49
Other current assets	18	1,155.09	1,490.54
		43,095.66	38,915.30
		179,030.04	165,884.55

The accompanying Notes 1 to 38 are an integral part of the financial statements.

In terms of our attached report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of the Board of Directors

C. L. Raheja
Chairman

Ravi Raheja
Director

Govind S. Shrikhande
Customer Care Associate &
Managing Director

Shyamak R. Tata
Partner
Mumbai, Dated: April 30, 2015

Sanjay Chakravarti
Customer Care Associate &
Chief Financial Officer
Mumbai, Dated: April 30, 2015

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

Statement of Profit and Loss
for the year ended 31 March 2015

Shoppers Stop Ltd.

(All amounts in ₹ lacs)

	Notes	Mar-15	Mar-14
INCOME			
Revenue from operations	19	304,198.80	271,357.32
Other income	20	1,765.49	1,338.88
Total revenue		305,964.29	272,696.20
EXPENDITURE			
Purchase of Stock-in-Trade	21	191,051.05	174,215.93
Changes in Inventories of stock-in-trade – (increase)	22	(3,407.76)	(5,171.08)
Employee benefits expenses	23	22,703.29	20,444.50
Finance costs	24	5,122.23	4,189.10
Depreciation and amortisation expenses	11	8,580.71	6,177.89
Other expenses	25	74,958.52	66,501.92
Total expenses		299,008.04	266,358.26
PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX		6,956.25	6,337.94
Exceptional Item		—	67.40
PROFIT BEFORE TAX		6,956.25	6,270.54
Tax expense	26	2,882.72	2,570.07
PROFIT FOR THE YEAR		4,073.53	3,700.47
EARNINGS PER EQUITY SHARE			
Equity shares of face value ₹ 5 each	27		
Basic (₹)		4.89	4.46
Diluted (₹)		4.88	4.45

The accompanying Notes 1 to 38 are an integral part of the financial statements.

In terms of our attached report of even date

For and on behalf of the Board of Directors

For Deloitte Haskins & Sells LLP
Chartered Accountants

C. L. Raheja
Chairman

Ravi Raheja
Director

Govind S. Shrikhande
Customer Care Associate &
Managing Director

Shyamak R. Tata
Partner
Mumbai, Dated: April 30, 2015

Sanjay Chakravarti
Customer Care Associate &
Chief Financial Officer
Mumbai, Dated: April 30, 2015

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

Cash Flow Statement for the year ended 31 March 2015

Shoppers Stop Ltd.

(All amounts in ₹ lacs)

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

Depreciation and Amortisation	8,580.71	6,177.89
Provision for doubtful debts/advances (net)	18.24	148.56
Finance costs	5,122.23	4,189.10
Loss on sale of fixed assets	28.22	108.24
Interest income	(1,501.26)	(1,303.59)

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

Inventories	(3,407.76)	(5,578.77)
Trade receivables	373.38	(588.61)
Short-term loans and advances, other current assets	(1,566.36)	197.10
Lease deposits (net)	(668.24)	(1,150.56)
Deposit towards Service Tax	(1,716.46)	—
Long-term/short-term provisions	109.16	38.19
Trade payables and other current liabilities	3,096.66	5,255.10

Cash generated from operations

Income taxes paid (net of refunds)	(2,432.77)	(2,399.19)
------------------------------------	------------	------------

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

Insurance claim received	—	1,100.20
--------------------------	---	----------

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

Purchase of fixed assets	(11,723.31)	(15,183.03)
Sale of fixed assets	63.31	53.44
Loans & advances to subsidiaries/group companies (net)	(2,677.64)	(1,171.61)
Investment in subsidiaries	(1,889.55)	(4,054.50)
Investment in joint ventures	—	(1,610.68)
Interest received	1,509.38	1,286.38

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

Issue of share capital	7.60	11.81
Securities premium on issue of shares capital	402.25	502.97
Dividend and dividend tax paid	(730.18)	(728.11)
Proceeds from long-term borrowings	8,600.00	16,400.00
Repayment of long-term borrowings	(7,666.67)	(2,250.00)
Short-term loans (net)	5,774.55	(1,953.00)
Finance costs paid	(5,056.28)	(4,150.04)

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

Cash and cash equivalents as at beginning of the year	705.61	1,020.38
Cash and cash equivalents as at the end of the year (Note 16)	311.59	705.61

Note:

Cash and Cash Equivalents as per Balance Sheet (See Note 16)	490.47	873.40
Less: Deposit under line and dividend accounts	178.88	167.79
Cash and Cash Equivalent as reported above	311.59	705.61

The accompanying Notes 1 to 38 are an integral part of the financial statements.

In terms of our attached report of even date

For Deloitte Haskins & Sells LLP

Chartered Accountants

Shyamak R. Tata

Partner

Mumbai, Dated: April 30, 2015

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: April 30, 2015

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 2015, the Company operated through 72 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 specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act")/Companies Act, 1956 ("the 1956 Act"), as applicable. 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.

Depreciable amount for assets is the cost of an asset, or other amount substitute for cost, less its estimated residual value.

Depreciation on tangible fixed assets has been provided on the straight line method (SLM), as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under, based on technical advice, taking into account the nature of the asset, the estimated usage of the assets, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufactures warranties and maintenance support etc.

	No. of years
Air conditioning and other equipment	5 to 17
Furniture, fixtures and other fittings	5 to 10
Computer Equipments (Other than Desktops and Laptops)	5 to 6
Leasehold Improvements	5 to 17

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 12 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 12 months from rendering service, are measured by the projected unit credit method, based on actuarial valuations, at each Balance Sheet date, carried out by independent actuaries. The Company's obligations recognised in the Balance Sheet represent the present value of obligations as reduced by the fair value of plan assets, where applicable.

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

i) Operating leases

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

j) Borrowing costs

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

k) Foreign currency transactions

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

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

l) Income-Tax

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

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

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

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

m) Stock based compensation

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

n) Earnings per share

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

o) Cash Flow Statement

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

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

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

q) Provision, Contingent liabilities and Contingent assets

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

(All amounts in ₹ lacs)

3. SHARE CAPITAL**3.1 Authorised**

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

3.2 Issued, subscribed and fully paid up shares

83,367,805 (2014: 83,215,760) equity shares of ₹ 5/- each fully paid up

Mar-15	Mar-14
10,000.00	10,000.00
4,168.39	4,160.79
4,168.39	4,160.79

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 2015	
Numbers	₹ lacs
83,215,760	4,160.79
152,045	7.60
83,367,805	4,168.39

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

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 33

**Mar-15
Nos.**Mar-14
Nos.**152,045
504,637**236,243
525,735**3.5 Details of shareholders holding more than 5% shares as at 31 March:****Name of the Shareholder**

Palm Shelter Estate Development Pvt. Ltd.

Raghukool Estate Development Pvt. Ltd.

Capstan Trading Pvt. Ltd.

Casa Maria Properties Pvt. Ltd.

Anbee Construction Pvt. Ltd.

Cape Trading Pvt. Ltd.

Reliance Capital Trustee Co. Ltd.

A/C Reliance Equity Opportunities Fund

31 March 2015	
Shares held (Nos)	Shares held (%)
11,813,300	14.17%
8,263,300	9.91%
8,129,768	9.75%
7,913,300	9.49%
6,511,762	7.81%
6,261,040	7.51%
5,209,410	6.25%

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

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 2015, the amount of per share final dividend recognised as distribution to equity shareholders was ₹ 0.75 per share (2014 : ₹ 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

Less: Adjustment of depreciation on tangible fixed assets
(net of deferred tax ₹ 35.69 lacs) - Refer Note 11.1

Add: Profit for the year

Appropriations:

Dividend proposed to be distributed to equity shareholders-
₹ 0.75 per share (2014: ₹ 0.75 per share)

Tax on proposed dividend

Transferred to General Reserve

Closing Balance

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

Term Loans (Secured)

Less: Current maturities (Note 9)

5.1 2015: Term Loans are secured by a first pari passu charge on stock, book debts, hypothecation charge on credit card/debit card receivables (Escrow account) and all the movable fixed assets of the Company, both present & future except ICICI Bank Term loans which is secured by first pari passu charge on the current assets and all the movable fixed assets of the Company both Present & Future excluding leasehold rights, lease deposits & Shoppers Stop Brands.

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

Mar-15	Mar-14
46,781.83	46,278.86
402.25	502.97
47,184.08	46,781.83
1,630.49	1,445.47
203.68	185.02
1,834.17	1,630.49
20,294.15	17,508.89
69.30	—
20,224.85	17,508.89
4,073.53	3,700.47
24,298.38	21,209.36
625.25	624.12
127.29	106.07
203.68	185.02
956.22	915.21
23,342.16	20,294.15
72,360.41	68,706.47
28,583.33	27,650.00
6,047.63	7,666.67
22,535.71	19,983.33

5.2 Terms of the Facilities:

(All amounts in ₹ lacs)

Name of the Bank	Rate of Interest	Repayment Schedule	Loan Balance	
			31 March 2015	31 March 2014
HDFC Bank Ltd.	11.70% (Previous Year: 11.50%)	Loan is repayable in 12 quarterly equal installments from 10th Jan'2015. For 2014, Repayable in 12 quarterly equal installments from 10th Jan 2015.	4,583.33	5,000.00
Bank of India	11.20% (Previous Year: 11.20%)	Repayable on 13th April 2016. For 2014, Repayable on 8th June 2014 & 13th April 2016.	2,500.00	5,000.00
ICICI Bank Ltd.	12.00% (Previous Year: 12.00%)	Repayable in 15 Equal Quarterly Installments from 1st Sep'2014. For 2014, Repayable in 15 equal quarterly installments from 1st Sep'2014.	4,000.00	5,000.00
IDBI Bank Ltd.	NIL (Previous Year: 12.00%)	For 2014, Repayable in 4 equal quarterly installments from 1st Feb'2014	—	3,750.00
ICICI Bank Ltd.	11.60% (Previous Year: 11.60%)	Repayable in 12 Equal Quarterly Installments from 1st Dec'2015. For 2014, Repayable in 12 equal quarterly installments from 1st Dec'2015.	10,000.00	8,900.00
HDFC Bank Ltd.	11.10% (Previous Year: NIL)	Repayable in 14 Equal Quarterly Installments from 1st June'2015	2,500.00	—
Kotak Mahindra Bank Ltd.	11.00% (Previous Year: NIL)	Repayable in 12 Equal Quarterly Installments from 8th Dec'2015	4,000.00	—
Kotak Mahindra Bank Ltd.	11.00% (Previous Year: NIL)	Repayable in 12 Equal Quarterly Installments from 9th June'2016	1,000.00	—

(All amounts in ₹ lacs)

6. DEFERRED TAX LIABILITIES/(ASSETS) (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 employee benefits

On fiscal allowances on expenditure

Deferred tax liability (Net)

Mar-15	Mar-14
1,386.05	1,428.94
1,386.05	1,428.94
194.80	188.60
147.86	226.72
87.64	17.43
430.30	432.75
955.75	996.19

(All amounts in ₹ lacs)

7. SHORT-TERM BORROWINGS

Loans from banks (secured)
Loans from bank (unsecured)
Commercial papers (unsecured)
(maximum amount outstanding during the year ₹ 8,500 lacs;
Previous year ₹ 2,500 lacs)

Mar-15**13,757.23****998.03****8,500.00****23,255.26****Mar-14**

16,490.66

990.05

—

17,480.71

7.1 2015: Term Loans are secured by a first pari passu charge on stock, book debts, hypothecation charge on credit card/debit card receivables (Escrow account) and all the movable fixed assets of the Company, both present & future except ICICI Bank Term loans which is secured by first Pari Passu charge on the current assets and all the movable fixed assets of the Company both Present & Future excluding leasehold rights, lease deposits & Shoppers Stop Brands.

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

8. TRADE PAYABLES

– Micro and Small enterprises
– Other than Micro, Small and Medium enterprises

479.59**32,655.81****33,135.40**

629.38

30,340.12

30,969.50

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.

9. OTHER CURRENT LIABILITIES

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

6,047.63

7,666.67

Interest accrued and not due on borrowings

153.55

87.60

Unpaid dividends

0.46

0.46

Other liabilities:

a) Creditors for capital expenditure

929.04

1,406.62

b) Liability for gift vouchers/point award redemptions

9,501.51

8,668.62

c) Statutory dues payable

1,866.32

1,928.64

d) Accrued Payroll

2,588.09

2,467.00

e) Security deposits

149.93

175.67

f) Related parties payables (Note 36)

115.92

116.17

g) Gratuity

91.25

3.85

21,443.70

22,521.30

10. SHORT-TERM PROVISIONS

Provision for employee benefits: For Leave Encashment

422.88

336.07

For Proposed Dividend

625.25

624.12

For Corporate Dividend Tax

127.29

106.07

752.54

730.19

1,175.42

1,066.26

11. FIXED ASSETS

(All amounts in ₹ lacs)

DESCRIPTION	GROSS BLOCK			DEPRECIATION/AMORTISATION					NET BLOCK
	1 April 2014	Additions	Deductions	31 March 2015	1 April 2014	Adjusted against retained earnings (Refer Note 11.1 below)	For the year	Deductions	31 March 2015
TANGIBLE ASSETS									
Leasehold improvements	27,959.74	3,076.42	301.77	30,734.39	9,000.39	—	2,306.41	291.43	11,015.37
Air conditioning and other equipment	23,231.98	3,703.38	255.14	26,680.22	6,680.07	40.67	1,703.77	227.43	8,197.08
Furniture, fixtures and other fittings	19,788.65	3,769.02	495.52	23,062.15	6,397.90	13.03	2,421.48	443.55	8,388.86
Office Equipment	1,391.37	310.97	12.24	1,690.10	839.50	—	192.25	11.16	1,020.59
Computers	7,068.40	1,815.72	269.76	8,614.36	3,848.84	51.29	1,370.99	269.98	5,001.14
Vehicles	29.19	12.41	—	41.60	23.55	—	2.86	—	26.41
Total	79,469.33	12,687.91	1,334.43	90,822.82	26,790.25	104.99	7,997.76	1,243.56	33,649.45
INTANGIBLE ASSETS									
Trademarks	346.92	8.37	—	355.29	246.28	—	25.18	—	271.46
Software	4,851.20	809.32	0.68	5,659.84	2,728.14	—	557.77	—	3,285.91
Total	5,198.12	817.69	0.68	6,015.13	2,974.42	—	582.95	—	3,557.37
									2,457.76

Note 11.1:

* Pursuant to the enactment of the Companies Act 2013 (the 'Act'), effective 1st April 2014, the Company has reviewed the estimated economic useful lives of its fixed assets generally in accordance with that provided in Schedule II to the Act. As a result [after reducing ₹ 69.30 lacs (net of tax of ₹ 35.69 lacs) from Retained earnings in line with the transition provision specified in Schedule III] the Depreciation charge for the year ended 31 March 2015 is higher by ₹ 1,517.32 lacs respectively and profit before tax is lower by the same amount.

Notes to Financial Statements
for the year ended 31 March, 2015

Shoppers Stop Ltd.

PREVIOUS YEAR :

(All amounts in ₹ lacs)

DESCRIPTION	GROSS BLOCK			DEPRECIATION/AMORTISATION					NET BLOCK
	1 April 2013	Additions	Deductions	31 March 2014	1 April 2013	Adjusted against retained earnings	For the year	Deductions	31 March 2014
TANGIBLE ASSETS									
Leasehold improvements	23,898.77	4,397.56	336.59	27,959.74	7,177.62	-	2,119.76	296.99	18,959.35
Air conditioning and other equipment	19,700.00	3,895.42	363.44	23,231.98	5,721.59	-	1,304.33	345.85	16,551.91
Furniture, fixtures and other fittings	16,760.19	4,525.23	1,496.77	19,788.65	6,487.02	-	1,304.24	1,393.36	13,390.75
Office Equipment	1,300.83	115.68	25.14	1,391.37	706.37	-	157.61	24.48	551.87
Computers	6,643.70	1,265.45	840.75	7,068.40	3,920.58	-	768.59	840.33	3,219.56
Vehicles	29.19	-	-	29.19	21.21	-	2.34	-	5.64
Total	68,332.67	14,199.34	3,062.69	79,469.33	24,034.39	-	5,656.87	2,901.01	52,679.09
INTANGIBLE ASSETS									
Trademarks	341.44	5.48	-	346.92	220.81	-	25.47	-	100.64
Software	3,445.31	1,445.91	40.02	4,851.20	2,272.62	-	495.55	40.02	2,123.06
Total	3,786.75	1,451.39	40.02	5,198.12	2,493.43	-	521.02	40.02	2,223.70
Note:									
Some of the Trademark 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-15

Mar-14

5.00

5.00

(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)

—

—

Aesthetic Realtors Private 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

5.00

(2.55)

(2.55)

2.45

2.45

Crossword Bookstores Limited

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

2,505.93

2,505.93

Hypercity Retail (India) Limited*

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

67.61

67.61

In Joint Venture Companies:

Timezone Entertainment Private Limited

244,46,247 Equity Shares of ₹ 10/- each Fully Paid

2,444.62

2,444.62

Nuance Group (India) Private Limited

414,10,000 Equity Shares of ₹ 10/- each Fully Paid

4,141.00

4,141.00

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

Notes to Financial Statements
for the year ended 31 March, 2015

Shoppers Stop Ltd.

(All amounts in ₹ lacs)

	Mar-15	Mar-14
Investments in preference shares		
In subsidiary companies:		
Crossword Bookstores Limited		
100,00,000 6% Cumulative Redeemable Preference Shares of ₹10/- each Fully Paid	1,000.00	1,000.00
Hypercity Retail (India) Limited		
13,10,70,000, 7% Compulsorily Convertible Preference Shares of ₹ 10/- each Fully paid	14,182.20	14,182.20
Hypercity Retail (India) Limited		
16,30,40,500 (2014: 14,41,45,000), 7% Cumulative Redeemable Preference Shares of ₹ 10/- each Fully paid	16,304.05	14,414.50
(188,95,500 Preference Shares acquired during the year)	40,649.47	38,759.92
	17.55	17.55
Aggregate provision for diminution in value of non-current investments		
13. LONG-TERM LOANS AND ADVANCES		
(Unsecured, considered good unless otherwise stated)		
Capital Advances	976.00	1,473.34
Premises and other deposits		
– Considered good	15,458.28	14,790.04
– Considered doubtful	26.09	26.09
	15,484.37	14,816.13
Less: Provision for doubtful advances	26.09	26.09
	15,458.28	14,790.04
Deposit towards service tax (Note 29)	3,541.34	1,824.88
Advance income tax (net of provision)	488.71	943.94
Loans and advances to subsidiary companies (Note 36)		
– Considered good	13,764.82	11,087.18
– Considered doubtful	2,291.00	2,291.00
	16,055.83	13,378.18
Less: Provision for doubtful loans and advances	2,291.00	2,291.00
	13,764.83	11,087.18
	34,229.16	30,119.38

- 13.1** – Includes loans given to : Hypercity Retail (India) Limited ₹ 12,720.70 lacs (2014: ₹ 10,421.01 lacs), including interest of ₹ 120.70 lacs (2014: ₹ 121.01 lacs) @ Interest rate of ₹ 12.50%, both repayable on demand.
- Crossword Bookstores Limited ₹ 773.58 lacs (2014: ₹ 458.09 lacs), including interest of ₹ 7.32 lacs (2014: ₹ 8.09 lacs) @ interest rate of ₹ 12.50%, both repayable on demand.
- Gateway Multi Channel Retail (India) Limited ₹ 2,291.00 lacs (2014: ₹ 2,291.00 lacs)*
- * fully provided for:
- The above loans have been given for general corporate business purpose.

14. INVENTORIES

(At lower of cost and Net realisable value)
Stock-in-trade: Retail merchandise

32,961.33

29,553.57

(All amounts in ₹ lacs)

15. 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

Mar-15

Mar-14

38.67

2.52

30.47

37.07

2,194.85

2,597.78

2,263.99

2,637.37

30.47

37.07

2,233.52

2,600.30

16. 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

34.89

66.60

178.42

167.33

0.46

0.46

276.70

639.01

490.47

873.40

Of the above, cash and cash equivalents comprise:

Balance with banks in current accounts

Cash on hand

34.89

66.60

276.70

639.01

311.59

705.61

17. 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

3,700.07

2,516.07

686.37

661.53

4,386.44

3,177.60

686.37

661.53

3,700.07

2,516.07

246.02

257.03

2,309.16

1,624.39

6,255.25

4,397.49

18. OTHER CURRENT ASSETS

Statutory recoverables

1,155.09

1,490.54

1,155.09

1,490.54

(All amounts in ₹ lacs)

19. 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

19.1 The gross retail volume of business and operations comprise:

Own merchandise

Consignment merchandise

Other Retail operating income

20. OTHER INCOME**Interest Income:**

Interest Income from subsidiary companies (Refer Note 36)

Interest Income from others

Compensation received for lease termination

Miscellaneous income

21. PURCHASE OF TRADED GOODS

Purchase of Trading goods – Retail Merchandise

21.1 Details of purchase of traded goods

Apparels

Non-apparels

22. CHANGES IN INVENTORIES OF STOCK-IN-TRADE

Opening inventory

Closing inventory

(Increase)

Mar-15	Mar-14
306,930.78	274,109.89
30,088.43	27,590.06
337,019.21	301,699.95
16,095.48	14,581.77
20,162.71	19,051.33
300,761.02	268,066.85
2,185.57	2,101.27
96.85	43.76
1,155.36	1,145.44
3,437.78	3,290.47
304,198.80	271,357.32
306,930.78	274,109.89
30,088.43	27,590.06
3,437.78	3,290.47
340,456.99	304,990.42
1,482.61	1,248.03
18.65	55.56
208.26	—
55.97	35.29
1,765.49	1,338.88
191,051.05	174,215.93
191,051.05	174,215.93
106,969.62	99,593.25
84,081.70	74,622.68
29,553.57	24,382.49
32,961.33	29,553.57
(3,407.76)	(5,171.08)

(All amounts in ₹ lacs)

23. EMPLOYEE COSTS

	Mar-15	Mar-14
Salaries, allowances and bonus	20,711.87	18,643.23
Contribution to provident and other funds	1,298.10	1,220.20
Staff welfare expenses	693.32	581.07
	22,703.29	20,444.50

24. FINANCE COSTS

Interest on bank borrowings	4,600.49	3,936.55
Interest – others	386.44	133.49
Other borrowing costs	15.94	44.79
Bank charges	119.36	74.27
	5,122.23	4,189.10

25. OTHER EXPENSES

Insurance	206.52	171.69
Lease rent and hire Charges (Note 25.1)	28,514.11	25,422.05
Business conducting fees	1,306.52	1,304.25
Rates and taxes	66.41	52.32
Repairs and maintenance		
– Buildings	6,814.80	6,053.89
– Others	939.02	922.34
Legal and professional fees (Note 25.2)	1,684.38	1,011.62
Housekeeping charges	1,547.63	1,243.37
Security charges	2,326.41	1,796.06
Computer expenses	1,479.53	1,857.45
Conveyance and travelling expenses	1,981.35	1,731.69
Electricity charges	8,654.43	7,501.73
Advertisement and publicity	5,496.97	4,222.19
Sales promotion	2,893.75	2,469.08
Charges on credit card transactions	2,349.40	1,896.79
Packing materials	448.65	570.37
Loss on Sale of Fixed Assets (net)	28.22	108.24
Provision for Doubtful debts/advances	18.24	148.56
Foreign exchange loss (net)	19.32	187.48
Service tax input credit expensed	5,672.42	4,606.19
Miscellaneous expenses	2,510.44	3,224.56
	74,958.52	66,501.92

(All amounts in ₹ lacs)

25.1 Leasing Transactions

a) Operating lease rentals charged to revenue:

Mar-15	Mar-14
12,754.61	12,326.35

b) Variable rentals charged to revenue:

15,660.95	12,990.78
------------------	-----------

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

6,076.20	8,688.85
-----------------	----------

Later than one year and not later than five years

5,993.27	13,780.29
-----------------	-----------

Later than five years

—	299.60
----------	--------

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.

25.2 Payments to Auditors (excluding service tax):

i) Audit fees

43.00	43.00
--------------	-------

ii) Other matters*

7.95	9.73
-------------	------

iii) Out of pocket expenses

2.05	1.87
-------------	------

53.00	54.60
--------------	-------

* Includes ₹ 2.66 lacs (previous year ₹ 5.50 lacs) to an affiliated firm of the auditors covered by a networking arrangement which is registered with the Institute of Chartered Accountants of India.

26. Tax expenses comprise of:

Current tax

— For the year

2,909.50	2,183.37
-----------------	----------

— For the earlier year

(22.03)	15.94
----------------	-------

Deferred tax

— For the year

(4.75)	340.00
---------------	--------

— For the earlier year

—	30.76
----------	-------

2,882.72	2,570.07
-----------------	----------

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

(a) Profit attributable to equity share holders (₹ in lacs)

4,073.53	3,700.47
-----------------	----------

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

83,290,042	83,069,040
-------------------	------------

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

83,496,557	83,208,641
-------------------	------------

(d) Nominal value per share (₹)

5.00	5.00
-------------	------

(e) EPS:

Basic (₹)

4.89	4.46
-------------	------

Diluted (₹)

4.88	4.45
-------------	------

(All amounts in ₹ lacs)

28. Contingent liabilities and commitments:

	Mar-15	Mar-14
a) Claims against the Company not acknowledged as debts, comprising of:		
Income tax claims disputed by the Company relating to disallowances aggregating	797.87	968.71
Service tax, Sales tax and other Indirect tax claims disputed by the Company relating to issues of applicability and classification aggregating	1,611.88	1,512.98
Third party claims arising from disputes relating to contracts aggregating	493.52	493.52
b) Other matters	227.25	227.25
c) Estimated amount of contracts remaining to be executed on capital account and not provided for	3,069.63	3,935.24
d) Corporate guarantee given jointly and severally with joint venture partner The Nuance Group AG to banks for loans taken by Nuance Group (India) Pvt. Ltd. for general corporate business purpose.	825.00	825.00
e) Corporate guarantee given jointly and severally with the promoter group Company for loans taken by Hypercity Retail (India) Ltd. for general corporate business purpose.	23,500.00	19,500.00
f) Bank Guarantees	547.56	371.36

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

29. Service Tax

Pursuant to levy of service tax on renting of immovable properties given for commercial use, retrospectively with effect from 1 June 2007 by the Finance Act, 2010, the Company has, based on a legal advice, challenged the said levy and, inter-alia, its retrospective application. The Hon'ble Supreme Court has passed an interim order dated 14th October, 2011, with regard to the levy of service tax on immovable properties rented out for commercial use including its retrospective applicability from 1st June 2007 in compliance of which, the Company has made an aggregate deposit of ₹ 1,824.88 lacs in respect of the liability for such service tax upto 30th September, 2011. From October 2011, the Company is accounting and paying for such service tax regularly as per directives of the Supreme Court. Further, the Company has deposited the balance liability of ₹ 1,716.46 lacs under protest during the year.

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.

30. 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	30,553.86	12,720.70	43,274.56

Hypercity continues to make losses and the accumulated losses of ₹ 52,432.52 lacs as at 31st March, 2015 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.

31. 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.

32. 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 2015.

Particulars	31 March 2015		31 March 2014	
Number of Contracts	2	6	4	7
Type	Buy	Buy	Buy	Buy
Foreign currency (in lacs)	3.02 GBP	2.33 USD	5.71 GBP	4.49 USD
INR Equivalent (in lacs)	292.78	148.71	580.28	282.24

- b) Unhedged Foreign Currency exposure

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

Particulars	31 March 2015		31 March 2014	
	₹ In lacs	In Foreign currency	₹ In lacs	In Foreign currency
Payable towards Royalty	—	—	78.05	USD 1,30,613
	—	—	6.59	GBP 6,632

33. 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 2015		31 March 2014	
Outstanding at the beginning of the year	525,735	291.21	592,756	245.95
Granted during the year	165,000	366.25	200,000	344.00
Lapsed/Cancelled during the year	34,053	—	30,778	—
Exercised during the year	152,045	269.56	236,243	217.90
Surrendered during the year	—	—	—	—
Outstanding at the end of the year	504,637	319.40	525,735	291.21

Details of year wise grant and exercise:

Year/(date of Grant)	Options granted (net of lapsed)	Exercised till 31.3.2014	Exercised in 2014-15	Exercised till 31.3.2015	Outstanding 31.3.2015
2005-06 (28.12.2005)	112,328	112,328	—	112,328	—
2009-10 (29.04.2009)	958,740	925,440	11,300	936,740	22,000
2009-10 (24.03.2010)	359,800	290,200	39,800	330,000	29,800
2011-12 (29.04.2011)	143,650	52,212	50,030	102,242	41,408
2012-13 (09.06.2012)	158,735	25,134	33,252	58,386	100,349
2013-14 (28.08.2013)	170,498	—	17,663	17,663	152,835
2014-15 (29.04.2014)	153,920	—	—	—	153,920
2014-15 (05.11.2014)	4,325	—	—	—	4,325
			152,045		504,637

(All amounts in ₹ lacs)

b) New Schemes Launched

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

	2014-15		2013-14	
	29.04.2014	05.11.2014	28.08.2013	
Date of grant				—
Number of option granted	160,675	4,325	200,000	—
Contractual life	4 years	4 years	4 years	—
Vesting Schedule (from the date of grant)				
First Year	30%	30%	30%	—
Second Year	30%	30%	30%	—
Third Year	40%	40%	40%	—
Method of settlement	Equity	Equity	Equity	—
Estimated Fair Values (Arrived at by applying Black Scholes Option Pricing Model)	126.38	179.61	127.20	—
Model inputs (share price at the grant date) ₹	362	524	344.00	—
Exercise Price ₹	362	524	344.00	—
Expected Volatility	36.48%	36.11%	38.55%	—
Risk free rate of return	8.77%	8.24%	9.44%	—

c) The weighted average contractual life of the options outstanding is **3.44** years.

d) Other information regarding employee share-based payment plans is as below:-

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

Mar-15	Mar-14
—	—
(206.87)	(166.10)
4.64	4.26
4.63	4.25

(All amounts in ₹ lacs, unless otherwise stated)

34. EMPLOYEE BENEFITS

Post-employment benefits

Defined contribution plans

Company's contribution to Provident Fund

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

Current Service Cost

Interest Cost

Expected Return on Plan assets

Actuarial (Gains)/Losses

II. Change in Defined Benefit Obligations (DBO)

Present Value of DBO at the Beginning of Year

Current Service Cost

Interest Cost

Actuarial (Gains)/Losses

Benefits paid/transferred

Present Value of DBO at the End of Year

III. Change in Fair Value of Assets

Plan Assets at the Beginning of Year

Expected Return on Plan Assets

Actuarial Gains/(Losses)

Actual Company Contribution

Benefits paid/transferred

Plan Assets at the End of Year

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

Present Value of Defined Benefit Obligation

Fair Value of Plan Assets

Status [Surplus/(Deficit)]

Unrecognised Past Service Cost

Net Asset/(Liability) Recognised in Balance Sheet

V. Actuarial assumptions

Discount Rate

Expected Return on Plan Assets

Rate of increase in salaries

Rate of Attrition

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

	31 March 2015	31 March 2014	31 March 2013	31 March 2012	31 March 2011
Present Value of the Defined Benefit Obligation	962.00	778.25	690.99	497.66	421.82
Fair Value of the Plan Assets	870.75	774.40	560.85	455.81	332.98
Surplus/(Deficit) in the Plan	(91.25)	(3.85)	(130.14)	(41.85)	(88.84)
Experience Adjustments arising on Plan Liabilities – Losses/(Gains)	(21.67)	(8.75)	(35.86)	(63.86)	108.69
Experience Adjustments arising on Plan Assets – Gains/(Losses)	(0.94)	23.44	9.88	8.35	3.29

The Company expects to contribute ₹ 412.84 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.

35. 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 2015 and 31 March 2014
Nuance Group (India) Private Limited	Airport retailing	50%
Timezone Entertainment Private Limited	Entertainment	48.42%

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 2015	31 March 2014
I	ASSETS		
	Non-Current Assets		
	Fixed Assets including capital work in progress (Net)	2,843.43	1,872.66
	Non-current investments	0.50	0.50
	Long-term loans and advances	1,189.55	1,029.32
	Other non-current assets	67.16	0.55
	Current Assets		
	Inventories	1,050.79	674.47
	Trade Receivables	156.02	109.61
	Cash and cash equivalents	259.08	727.91
	Short-term loans and advances	889.82	977.12
	Other current assets	212.26	28.72
II	LIABILITIES		
	Non-Current Liabilities		
	Long-term borrowings	419.66	460.01
	Other long-term liabilities	76.07	61.28
	Long-term provisions	10.44	1.83
	Current Liabilities		
	Short-term borrowings	470.77	—
	Trade payables	1,658.44	1,368.83
	Other current liabilities	793.32	409.34
	Short-term provisions	21.50	20.74
III	INCOME		
	Revenue from Operations	9,726.29	6,990.16
IV	EXPENSES		
	Operational Expenses	8,966.79	6,339.25
	Finance costs	137.90	71.42
	Depreciation/Amortisation	518.30	403.81
	Provision for taxation	—	—
V	CONTINGENT LIABILITIES	374.88	389.87

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 15 months ended 31 March 2015.

36. RELATED PARTY DISCLOSURES

(All amounts in ₹ lacs, unless otherwise stated)

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	2.67	—	—	—	2.67
Crossword Bookstores Ltd.	2.67	—	—	—	
	(65.41)	(2.81)	—	—	(68.22)
Sale of Assets	0.15	—	—	—	0.15
Crossword Bookstores Ltd.	0.15	—	—	—	
	—	(48.96)	—	—	—
Purchase of Merchandise	43.31	—	—	—	43.31
Crossword Bookstores Limited	40.28	—	—	—	—
Hypercity Retail (India) Limited	3.02	—	—	—	—
	(219.46)	—	—	—	(219.46)
Sale of Merchandise	—	—	—	—	—
	(217.22)	—	—	—	(217.22)
Payment of conducting fees/Lease Rent/Common Area Maintenance Charges	69.81	5,537.33	—	—	5,607.14
Ivory Properties and Hotels Private Limited	—	1,502.20	—	—	—
Inorbit Malls (India) Private Limited	—	2,648.39	—	—	—
Hypercity Retail (India) Limited	69.81	—	—	—	—
Magna Warehousing & Distribution Pvt. Limited	—	254.64	—	—	—
Trion Properties Private Limited	—	1,132.10	—	—	—
	(41.76)	(4,743.40)	—	—	(4,785.16)
Expenses Paid	18.98	13.54	—	—	33.52
Ivory Properties and Hotels Private Limited	—	1.42	—	—	—
Sanghavi Associates Limited	—	11.89	—	—	—
K. Raheja Corp. Private Limited	—	0.23	—	—	—
Crossword Bookstores Limited	18.98	—	—	—	—
	(105.42)	(21.19)	—	—	(126.61)
SOH Expenses Paid	64.00	—	—	—	64.00
Hypercity Retail (India) Limited	64.00	—	—	—	—
	(48.00)	—	—	—	(48.00)

Notes to Financial Statements
for the year ended 31 March, 2015

Shoppers Stop Ltd.

Interest Received	1,482.61	—	—	—	1,482.61
Crossword Bookstores Limited	93.50	—	—	—	—
Hypercity Retail (India) Limited	1,389.11	—	—	—	—
	(1,228.08)	—	(19.95)	—	(1,248.03)
Deposits Paid	2.00	—	—	—	2.00
Hypercity Retail (India) Limited	2.00	—	—	—	—
	(43.47)	(84.97)	—	—	(128.44)
Advance Given	12.90	—	—	—	12.90
Gateway Multi Channel Retail (India) Limited	12.90	—	—	—	—
	(10.05)	—	—	—	(10.05)
Reimbursement of Expenses	85.95	751.61	—	—	837.56
Inorbit Malls (India) Private Limited	—	620.32	—	—	—
Crossword Bookstores Limited	29.58	—	—	—	—
Hypercity Retail (India) Limited	56.37	—	—	—	—
Trion Properties Private Limited	—	130.06	—	—	—
IL&FS Investment Advisors LLC Br	—	1.23	—	—	—
	(582.62)	(183.77)	—	—	(766.39)
Expenses recovered	899.10	—	—	—	899.10
Crossword Bookstores Limited	899.10	—	—	—	—
	—	—	—	—	—
Investments made	1,889.55	—	—	—	1,889.55
Hypercity Retail (India) Limited - Preference Shares	1,889.55	—	—	—	—
	(4,054.50)	—	(1,610.58)	—	(5,665.08)
Deposit received back	116.72	—	—	—	116.72
Hypercity Retail (India) Limited	116.72	—	—	—	—
	—	—	—	—	—
Loan Given	24,215.26	—	—	—	24,215.26
Crossword Bookstores Limited	616.26	—	—	—	—
Hypercity Retail (India) Limited	23,599.00	—	—	—	—
Timezone Entertainment Private Limited	—	—	—	—	—
	(23,750.00)	—	(250.00)	—	(24,000.00)

Recovery of Loan	21,599.00	—	—	—	21,599.00
Crossword Bookstores Limited	300.00				
Hypercity Retail (India) Limited	21,299.00	—	—	—	—
Gateway Multi Channel Retail (India) Limited	—	—	—	—	—
	(21,750.00)	—	—	—	(21,750.00)
Remuneration to Directors	—	—	—	404.57	404.57
	—	—	—	(369.73)	(369.73)
Commission and Sitting fees to Non Executive Directors				46.95	46.95
Chandru L. Raheja				1.90	
Ravi Raheja				2.90	
Neel Raheja				1.90	
B. S. Nagesh				4.90	
Gulu L. Mirchandani				0.70	
Shahzaad Dalal				0.70	
Nitin Sanghavi				5.90	
Deepak Ghaisas				9.10	
Nirvik Singh				4.50	
Abanti Sankaranarayanan				4.50	
Avnish Bajaj				4.20	
Gareth Thomas				3.25	
Manish Chokhani				4.40	
	—	—	—	(27.20)	(27.20)
Balance outstanding at the year end					
Payable					
Upasna Trading Limited	115.92				
	(116.17)	Cr.			
K. Raheja Corp. Pvt. Ltd.	0.21				
	—				
Receivables					
Shoppers Stop Services (India) Limited	1.39				
	(1.25)	Dr.			
Shoppers Stop.Com (India) Limited	1.21				
	(0.98)	Dr.			
Hypercity Retail (India) Limited	12,781.27				
	(10,597.21)	Dr.			
Ivory Properties and Hotels Private Limited	955.82				
	(1,016.09)	Dr.			
Inorbit Malls (India) Private Limited	768.76				
	(694.41)	Dr.			
Magna Warehousing & Distribution Pvt. Ltd.	5.21				
	(159.04)	Dr.			

Notes to Financial Statements
for the year ended 31 March, 2015

Shoppers Stop Ltd.

Gateway Multi Channel Retail (India) Limited	2,316.62	*
	(2,316.17)	Dr.
* Of the above, ₹ 2297 lacs is provided for in the books		
Trion Properties Private Limited	502.43	
	(482.27)	Dr.
Crossword Bookstores Limited	1,003.46	
	(638.77)	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 Multi Channel Retail (India) Limited, Hypercity Retail (India) Limited.
- (b) Promoter directors having control/significant influence over companies stated in (d) below C.L. Raheja, Ravi C. Raheja, Neel C. Raheja
- (c) Key Management Personnel*
- | | |
|--------------------------|---------------------------------------|
| Executive Director: | Govind Shrikhande |
| Non Executive Directors: | Chandru L. Raheja |
| | Ravi Raheja |
| | Neel Raheja |
| | B. S. Nagesh |
| | Gulu L. Mirchandani (upto 31-07-2014) |
| | Shahzaad Dalal (upto 31-07-2014) |
| | Nitin Sanghavi |
| | Deepak Ghaisas |
| | Nirvik Singh |
| | Avnish Bajaj |
| | (w.e.f. 25th October 2013) |
| | Abanti Sankarnarayanan |
| | (w.e.f. 19th June 2014) |
| | Gareth Thomas |
| | (w.e.f. 5th November 2014) |
| | Manish Chokhani |
| | (w.e.f. 31st July 2014) |
- * Does not include key management personnel as defined under the Companies Act' 2013
- (d) Companies in which the persons stated in (b) & (c) above have control/significant influence Ivory Properties and Hotels Private Limited, K. Raheja Corp. Private Limited, K. Raheja Private Limited, Inorbit Malls (India) Private Limited, Avacado Properties and Trading India Private Limited, Chalet Hotels Private Limited, Trion Properties Private Limited; Magna Warehousing & Distribution Private Limited, IL&FS Investment Advisors LLC Br; Retailers Association of India, Sanghavi Associates Ltd.
- (e) Joint Ventures Nuance Group (India) Private Limited, Timezone Entertainment Private Limited.

(All amounts in ₹ lacs)

37. ADDITIONAL NOTES

	Mar-15	Mar-14
a) Value of Imports on CIF Basis:		
Computer software and hardware	—	—
Capital Goods	325.92	352.62
Purchase of Merchandise	3,142.11	3,986.10
	3,468.03	4,338.72
b) Expenditure in foreign currency:		
Consultancy	23.22	169.75
Royalty	135.31	120.81
Commission paid to directors	3.00	8.05
Sitting fees paid to a directors	1.70	1.00
Others	362.07	421.33
	525.30	720.93
b) Earnings in foreign exchange:		
Foreign currency and foreign credit card collection on sale of merchandise	5,972.14	6,194.01
	5,972.14	6,194.01

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

Financial Information of Subsidiary Companies

Shoppers Stop Ltd.

Statement pursuant to Section 129(3) of the Companies Act, 2013 Part A: Subsidiary Companies

(All amounts in ₹ lacs)

Sr. No.	Name of Subsidiary Company	Reporting Currency	Share Capital	Reserves & Surplus	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	% of shareholding	Country
1	Crossword Bookstores Limited	INR	1,956.25	(713.17)	6,020.05	6,020.05	—	9,181.94	(716.13)	—	(716.13)	—	100%	India
2	Upasana Trading Limited	INR	5.00	15.11	167.95	167.95	—	—	(1.62)	—	(1.62)	—	100%	India
3	Gateway Multi Channel Retail (India) Limited	INR	5.00	(4,492.84)	30.56	30.56	—	0.38	(0.64)	—	(0.64)	—	100%	India
4	Shoppers Stop Services (India) Limited	INR	5.00	3.80	10.39	10.39	—	0.56	0.17	0.05	0.12	—	100%	India
5	Shoppers Stop. com (India) Limited	INR	5.00	(3.54)	2.85	2.85	—	0.28	(0.06)	—	(0.06)	—	100%	India
6	Hypercity Retail (India) Limited	INR	57,763.73	(52,432.52)	51,198.45	51,198.45	—	106,272.46	1,347.74	—	1,347.74	—	51%	India
* Total Assets = Non Current Assets + Current Assets														
** Total Liabilities = Shareholder's Fund + Non Current Liabilities + Current Liabilities														

Statement pursuant to Section 129(3) of the Companies Act, 2013 Part B: Joint Ventures			(All amounts in ₹ lacs)
Name of Joint Ventures	Nuance Group (India) Private Limited	Timezone Entertainment Private Limited	
Latest audited Balance Sheet Date	31 March'2015	31 March'2015	
	(31 December'2013)	(31 March'2014)	
Shares of Joint Ventures held on the year end (%)	50	48.42	
	(50)	(48.42)	
No. of Equity Shares (Face value of ₹ 10/- each fully paid)	4,14,10,000	2,44,46,247	
	(4,14,10,000)	(2,44,46,247)	
Amount of Investment in Joint Ventures	4,141.00	2,444.62	
	(4,141.00)	(2,444.62)	
Networth attributable to shareholding as per latest audited Balance Sheet	1,863.17	1,647.29	
	(1,796.23)	(1,595.34)	
Profit / (Loss) for the year			
1. Considered in consolidation	Profit - 66.93	Profit - 59.34	
	(Profit - 257.93)	(Loss 72.08)	
2. Not considered in consolidation	—	—	
Figures in bracket pertains to previous year	—	—	

SHOPPERS STOP

Shoppers Stop Limited
Consolidated Financial Statements
2014-15

To,

The Members of Shoppers Stop Limited

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of **SHOPPERS STOP LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and jointly controlled entities comprising of the consolidated Balance Sheet as at 31st March, 2015, 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 (hereinafter referred to as "the consolidated financial statement").

Management's Responsibility for the Consolidated Financial Statements

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its jointly controlled entities in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group and jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
4. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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.
5. 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 judgment, 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 financial control relevant to the Holding Company's preparation 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 whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.
6. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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, of the consolidated state of affairs of the Group and jointly controlled entities as at 31st March, 2015, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Emphasis of Matter

8. We draw attention to Note 29 to the consolidated financial statements regarding non-provision of service tax for the period 1 June, 2007 to 31 March, 2010 on renting of immoveable properties given for commercial use, aggregating ₹ 2,010.90 lacs (2014: ₹ 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 modified in respect of this matter.

Other Matter

9. We did not audit the financial statements of five subsidiaries and a jointly controlled entity whose financial statements reflect total assets (net) of ₹ 7,492.45 lacs as at 31st March, 2015, total revenues of ₹ 11,145.62 lacs and net cash inflows amounting to ₹ 12.80 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 on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in terms of Sub-sections (3) and (11) of Section 143 of the Act, insofar as it relate to the aforesaid subsidiaries and a jointly controlled entity, is based solely on the reports of the other auditors.
10. Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the reports of the other auditors.

Report on other Legal and Regulatory Requirements

11. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of Section 143 (11) of the Act, based on the comments in the auditor's reports of the Holding company, its subsidiary companies and jointly controlled companies incorporated in India, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
12. As required by Section 143 (3) of the Act, we report, to the extent applicable, that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept by the Company so far as it appears from our examination of those books and the reports of the other auditors.
 - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2015 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and jointly controlled companies incorporated in India, none of the directors of the Group companies and jointly controlled companies incorporated in India is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.

- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its jointly controlled companies in the consolidated financial statements in accordance with the generally accepted accounting practice – Also refer Note 29 and 32 to the consolidated financial statements.
 - ii. The Group and its jointly controlled companies did not have any on long-term contracts (including derivative contracts) for which a provision is required for material foreseeable losses under the applicable law or accounting standards.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its subsidiary companies and jointly controlled companies incorporated in India.

For Deloitte Haskins & Sells LLP

Chartered Accountants

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

Shyamak R. Tata

Partner

(Membership No. 38320)

Place: Mumbai

Date: 30 April, 2015

To,

The Members of Shoppers Stop Limited

(Referred to in paragraph 11 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date on consolidated financial statements of Shoppers Stop Limited and its jointly controlled entities)

Our reporting on the Order includes five subsidiary companies and one jointly controlled company incorporated in India, to which the Order is applicable, which have been audited by other auditors and our report in respect of these entities is based solely on the reports of the other auditors, to the extent considered applicable for reporting under the Order in the case of the consolidated financial statements.

- (i) In respect of fixed assets of the Holding Company, its subsidiary companies and jointly controlled companies incorporated in India:
 - a) The respective entities have 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 of the respective entities in accordance with a regular programme of verification, which in our opinion and the opinion of the other auditors, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us and the other auditors, no material discrepancies were noticed on such verification.
- (ii) In respect of inventories of the Holding Company, its subsidiary companies and jointly controlled companies incorporated in India:
 - a) As explained to us and the other auditors, the inventories were physically verified during the year by the Management of the respective entities at reasonable intervals.
 - b) In our opinion and the opinion of the other auditors and according to the information and explanations given to us and other auditors, the procedures of physical verification of inventories followed by the Management of the respective entities were reasonable and adequate in relation to the size of the respective entities and the nature of their business.
 - c) In our opinion and the opinion of the other auditors and according to the information and explanations given to us and the other auditors, the respective entities have maintained proper records of their inventories and no material discrepancies were noticed on physical verification.
- (iii) The Holding Company, its subsidiary companies, and jointly controlled companies incorporated in India have not granted any loans secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act by the respective entities.
- (iv) In our opinion and the opinion of the other auditors and according to the information and explanations given to us and other auditors, there is an adequate internal control system in Holding Company, its subsidiaries companies and jointly controlled entities incorporated in India, commensurate with the size of the respective entities and the nature of their business for the purchases of inventory and fixed assets and the sale of goods and services. During the course of our and the other auditors audit, no continuing failure to correct major weaknesses in such internal control system has been observed.
- (v) According to the information and explanations given to us and the other auditors, the Holding Company, its subsidiary companies and jointly controlled companies incorporated in India have not accepted any deposits, and accordingly, the provisions of Clause (v) of Paragraph 3 of the Order are not applicable to the respective entities.
- (vi) In our opinion and the opinion of the other auditors, and according to the information and explanations given to us and the other auditors, the Companies (Cost Records and Audit) Rules, 2014 specified by the Central Government under Section 148 of the Act are not applicable to the Holding Company, its subsidiary companies and jointly controlled companies incorporated in India.
- (vii) According to the information and explanations given to us and other auditors, and records of the respective entities examined by us and the other auditors, in respect of statutory dues of the Holding Company, its subsidiary companies and jointly controlled companies incorporated in India:
 - a) The respective entities have generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to the respective entities with the appropriate authorities during the year. There were no undisputed amounts payable by the respective entities in respect of the aforesaid dues in arrears as at March 31, 2015 for a period of more than six months from the date they became payable.

Annexure to The Independent Auditors' Report On The Consolidated Financial Statements

Shoppers Stop Ltd.

- b) There were no dues of Sales Tax, Wealth Tax, Duty of Excise and Cess, as applicable, which have not been deposited as at 31st March, 2015 on account of any dispute with the relevant authorities. The details of dues of Income Tax, Service Tax, Duty of Customs and Value Added Tax which have not been deposited as at 31st March, 2015 on account of any disputes are given below:

Name of the Statute	Nature of dues	Period to which the amount relates	Forum where dispute is pending	Amount (₹ in lacs)
The Income Tax Act, 1961	Income Tax	2012-13	Appellate Authority – Commissioner level	374.08
Finance Act, 1994	Service Tax	May 2006 to May 2007	Appellate Authority – Tribunal level	775.97
		2004-05 & 2005-06	Appellate Authority – Tribunal level	421.69
West Bengal Value Added Tax Act, 2005	Value Added Tax	2008-09	Appellate Authority – Tribunal level	5.58
		2009-10	Appellate Authority – Commissioner level	3.14
Maharashtra Value Added Tax Act	Value Added Tax	2009-10	Appellate Authority – Commissioner level	25.44
Karnataka Value Added Tax Act, 2003	Value Added Tax, Interest and Penalty	2013-14	Appellate Authority – upto Commissioner level	47.96
The Customs Act, 1962	Duty of Customs	2008	Appellate Authority – Tribunal level	5.17
		2013	Appellate Authority – Commissioner level	0.39

- c) The amounts required to be transferred by the aforesaid entities to Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder, have been transferred to such fund within time by the aforesaid entities.

- (viii) The Group and its jointly controlled entities do not have consolidated accumulated losses at the end of the financial year and the Group, and its jointly controlled entities have not incurred cash losses on a consolidated basis during the financial year covered by our audit and in the immediately preceding financial year.
- (ix) In our opinion and the opinion of the other auditors and according to the information and explanations given to us and the other auditors, the Holding Company, its subsidiary companies and jointly controlled companies incorporated in India have not defaulted in the repayment of dues to banks and debenture holders.
- (x) According to the information and explanations given to us and the other auditors, the Holding Company its subsidiary companies and jointly controlled companies incorporated in India have not given guarantees for loans taken by others outside of the Group from banks and financial institutions, and accordingly, the provisions of clause (x) of paragraph 3 of the order are not applicable to the respective entities.
- (xi) In our opinion and the opinion of the other auditors and according to the information and explanations given to us and the other auditors, the term loans have been applied by the Holding Company, its subsidiary companies and jointly controlled companies incorporated in India during the year for the purposes for which they were obtained.
- (xii) To the best of our knowledge and according to the information and explanations given to us and the other auditors, no fraud by the Holding Company, its subsidiary companies and jointly controlled companies incorporated in India and no significant fraud on the Holding Company, its subsidiary companies and jointly controlled companies incorporated in India has been noticed or reported during the year.

For Deloitte Haskins & Sells LLP

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

Shyamak R. Tata

Partner

(Membership No. 38320)

Place: Mumbai

Date: 30 April, 2015

(All amounts in ₹ lacs)

	Notes	Mar-15	Mar-14
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	3	4,168.39	4,160.79
Reserves and surplus	4	48,672.63	44,886.97
		52,841.02	49,047.76
MINORITY INTEREST			
		2,612.30	147.72
NON-CURRENT LIABILITIES			
Long-term borrowings	5	36,188.36	32,201.34
Deferred tax liabilities (net)	6	955.75	996.19
Other long-term liabilities	7	76.07	61.27
		37,220.18	33,258.80
CURRENT LIABILITIES			
Short-term borrowings	8	29,161.93	22,039.62
Trade payables	9	46,695.87	43,874.11
Other current liabilities	10	28,468.25	28,141.13
Short-term provisions	11	1,295.78	1,198.08
		105,621.83	95,252.94
		198,295.33	177,707.22
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Tangible assets	12	76,548.70	72,419.56
Intangible assets	12	3,566.70	3,349.01
Capital work-in-progress		2,757.22	3,671.12
		82,872.62	79,439.69
Goodwill on consolidation		10,185.73	10,185.73
Non-current investments	13	2.11	2.11
Long-term loans and advances	14	27,526.78	25,672.14
Other non-current assets	15	4,680.30	1,515.59
		125,267.54	116,815.26
CURRENT ASSETS			
Inventories	16	50,633.59	44,902.58
Trade Receivables	17	10,267.45	4,799.52
Cash and cash equivalents	18	1,993.25	2,785.68
Short-term loans and advances	19	8,600.66	6,541.19
Other current assets	20	1,532.84	1,863.00
		73,027.79	60,891.96
		198,295.33	177,707.22

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

In terms of our report of even date.

For Deloitte Haskins & Sells LLP
Chartered Accountants

Shyamak R. Tata
Partner
Mumbai, April 30, 2015

For and on behalf of the Board of Directors

C. L. Raheja
Chairman

Sanjay Chakravarti
Customer Care Associate &
Chief Financial Officer
Mumbai, April 30, 2015

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 2015

Shoppers Stop Ltd.

(All amounts in ₹ lacs)

	Notes	Mar-15	Mar-14
A. CONTINUING OPERATIONS			
INCOME			
Revenue from operations	21	427,894.47	377,829.71
Other income	22	1,326.92	617.72
Total revenue		429,221.39	378,447.43
EXPENDITURE			
Purchase of stock-in-trade	23	274,988.15	252,544.30
Changes in Inventories of stock-in-trade – (increase)	24	(5,734.31)	(7,907.73)
Employee benefits expenses	25	31,565.57	29,177.54
Finance costs	26	7,814.32	6,532.81
Depreciation and amortisation expenses	12	12,530.61	9,806.50
Other expenses	27	100,272.83	90,680.44
Total expenses		421,437.17	380,833.86
PROFIT / (LOSS) BEFORE EXCEPTIONAL ITEMS AND TAX		7,784.22	(2,386.43)
Exceptional Item		—	67.40
PROFIT / (LOSS) BEFORE TAX		7,784.22	(2,453.83)
Tax expense	30	2,882.77	2,569.11
PROFIT / (LOSS) FOR THE YEAR		4,901.45	(5,022.94)
B. DISCONTINUING OPERATIONS			
LOSS FROM DISCONTINUING OPERATIONS BEFORE TAX	36	(0.64)	(9.80)
Tax expenses		—	—
LOSS FOR THE YEAR		(0.64)	(9.80)
C. TOTAL OPERATIONS			
PROFIT / (LOSS) AFTER TAX BEFORE SHARE OF PROFIT / (LOSS) ATTRIBUTABLE TO MINORITY INTEREST		4,900.81	(5,032.74)
(Less)/Add: Share of (Profit)/loss attributable to Minority interest		(660.38)	4,204.91
PROFIT / (LOSS) FOR THE YEAR ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY		4,240.43	(827.83)
EARNINGS PER EQUITY SHARE	31		
Equity shares of face value ₹ 5/- each			
Basic (₹)		5.09	(1.00)
Diluted (₹)		5.08	(1.00)

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

In terms of our report of even date.

For Deloitte Haskins & Sells LLP
Chartered Accountants

Shyamak R. Tata
Partner
Mumbai, April 30, 2015

For and on behalf of the Board of Directors

C. L. Raheja
Chairman

Sanjay Chakravarti
Customer Care Associate &
Chief Financial Officer
Mumbai, April 30, 2015

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

Finance costs

Loss on sale of fixed assets

Provision for advances/doubtful debts

Interest income

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

Inventories

Trade receivables

Short-term loans and advances, other current assets

Long-term loans and advances

Other non-current assets

Deposits towards service tax

Lease deposits (net)

Long-term liabilities

Short-term provisions

Trade payables and other current liabilities

Cash generated from operations

Income taxes paid (net of refunds)

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

Insurance claim

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

Purchase of fixed assets

Sale of fixed assets

Purchase of interest in a joint venture

Purchase of other investment

Interest received

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

Issue of share capital

Securities premium on Issue of shares capital

Issue of share capital to minority shareholders

Dividend and dividend tax paid

Proceeds from long-term borrowings

Repayment of long-term borrowings

Short-term loans (net)

Finance costs paid

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

Cash and cash equivalents as at beginning of the year

Cash and cash equivalents as at the end of the year

Note:

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

Less: Balance under lien/earmarked with banks

Cash and Cash Equivalent as reported above

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

In terms of our report of even date.

For and on behalf of the Board of Directors

For Deloitte Haskins & Sells

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, April 30, 2015

Sanjay Chakravarti

Customer Care Associate &

Chief Financial Officer

Mumbai, April 30, 2015

Prashant Mehta

Customer Care Associate,

Vice President – Legal &

Company Secretary

1. COMPANY BACKGROUND

Shoppers Stop Limited ('SSL' or 'the Company') was incorporated on 16 June, 1997. The Company is engaged in the business of retailing a variety of household and consumer products and books through departmental stores. As at 31 March, 2015, the Company operated through 72 such departmental stores located in different cities of India. The Company has six subsidiaries which along with the Company constitute the Group (Refer Note 37).

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation of financial statements

The consolidated 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 specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 Act"), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention.

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.

Depreciable amount for assets is the cost of an asset, or other amount substitute for cost, less its estimated residual value.

Depreciation on tangible fixed assets has been provided, on the straight line method (SLM), as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the assets, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufactures warranties and maintenance support, etc.

	No. of Years
Air conditioning and other equipment	5 to 17
Furniture, fixtures and other fittings	5 to 10
Computers Equipment (other then Desktops & Laptops)	5 to 6
Leasehold Improvements	5 to 17

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, 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 & 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 Turnover in the Statement of Profit & 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 & Loss.

i) Operating leases

Operating Lease payments are recognised as an expense in the Statement of Profit & 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 & 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 and other applicable tax laws.

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

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

m) Stock based compensation

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

n) Earnings per share

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

o) Cash Flow Statement

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

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

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

q) Provision, Contingent liabilities and Contingent assets

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

(All amounts in ₹ lacs)

3. SHARE CAPITAL**3.1 Authorised**

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

3.2 Issued, Subscribed and Fully paid up shares

83,367,805 (2014: 83,215,760) equity shares of ₹ 5/- each fully paid up

Mar-15	Mar-14
10,000.00	10,000.00
4,168.39	4,160.79
4,168.39	4,160.79

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 2015	
Numbers	₹ lacs
83,215,760	4,160.79
152,045	7.60
83,367,805	4,168.39

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

3.4 Shares reserved for issue under options:

Employee Stock Option Plan (ESOP)

Options exercised during the year

Option Outstanding as at

**Mar-15
Nos.****Mar-14
Nos.****152,045
504,637**236,243
525,735**3.5 Details of shareholders holding more than 5% shares as at:****Name of the Shareholder**

Palm Shelter Estate Development Pvt. Ltd.

Raghukool Estate Development Pvt. Ltd.

Capstan Trading Pvt. Ltd.

Casa Maria Properties Pvt. Ltd.

Anbee Construction Pvt. Ltd.

Cape Trading Pvt. Ltd.

Reliance Capital Trustee Co. Ltd. A/C

Reliance Equity Opportunities Fund

31 March 2015	
Shares held (Nos)	Shares held (%)
11,813,300	14.17%
8,263,300	9.91%
8,129,768	9.75%
7,913,300	9.49%
6,511,762	7.81%
6,261,040	7.51%
5,209,410	6.25%

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

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, 2015, the amount of per share final dividend recognised as distribution to equity shareholders was ₹ 0.75 per share (2014: ₹ 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

Less: Adjustment of depreciation on tangible fixed assets
(net of deferred tax ₹ 35.69 lacs) - Refer Note 12.1

Add: Profit / (Loss) for the year

Appropriations:

Dividend proposed to be distributed to equity shareholders-
₹ 0.75 per share (2014: ₹ 0.75 per share)

Tax on proposed dividend

Transferred to General Reserve

Transferred to Debenture Redemption Reserve

Closing Balance

Debenture Redemption Reserve

Balance at the beginning of the year

Add: Transferred from Statement of Profit and Loss

* Includes Share in Joint Ventures - Loss ₹ 2,653.82 lacs (2014: ₹ 2,772.92 lacs)

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

Non Convertible Debentures

Term Loans (Secured)

Less: Current maturities (Note 10)

Unsecured Loan from Bank

Share in Joint Ventures – term loans (Note 37)

Less: Current maturities (Note 10)

Mar-15	Mar-14
46,781.83	46,278.86
402.25	502.97
47,184.08	46,781.83
1,630.48	1,445.46
203.68	185.02
1,834.16	1,630.48
(3,525.34)	(1,782.30)
104.48	—
4,240.43	(827.83)
610.61	(2,610.13)
625.25	624.12
127.29	106.07
203.68	185.02
420.00	—
(765.61)	(3,525.34)
—	—
420.00	—
420.00	—
48,672.63*	44,886.97*
5,000.00	—
40,341.67	41,991.67
9,772.97	10,250.34
35,568.70	31,741.33
200.00	—
605.28	484.22
185.62	24.21
419.66	460.01
36,188.36	32,201.34

5.1 2015: 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.

Term loans availed by Hypercity Retail (India) Ltd. are secured by first pari passu charge on movable fixed assets, present and future, second pari passu charge on the current assets of the Company, subservient charge on the receivable and Corporate guarantees of K. Raheja Corp. Pvt. Ltd. and Shoppers Stop Limited. Non-Convertible Debentures are secured by first pari passu charge on movable fixed assets to the extent of 0.80 times of the NCD Issue amount, first pari passu charge on current assets to the extent of 0.20 times of the NCD Issue amount and second pari passu charge Escrow Account for card receivables.

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

Term loans availed by Hypercity Retail (India) Ltd. are secured by first pari passu charge on movable fixed assets, present and future, second pari passu charge on the current assets of the Company, subservient charge on the receivable and Corporate guarantees of K. Raheja Corp. Pvt. Ltd. and Shoppers Stop Limited.

5.2 Terms of the Facilities:

(All amounts in ₹ lacs)

Name of the Bank	Rate of Interest	Repayment Schedule	Loan Balance	
			Mar-15	Mar-14
HDFC Bank Ltd.	11.70% (Previous Year: 11.50%)	Loan is repayable in 12 quarterly equal installments from 10th Jan'2015. For 2014, Repayable in 12 quarterly equal installments from 10th Jan'2015.	4,583.34	5,000.00
Bank of India	11.20% (Previous Year: 11.20%)	Repayable on 13th April 2016. For 2014, Repayable on 8th June 2014 & 13th April 2016.	2,500.00	5,000.00
ICICI Bank Ltd.	12.00% (Previous Year: 12.00%)	Repayable in 15 Equal Quarterly Installments from 1st Sep'2014. For 2014, Repayable in 15 equal quarterly installments from 1st Sep'2014.	4,000.00	5,000.00
IDBI Bank Ltd.	Nil (Previous Year: 12.00%)	For 2014, Repayable in 4 equal quarterly installments from 1st Feb'2014.	—	3,750.00
ICICI Bank Ltd.	11.60% (Previous Year: 11.60%)	Repayable in 12 Equal Quarterly Installments from 1st Dec'2015. For 2014, Repayable in 12 equal quarterly installments from 1st Dec'2015.	10,000.00	8,900.00
HDFC Bank Ltd.	11.10% (Previous Year: Nil)	Repayable in 14 Equal Quarterly Installments from 1st June'2015.	2,500.00	—
Kotak Mahindra Bank Ltd.	11.00% (Previous Year: Nil)	Repayable in 12 Equal Quarterly Installments from 1st Jan'2016.	4,000.00	—
Kotak Mahindra Bank Ltd.	11.00% (Previous Year: Nil)	Repayable in 12 Equal Quarterly Installments from 1st June'2016.	1,000.00	—
Kotak Mahindra Bank Ltd.	12.25% (Previous Year: 12.25%)	For 2014, Repayable in 9 equal monthly installments from 30 April 2014.	—	416.67
Kotak Mahindra Bank Ltd.	12.25% (Previous Year: 12.25%)	Repayable in 5 equal quarterly installments from 30 April 2014. For 2014, Repayable in 5 equal quarterly installments from 30 April 2014.	125.00	625.00
Yes Bank Ltd.	12.05% (Previous Year: 12.05%)	Repayable in 12 equal quarterly installments from 25 June, 2014. For 2014, Repayable in 12 equal quarterly installments from 25 June, 2014.	3,333.34	5,000.00
ICICI Bank Ltd.	12.05% (Previous Year: 12.07%)	Repayable in 12 equal quarterly installments from 8 October, 2015. For 2014, Repayable in 12 equal quarterly installments from 8 October, 2015.	5,000.00	5,000.00
Kotak Mahindra Bank Ltd.	11.95% (Previous Year: 11.95%)	Repayable in 12 equal quarterly installments from 26 June 2015. For 2014, Repayable in 12 equal quarterly installments from 26 June 2015.	3,300.00	3,300.00
ICICI Bank Ltd.	12.50% (Previous Year: 12.50%)	Repayable in 12 equal installments from Feb'2015. For 2014, repayable in 12 equal installments from Feb'2015.	605.27	484.22
Yes Bank Ltd.	10.75% (Previous Year: Nil)	Bullet Repayment. Repayable on 30 April'2016.	200.00	—
Non Convertible Debentures	11.60% (Previous Year: Nil)	Bullet Repayment. Repayable on 19 Sep'2017.	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 employee benefits

On fiscal allowances on expenditure

Unabsorbed depreciation*

Deferred tax liabilities (Net)

* To the extent of deferred tax liability on depreciation

7. OTHER LONG-TERM LIABILITIES

Share in Joint Venture (Note 37)

8. SHORT-TERM BORROWINGS

Loans from banks (secured)

Loans from banks (unsecured)

Bill discounting

Buyer Credit

Commercial papers (unsecured)

(maximum amount outstanding during the year ₹ 8,500 lacs; 2014: ₹ 2,500 lacs)

Share in Joint Ventures (Note 37)

Mar-15	Mar-14
1,823.04	2,074.76
1,823.04	2,074.76
194.80	197.90
147.86	226.72
87.63	43.92
436.99	610.03
867.28	1,078.57
955.75	996.19
76.07	61.27
76.07	61.27
18,574.35	20,110.76
1,598.03	990.05
18.78	899.40
—	39.41
8,500.00	—
470.77	—
29,161.93	22,039.62

8.1 2015: 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 loan 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 2014: Loan repayable on demand viz., Cash credit, Working capital loans and Other loans viz., short term loans and Buyers credit are secured by a first pari passu 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 loan which is secured by first pari passu charge on the current assets and all the movable fixed assets of the Company both present and future excluding leasehold rights, lease deposits and shoppers stop brands. Some of the loans are further secured by corporate guarantees, joint and several, given by the Company and promoter group / joint venture partners.

(All amounts in ₹ lacs)

9. TRADE PAYABLES

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

Mar-15	Mar-14
635.60	794.95
42,999.83	39,483.39
1,402.00	2,266.00
1,658.44	1,329.77
46,695.87	43,874.11

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

10. OTHER CURRENT LIABILITIES

- Current maturities of long-term borrowings: Secured (Note 5)
- Interest accrued and not due on borrowings
- Interest accrued and not due on Non convertible Debentures
- 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 37)
- (includes current maturities of term loans 2015: ₹ 185.62 lacs, 2014: ₹ 24.21 lacs)

Mar-15	Mar-14
9,772.97	10,250.34
176.00	103.75
211.34	—
4.51	81.86
0.46	0.46
1,195.41	1,818.28
2,080.21	2,261.04
3,039.95	2,975.44
515.35	503.05
10,492.41	9,655.72
171.18	34.88
808.46	456.31
28,468.25	28,141.13

11. SHORT-TERM PROVISIONS

- For employee benefits: Leave encashment

- For Proposed equity dividend
- For Tax on Proposed equity dividend

- Share in Joint Ventures (Note 37)

526.45	454.68
625.25	624.12
127.29	106.07
752.54	730.19
16.79	13.21
1,295.78	1,198.08

12. FIXED ASSETS

(All amounts in ₹ lacs)

DESCRIPTION	GROSS BLOCK			DEPRECIATION, AMORTISATION				NET BLOCK
	1 April 2014	Additions	Deductions	31 March 2015	Adjusted against retained earnings (Refer Note 12.1 below)	For the year	Deductions	31 March 2015
TANGIBLE ASSETS								
Leasehold improvements	34,584.85	3,690.89	570.81	37,704.93	—	2,982.85	560.10	24,736.98
Air conditioning and other equipments	32,572.61	4,412.04	648.32	36,336.33	40.66	2,720.23	596.87	25,354.40
Furniture, fixtures and other fittings	26,132.66	4,334.55	895.84	29,571.37	19.54	3,411.95	818.56	18,856.63
Office Equipments	2,017.28	339.56	43.44	2,313.40	—	244.46	41.03	951.76
Computers	9,082.39	2,028.86	301.07	10,810.18	84.02	1,759.88	300.53	4,381.09
Vehicles	85.70	20.00	34.09	71.61	—	15.74	30.81	27.76
Share in Joint Ventures (Note 37)	3,484.20	1,210.31	224.70	4,469.81	7.20	464.24	214.07	2,240.08
Total	107,959.69	16,036.21	2,718.27	121,277.63	151.42	11,599.35	2,561.97	76,548.70
INTANGIBLE ASSETS								
Trademarks and patents (Note)	1,779.55	16.65	—	1,796.20	—	25.88	—	91.40
Computer Software	7,333.56	1,061.66	3.62	8,391.60	—	892.36	2.96	3,404.70
Share in Joint Ventures (Note 37)	85.57	71.29	—	156.86	—	13.02	—	70.60
Total	9,198.68	1,149.60	3.62	10,344.66	—	931.26	2.96	3,566.70
Note 12.1	"Pursuant to the enactment of the Companies Act 2013 (the 'Act'), effective 1st April, 2014, the Company has reviewed the estimated economic useful lives of its fixed assets generally in accordance with that provided in Schedule II to the Act. As a result [after reducing ₹ 104.48 lacs (net of tax of ₹ 35.69 lacs) from Retained earnings and ₹ 11.25 lacs from minority interest in line with the transition provision specified in Schedule II] the Depreciation charge for the year ended 31 March, 2015 is higher by ₹ 2,039.51 lacs respectively and profit tax is lower by the same amount".							

PREVIOUS YEAR	(All amounts in ₹ lacs)										
DESCRIPTION	GROSS BLOCK					DEPRECIATION/AMORTISATION					NET BLOCK
	1 April 2013	Additions	Deductions	Adjustments*	31 March 2014	1 April 2013	For the year	Deductions	Adjustments	31 March 2014	31 March 2014
TANGIBLE ASSETS											
Leasehold improvements	29,869.92	5,437.27	722.35	—	34,584.85	8,247.58	2,946.10	648.48	—	10,545.20	24,039.65
Air conditioning and other equipment	27,953.58	5,465.70	846.66	—	32,572.61	7,321.77	2,290.74	794.60	—	8,817.91	23,754.70
Furniture, fixtures and other fittings	22,139.78	5,859.05	1,866.19	—	26,132.66	7,769.76	2,034.68	1,702.63	—	8,101.81	18,030.85
Office Equipment	1,890.41	185.18	58.31	—	2,017.28	975.46	238.37	55.63	—	1,158.21	859.07
Computers	8,388.66	1,721.63	1,027.89	—	9,082.39	4,816.39	1,091.86	1,022.53	—	4,885.72	4,196.67
Vehicles	85.70	—	—	—	85.70	53.11	5.81	—	—	58.92	26.78
Share in Joint Ventures (Note 37)	2,336.51	699.56	193.87	642.00	3,484.20	1,427.82	394.12	156.22	306.63	1,972.36	1,511.84
Total	92,664.56	19,368.39	4,715.27	642.00	107,959.69	30,611.89	9,001.67	4,380.08	306.63	35,540.13	72,419.56
INTANGIBLE ASSETS											
Trademarks and patents (Note)	1,774.07	5.48	—	—	1,779.55	1,653.44	25.48	—	—	1,678.92	100.63
Computer Software	5,390.81	1,986.34	43.59	—	7,333.56	3,371.43	769.67	43.60	—	4,097.50	3,236.06
Share in Joint Ventures (Note 37)	76.77	3.55	—	5.25	85.57	62.67	9.69	—	0.90	73.24	12.32
Total	7,241.65	1,995.36	43.59	5.25	9,198.68	5,087.55	804.83	43.60	0.90	5,849.67	3,349.01

Note:

* Represents adjustment on account of acquisition of additional stake in Joint Venture, Timezone Entertainment Private Ltd.

(All amounts in ₹ lacs)

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

Share in Joint Ventures (Note 37)

Nuance Group Fashion & Luxury Duty Free Private Limited
10,000 equity shares of ₹ 10/- each fully paid

0.50

0.50

2.11

2.11

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

Capital advances

1,034.50

1,584.28

Premises and other deposits

— Considered good

20,322.01

19,459.37

— Considered doubtful

80.76

26.09

20,402.77

19,485.46

Less: Provision for doubtful deposits

80.76

26.09

20,322.01

19,459.37

Deposit towards service tax (Note 29)

4,258.14

2,192.61

Advance income tax (net of provision)

789.29

1,365.84

Loans and advances to related parties (Note 34)

— Considered good

4.90

4.90

— Considered doubtful

2,196.45

2,196.45

2,201.35

2,201.35

Less: Provision for doubtful loans and advances

2,196.45

2,196.45

4.90

4.90

Share in Joint Ventures (Note 37)

1,117.94

1,065.14

27,526.78

25,672.14

(All amounts in ₹ lacs)

15. OTHER NON-CURRENT ASSETS**(Unsecured, Considered good, unless otherwise stated)**

Statutory recoverables

— Considered good

— Considered doubtful

Less: Provision for doubtful advances

Receivables - Property options sold

Other receivables

Share in Joint Ventures (Note 37)

16. INVENTORIES**(At lower of cost and Net realisable value)**

Stock-in-trade: Retail merchandise

(including Stock in transit ₹ 61.29 lacs, 2014: ₹ 69.53 lacs)

Property options inventories

Share in Joint Ventures (Note 37)

17. TRADE RECEIVABLES**(Unsecured)**Debts outstanding for a period exceeding 6 months
from the date they are due for payment

— Considered good

— Considered doubtful

Other Debts, considered good

— Property option sold

Less: Provision for doubtful debts

Share in Joint Ventures (Note 37)

Mar-14	Mar-13
—	—
100.27	100.27
100.27	100.27
100.27	100.27
—	—
4,609.55	1,510.36
3.59	4.68
67.16	0.55
4,680.30	1,515.59
44,470.51	39,620.50
5,112.30	4,607.61
1,050.78	674.47
50,633.59	44,902.58
111.28	144.15
102.90	55.68
3,112.20	3,555.30
6,887.94	995.10
10,214.32	4,750.23
102.90	55.68
10,111.42	4,694.55
156.03	104.97
10,267.45	4,799.52

(All amounts in ₹ lacs)

18. CASH AND CASH EQUIVALENTS

Balance with banks in

– Current accounts

– Deposit accounts

Cash credit accounts

Other bank balances:

Margin Money account (under lien against bank guarantee)

Dividend accounts

Cash on hand

Share in Joint Ventures (Note 37)

Of the above, cash and cash equivalents comprise:

Balance with banks in

– Current accounts

– Deposit accounts

– Cash credit accounts

Cash on hand

Share in Joint Ventures (Note 37)

19. 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

Others*

Share in Joint Ventures (Note 37)

* other mainly includes: Prepaid express ₹ 2,902.28 lacs (Previous year ₹ 1,974.94 lacs)

Mar-15	Mar-14
846.71	634.70
10.29	9.75
48.35	0.45
413.94	417.05
0.46	0.46
414.41	995.35
1,734.16	2,057.76
259.09	727.92
1,993.25	2,785.68
846.71	634.70
10.29	9.75
48.35	0.45
414.41	995.35
225.33	460.92
1,545.09	2,101.17
4,362.27	3,365.31
816.74	731.02
5,179.01	4,096.33
854.21	744.46
4,324.80	3,351.87
267.65	287.03
2,914.33	1,988.53
1,093.88	913.76
8,600.66	6,541.19

(All amounts in ₹ lacs)

20. OTHER CURRENT ASSETS

	Mar-15	Mar-14
Statutory recoverable	1,453.03	1,803.04
Share in Joint Ventures (Note 37)	79.81	59.96
	1,532.84	1,863.00

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

Own merchandise (including concession sales) – Gross of tax	419,072.35	378,728.90
Consignment merchandise	30,088.43	27,590.06
	449,160.78	406,318.96
Less: Value added tax	22,563.39	21,330.72
Less: Cost of consignment merchandise	20,162.71	19,051.33
	406,434.68	365,936.90
Revenue from Gaming Business (Share in Joint Venture)	2,545.75	2,027.62
Revenue from transfer of Property Options	11,019.09	2,636.47
	419,999.52	370,600.99

Other Retail operating revenue

Facility management fees	2,185.57	2,101.27
Income from store displays and sponsorship Income	4,167.42	3,475.87
Direct marketing Income	1,230.86	1,221.72
Income from franchisees	180.11	189.71
	7,763.96	6,988.57
Share in Joint Ventures (Note 37)	130.99	240.15
	7,894.95	7,228.72
	427,894.47	377,829.71

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

Own merchandise	419,072.35	378,728.90
Consignment merchandise	30,088.43	27,590.06
Other Retail operating revenue	7,894.95	7,228.72
	457,055.73	413,547.68

22. OTHER INCOME

Interest Income from others	63.04	95.49
Interest on Income tax refund	7.17	—
Miscellaneous income and credits	665.57	409.07
Provision for doubtful debts/advances written back	17.91	8.52
Profit on sale of fixed assets (net)	7.55	—
Compensation received for lease termination	323.95	—
	1,085.19	513.08
Share in Joint Ventures (Note 37)	241.73	104.64
	1,326.92	617.72

(All amounts in ₹ lacs)

23. PURCHASE OF TRADED GOODS

	Mar-15	Mar-14
Retail merchandise	269,103.79	246,665.16
Property Options	2,536.30	3,766.08
Share in Joint Ventures (Note 37)	3,348.06	2,113.06
	274,988.15	252,544.30

23.1 Details of purchase of traded goods

Apparels	106,969.62	99,593.25
Non-apparels	84,081.70	74,622.68
Food, Household items, etc.	72,978.63	67,912.83
Option Purchases	2,536.30	3,766.08
Others (mainly books, CDs, etc.)	8,421.90	6,649.46
	274,988.15	252,544.30

24. CHANGES IN INVENTORIES OF STOCK-IN-TRADE

Opening inventory		
– Retail merchandise	39,620.50	35,191.28
– Property Options	4,607.61	1,076.00
Closing inventory		
– Retail merchandise	44,470.51	39,620.50
– Property Options	5,112.30	4,607.61
Share in Joint Ventures (Note 37)	(379.61)	53.10
(Increase)	(5,734.31)	(7,907.73)

25. EMPLOYEE BENEFITS EXPENSE

Salaries, allowance and bonus	27,820.79	25,897.42
Contribution to Provident and other funds	1,753.69	1,620.80
Staff welfare expenses	1,127.22	999.41
	30,701.70	28,517.63
Share in Joint Ventures (Note 37)	863.87	659.91
	31,565.57	29,177.54

26. FINANCE COSTS

Interest on bank borrowings	7,057.83	5,957.87
Interest on others	407.04	159.70
Other borrowing costs	15.94	85.58
Bank charges	194.35	267.91
	7,675.16	6,471.06
Share in Joint Ventures (Note 37)	139.16	61.75
	7,814.32	6,532.81

(All amounts in ₹ lacs)

27. OTHER EXPENSES

	Mar-15	Mar-14
Insurance	241.13	216.71
Lease rent and hire Charges (Note 28)	35,049.91	32,181.24
Business conducting fees	1,306.52	1,304.25
Rates and taxes	67.88	60.58
Repairs and maintenance		
– Buildings	8,641.87	7,877.03
– Others	2,056.94	1,919.61
Legal and professional fees	2,185.59	1,386.41
Housekeeping charges	2,127.17	1,804.79
Security charges	2,809.22	2,211.90
Computer expenses	1,558.11	1,946.24
Conveyance and travelling expenses	2,463.60	2,242.38
Electricity charges	11,177.32	10,187.39
Advertisement and publicity	7,358.78	6,352.65
Sales promotion	2,931.96	2,512.60
Charges on credit card transactions	3,183.29	2,641.48
Packing materials	938.50	1,065.66
Loss on Sale of Fixed Assets (net)	62.78	164.20
Provision/write off for Doubtful debts/advances/deposits	268.32	218.74
Foreign exchange loss (net)	37.65	218.44
Service tax input credit expensed	6,998.19	5,994.08
Miscellaneous expenses	3,898.15	4,660.90
	95,362.88	87,167.28
Share in Joint Ventures (Note 37)	4,909.95	3,513.16
	100,272.83	90,680.44

(All amounts in ₹ lacs)

28. Leasing Transactions

- a) Operating lease rentals charged to revenue:

Mar-15	Mar-14
18,111.42	18,163.21

- b) Variable rentals charged to revenue:

20,068.03	16,078.32
------------------	-----------

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

9,416.57	12,739.61
-----------------	-----------

Later than one year and not later than five years

8,969.38	20,635.86
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Later than five years

57.09	311.68
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The agreements are executed for periods ranging from 33 to 288 months with a non cancellable period at the beginning of the agreement ranging from 33 to 108 months and having a renewable clause.

29. Service Tax

The Company has, based on a legal advice, challenged the said levy and, inter-alia, its retrospective application. The Hon'ble Supreme Court passed an interim order dated 14 October, 2011, with regard to the levy of service tax on immovable properties rented out for commercial use including its retrospective applicability from 1 June, 2007 in compliance of which, the Company made an aggregate deposit of ₹ 2,145.94 lacs in respect of the liability for such service tax upto 30 September, 2011. From October 2011, the Company has been accounting and paying for such service tax regularly as per directives of the Supreme Court. Further, the Company has deposited the balance liability of ₹ 2,065.58 lacs under protest during the year.

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 1 June, 2007 to 31 March, 2010.

30. Tax expense comprises of:

Current tax

– For the year

2,909.50	2,183.37
-----------------	----------

– For the earlier year

(22.03)	15.91
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Deferred tax

– For the year

(4.75)	339.07
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– For the earlier year

—	30.76
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2,882.72	2,569.11
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31. EARNING PER EQUITY SHARE**Calculated as follows:**

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

4,240.43	(827.83)
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- b) Weighted Number of equity shares outstanding during the year

83,290,042	83,069,040
-------------------	------------

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

83,496,557	83,208,641
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- d) Nominal value per share (₹)

5.00	5.00
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- e) EPS:

Basic (₹)

5.09	(1.00)
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Diluted (₹)

5.08	(1.00)
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(All amounts in ₹ lacs)

32. Contingent Liabilities and Commitments:

	Mar-15	Mar-14
a) Claims against the Company not acknowledged as debts comprise of:		
Income tax claims disputed by the Company relating to disallowances aggregating	797.87	968.71
Service tax, Sales tax and other Indirect tax claims disputed by the Company relating to issues of applicability and classification aggregating	1,611.88	1,529.34
Third party claims arising from disputes relating to contracts aggregating	832.21	1,432.89
b) Others	227.25	227.25
c) Estimated amount of contracts remaining to be executed on capital account and not provided for	3,496.85	4,574.17
d) Corporate guarantees given jointly and severally with joint venture partners The Nuance Group AG to banks for loans taken by Nuance Group (India) Pvt. Ltd. for general corporate business purpose.	825.00	825.00
e) Corporate guarantees given jointly and severally with the promoter group company for loan taken by Hypercity Retail (India) Ltd. for general corporate business purpose.	23,500.00	19,500.00
f) Unpaid preference dividend	8,073.44	6,140.55
g) Bank guarantees	711.32	642.29
h) Share of Joint Ventures (See note 37)	1,176.68	360.32

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)

33. EMPLOYEE BENEFITS

Post-employment benefits

Defined contribution plans

Company's contribution to Provident Fund

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

Current Service Cost

Interest Cost

Expected Return on Plan assets

Actuarial (Gains)/Losses

II. Change in Defined Benefit Obligations (DBO)

Present Value of DBO at the Beginning of Year

Current Service Cost

Interest Cost

Actuarial (Gains)/Losses

Benefits paid/transferred

Present Value of DBO at the End of Year

III. Change in Fair Value of Assets

Plan Assets at the Beginning of Year

Expected Return on Plan Assets

Actuarial Losses

Actual Company Contribution

Benefits paid/transferred

Plan Assets at the End of Year

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

Present Value of Defined Benefit Obligation

Fair Value of Plan Assets

Status [Surplus/(Deficit)]

Unrecognised Past Service Cost

Net Asset/(Liability) Recognised in Balance Sheet

V. Actuarial Assumptions

Discount Rate

Expected Return on Plan Assets

Rate of increase in salaries

Rate of Attrition

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

	31 Mar 2015	31 Mar 2014	31 Mar 2013	31 Mar 2012	31 Mar 2011
Present Value of the Defined Benefit Obligation	1,127.31	901.05	802.16	598.91	535.21
Fair Value of the Plan Assets	956.13	866.17	647.85	502.52	426.89
Surplus/(Deficit) in the Plan	(171.18)	(34.88)	(154.31)	(96.39)	(108.32)
Experience Adjustments arising on Plan Liabilities – Losses/(Gains)	29.64	2.20	(44.01)	(63.86)	120.21
Experience Adjustments arising on Plan Assets – Gains/(Losses)	51.65	17.03	6.23	8.35	3.09

The group expects to contribute ₹ 437.47 lacs to its Gratuity plan for the next year.

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

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

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

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

34. RELATED PARTY DISCLOSURES

Following are the material transactions with related parties:

(All amounts in ₹ lacs, unless otherwise stated)

Nature	Companies under common control / significant influence (refer (c) below)	Joint Ventures	Key Management Personnel	Total
Purchase of Assets	—	111.88	(—)	111.88
LAI Singapore Pte. Ltd.		96.22	(—)	
Helix Leisure Pte. Ltd.		4.56	(—)	
Embed International Pty.		11.10	(—)	
	(2.81)	(29.75)	(—)	(32.56)
Sale of Assets	—			—
Magna Warehousing & Distribution Private Limited	—			
	(48.96)			(48.96)
Purchase of Goods		40.56		40.56
Timezone Group International Pte. Ltd.		1.21		
Helix Leisure Pte. Ltd.		1.26		
Embed International Pty. Ltd.		0.02		
Nuance – Watson (HK) Ltd.		38.08		
		(3.42)		(3.42)
Sale of Goods	7.34	17.85	—	25.19
Inorbit Malls (India) Private Limited	1.45		(—)	
K. Raheja Corp Pvt. Ltd.	3.03		(—)	
Serene Properties Pvt. Ltd.	1.13		(—)	
Trion Properties Private Limited	0.58		(—)	
Gigaplex Estate Private Limited	1.15		(—)	
Nuance Group Fashion & Luxury Duty Free Private Limited		17.85	(—)	
	(—)	(—)	(—)	(—)
Purchase of Property Options	2,536.30			2,536.30
K. Raheja Private Limited	2,536.30			
	(3,766.00)			(—)
Payment of conducting fees / Lease Rent / Common Area Maintenance Charges	8,162.19			8,162.19
Ivory Properties and Hotels Private Limited	2,231.70			
Inorbit Malls (India) Private Limited	3,599.81			
Avacado Properties and Trading India Private Limited	228.45			
Magna Warehousing & Distribution Private Limited	326.52			
Trion Properties Private Limited	1,775.71			
	(7,610.56)			(7,610.56)
Expenses Paid	747.16			747.16
Ivory Properties and Hotels Private Limited	1.42			
Inorbit Malls (India) Private Limited	443.76			
K. Raheja Corp. Private Limited	0.23			
Avacado Properties and Trading India Private Limited	37.11			
Retailers Association of India	0.76			
Sanghavi Associates Limited	15.62			
Magna Warehousing and Distribution Private Limited	56.12			
Trion Properties Private Limited	192.14			
	(820.60)			(820.60)
Deposits Paid	26.06			26.06
Inorbit Malls (India) Private Limited	5.39			
Avacado Properties and Trading India Private Limited	20.67			
	(219.32)			(219.32)

Nature	Companies under common control/ significant influence (refer (c) below)	Joint Ventures	Key Management Personnel	Total
Deposit received Back	67.29			
Avacado Properties and Trading India Private Limited	67.29			
Reimbursement of Expenses	751.61			751.61
Inorbit Malls (India) Private Limited	620.32			
Trion Properties Private Limited	130.06			
IL & FS Investment Advisors LLC Br	1.23			
	(183.77)			(183.77)
SOH Fees Received	5.40			5.40
K. Raheja Corp. Private Limited	5.40			
	(3.52)			(—)
Receiving of services		22.82		22.82
The Nuance Group AG		22.82		
		(33.42)		(33.42)
Advances given to Joint Venture		588.85		588.85
Nuance Group Fashion & Luxury Duty Free Private Limited		588.85		
		(—)		(—)
Recovery of Advance given to Joint Venture		525.68		525.68
Nuance Group Fashion & Luxury Duty Free Private Limited		525.68		
		(—)		(—)
Reimbursement of costs (Receivable)		159.93		159.93
Nuance Group Fashion & Luxury Duty Free Private Limited		140.96		
Service Tax charged on above recovery		17.42		
Nuance – Watson (HK) Ltd.		1.55		
		(763.38)		(763.38)
Other Expenses		48.91		48.91
Avel Pty. Ltd. (Royalty)		49.30		
Avel Pty. Ltd. (Recovery of cost)		(5.11)		
Timezone Group International Pte. Ltd. (Recovery of cost)		4.27		
Avel Pty. Ltd. (Reimbursement of Expenses)		0.45		
		(—)		(—)
Issue of Equity / Preference Shares	1,815.45	(—)		1,815.45
Genext Hardware Parks Private Limited	1,815.45			
	(3,895.50)	(—)		(3,895.50)
Remuneration to Managing Director:			404.57	404.57
Govind Shrikhande			404.57	
			(369.73)	(369.73)
Commission and Sitting fees to non executive Directors			48.85	48.85
Chandru L. Raheja			1.90	
Ravi Raheja			2.90	
Neel Raheja			1.90	
B. S. Nagesh			4.90	
Gulu L. Mirchandani			0.70	
Shahzaad Dalal			0.70	
Nitin Sanghavi			5.90	
Deepak Ghaisas			9.10	
Nirvik Singh			4.50	
Abanti Sankaranarayanan			4.50	
Avnish Bajaj			4.20	
Gareth Thomas			3.25	
Manish Chokhani			4.40	
			(27.20)	(27.20)

**Balance outstanding at the year end
Receivables**

Avacado Properties and Trading India Private Limited	463.84
	(488.05)
Ivory Properties and Hotels Private Limited	1,133.42
	(1,211.05)
Inorbit Malls (India) Private Limited	291.32
	(1,004.26)
Trion Properties Private Limited	860.83
	(829.05)
LAI Games International Pte. Ltd.	—
	(4.64)
Magna Warehousing and Distribution Private Limited	46.45
	(31.04)
The Nuance Group AG	—
	(65.52)
Nuance Group Fashion & Luxury Duty Free Private Limited	1,006.85
	(763.38)

Payables

K. Raheja Corp. Private Limited	0.21
	(0.40)
K. Raheja Private Limited	1,402.00
	(2,266.00)
Avel Pty. Ltd.	131.73
	(128.72)
LAI India Pvt. Ltd.	—
	(30.78)
Leisure and Allied Industries Pvt. Ltd.	30.39
	—
Lai Singapore Pte. Ltd.	68.90
	—
The Nuance Group AG	709.84
	(746.96)

Corporate Guarantee

The Nuance Group AG	412.50
	(412.50)
Dufry International AG	2,803.95
	—

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 (c) below C. L. Raheja, Ravi C. Raheja, Neel C. Raheja
- (b) Key Management Personnel
- | | | |
|--------------------------|------------------------|--------------------------------|
| Executive Director: | Govind Shrikhande | |
| Non-Executive Directors: | Chandru L. Raheja | Shahzaad Dalal (upto 31-07-14) |
| | Ravi Raheja | Nitin Sanghavi |
| | Neel Raheja | Deepak Ghaisas |
| | B. S. Nagesh | Nirvik Singh |
| | Gulu L. Mirchandani | Avnish Bajaj |
| | (upto 31-07-14) | (w.e.f. 25th October, 2013) |
| | Abanti Sankarnarayanan | (w.e.f. 19th June, 2014) |
| | Gareth Thomas | (w.e.f. 5th November, 2014) |
| | Manish Chokhani | (w.e.f. 31st July, 2014) |
- (c) Companies in which the persons stated in (a) & (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, Hypercity Retail (India) Limited, Avacado Properties and Trading India Private Limited, Trion Properties Private Limited, Retailers Association of India, Magna Warehousing and Distribution Private Limited, Sanghavi Associates Ltd., Chalet Hotels Private Limited, IL & FS Investment Advisors LLC Br.
- (d) Joint Ventures Nuance Group (India) Private Ltd., Timezone Entertainment Private Ltd., Avel Pte. Ltd., Embed International Pte. Ltd., Helix Leisure Pte. Ltd., LAI Singapore Pte. Ltd., Nuance - Watson (HK) Ltd., Nuance Group Fashion & Luxury Duty Free Private Ltd., Serene Properties Pvt. Ltd., The Nuance Group AG, Timezone Group International Pte. Ltd., Dufry International AG

36. DISCONTINUING OPERATIONS:

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

The total assets and liabilities of Gateway as at March 31, 2015 aggregated ₹ 30.55 lacs (Previous year ₹ 17.74 lacs) and ₹ 4,531.45 lacs (Previous year ₹ 4,517.98 lacs) respectively.

The net cash flows attributable to operating, investing and financing activities of Gateway during the year, aggregated ₹ 0.19 lacs (Previous year (1.05 lacs), ₹ 0.32 lacs (Previous 0.28 lacs) and ₹ Nil (Previous year Nil) respectively.

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

Particulars	31 March 2015			31 March 2014		
	Continuing operations	Discontinuing operations (Gateway)	Total	Continuing operations	Discontinuing operations (Gateway)	Total
REVENUE						
Sales / Income	427,894.47	—	427,894.47	377,829.71	—	377,829.71
Other Income	1,326.92	0.38	1,327.30	617.72	0.31	618.03
Total Revenue	429,221.39	0.38	429,221.77	378,447.43	0.31	378,447.74
Operating Expenses	413,622.84	1.02	413,623.87	374,368.45	10.11	374,378.56
Pre-tax Profit/(Loss) from operating activities	15,598.55	(0.64)	15,597.90	4,078.98	(9.80)	4,069.18
Interest Expense	7,814.32	—	7,814.32	6,532.81	—	6,532.81
Profit/(Loss) before tax	7,784.23	(0.64)	7,783.58	(2,453.83)	(9.80)	(2,463.63)
Income tax	2,882.77	—	2,882.77	2,569.11	—	2,569.11
Profit/(Loss) after tax before minority interest	4,901.46	(0.64)	4,900.81	(5,022.94)	(9.80)	(5,032.74)

(All amounts in ₹ lacs, unless otherwise stated)

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

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

Name	Country of Incorporation	Percentage of ownership interest either directly or through subsidiary	
		31 March 2015	31 March 2014
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 2015	31 March 2014
Nuance Group (India) Private Limited	India	50	50
Timezone Entertainment Private Limited	India	48.42	48.42

The financial statements of the joint ventures, considered in the consolidated accounts, are drawn upto 31st March. Nuance Group (India) Private Limited (NGIPL) is based on the audited financials for the 15 months ended 31 March, 2015.

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

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

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

38. Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013.

	Net assets, i.e., total assets minus total liabilities		Share of profit or loss	
	As % of consolidated net assets	Amount (₹ In lacs)	As % of consolidated profit or loss	Amount (₹ In lacs)
Holding Company				
Shoppers Stop Limited	61%	32,374.38	65%	2,767.66
Subsidiaries (Indian)				
Hypercity Retail (India) Limited	34%	18,086.68	62%	2,623.43
Crossword Bookstores Limited	3%	1,822.76	-14%	(613.67)
Upasna Trading Limited	0%	(91.35)	0%	(1.62)
Shopper's Stop Services (India) Limited	0%	10.19	0%	0.17
Shopper's Stop.Com (India) Limited	0%	2.71	0%	(0.35)
Gateway Multichannel Retail (India) Limited	0%	29.57	0%	(1.02)
Minority Interests in all subsidiaries	-5%	(2,612.30)	-16%	(660.38)
Joint Ventures (as per proportionate consolidation)				
Nuance Group (India) Private Limited	4%	1,863.17	2%	66.88
Timezone Entertainment Private Limited	3%	1,355.20	1%	59.34

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

Notes

Shoppers Stop Ltd.

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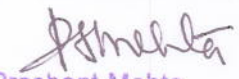
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SHOPPERS STOP

START SOMETHING NEW

Certified True Copy

For Shoppers Stop Limited


Prashant Mehta
Vice President - Legal
& Company Secretary

FORM A

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

1. Name of the Company : Shoppers Stop Limited (Consolidation)
2. Annual Financial Statements for the year ended : Consolidated financial statements for the year ended March 31, 2015
3. Type of Audit observation : Emphasis of Matter paragraph:

1. We draw attention to Note 29 to the consolidated financial statements regarding non-provision of service tax for the period 1 June 2007 to 31 March 2010 on renting of immovable properties given for commercial use, aggregating Rs.2,010.90 Lacs (2014: 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 opinion is not modified in respect of this matter.

Relevant Note

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 14 October 2011, with regard to the levy of service tax on immovable properties rented out for commercial use including its retrospective applicability from 1 June 2007 in compliance of which, the Company made an aggregate deposit of Rs.2,145.94 lacs in respect of the liability for such service tax upto 30 September 2011. From October 2011, the Company has been accounting and paying for such service tax regularly as per directives of the Supreme Court. Further, the Company has deposited the balance liability of Rs.2,065.58 lacs under protest during the year.

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



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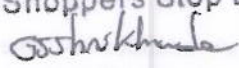
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3. Frequency of observation : Paragraph 1 : 6 years (including 2015)

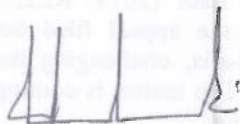
4. To be signed by-

For Shoppers Stop Limited


- ~~CEO~~/Managing Director :


Govind Shrikhande
Managing Director

- CFO :


Sanjay Chhabra

- Audit Committee Chairman :



Deepak K. Ghaisas

- Auditor of the Company : Refer our Audit Report dated April 30, 2015 on the consolidated financial statements of the Company

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm Registration No 117366W/W-100018)


P. B. Pardiwally

(Partner)
(Membership No. 40005)
Mumbai, 8th July 2015


P. B. Pardiwally

Prashant Mehta

Prashant Mehta

Vice President - Legal
& Company Secretary

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, 2015
3. Type of Audit observation : Emphasis of Matter paragraphs:

1. We draw attention to:

- a) Note 29 to the financial statements regarding non-provision of service tax for the period 1 June 2007 to 31 March 2010 on renting of immovable properties given for commercial use, aggregating Rs.1,659.56 lacs (2014: 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 30 to the financial statements regarding the Company's financial involvement aggregating Rs.43,274.56 lacs (2014: Rs.39,085.32 lacs) in Hypercity Retail (India) Limited, a subsidiary company. The company considers no provision for any loss is currently necessary for the reason stated in the note.

Our opinion is not modified in respect of these matters.

Relevant Note to 1 a)

Pursuant to levy of service tax on renting of immovable properties given for commercial use, retrospectively with effect from 1 June 2007 by the Finance Act, 2010, the Company has, based on a legal advice, challenged the said levy and, inter-alia, its retrospective application. The Hon'ble Supreme Court has passed an interim order dated 14th October, 2011, with regard to the levy of service tax on immovable properties rented out for commercial use including its retrospective applicability from 1st June 2007 in compliance of which, the Company has made an aggregate deposit of Rs.1,824.88 lacs in respect of the liability for such service tax upto 30th September, 2011.

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From October 2011, the Company is accounting and paying for such service tax regularly as per directives of the Supreme Court. Further, the Company has deposited the balance liability of Rs.1,716.46 lacs under protest during the year.

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

Relevant Note 1 b)

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

(All amounts in Rs. Lacs)

Name of the Company	Investment in Equity and Preference Capital	Loans and Advances	Total Involvement
Hypercity Retail(India) Limited	30,553.86	12,720.70	43,274.56

Hypercity continues to make losses and the accumulated losses of Rs.52,432.52 Lacs as at 31st March, 2015 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.

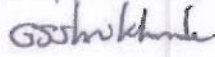
WHSUP

WHSUP


4. Frequency of observation : Paragraph 1 a: 6 years (including 2015)
Paragraph 1 b: 4 years (including 2015)

5. To be signed by- For Shoppers Stop Limited


- CEO/Managing Director :


Govind Shrikhande
Managing Director

- CFO :


Sanjay Chakravarti

- Audit Committee Chairman :


D4 Deepak K. Ghaisas

- Auditor of the Company : Refer our Audit Report dated April 30, 2015
on the standalone financial statements of the Company

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm Registration No 117366W/W-100018)


P. B. Pandiwalla

(Partner)

(Membership No. 40005)

Mumbai,

8th July 2015

