



REASONS TO CELEBRATE

SHOPPERS STOP

ANNUAL REPORT 2015-16

25

YEARS OF DELIGHTING CUSTOMERS.

YEARS OF BREAKING NEW GROUND.

REASONS TO CELEBRATE!



- Our journey began in 1991 at a time when Indian consumers lacked the liberty of choice. From the humble beginnings of a 4,000 sq. ft. Shoppers Stop store in Andheri (Mumbai), we pioneered the modern retail industry in India. We ushered in the era of superlative customer experience and unparalleled choice. Today, after 25 years, we stand tall and proud of our accomplishments in shaping the retail landscape of India.

A silver jubilee is a cause for celebration. And so our Annual Report for the year 2015-2016 is a celebratory story of the factors that have contributed to our successful journey. As we move forward into our next phase, we humbly and profusely thank all our customers, partners, stakeholders and customer care associates for the constant love and support.

DIVERSIFIED FORMATS



Shoppers Stop is India's leading fashion retailer with 77 stores in 36 cities.



HyperCITY has redefined the hypermarket experience in India. The format has 17 stores spread over an area of 1.26 million sq. ft.



Crossword is the leader in the lifestyle bookstore category.

The premium home concept store HomeStop has 18 stores in 11 cities.

Introduced the global duty free shopping standard in India through the 50:50 JV with the Nuance Group AG, Switzerland. Currently operating duty free stores at the international airport in Bengaluru.

Shoppers Stop Ltd. has a 48.42% stake in Timezone Entertainment Private Limited which is the business of operating Family Entertainment Centres.

WORLD-CLASS SHOPPING EXPERIENCE



300+ crème de la crème international and Indian brands across categories.



Specially curated Style Hubs that encapsulate the latest trends in fashion.



A first-of-its-kind augmented reality dressing room, the Magic Mirror empowers customers with a virtual dressing room to "try" 1,500+ apparel and accessory options.



AN OMNI-CHANNEL FORAY



Shoppers Stop has embarked on a 3 year omni-channel journey to tap into the exponential e-commerce growth in India.



By 2020, Shoppers Stop aims to achieve 15% revenue through digital commerce.



The website www.shoppersstop.com was relaunched with a new look.

Shoppers Stop has already invested ₹40 crore and will further invest ₹20 crore over the next 18 months in technology and infrastructure to attain omni-channel status.

Shoppers Stop Mobile App was introduced on both Google Play Store and Apple App Store.



RENOWNED LOYALTY PROGRAMMES



The Shoppers Stop First Citizen Loyalty Programme is the first of its kind in the retail industry with 4.1 million customers who contribute to over 72% of sales.



The Crossword Book Rewards Programme has 6.5 lac members who contribute to 48% of sales.



The HyperCITY DISCOVERY Club Programme brings every customer great savings, exclusive promotions, special previews and more. There are over 1.2 million members.



UNPARALLELED CHOICE IN BRIDGE-TO-LUXURY BRANDS



Successfully introduced 100+ international brands in India including Desigual, Armani, GAS, CK Jeans, Tommy Hilfiger, The Children's Place, etc.



Strong assortment in the beauty and skincare category with brands such as Lancôme, L'Occitane, Dior, Clarins, Shiseido, etc.

Retail agreement with world renowned cosmetics major Estée Lauder to open stores for international brands like M.A.C., Estée Lauder, Clinique and Bobbi Brown in India.



Retail arrangement with Mothercare plc of UK to open and operate Mothercare shop-in-shops in India.

TOP-NOTCH PRIVATE BRANDS

STOP™

kashish

X LIFE™
LIVE IT RIGHT

haute curry
Apparel • Fashion Jewelry • Bags • Shoes

VETTORIO FRATINI
Apparel • Accessories • Footwear

ELLIZA DONATEIN

Shoppers Stop has 6 private brands namely
STOP, Kashish, Life, Haute Curry,
Vettorio Fratini & Elliza Donatein.



STOP™

Shoppers Stop launched its first
private brand STOP in 1994.
Today, STOP is the single largest
private brand in the portfolio.



IVY



HomeStop offers merchandise
under its own labels IVY, Treasures,
Back to Earth, Adara and Fern.

ebano

Fresh
Basket
A passion for Freshness
A leading brand from HyperCITY



AVORIO

maxIT

city life

JooJooBs

RIVER INC
GO WITH THE FLOW

HyperCITY offers general merchandise
under its private brands Ebano, Fresh Basket
Avorio, Maxit; food & grocery under its
brands Fresh Basket & Terzo; and
fashion merchandise under River Inc.,
City Life, Ektara, Masala Chai and JoojooBs.



ARRAY OF EXCLUSIVE BRANDS



Shoppers Stop partnered with popular Spanish brand Desigual to launch the first-of-its-kind Desigual shop-in-shop in India.



Introduced Virat Kohli's breakaway youth fashion brand WROGN.



Shoppers Stop entered into a 'co-create' & 'co-own' partnership with Bennett, Coleman & Co. Ltd. (BCCL) to launch the fashion brand Femina FLAUNT.



Shoppers Stop partnered with celebrated Indian fashion designer Rocky S to launch his much-awaited signature brand RS by Rocky Star.

ICONIC MARKETING CAMPAIGNS



Shoppers Stop began its journey of exciting marketing promotions with the first-of-its-kind 'Festival of Britain' and the 'Buy & Fly to the 7 Wonders' festival.



Pioneered mascot licensing in India through an exclusive partnership with Vodafone to manufacture and retail merchandise of the popular mascot 'Zoozoo'.



The End of Season Sale campaigns have always been eagerly awaited by customers.



Iconic, easily recognisable advertising campaigns in Shoppers Stop's signature tongue-in-cheek style across media channels.

DIGITAL & SOCIAL MEDIA DOMINANCE



Shoppers Stop was one of the first big-box retailers to adapt to social and digital media in the industry.



8 million fans on Facebook make Shoppers Stop the No. 1 fashion retailer on Facebook in India.

**STYLE
HUB**

Shoppers Stop 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 private brands.

Created the world's first Twitter Auction - an online auction in which bidders could bid for a product using a tweet instead of real money.



EXPANSIVE REACH

A total of 236 brick & mortar stores across all formats.



● Shoppers Stop ● DC locations ● HyperCITY ● Specialty*

*(includes Crossword, Mothercare, HomeStop, M.A.C, Clinique, Bobbi Brown and Estee Lauder outlets)
(Graphical Representation not to scale)



www.shoppersstop.com
caters to 1,200 cities and towns
across India.

www.crossword.in delivers
books and other merchandise
all across the country.



A FIRMLY ROOTED VALUE SYSTEM



Care

A system that fosters teamwork and is developmental rather than punitive.

Excellence

An environment that encourages development and excellence.



Openness

An organisation that enables transparency in communication, intent and actions.

Integrity

Strive to create a culture that ensures integrity at all levels.



Socially Responsible

Respect our customers' rights and be socially responsible.



Innovative

An environment of innovation and growth.

COMMITTED TO MAKING A DIFFERENCE



Shoppers Stop Ltd. associated with 'Unnati' the vocational training and transformation programme aimed at youth empowerment. Your Company has invested in creating a retail skill development programme for the youth.



Shoppers Stop Ltd. supported Pankh - a TRRAIN initiative aimed at equipping physically-challenged individuals with skills to earn their livelihood.



Partnered with the NGO ARCO IRIS Foundation in their relief efforts during the Chennai floods of 2015.



A PLETHORA OF AWARDS



Great Place to Work Institute ranked Shoppers Stop 25th in the 'Best Places to work in Asia' survey in 2015.



Shoppers Stop was awarded the 'Most Admired Retailer of the Year' at Images Retail Forum.



'Most Respected Company in the Retail Vertical' by BWIBusinessworld for the 5th consecutive year.



Shoppers Stop was selected as one of the '100 Most Valuable Brands of the Year' by WCRC in 2014 and was also honoured as a 'Superbrand' by Superbrands India.

UNWAVERING GROWTH

Shoppers Stop Ltd. has continued to grow with a healthy CAGR of 14%.



Shoppers Stop Ltd. clocked an annual LTL growth in revenue of 8.5% in FY16.



Shoppers Stop Ltd. reported an annual turnover of ₹3716.9 crore for the year ended FY16, a rise of 10.3%.

HyperCITY is well on its path to profitability.



A RESILIENT RECESSION-PROOF BUSINESS MODEL



In good times and bad, the ultimate focus has always been on providing the best shopping experience to customers.



An average annual LTL growth of 7.5% over 5 years.



Controlling controllable costs for greater returns.
At a cumulative group level we have reduced our unit consumption of power by 45% over the last 5 years.

Your Company believes in routinely reviewing the performance of stores and right-sizing stores wherever necessary. HyperCITY stores have been reduced to 30,000-50,000 sq. ft. for optimum throughput.

FRONT-RUNNER IN DATA ANALYTICS



Shoppers Stop has a full-fledged analytics team that analyses proprietary First Citizen data on a continuous basis to generate rich insights.



The team designs targeted offers and communication based on the insight gleaned from the First Citizen Data.



In FY16, Shoppers Stop achieved an incremental turnover of ₹190 crore based on such targeted offers and initiatives.



DELIGHTED CUSTOMERS



There is no better testament of our customers' happiness than their loyalty. Our loyal customers contribute to 72% of our overall business.



Annual customer satisfaction surveys are conducted to evaluate experience, merchandise, staff, transaction efficiency, efficacy of schemes and promotions, etc.



Your Company has consistently scored in the top 80 range of the Customer Satisfaction Index (CSI).



Your Company has received numerous awards for its exemplary customer service including 'Most Trusted Retailer of the Year' at the prestigious Economic Times Retail Awards in 2014.

COVETED FILM-INSPIRED MERCHANDISE

In 2007, Shoppers Stop became the first Indian retailer to partner with Bollywood. It tied up with the blockbuster 'Om Shanti Om' to exclusively retail merchandise inspired by the film.



In 2009, Shoppers Stop went on to ink a deal with the Deepika Padukone – Saif Ali Khan movie 'Love Aaj Kal'.



In 2010, Shoppers Stop partnered with Farhan Akhtar's 'Karthik Calling Karthik', the Shahid Kapoor - Genelia D'Souza starrer 'Chance Pe Dance' and Deepika Padukone and Imran Khan's 'Break Ke Baad'.



More recently, Shoppers Stop was the exclusive style partner for Atul Kulkarni's 'Rajwade and Sons'.



HAPPY CUSTOMER CARE ASSOCIATES

- All our employees, from the sales staff to the Managing Director, are given the designation 'Customer Care Associate', along with their functional designation, to symbolise that their primary duty is towards the customer.

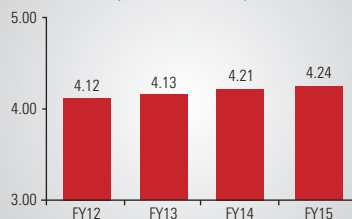


- 200+ customer care associates have been employed with the company for 10+ years.

- The annual attrition rate at the management level has been less than 10% for the last 5 years and is one of the lowest in the industry.



Associate Satisfaction Index (ASI)
(on scale of 5)



Annual Associate Satisfaction Index (ASI) surveys customer care associates' satisfaction and happiness. Your Company has consistently scored in the top range.

CLOSE-KNIT PARTNERSHIPS



Enduring partnerships with over 800+ vendors/suppliers.

The Partnership Satisfaction Index (PSI) is an annual survey conducted by an independent research agency to track merchandise suppliers' feedback. Shoppers Stop has consistently been a top-scorer all through the years.



Shoppers Stop organises an annual 'Partnership For Progress' summit where 120+ vendors/partners converge to discuss opportunities and strengthen associations.



EFFICIENT SUPPLY CHAIN

Shoppers Stop is the first Indian retailer to convert all suppliers into a Global Standard Barcode platform by making them register with GS1 – India.



Implemented world-class Warehouse Management System with omni-channel capabilities.



Strategically located regional distribution centres to supply merchandise to all stores across the country.



HyperCITY achieved HACCP Certification (Hazard Analysis and Critical Control Points) for the Vashi Store (perishables) and Repack Centre in Bhiwandi. This certification was accredited based on the assured freshness and unmatched quality of our products as well as hygiene practices and accurate product tracking processes.

DRIVING PROGRESS THROUGH SUSTAINABILITY



Shoppers Stop has an energy management policy built on the tenets of the 3 Rs - reduce, reuse, recycle. It has deployed systems such as variable frequency drives, eco-friendly refrigerant in chillers, LED lights, etc.



Shoppers Stop's energy conservation efforts have resulted in the cost-savings of ₹4.69 crore over 5 years.



HomeStop offers the eco-friendly brand 'Back to Earth' inspired by nature and made of natural materials like wood, bamboo, jute, natural fibres, etc.



In a first of its kind in the retail sector, Shoppers Stop introduced a unique energy management initiative of using solar power panels at its Andheri store.

CLUTTER-BREAKING INNOVATIONS



Shoppers Stop's popular annual promotion 'Choose Your Own Gift' has created waves in the industry. It empowers customers to choose their own gift rather than be given a standard gift item.

Shoppers Stop entered the Limca Book of Records for creating the largest Christmas stocking, India's largest men's formal jacket, amongst others.



In 2008, Shoppers Stop revamped its brand positioning and unveiled its new evolved philosophy of 'Start Something New'.



Crossword launched a first-of-its-kind author-paid publishing platform 'The Write Place'. It has published more than 22 books.

STRONG INFORMATION TECHNOLOGY INFRASTRUCTURE



Shoppers Stop is the first retailer in India to implement a Retail ERP (Enterprise Resource Planning) in association with JDA.



First to integrate all store operations with high speed network and collaboration platforms.



Deployed best of the breed applications from leading software companies IBM, JDA, Oracle and SAP.

Early adopter to BI and Analytics platforms.

25

BOARD OF DIRECTORS



CHANDRU L. RAHEJA



RAVI C. RAHEJA



NEEL C. RAHEJA



DEEPAK GHAISAS



ABANTI SANKARANARAYANAN



NIRVIK SINGH



NITIN SANGHAVI



MANISH CHOKHANI



GARETH THOMAS



B. S. NAGESH



GOVIND SHRIKHANDE



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SHOPPERS STOP

CHAIRMAN'S STATEMENT

The retail industry is changing at an ever increasing speed. Changing demographics, growing disposable income, deeper digital penetration, competitive intensity and war on talent, requires the industry to quickly adopt new models and processes to continue to be relevant for the customers.

Your Company has continued to make strategic investments, to meet with the new challenges. Your Company has launched 8 Shoppers Stop departmental stores in the financial year and has embarked on an ambitious project which will see your Company become possibly the first omni-channel retailer in the country in the year 2017. Your Company has embarked upon a project christened 'Mission 2020'. The objective of the project is to create the next Generation Shoppers Stop that can successfully navigate across channels and establish us as our customers most preferred brand and retail destination. The project focuses on areas of assortment, customer loyalty, store footprint, private brands, positioning and omni-channel strategy. We have embarked on this journey a year back and we are glad to inform that we have made good progress to establish your Company as our customers' most preferred omni-channel destination.

The Company has embarked on its omni-channel journey to tap into the exponential e-commerce growth in India. Omni-channel initiatives of the Company will continue to be a key pillar of its growth strategy. The Company has plans for focused investments in technology and operations over the next two years to provide a seamless shopping experience online and in-store for our customers and drive profitable revenue growth through digital advancements and initiatives. As part of the Year 1 phase, the Company has re-launched its website and introduced brand new mobile apps in both Android Play Store & iOS App Store based on the SAP Hybris platform. This year, the Company will be investing in a CRM (Microsoft Dynamics) and WMS (JDA) to build on cross-channel customer service, supply chain and operations capabilities enabling customer journeys such as Click N Collect, Endless Aisle & Ship from Store. E-commerce is an emerging sales channel and your Company strongly believes that it is an opportunity to expand its sales and customer base. The Company believes more consumers across the country will embrace Shoppers Stop through its digital shopping channels due to the convenience of shopping and full assortment at best prices across various channels viz. stores, mobile, website with the added advantage of being able to

return, exchange anytime, anywhere.

During the year under review, the Company reported an annual turnover of ₹3,717 crore as compared to ₹3,370 crore in previous year, a rise of 10.3%.

Further, 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 41.26 lac members and today it is one of the largest loyalty programmes across sectors which has contributed to 72% of your Company's sales. The Company continues to believe that its loyalty programme is not only a source of substantial competitive advantage, but 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. It is very important for a retail company like yours to remain in touch with customers at all times and social media is an important avenue to remain in constant touch with customers. Our fan base on social media is growing with more than 8 million fans on our Facebook page. We see significant opportunities on these platforms for engaging with our customers.

For the year under review, your Company received a number of awards. These have been featured on page no. 40 of this Annual Report.

At Shoppers Stop, we felt the need to reinvent and redefine our goals, if we have to remain relevant. Towards this, we unveiled our Redefined Values & Vision with a clear rationale for the change in our Vision statement as well.

I wish to sincerely thank the Board of Directors, entire management, the shareholders and other stakeholders for their contribution and support over the years. It promises to be an exciting journey going ahead and I look forward to the cooperation of all our stakeholders to take our Company to new levels.



CHANDRU L. RAHEJA
Chairman

Board of Directors

Chandru L. Raheja	—	Chairman
Ravi C. Raheja	—	Director
Neel C. Raheja	—	Director
Deepak Ghaisas	—	Director
Abanti Sankaranarayanan	—	Director
Nirvik Singh	—	Director
Nitin Sanghavi	—	Director
Manish Chokhani	—	Director
Gareth Thomas	—	Director
B.S. Nagesh	—	Vice Chairman
Govind Shrikhande	—	Managing Director

Audit Committee

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

Nomination and Remuneration & Corporate Governance Committee

Nirvik Singh	—	Chairman
Neel C. Raheja	—	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	—	Chairperson
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, India
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: einward.ris@karvy.com

Bankers

Axis Bank Limited
Abu Dhabi Commercial Bank Limited
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
Sanjay Chakravarti
Prashant Mehta
Gopal Asthana
Shilpa Gulatee
Debasish Gupta
Sachin Oswal
BVM Rao
Anil Shankar

Solicitors

Wadia Ghandy & Co.



Financial Highlights

Financial Highlights & Key Ratios

Shoppers Stop Ltd.

(₹ in lacs)

Profitability Statement

	2015-16	2014-15	2013-14	2012-13	2011-12
No. of Stores	153	147	137	104	91
Income					
Gross retail sales	376,804	340,613	305,215	256,050	218,919
Less: Value added tax	17,969	16,095	14,582	12,074	10,505
Gross retail sales (net of taxes)	358,835	324,517	290,633	243,977	208,414
Other operating & miscellaneous income	6,572	4,501	3,326	3,241	2,799
	365,407	329,018	293,959	247,218	211,213
Expenditures					
Cost of goods sold	231,245	207,806	188,096	159,065	136,775
Employee costs	24,546	22,703	20,445	16,106	12,764
Operating and administrative expenses	87,585	79,351	70,017	58,973	47,369
	343,376	309,860	278,557	234,145	196,908
EBIDTA	22,031	19,158	15,402	13,073	14,305
Interest and finance charges	3,818	3,621	2,850	1,899	752
Depreciation	9,856	8,581	6,178	5,075	3,772
Profit before tax before exceptional items	8,357	6,956	6,338	6,100	9,781
Exceptional items	2,381	-	67	74	-
Profit before tax after exceptional items	5,976	6,956	6,271	6,026	9,781
Profit after tax	2,518	4,074	3,700	3,917	6,426
Balance Sheet Items					
Share capital	4,173	4,168	4,161	4,149	4,128
Optionally convertible warrants	29	-	-	-	-
Reserve & surplus	74,341	72,360	68,706	65,233	61,722
Loan funds	59,018	51,839	45,131	32,934	25,907
Deferred tax (liability)/assets	(168)	(956)	(996)	(625)	(23)
Capital employed	137,728	129,323	118,994	102,941	91,780
Fixed assets	65,943	61,056	58,090	48,336	44,659
Net working capital	(352)	(1,605)	(3,734)	(1,545)	(3,070)
Profit & Loss Ratios					
Sales (chain level growth)	10.6%	11.6%	19.2%	17.0%	16.9%
Sales (like to like growth)	8.5%	5.0%	10.2%	7.4%	6.5%
Gross profit margin	33.9%	34.3%	29.6%	33.2%	32.7%
Operating expenses ratio	29.8%	30.0%	29.7%	29.3%	27.5%
Operating margin (EBIDTA) (before exceptional item)	5.8%	5.6%	5.0%	5.1%	6.5%
PBT margin before exceptional item	2.2%	2.0%	2.1%	2.4%	4.5%
PAT margin	0.7%	1.2%	1.2%	1.5%	2.9%
Interest coverage	4.86	4.49	4.45	5.77	14.55
Balance Sheet Ratios					
Debtors no. of days	2	3	3	3	3
Creditors no. of days	78	88	82	90	86
Stock turnover ratio	2.1	2.1	2.4	2.5	2.7
Current ratio	0.8	0.9	0.9	1.0	0.9
Assets turnover ratio	2.9	2.8	2.8	2.7	2.7
Debt equity ratio	0.8	0.7	0.6	0.5	0.4
Return to Investors					
Return on network	15.7%	14.2%	13.0%	11.8%	16.8%
Return on capital employed	9.1%	8.5%	8.3%	8.2%	12.7%
Book value per share (in ₹)	94.15	92.44	88.02	83.81	79.89
EPS					
Basic	3.0	4.9	4.5	4.7	7.8
Diluted	3.0	4.9	4.4	4.7	7.8
Cash EPS	14.83	15.29	11.93	10.86	12.37
Dividend per share	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 Home Stop, Mother Care, Crossword Bookstores, Arcelia, Mac, clinique, Estee Lauder & Airport Business).

Note 2: Figures have been regrouped for presentation and Calculation purpose.

(Source: Company MIS)

Dear Members,

Your Directors present herewith 19th Annual Report on the business and operations of the Company together with the Audited Statements of Accounts for the year ended March 31, 2016.

1. Financial Performance

(₹ in lacs)

Particulars	Year ended 31-Mar 2016	Year ended 31-Mar 2015
Retail Turnover		
Own merchandise (including concession sales) - gross of tax	343,376.02	306,930.78
Consignment merchandise	28,323.88	30,088.43
Other Retail operating income	6,356.69	4,236.64
	378,056.59	341,255.85
Less: Value Added Tax	17,968.53	16,095.48
Less: Cost of consignment merchandise	18,767.60	20,162.71
	341,320.46	304,997.66
Other Income	2,130.37	1,765.49
	343,450.83	306,763.15
Profit before Depreciation & Tax	18,122.91	15,536.96
Less: Depreciation	9,766.40	8,580.71
Profit before Tax	8,356.51	6,956.25
Exceptional Items	2,381.00	—
Profit before Tax	5,975.51	6,956.25
Less: Provision for Tax	3,457.89	2,882.72
Profit after Tax	2,517.62	4,073.53
Add: Balance brought forward from previous year	23,342.16	20,294.15
Amount available for appropriation	25,859.78	24,367.68
Less: Adjustment of depreciation charge Sch. II	—	69.30
	25,859.78	24,298.38
Appropriation		
Interim Dividend paid including Dividend Distribution Tax	753.43	—
Proposed Dividend (incl. Dividend Distribution Tax)	—	752.54
Transfer to General Reserve	75.02	203.68
Balance carried forward	25,031.33	23,342.16

2. Performance Review

During the year under review, your Company has opened 8 departmental stores i.e. one store each at Mangalore International Airport, Meerut, Kolhapur, Kolkata, Jaipur, New Delhi and two stores at Bengaluru taking its chain of stores to 77 stores (including five airport stores) spread across India. Further, the Company also has 18 HomeStop stores.

The revenue of the Company is ₹ 343,450.83 lacs (previous year ₹ 306,763.15 lacs), registering a growth of 11.96% y-o-y basis. The net profit achieved was ₹ 2,517.62 lacs (previous year ₹ 4,073.53 lacs).

3. Dividend

The Company has paid an Interim Dividend of 15% (i.e. ₹ 0.75 per equity share) of ₹ 5/- each (previous year ₹ 0.75 per equity share of ₹ 5/- each as the final dividend.)

The Company has declared 15% dividend, since the financial year 2005-06 (except in the financial year 2008-09, where no dividend was declared) and it is proposed to continue with the same percentage of dividend for the current year as well. Further, in order to conserve resources for expansion plans of the Company, the Directors do not recommend any further dividend and considered the said interim dividend as the final dividend.

During the year, the unclaimed dividend pertaining to the financial year 2007-08, was transferred to Investor Education & Protection Fund established by the Central Government in compliance with Section 205C of the Companies Act, 1956. Prior to transferring the aforesaid dividend, the Company has sent reminders to the concerned shareholders for submitting their claims for unclaimed dividend.

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 costs of facilities such as commercial paper, working capital demand loans, vendor bill discounting facility, etc. were kept under check through its continuous monitoring. The Company has also taken long-term loans at very competitive interest rates.

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 ₹ 1000 million.
2. Credit Analysis & Research Limited has assigned the following credit ratings:
 - CARE A (Single A) for the long-term bank facilities amounting to ₹ 682 crore and CARE A1 (A One) for the short-term bank facilities amounting to ₹ 21.50 crore.
 - CARE A1 (A One) for Commercial Paper Issue/Short-Term Debt Issue amounting to ₹ 100 crore.
 - CARE A (Single A) for Non-Convertible Debenture issue amounting to ₹ 100 crore.
3. CRISIL Limited has assigned CRISIL A1 rating for Commercial Paper of ₹ 100 crore.

6. Subsidiary & Joint Venture Companies

Hypercity: Hypercity Retail (India) Ltd; the subsidiary Company achieved the total revenue (net of taxes) of ₹ 93,462.81 lacs (previous year ₹ 90,768.49 lacs), registering a growth of 3.0%, year on year basis. Hypercity has operated 14 stores for full year. Hypercity has posted net loss of ₹ (9,290.13 lacs) (previous year net profit of ₹ 1,347.7 lacs). The outstanding inter corporate deposits as on March 31, 2016 was ₹ 14,500 lacs (maximum outstanding during the year was ₹ 17,500 lacs).

During the year under review, the rights of 163,040,500 7% Cumulative Redeemable Preference Shares (CRPS), held in Hypercity by the Company were varied to make them Compulsorily Convertible Preference Shares (CCPS), with the conversion ratio of 5:1 i.e. 5 CCPS of ₹ 10/- each were converted into 1 equity share of ₹ 10/- each. Accordingly, on March 15, 2016, the Company was allotted 32,608,100 equity shares of ₹ 10/- each.

Further the terms of 131,070,000 7% Compulsorily Convertible Preference Shares of ₹ 10/- each (CCPS) held in Hypercity by the Company, were varied and converted into equity shares on March 15, 2016 instead of August 31, 2017. The Company was allotted 26,214,000 equity shares of ₹ 10/- each.

Crossword: Crossword Bookstores Ltd.; the wholly owned subsidiary has launched & closed certain stores during the year under review, taking its chain strength to 90 stores across the Country. The revenue of the Company during the year under review was ₹ 9,848.24 lacs vis a vis (previous year ₹ 9,038.66 lacs). Crossword has posted net loss of ₹ (295.19 lacs) for the year under review, against a net loss of ₹ (716.13 lacs) in the previous year. The outstanding inter corporate deposits as on March 31, 2016 was ₹ 766.26 lacs (maximum outstanding during the year was ₹ 766.26 lacs).

During the year under review, the rights of 1,00,00,000 6% Cumulative Redeemable Preference Shares (CRPS), held in Crossword, were varied to make them Compulsorily Convertible Preference Shares (CCPS), with the conversion ratio of 2.5:1 i.e. 2.5 CCPS of

₹ 10/- each were converted into 1 equity share of ₹ 10/- each. Accordingly, on March 15, 2016, the Company was allotted 40,00,000 equity shares of ₹ 10/- each.

Timezone: Timezone Entertainment Private Ltd.; is engaged in the business of operating Family Entertainment Centers (FEC) under the "Timezone" brand. There are 26 FECs which are set up and operated at leading shopping malls by Timezone. The revenue during the year under review was ₹ 59.07 crores (Previous year ₹ 55.54 crores), registering a growth of 6% y-o-y basis. Timezone has incurred the loss of ₹ (1.85) crores against previous year's profit of ₹ 1.23 crores.

Nuance Group: The Nuance Group AG and the Company have formed a Joint Venture called Nuance Group (India) Pvt. Ltd., to operate the Duty Free stores at International Airports in India. During the year under review, sales growth on Like to Like basis is 16%, mainly resulting from growth in passengers vs last year. It has delivered profit after tax of ₹ 7.2 crore. It is a part of the Company's policy and practice to constantly monitor its investments. Pursuant to this policy, during the year under review, the Company made a provision for impairment to an extent of ₹ 23.81 crores, towards diminution in value of investment, in Nuance Group (India) Pvt. Ltd; a Joint Venture Company.

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.

During the year under review, no company has become or ceased to be a subsidiary, joint venture entity or associate company.

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 issued by the Institute of Chartered Accountants of India. These Statements, together with Auditors' Report thereon forms 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, in the prescribed form is attached to the Financial Statements.

8. Employees Stock Option Plan

The Company has granted 3,275 Employee Stock Options at a grant price of ₹ 404/- per option under ESOP Scheme 2008 to an employee of the Subsidiary Company. The Nomination and Remuneration & Corporate Governance Committee of the Company, inter-alia, administers and monitors the Employees Stop Option Scheme in accordance with the SEBI Guidelines.

During the year under review, the Company has allotted 94,141 equity shares of ₹ 5/- each on exercise of vested options by certain employees of the Company and its subsidiary Companies under the ESOP Scheme 2008.

The particulars as required to be disclosed pursuant to the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and its disclosure requirements is annexed herewith as Annexure I. The same is also uploaded on the website of the Company at www.shoppersstop.com.

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

9. Human Resources

The Company continues to introspect and strengthen its core competencies by redefining its Values and Vision. People development continues to be a key focus area and to have a sustained learning environment, the employees are being coached and empowered to coach others. Reaffirming a strong belief in inclusion and equality and a zero tolerance on harassment, customised workshops and focused discussions are being conducted. To create a leadership pipeline across the system, assessments are being conducted to have fair and transparent performance evaluation. Taking new initiatives to further align its Human Resource

policies to meet the growing needs of its business continues to be a constant endeavour. Special designed training modules for the frontline employees are being delivered from time to time to meet the training needs of the employees. Infusion of technology in the learning space is helping the Company to maximise knowledge percolation, enable speedy coverage of information and monitor & address learning requirements of the employees. As on date of the Balance Sheet, the Company had a total of 7,440 employees.

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 Ms. Abanti Sankaranarayanan, as a Chairperson and Mr. Ravi Raheja, Mr. Gareth Thomas and 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. B. S. Nagesh (DIN 00027595) Non-Executive & Non-Independent Director of the Company, will retire by rotation at the ensuing Annual General Meeting and being eligible, seeks re-appointment. The Board recommends his re-appointment. His brief profile is provided in the Notice convening the ensuing 19th 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 under Section 149(6) of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

Mr. Avnish Bajaj (DIN 00281547), resigned as a Director of the Company w.e.f. July 31, 2015 due to his personal commitments. The Board of Directors records its sincere appreciation and recognition of the valuable contribution and services rendered by him during his association with the Company.

There is no change in the Key Managerial Personnel of the Company during the year under review.

12. Performance Evaluation

In compliance with the Companies Act, 2013 & Listing Regulations, the performance evaluation of the Board, its specified Committees and individual directors was carried out during the year under review. More details on the same are provided in Corporate Governance Report.

13. Familiarisation Programme for Independent Directors

The familiarisation programme for Independent Directors which also extends to other Non-Executive Directors, aims to familiarise them with the Company, nature of the retail industry, business model, processes & policies, etc., and also seeks to update them on the roles, responsibilities, rights and duties under the Companies Act, 2013 and other statutes.

Presentations are regularly made to the Board of Directors, Audit Committee/Nomination and Remuneration & Corporate Governance Committee members on various related matters, where Directors interact with executive committee members of the Company. These Presentations inter-alia cover the Company's strategy, business model, operations, markets, products, finance, risk management framework, financial performance, budget & control process and such other area as may arise from time to time.

The details of the said programme has been posted on the Company's website at 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 & 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 Under the Companies Act, 2013

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 4 (four) times in the year under review. The details about the board meetings and the attendance of the directors are provided in Corporate Governance Report.

Change in Share Capital: During the year under review, the Company has allotted 94,141 equity shares of ₹ 5/- each on exercise of vested options by certain employees under the ESOP Scheme.

Audit Committee: The Audit Committee comprises four Non-Executive Directors i.e. Mr. Deepak Ghaisas, as the Chairman, Mr. Ravi C. Raheja, Prof. Nitin Sanghavi and 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 uploaded on the Company's website and is accessible at the web link: http://corporate.shoppersstop.com/uploaded_files/70ad1c1-7375.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 Notes to the stand alone financial statement which sets out related party disclosures.

All the related party transactions are presented to the Audit Committee and the Board of Directors. Omnibus approval is obtained for the transactions which are foreseen and repetitive in nature. A statement of all such related party transactions is presented before the Audit Committee and Board on a quarterly basis, specifying the nature and value of these transactions.

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 forms part of the Notes to the Financial Statements.

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 fourteen complaints received pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The same has been disposed of completely.

16. Material Related Party Transactions

Pursuant to the provisions of the Securities and Exchange Board of India ("SEBI") 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, under clause 49 of the Listing Agreement, the Company had obtained an approval, in respect of the material related party transactions with Hypercity Retail (India) Ltd; the subsidiary Company, from the members at its 18th Annual General Meeting.

The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'LODR') was notified on September 2, 2015 wherein, pursuant to Regulation 23 (8), all existing material related party contracts and arrangements as on the date of the notification of LODR and which may continue beyond such date shall be placed for approval of members in the first General Meeting subsequent to the said notification.

The Company had entered into the various transactions with Hypercity Retail (India) Ltd; a subsidiary, and are continuing beyond September 2, 2015, the date of notification of LODR. The details in respect of these transactions are provided in the explanatory statement to the Notice convening the ensuing 19th Annual General Meeting of the Company. Accordingly, these material related party contracts or arrangements is placed before the members for their approval at the ensuing Annual General Meeting of the Company.

17. Risk Management

In line with the 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 affect the Company from both the external and the internal environment perspective. Appropriate actions have been initiated to 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 has 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 focused 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 Control

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 internal audit programme. Based on the review

of the reported evaluations, the directors confirm that, for the preparation of financial accounts for the year ended March 31, 2016, the applicable Accounting Standards have been followed and the internal financial controls are generally found to be adequate and were operating effectively and that no material weaknesses were noticed.

19. Whistle Blower/Vigil Mechanism

The Company has established a Vigil Mechanism and adopted a 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 this mechanism. The brief detail about this mechanism has also been posted on the website of the Company.

20. Corporate Governance

The Company has complied with the corporate governance requirements as prescribed under the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. A separate section on corporate governance and the certificate from the Statutory Auditors of the Company, confirming the compliance is annexed and forms part of the Annual 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

Management's Discussion and Analysis for the year under review, as stipulated in terms of the provisions of Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is presented in a separate section forming part of this Annual Report.

22. Code of conduct for the prevention of Insider Trading

The Board of Directors has adopted the Code of Internal Procedures and Conduct for regulating, monitoring and reporting trading by designated persons in accordance with the SEBI (Prohibition of Insider Trading) Regulations, 2015. The said code lays down guidelines and procedures to be followed, and disclosures to be made while dealing with the securities of the Company. The Code of fair disclosure of unpublished price sensitive information is available on our website http://corporate.shoppersstop.com/uploaded_files/3cd8391-7d65.pdf

23. Listing Agreement

The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 was notified on September 2, 2015, with the aim to consolidate and streamline the provisions of the Listing Agreement for different segments of capital markets to ensure better enforceability. The said regulations were effective from December 1, 2015. Accordingly, all listed entities were required to enter into the Listing Agreement within six months from the effective date. The Company has entered into Listing Agreement with BSE Ltd. and the National Stock Exchange of India Ltd.

24. Auditors

Statutory Auditors

Deloitte Haskins & Sells LLP (Registration no. 117366W/W-100018), Chartered Accountants, Mumbai, who are the Statutory Auditors of the Company, hold office till the conclusion of Twentieth Annual General Meeting of the Company, subject to ratification of their appointment at this Annual General Meeting, pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Rules framed thereunder.

They have confirmed their eligibility and are not disqualified for appointment under the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. 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 ratification of appointment of Deloitte Haskins & Sells LLP, as the

Statutory Auditors of the Company. The members are requested to ratify appointment of 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, adverse remark or disclaimer. The Auditor has not reported any fraud to the Company required to be disclosed under Section 143(12) of the Act.

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, adverse remark or disclaimer.

25. Energy Conservation, Technology Absorption and Foreign Exchange

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. The foreign exchange earnings was ₹ 8,078.52 lacs and outgo was ₹ 3,950.74 lacs.

26. 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'. 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.

27. Particulars of Employees

In terms of the provisions of Section 197(12) of the Companies Act, 2013, 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 forms part of this report.

Further, the disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this 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 business hours on working days upto the date of ensuing Annual General Meeting. 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.

28. Directors' Responsibility Statement

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

- in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- appropriate accounting policies have been selected and applied them consistently and judgements 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 on March 31, 2016 and of the profit of the Company for the year ended on March 31, 2016;
- 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 were adequate and were operating effectively;
- f) the systems to ensure compliance with the provisions of all applicable laws are in place and were adequate and operating effectively.

29. Awards and Recognition

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

Some of them are:

1. "Economic Times – Excellence In Supply Chain & Logistics Award" established by Economic Times.
2. "QUALITY EXCELLENCE AWARD – Supply Chain Sustainability" for the Company's Supply Chain team at the World Quality Congress.
3. Most Admired Enterprise Solution Implementation and; Most Admired Retailer of the year - Department Store 2015 at Images Retail Forum, 2015.
4. "Best Supply chain company in Retail vertical" at 'Express Logistics and Supply Chain' Forum conducted by Kamikaze B2B Media.
5. "The Most Respected Company in Retail" by Business World Magazine for the fifth year in a row.

30. Material Changes

There are no material changes and commitments affecting the financial position of the Company occurred between March 31, 2016 and the date of this report of Board of Directors to you.

31. 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 their continued support in future as well.

For and on behalf of the Board of Directors

Chandru L. Raheja

Chairman

May 3, 2016

Certificate of Compliance with the code of conduct for the Financial Year 2015-16

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

May 3, 2016

Annexure to the Directors' Report

Annexure I

Shoppers Stop Ltd.

Disclosure pursuant to Regulation 14 of SEBI (Share Based Employee Benefits) Regulations, 2014.

A	General Disclosure								
1	Disclosures in terms of the Guidance note on accounting for employee share-based payments or any other relevant accounting standards: For details please refer to notes to Financial Statement mentioned in Annual Report 2015-16.								
B	Summary								
	Description	ESOP 2008 - 1*	ESOP 2008 - 2*	ESOP 2008 - 3	ESOP 2008 - 4	ESOP 2008 - 5	ESOP 2008 - 6	ESOP 2008 - 7	ESOP 2008 - 8
1	Date of Shareholders Approval	ESOP 2008 scheme were approved by members of the Company at its 11th Annual General Meeting held on July 29, 2008.							
2	Total number of options approved under the Scheme*	2,000,000 options were approved under ESOP 2008 scheme							
3	Date of Grant	29.04.2009	24.03.2010	29.04.2011	09.06.2012	28.08.2013	29.04.2014	05.11.2014	31.07.2015
4	Options Granted	1,032,800	400,000	189,382	200,000	200,000	160,675	4,325	3,275
5	Vesting Schedule	30% - 01.07.2010 30% - 01.07.2011 40% - 01.07.2012	30% - 24.03.2011 30% - 24.03.2012 40% - 24.03.2013	30% - 29.04.2012 30% - 29.04.2013 40% - 29.04.2014	30% - 09.06.2013 30% - 09.06.2014 40% - 09.06.2015	30% - 28.08.2014 30% - 28.08.2015 40% - 28.08.2016	30% - 29.04.2015 30% - 29.04.2016 40% - 29.04.2017	30% - 05.11.2015 30% - 05.11.2016 40% - 05.11.2017	30% - 31.07.2016 30% - 31.07.2017 40% - 31.07.2018
6	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/-	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 ₹ 404/-
7	Maximum Term of Options Granted	Six years and two months from the date of Grant	Six years from the date of Grant	Four years from the date of Grant	Four years from the date of Grant	Four years from the date of Grant	Four years from the date of Grant	Four years from the date of Grant	Four years from the date of Grant
8	Source of Shares	Primary	Primary	Primary	Primary	Primary	Primary	Primary	Primary
9	Variation in Terms of Options	—	—	—	—	—	—	—	—
10	Method used for Accounting of ESOP	Intrinsic Value Method							

11	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 ₹ 108.61 lacs. Consequently profit after tax would have been lower by ₹ 108.61 lacs and the basic EPS of the Company would have been ₹ 2.89 per share (lower by ₹ 0.13 per share) and the diluted EPS would have been ₹ 2.89 per share (lower by ₹ 0.13 per share).							
12	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 ₹ 2.89 per share.							
13	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, under these ESOP schemes.							Exercise price is ₹ 404 per option which is more than the market price; the fair value is ₹ 124.35 per option
B	Options Movement During the year	ESOP 2008 - 1*	ESOP 2008 - 2*	ESOP 2008 - 3	ESOP 2008 - 4	ESOP 2008 - 5	ESOP 2008 - 6	ESOP 2008 - 7	ESOP 2008 - 8
1	Options Outstanding at the beginning of the year	22,000	29,800	41,408	100,349	152,835	153,920	4,325	—
2	Option Granted during the year	—	—	—	—	—	—	—	3,275
3	Options vested & exercisable during the year	—	—	—	56,383	45,095	46,029	—	—
4	Options exercised during the year	22,000	28,200	21,858	13,443	9,391	10,494	—	—

Annexure to the Directors' Report

Annexure I

Shoppers Stop Ltd.

5	No. of shares arising as a result of exercise of options during the year	22,000	28,200	21,858	13,443	9,391	10,494	—	—	
6	Options cancelled & lapsed during the year	—	1,600	19,550	2,740	15,740	17,596	4,325	—	
7	Total number of Options in force	—	—	—	84,166	127,704	125,830	—	3,275	
8	Options Outstanding at the end of the year	—	—	—	84,166	127,704	125,830	—	3,275	
9	Money realised by exercise of options (in ₹)	1,210,000	5,386,200	7,344,288	3,992,571	3,230,504	3,798,828	—	—	
C Options Granted to Senior Management Personnels										
	Name	Options Granted								
		The Company has not granted options during the current financial year under these ESOP schemes.							-	
D Options granted to any employee during the year amounting to 5% or more of options granted during the year										
	Name	Options Granted								
	Hemant Taware, Chief Operating Officer - Hypercity Retail (India) Ltd., a subsidiary company	The Company has not granted options during the current financial year under these ESOP schemes.							3,275	
E 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									
F	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 under these ESOP schemes.							Binomial Option Pricing model using Volatility of 32.07%, risk free rate of 7.71%, expected life of 3.05 years, dividend yield of 0.19% and stock price of ₹ 403.10.	
		Volatility is the measure of the amount by which a price has fluctuated or is expected to fluctuate during a period. The measure of volatility used in the Black-Scholes options pricing model is the annualised standard deviation of the continuously compounded rates of return on the stock over a period of time. For calculating volatility, the daily volatility of the stock prices on the Bombay Stock Exchange, over a period prior to the date of grant, corresponding with the expected life of the options has been considered. The expected life is considered as average of the minimum & maximum life of the options.								

* The Equity Share of the Company was sub-divided from face value ₹ 10/- each into two equity shares of ₹ 5/- each w.e.f. January 13, 2011, consequently the options and its related information has been adjusted.

6,200 options under ESOP 2008 - 2, 950 options under ESOP 2008 - 4 and 4,095 options under ESOP 2008 - 5 were exercised as on March 31, 2016 and are pending for allotment.

Annual Report on Corporate Social Responsibility (CSR) activities for the Financial Year 2015-16.

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	₹ 64.17 crore
4	Prescribed CSR Expenditure (2% of the amount as in item 3 above)	₹ 1.28 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.	₹ 0.74 crore ₹ 0.54 crore

(₹ In lacs)

(1) Sr. No.	(2) CSR Project or Activity Identified	(3) Sector in which the Project is Covered	(4) Projects or Programmes 1. Local area or other 2. Specify the State and District where Projects or Programmes was undertaken	(5) Amount outlay (budget) project or Programmes wise	(6) Amount Spent on the Projects or Programmes Sub-Heads: 1. Direct Expenditure 2. Overhead	(7) Cumulative Expenditure up to the Reporting period	(8) Amount spent: Direct or through Implementing Agency
1	Livelihood creation	Livelihood creation for youths with disabilities	Mumbai, Pune Ahmedabad, Bangalore, Baroda, Rajkot, Ahmedabad	25	25	25	Implementing agency
2	Skill development	Livelihood creation for youths	Pune, Delhi, Ahmedabad, Bangalore	39	39	39	Implementing agency
3	Disaster relief for Chennai floods	Food supply & Clean Drinking water	Chennai	10	10	10	Implementing agency

Annexure to the Directors' Report
Annexure II

Shoppers Stop Ltd.

6	Reasons for not spending the amount	One of the objectives of CSR policy was artisan development helping them to market their products through Shoppers Stop and give the proceeds to the artisans back. The NGO dealing with could not provide the saleable quality merchandise in the quantities required to meet the expenditure and there was considerable delay in sourcing the merchandise by them.
7	The CSR Committee confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.	

Sd/-

Govind Shrikhande

Managing Director

Sd/-

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").

This Policy is approved by Board of Directors at its meeting held on November 5, 2014 and is effective immediately.

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 fulfill 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 fulfill 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 reappointed 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 listed 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 31.03.2016		
[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) 4249 7000 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: 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	57%
2	Non-Apparels	477	43%
*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	51.04	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
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, 2016									
(i) Category-wise Share Holding									
Category of Shareholders	No. of Shares held at the beginning of the year (i.e. as on April 1, 2015)				No. of Shares held at the end of the year (i.e. as on March 31, 2016)				% 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	4.43	3,695,000	0	3,695,000	4.44	0.01
b) Central Government/State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corporates	52,334,674	0	52,334,674	62.78	52,334,674	0	52,334,674	62.69	(0.09)
d) Financial Institutions/Banks	0	0	0	0.00	0	0	0	0.00	0.00
e) Others	0	0	0	0.00	0	0	0	0.00	0.00
SUB TOTAL: (A)(1)	56,029,674	0	56,029,674	67.21	56,029,674	0	56,029,674	67.13	(0.08)
(2) Foreign									
a) Individuals (NRIs/Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	0.00
b) Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
c) Institutions	0	0	0	0.00	0	0	0	0.00	0.00
d) Others	0	0	0	0.00	0	0	0	0.00	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	67.21	56,029,674	0	56,029,674	67.13	(0.08)
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds/UTI	11,551,259	0	11,551,259	13.86	10,888,403	0	10,888,403	13.05	(0.81)
b) Financial Institutions/Banks	8,785	0	8,785	0.01	5,265	0	5,265	0.01	0.00
c) Central Government/State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00

d) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0	0	0.00	0.00
e) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0	0	0.00	0.00
f) Foreign Institutional Investors/ Foreign Portfolio Investors	3,203,965	0	3,203,965	3.84	3,107,293	0	3,107,293	3.72	3,107,293	0	3.72	(0.12)
g) Foreign venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0	0	0.00	0.00
h) Others	0	0	0	0.00	0	0	0	0.00	0	0	0.00	0.00
SUB TOTAL (B)(1):	14,764,009	0	14,764,009	17.71	14,000,961	0	14,000,961	16.78	14,000,961	0	16.78	(0.93)
(2) Non Institutions												
a) Bodies corporates	9,930,307	0	9,930,307	11.91	10,699,155	0	10,699,155	12.82	10,699,155	0	12.82	0.91
b) Individuals												
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	970,203	322	970,525	1.16	1,163,417	222	1,163,639	1.39	1,163,639	222	1.39	0.23
ii) Individuals shareholders holding nominal share capital in excess of ₹ 1 lakh	1,448,977	0	1,448,977	1.74	1,505,160	0	1,505,160	1.80	1,505,160	0	1.80	0.06
c) Others												
Non-resident Indians/Foreign Nationals	188,209	0	188,209	0.23	37,331	0	37,331	0.04	37,331	0	0.04	(0.19)
Clearing Members	29,604	0	29,604	0.04	19,526	0	19,526	0.02	19,526	0	0.02	(0.02)
Trusts	6,500	0	6,500	0.01	6,500	0	6,500	0.01	6,500	0	0.01	0.00
SUB TOTAL (B)(2):	12,573,800	322	12,574,122	15.08	13,431,089	222	13,431,311	16.09	13,431,311	222	16.09	1.01
Total Public Shareholding (B) = (B)(1) + (B)(2)	27,337,809	322	27,338,131	32.79	27,432,050	222	27,432,272	32.87	27,432,272	222	32.87	0.08
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0	0	0.00	0.00
Grand Total (A + B + C)	83,367,483	322	83,367,805	100.00	83,461,724	222	83,461,946	100.00	83,461,946	222	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 allotments of equity shares due to exercise of Employee Stock Options by employees of the Company and its subsidiary companies.

Share Holding of Promoters as on March 31, 2016										
Sr. No.	Shareholders Name	Shareholding at the beginning of the year (i.e. as on April 1, 2015)				Shareholding at the end of the year (i.e. as on March 31, 2016)				% 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 LLP	11,813,300	14.17	0	0.00	11,813,300	14.16	0	0.00	(0.01)
2	Raghukool Estate Development LLP	8,263,300	9.91	0	0.00	8,263,300	9.90	0	0.00	(0.01)
3	Capstan Trading LLP	8,129,768	9.75	0	0.00	8,129,768	9.74	0	0.00	(0.01)
4	Casa Maria Properties LLP	7,913,300	9.49	0	0.00	7,913,300	9.48	0	0.00	(0.01)
5	Anbee Constructions LLP	6,511,762	7.81	0	0.00	6,511,762	7.80	0	0.00	(0.01)
6	Cape Trading LLP	6,261,040	7.51	0	0.00	6,261,040	7.50	0	0.00	(0.01)
7	K. Raheja Corp Private Limited	3,382,204	4.07	3,382,204	4.07	3,382,204	4.05	3,382,204	4.05	(0.02)
8	Neel Chandru Raheja	1,150,000	1.38	1,150,000	1.38	1,150,000	1.38	1,150,000	1.38	0.00
9	Ravi Chandru Raheja	1,100,000	1.32	1,100,000	1.32	1,100,000	1.32	1,100,000	1.32	0.00
10	Jyoti Chandru Raheja	747,500	0.90	747,500	0.90	747,500	0.90	747,500	0.90	0.00
11	Chandru Lachmandas Raheja	697,500	0.84	697,500	0.84	697,500	0.84	697,500	0.84	0.00
12	Inorbit Malls (India) Private Limited	20,000	0.02	0	0.00	20,000	0.02	0	0.00	0.00
13	Ivory Properties and Hotels Private Limited	20,000	0.02	0	0.00	20,000	0.02	0	0.00	0.00
14	K Raheja Private Limited	20,000	0.02	0	0.00	20,000	0.02	0	0.00	0.00
	Total	56,029,674	67.21	7,077,204	8.49	56,029,674	67.13	7,077,204	8.48	(0.08)

(iii) **Change in Promoters' 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, 2015)		Shareholding at the end of the year (i.e. as on March 31, 2016)	
	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 Company Limited A/C Reliance Equity Opportunities Fund	5,209,410	6.25	6,677,301	8.00
2	Miraj Marketing Company LLP	1,856,250	2.23	1,856,250	2.22
3	Zodiac Clothing Company Limited	1,713,750	2.06	1,713,750	2.05
4	Bajaj Allianz Life Insurance Company Limited	1,664,051	2.00	—	—
5	LO Funds – Emerging Consumer	1,530,000	1.84	1,495,000	1.79
6	Reliance Capital Trustee Company Ltd. A/C Reliance Tax Saver (ELSS) Fund	1,359,000	1.63	1,359,000	1.63
7	Birla Sun Life Trustee Company Private Ltd. A/C Birla Sunlife Tax Relief 96	1,280,030	1.54	1,500,976	1.80
8	Vidya Investment and Trading Company Private Limited	1,223,009	1.47	—	—
9	The Master Trust Bank of Japan	1,081,048	1.30	1,122,225	1.34
10	Napean Trading and Investment Company Private Limited	1,000,000	1.20	—	—
11	ICICI Prudential Life Insurance Company Limited	—	—	2,625,416	3.15
12	Hasham Investment and Trading Company Private Limited	—	—	1,250,000	1.50
13	Reliance Life Insurance Company Limited	—	—	761,903	0.91
	Total	17,916,548	21.49	20,361,821	24.40

(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, 2015)		Shareholding at the end of the year (i.e. as on March 31, 2016)	
	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	567,685	0.68	567,685	0.68
5	Mr. Govind Shrikhande (Managing Director)	287,664	0.35	295,924	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. Nirvik Singh	—	—	—	—
9	Mr. Avnish Bajaj*	—	—	N.A.	N.A.

Annexure to the Directors' Report
Annexure IV

Shoppers Stop Ltd.

10	Ms. Abanti Sankaranarayanan	—	—	—	—
11	Mr. Manish Chokhani	—	—	—	—
12	Mr. Gareth Thomas	—	—	—	—
13	Mr. Salil Nair (Chief Executive Officer)	147,820	0.18	150,310	0.18
14	Mr. Sanjay Chakravarti (Chief Financial Officer)	2,337	0.00	5,232	0.01
15	Mr. Prashant Mehta (Vice-President – Legal & Company Secretary)	55,084	0.07	55,924	0.07

Note: Mr. Avnish Bajaj, the Non-Executive & Independent Director of the Company resigned from the directorship of the Company w.e.f. 31st July, 2015.

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	42,340.57	9,498.03	—	51,838.60
ii)	Interest due but not paid	153.55	—	—	153.55
iii)	Interest accrued but not due	—	—	—	—
Total (i + ii + iii)		42,494.12	9,498.03	—	51,992.15
Change in Indebtedness during the financial year					
	Additions	24,500.00	2,500.00	—	27,000.00
	Reduction	10,322.65	9,498.03	—	19,820.68
	Net Change	14,177.35	-6,998.03	—	7,179.32
Indebtedness at the end of the financial year					
i)	Principal Amount	56,517.92	2,500.00	—	59,017.92
ii)	Interest due but not paid	139.63	—	—	139.63
iii)	Interest accrued but not due	—	—	—	—
Total (i + ii + iii)		56,657.55	2,500.00	—	59,157.55

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL		
A. Remuneration to Mr. Govind Shrikhande (Managing Director)		
Sr. No.	Particulars of Remuneration	Amount in ₹
1	Gross Salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	39,214,419
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	300,961
	(c) Profits in lieu of salary u/s 17(3) of the Income Tax Act, 1961	—
2	Stock Option	421,575
3	Sweat Equity	—
4	Commission as % of profit	—
5	Others	4,976,494
	Total (A)	44,913,449
	Ceiling as per the Act	10% of the net profits of the Company

B.	Remuneration to other directors:									Amount in ₹
1	Independent Directors									
Sr. No.	Particulars of Remuneration	Name of the Directors							Total	
		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 /Audit Committee meetings	320,000	360,000	150,000	100,000	200,000	360,000	200,000	1,690,000	
b)	Commission	600,000	300,000	300,000	—	300,000	300,000	300,000	2,100,000	
c)	Others, please specify	—	—	—	—	—	—	—	—	
	Total B(1)	920,000	660,000	450,000	100,000	500,000	660,000	500,000	3,790,000	

2	Other Non-Executive Directors						Amount in ₹
Sr. No.	Particulars of Remuneration	Name of the Directors				Total	
		Mr. Chandru L. Raheja	Mr. Ravi C. Raheja	Mr. Neel C. Raheja	Mr. B. S. Nagesh		
a)	Fee for attending Board /Audit Committee meetings	200,000	230,000	200,000	200,000	830,000	
b)	Commission	—	—	—	300,000	300,000	
c)	Others, please specify.	—	—	—	—	—	
	Total B(2)	200,000	230,000	200,000	500,000	1,130,000	
	Total (B) = (B1 + B2)					4,920,000	
	Ceiling as per the Act	Sitting fees of ₹ 1 lac for attending each Meeting of Board and Committees thereof and 1% of the Net Profit of the Company for commission					

Annexure to the Directors' Report
Annexure IV

Shoppers Stop Ltd.

C.	Remuneration to Key Managerial Personnel other than Managing Director				Amount in ₹
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.	25,281,293	9,484,790	6,915,640	41,681,723
	b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	284,522	32,836	48,009	365,367
	c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	—	—	—	—
2	Stock Option	—	155,161	64,386	219,547
3	Sweat Equity	—	—	—	—
4	Commission as % of profit	—	—	—	—
5	Others	721,224	281,304	203,760	1,206,288
	Total	26,287,039	9,954,091	7,231,795	43,472,925

VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

A. COMPANY					
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)
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]**

For the financial year ended 31st March, 2016

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 as required under Companies Act, 2013 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, 2016 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 the Company for the financial year ended on 31st March, 2016 and made available to us, 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 as applicable to the Company;
- (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 (Upto 14th May, 2015) and The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (w.e.f. 15th May, 2015);
 - (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/ Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - (e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations 1993 regarding Companies Act and dealing with the Company.

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) Shop and Establishment Act across the Country;
- (c) The Trade Marks Act, 1999; The Copyright Act, 1957 & rules made thereunder;

Annexure to the Directors' Report

Annexure V

Shoppers Stop Ltd.

- (d) Legal Metrology Act, 2009 and Rules thereunder;
- (e) Customs Act, 1962;
- (f) Packaged Commodities Rules;
- (g) Central Excise Act.

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

- (i) Secretarial Standards in respect of Meeting of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India.
- (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 there were no events/action in pursuance of:

- (a) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (b) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- (c) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

We further report that based on the information provided and the representation made by the Company and also on the review of the compliance reports of Managing Director and Chief Financial Officer taken on record by the Board of Directors of the Company in our opinion adequate systems and processes exist in the Company to monitor and ensure compliance with provisions of applicable general laws like labour laws etc.

We further report that:

The Board of Directors of the Company is duly constituted with a proper balance of Executive Director, Non-Executive Directors and Independent Directors as required under Companies Act, 2013. 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 the Board of Directors of the Company were carried 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.

We further report that during the year under review, the Company has declared interim dividend.

We further report that during the audit period the company and its officers has 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.

Place: Mumbai

Date: May 03, 2016

V Sundaram

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, motivates 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 in addition to manual optimisation of AHU's usage installed VFD for the AHU's at the stores.
3. Optimised lighting consumption by strictly controlling the operating hours as per the usage pattern. Colour coding is followed for distinguishing the different lighting (emergency, show window, signage's, floor lighting, indirect lighting) switches; so that energy usage can be optimised.
4. Eliminated the unwanted night consumption and restricted usage of the night lighting during night work.
5. Installed capacitor banks to maintain the power factor to reduce the losses and avail PF incentive there by receiving 5% to 7% incentive on the energy bills. This FY we have availed benefit of 65 lacs towards PF Incentive till Feb-16.
6. These cumulative efforts were resulted in the saving of 1,190,854 Units (which is equivalent to energy cost ₹ 126 lacs) cumulatively for like to like store till Feb-16, achieved through consistent monitoring and controlling the consumption at optimum level as compared to the consumption of the last year.
7. Undertaking LED Project (Conversion of lighting from current CDMT to LED) saving roughly 45 to 50% unit consumption. Project execution currently on in 3 stores.
8. Result of the good Maintenance practices and energy optimised uses helped Shoppers Stop Ltd. to win First & second prize in "National Energy Conservation Award 2015" conducted by the Bureau of Energy Efficiency under the Central Ministry of Power for Malad & Pacific Pune stores among the "Shopping Malls" category.

We have also Received "Certificate of Merit" for the Shoppers Stop Aurangabad & Bannerghatta Stores towards the energy conservation from the Bureau of Energy Efficiency under the Central Ministry of Power in Energy conservation Award 2014 & 2015.

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 2015-16 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 statements 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

May 3, 2016

Indian Retail

Indian retail is one of the pillars of the Indian economy and accounts for ~25% of its GDP which is amongst the highest in the world. Indian retail has experienced high growth over the last decade with a noticeable shift towards organised retailing. In the process, India retail has become more complex and is changing at an ever-increasing speed. Factors like shifting demographics, digital penetration and acceptance, growing disposable income, competitive intensity and the war for talent, require the industry to quickly adjust and modify existing models, approaches and processes to satisfy the needs of future consumers in order to be profitable. Currently Indian retail is in a dynamic and exciting phase.

E-tailing

Present online shopping spend in India is estimated to be around 8 billion US dollars and is expected to cross 45 billion US dollars by 2020 primarily driven by the increase in Internet consumers from 250 million in 2015 to 650 million by 2020. 90% of the 400 million additional online consumers will get activated online via mobiles led by improved and more reliable mobile infrastructure (4G), reduced rates for data plans & low-cost smartphones for masses (\$100). More importantly, mobile internet by making content accessible to consumers at their finger-tips will digitally influence 250 billion US dollars of shopping decisions in terms of when, where, what & how consumers shop (>25% of retail). Wide assortment, attractive pricing, cash-on-delivery, EMLs, hassle-free returns, etc., have been the key enablers for e-commerce in India so far. Going forward shopping in micro-moments via apps, personalised shopping experiences, digital payments via wallets, improvement in supply chain nationally & hassle free exchanges will be the new drivers of growth led by the O2O phenomenon (online2offline or offline2online).

Modern Retail

The overall retail market in India is estimated to be ~630 billion US dollars of which modern retail is estimated to be 9-10% i.e ~60 billion US dollars. The sector has grown at ~12% over the last decade and going forward expected to grow at a moderately higher rate. Between 2005-2015, overall retail market has grown at a CAGR OF 12-13% with organised retail growing at ~22%. The overall retail market is expected to be 1100-1200 billion US dollars by 2020, of which modern retail share expected to be 140-160 billion US dollars.

Modern Retail – Challenges Ahead

There are several challenges which need to be overcome to sustain the growth of modern retail. It is critical for retailers to define a viable transformation agenda to stay relevant and win in the market place. Efficiently customising merchandise according to the catchments, efficient supply chain, delivering an in-store experience consistent with brand positioning, effective allocation of space, running localised campaigns effectively, investment in capabilities required to win with e-commerce and providing a strong value proposition and maintaining a flexible cost model will help modern retail to grow consistently and combat digital disruption.

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 the 4.12 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 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 also been increasing, with more than 7.9 million fans on our Facebook page. We see significant opportunities on both these platforms for engaging our customers.

Strong focus on Systems, Processes and People: 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

Management Discussion and Analysis Report

Shoppers Stop Ltd.

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.

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. Our investment in new stores in last four to five years has resulted in to a robust network of 77 department stores at prominent catchments spread across the country. We are also parallelly embarking on our omni-channel journey to tap into the exponential e-commerce growth in India.

Management Strength & Corporate Governance: The Company has a professional and well-established management team. Furthermore, the Company's unwavering focus on good Corporate Governance has been a beacon for the industry. Our internal and external auditors are amongst the Big 4 audit firms of the globe. The Board has 6 Independent Directors with Rich & 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 & suppliers. The Company has successfully grown gross margins year on year due to the brand strength.

Shoppers Stop was Felicitated at the India Fashion Forum with 16th Images Most Admired Fashion Retailer: Omni Channel Initiative: Multi Brand Award.

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. The permission of 100% FDI in single brand retail is also one of the reasons for increased demand for prominent catchments in key malls consequently resulting in to higher rentals. Power cost and service tax is also a matter of concern as they put substantial pressure on profits.

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 focused 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: 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.

Government Levies: Retail is currently not viewed as an industry in India. Hence, there are certain levies/cascading effect of taxes on the business which are proving to be a very large burden as there are no modes for the industry to recover or pass on these levies. Delay in the roll out of the GST regime is also a matter of concern.

Investee Companies: The Company has invested in other entities and lower than expected returns from these entities will have an impact on the cash flows and consolidated results of the Company.

Opportunities

Geographical Reach: Your Company continues to increase its Pan-India footprint. The Company's strategy to increase the number of departmental stores, and therefore improve city wise penetration in new cities, increase market share in existing cities through additional new stores in those cities, and new stores in tier II cities, remains unchanged. Over the last five years the Company's retail space has increased from 2.3 million square feet for the year ended 31st March, 2011 to 4.28 million square feet for the year ended 31st March, 2016 which is an impressive increase of 86%.

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 & 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.

Private & Exclusive Brands: The Private Brand Business is at a new phase of growth – the journey has started from being just fashion Labels to becoming National Brands with high customer traction and Brand recall. The first step has been to move to a Brand lead vertical and give each brand its own DNA and Brand identity. The financial growth has been mapped season-over-season so as to increase the share of Private Brand contribution to the Chain. The Product, Trend mapping, Visual merchandising, in-store Presentation, Brand building, discounting and phasing strategy is being worked upon at a category level so as to bring a diverse and unique assortment and experience for the consumer. Through Brand building and engagement of loyalty customers we are pushing for analytics driven sales and are also working closely with Marketing to increase footfall and get more new customers to the store .

Omni Channel: Shoppers Stop embarked on a 3 Year omni-channel journey last year to tap into the exponential e-commerce growth in India. The Company has plans for focused investments in technology & operations set-up over the next few years to provide seamless shopping experiences online & in-store for our customers and drive profitable revenue growth through digital. As part of the Year 1 phase we have re-launched our website and introduced brand new mobile apps in both Android PlayStore & iOS AppStore based on the SAP Hybris platform. This year your Company will be investing in a CRM (Microsoft Dynamics) and a WMS (JDA) to build on cross-channel customer service, supply chain & operations capabilities enabling customer journeys such as Click N Collect, Endless Aisle & Ship From Store. Your Company believes more consumers across the country will embrace Shoppers Stop through its digital shopping channels due to the convenience of shopping our full assortment at best prices across channels viz. stores, mobile, website with the added advantage of being able to return, exchange anytime, anywhere.

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

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.

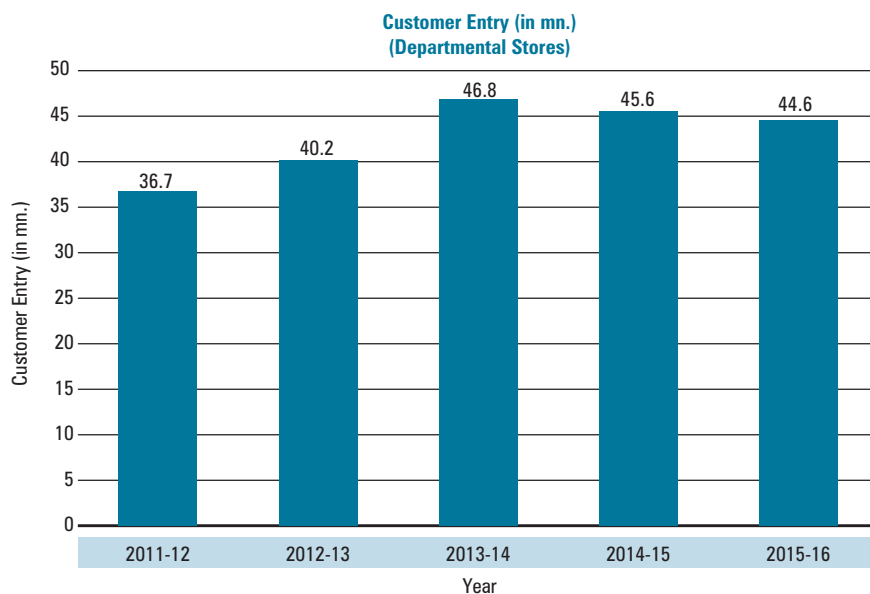
Competitive Rivalry in the Industry: There is intense rivalry among leading national retailers for new locations and quality real estate. The Company believes that it has a robust pipeline of stores for future expansion.

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

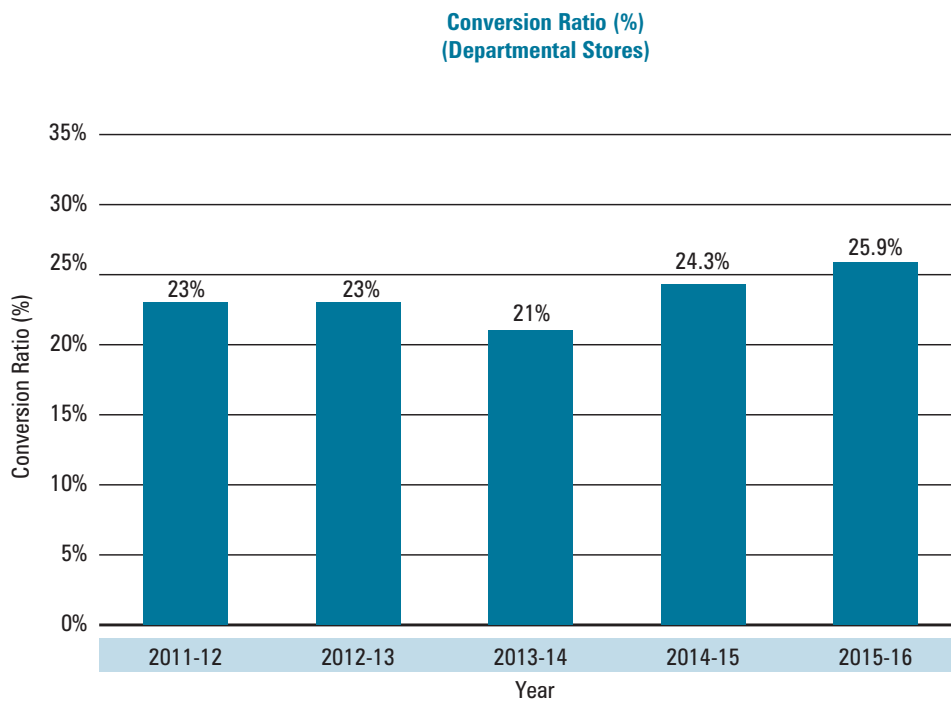
Retailers measure entry as footfalls, which is the number of people entering the stores. This is computed through manual count in all stores during trading hours.



(Source: Company MIS)

Conversion Ratio

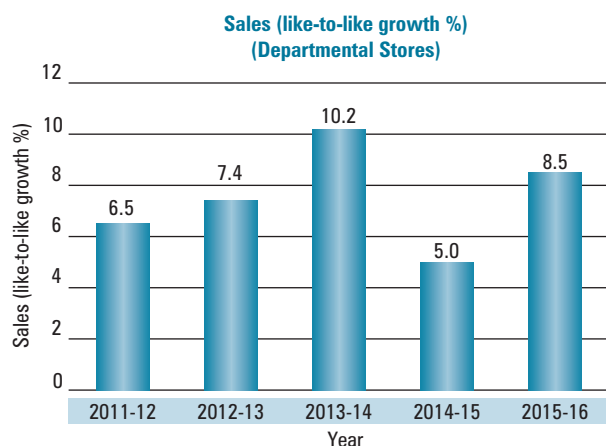
Conversion is the ratio of the number of transactions (Cash Memo) versus the total customer entry into the stores. Tracking conversion helps the retailer understand the productivity of his front-end store employees and the attractiveness of the merchandise and services.



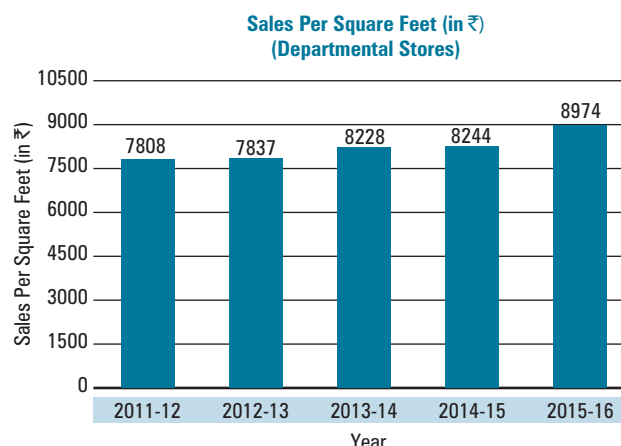
(Source: Company MIS)

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 sq. has been computed on built-up area.



(Source: Company MIS)



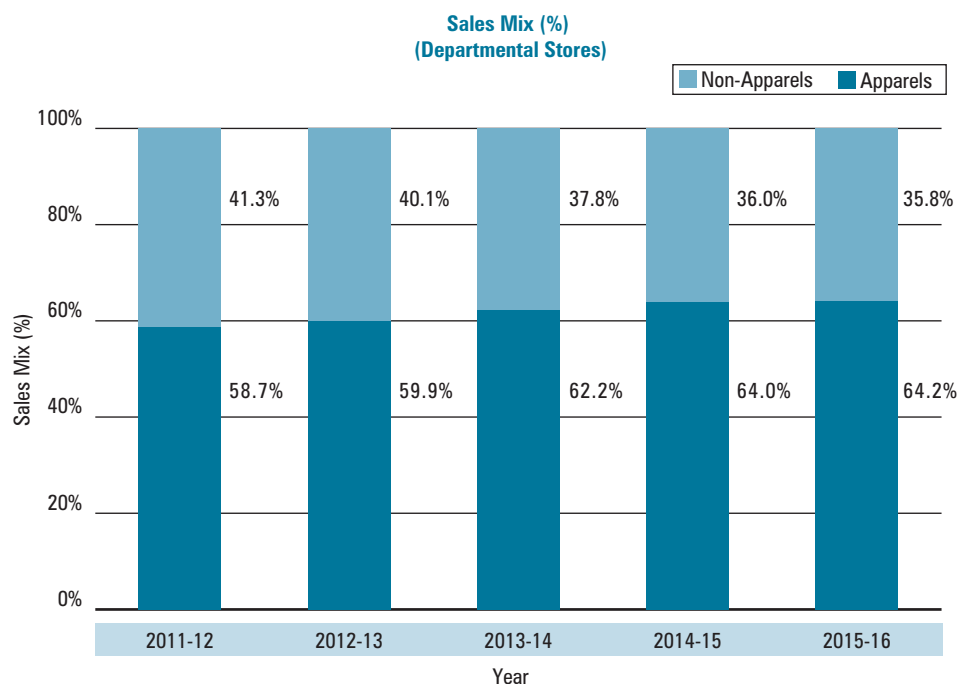
(Source: Company MIS)

Apparel

The Apparel contribution to total sales of the Shoppers Stop Departmental store business was 64.2% in FY 2015-16 as compared to 64% in 2014-15.

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 35.8% in 2015-16.

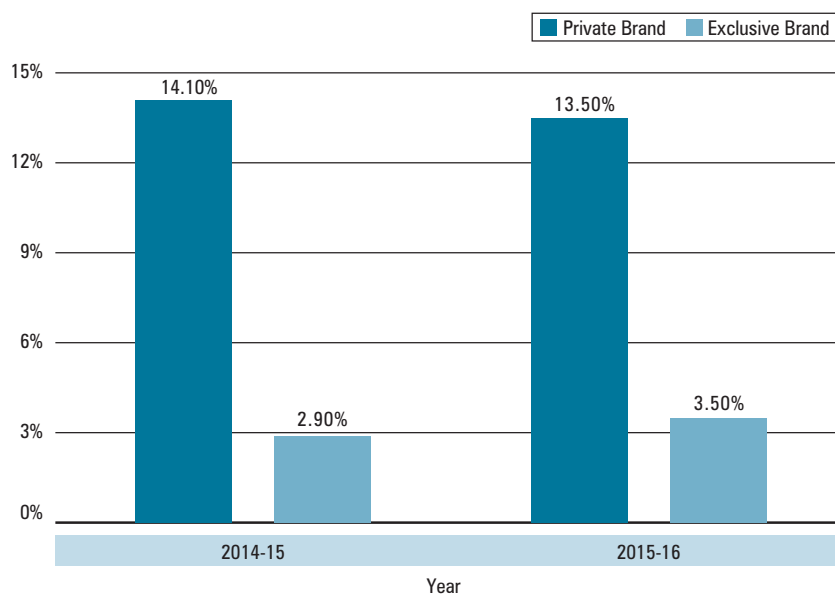


(Source: Company MIS)

Private & Exclusive Brands

Your Company aims to provide a differentiated and unique offering to the customer through its own private brands as well as through exclusive private brands. The contribution of private brand is at 13.5% of sales as compared to 14.1% last year and private label brand growth by 6.3%. 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. Exclusive brand contribution of Sales is at 3.5% as compared to 2.9% last year. The growth of exclusive brand sales is 31.5%. Exclusive brands include, brands/labels such as Rheson by Sonam & Rhea Kapoor, Wrogn by Virat Kohli, Desigual the Spanish fast fashion brand.

Private and Exclusive Brand Sales Mix %

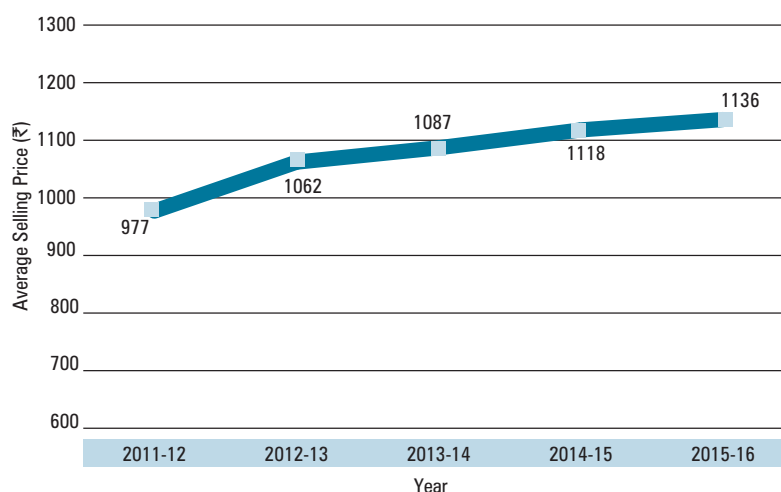


(Source: Company MIS)

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.

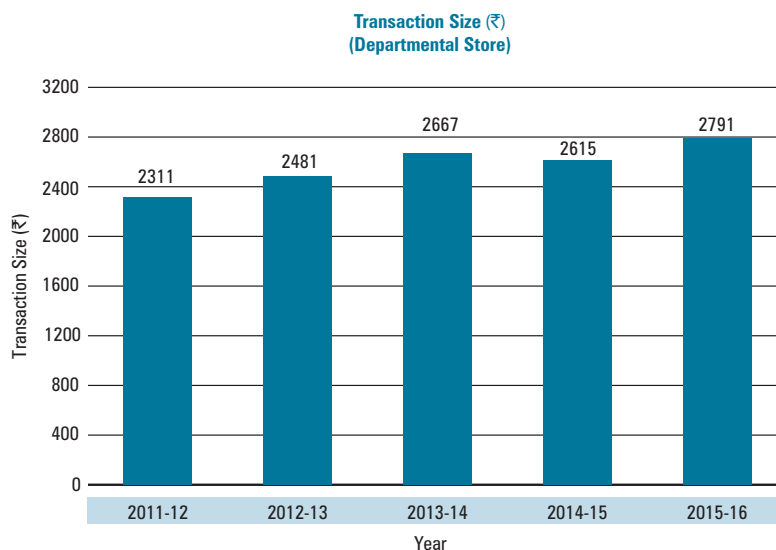
Average Selling Price (like-to-like)
(Departmental Stores)



(Source: Company MIS)

Transaction Size (₹)

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



(Source: Company MIS)

Merchandise Purchase

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

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

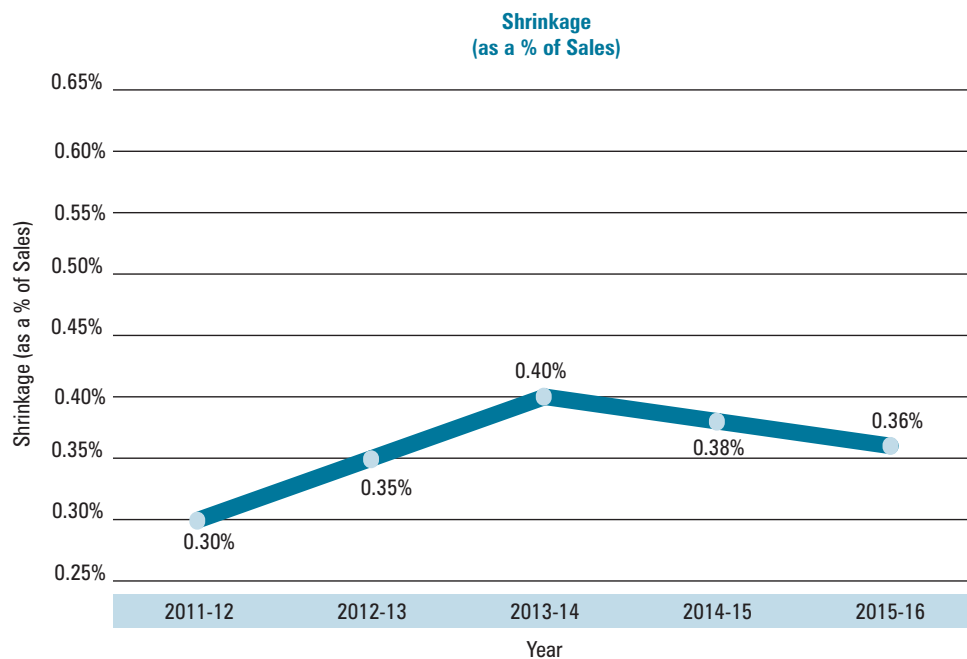
Your company believes in a broad distribution of risk with no high dependency on any single supplier and has a diversified supplier base. Suppliers are selected after evaluation based on fairly stringent parameters which ensure the quality & reliability of supply. Alternate distribution channels for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

Supplier Risks

Our broadly varied offering necessitates alliances with a large number of suppliers from various business sectors. In order to mitigate the risk involved, we enter into arrangements with vendors in various business formats such as outright buy/sale or return, consignment & concessionaire/conducting arrangement.

Shrinkage

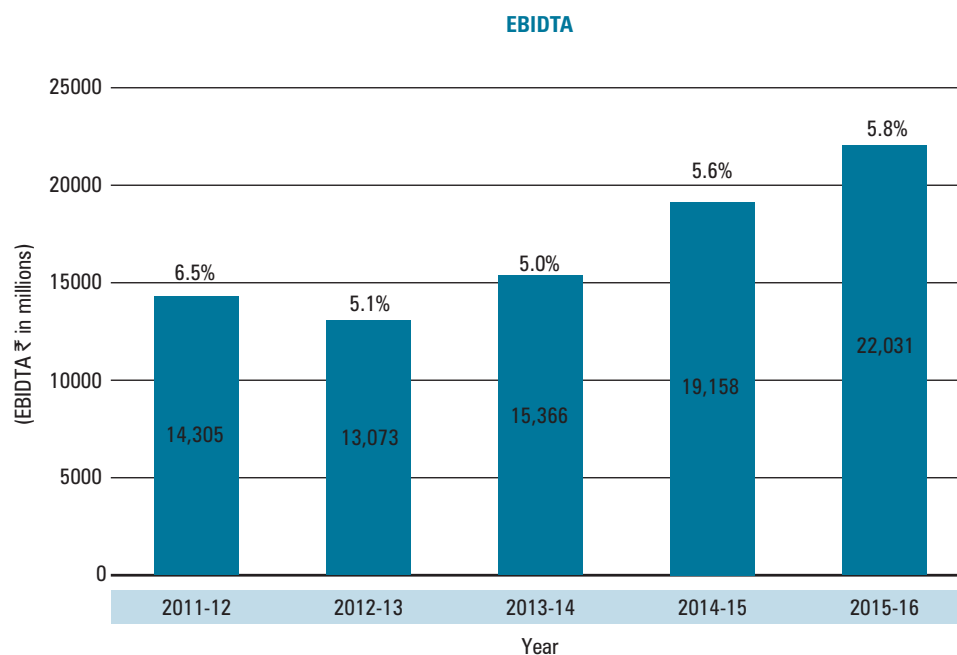
Shrinkage in the retail business is defined as the loss in inventory through a combination of shop lifting, pilferage, and errors in documentation and transaction processing that go unnoticed. We have focus on inventory control and have set-up a separate department called profit enhancement, which not 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 0.36% 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)

Operating Profit

Operating Profit (Without exceptional items) has increased by 15% to ₹ 22,031 lacs in the previous year. The Operating profit (without exceptional items) has increased during the year to 5.8% from 5.6% as compared to last year.



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

(Source: Company MIS)

Net Interest

Interest cost has increased to ₹ 3,817.84 lacs as against ₹ 3,620.97 lacs.

Profit after Tax

The Company has achieved post tax profit of ₹ 2,517.62 lacs, as against a post tax profit of ₹ 4,073.53 lacs last year.

Interim Dividend

The Company has paid an interim dividend of 15% amounting to ₹ 753.43 lacs (Including Corporate Dividend Tax).

Inventory

The inventory as at the end of current year is ₹ 38,587.11 lacs as against ₹ 32,961.33 lacs as at the end of the last year. Inventory holding period is 172 days during the current fiscal against 172 days last year. The inventory has been valued at lower of cost or net realisable value.

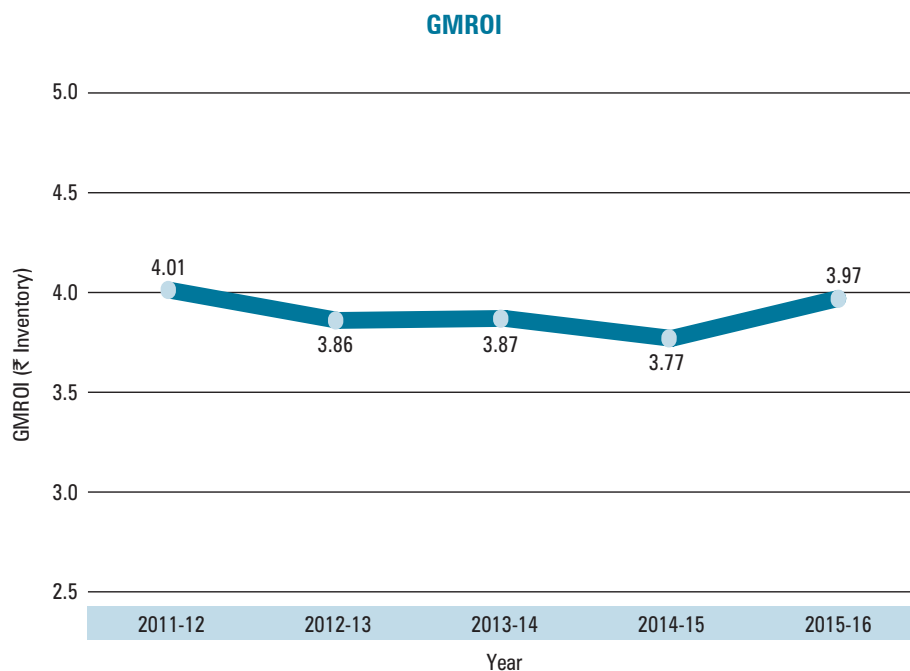
Liquidity

The cash generated from operations was ₹ 16,276 lacs.

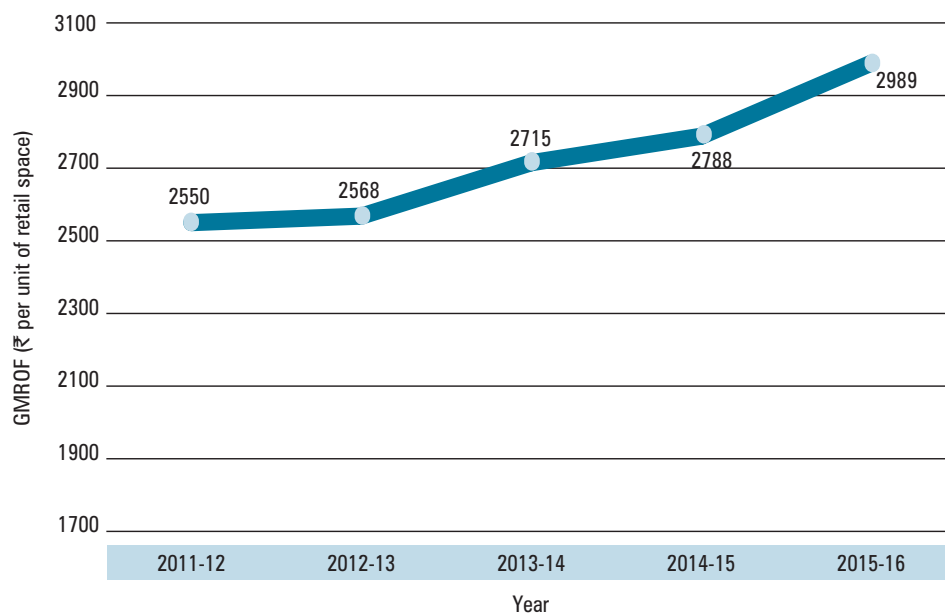
Productivity/Operating efficiency parameters

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).

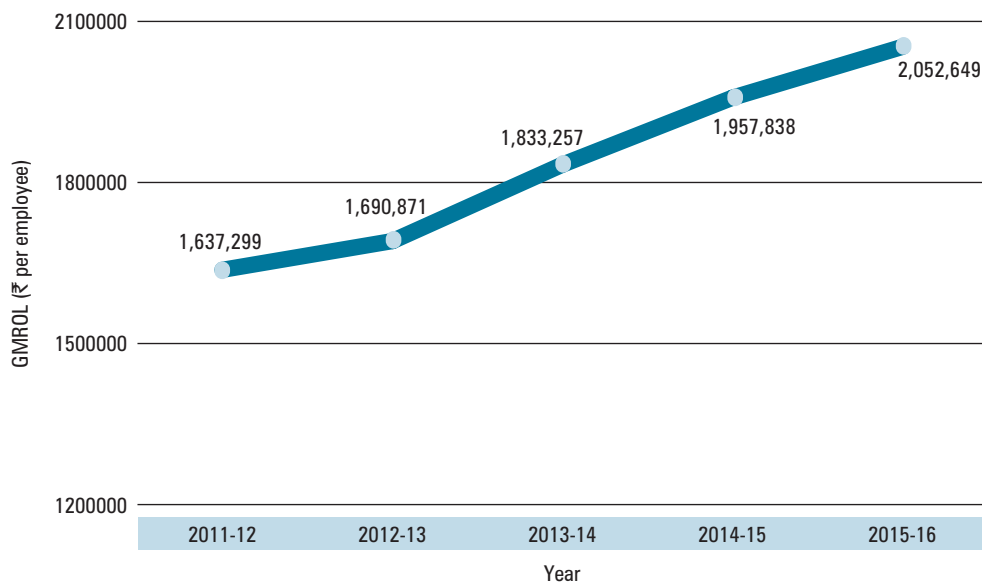
GMROI helps to optimise inventory levels, GMROF helps to maximise the cash margins and GMROL helps to increase labour productivity.



(Source: Company MIS)

GMROF

(Source: Company MIS)

GMROL

(Source: Company MIS)

Partner Satisfaction Index (PSI)

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

Our PSI scores for the five years are as below

Year	2011	2012	2013	2014	2015
Scores	3.85	4.07	4.31	4.18	4.13

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

- **Vision & Values:** With the advent of technology, stiffening competition and ever changing dynamics in the market, it was important for us to revisit and Vision and redefine it. We have been able to successfully launch our redefined Vision and also refine our Values to keep it a crisp and concrete 6 in number. It was a Grand launch across 7 key stores across the country. The complete roll out across other stores has also been planned and in progress.
- **Grow Model Coaching Workshop:** Individuals become Leaders only when they can create new leaders. With this strong belief in mind, we helped 7 individuals get certified on Grow Model of Coaching through an accredited and acclaimed Coach. This was a 8 days intensive programme with rigorous preparation and assignment work.
- **Zero Tolerance to Harassment at Workplace:** As an organisation, we are committed to create a Harassment Free workplace for both Men and Women and believe in promoting gender equality across the organisation. At Shoppers Stop we want to respect the individual as a person, the individual's body and mind. Our endeavour is to create an environment at the workplace which is safe for both Men and Women and make it crystal clear that harassment in any form will not be tolerated. Pan India workshops were conducted to bring about awareness about Zero Tolerance to Harassment. In the Financial Year 2015-16, totally 14 cases were reported which were satisfactorily solved.
- **Assessment Centres:** In continuation of the organisations' endeavour to provide internal growth opportunities, in the Financial Year 2015-16, Assessment Centres were held for several portfolios. 330 across various levels cleared the assessments.
- **The award Winning Baby Kangaroo Programme** primarily provides development and growth opportunity to the front end associates and helps them evolve as thorough Department Managers. In July-August 2015, 26 Customer Care Associates went through the 32 days of the exhaustive and effective M.A.S.T. (Managerial and Supervisory Training) programme and embarked on their journey of the Department Manager. This programme was seamlessly organised and facilitated by the Learning & Development team at the Services Office and the learnings were also imparted by a pool of internal and external speakers and trainers.
- **F.L.E.X.:** First Line Executive Xcellence is a Training Life Cycle and a development programme for the Department Managers. After attending a two days classroom workshop, the Department Managers would work on live and pertinent Action Learning Projects which would ultimately benefit them and their respective stores. The presentations would then be done to the Unit Head and Area/ Regional Controller. This year, 176 Department Managers from across the country were part of this programme.
- **'SS Mobcast', a Venture into Mobile Learning,** was effectively utilised in this year for sharing learning snippets. This helped to create and maintain a connection with the associates at the stores and Services Office and this initiative was appreciated.
- **'The Learning Planet':** Learning Management System (LMS) was also effectively utilised this year for managing the online learning data and content for all the associates. Periodic detailed reports sent by the L&D team truly helped to understand and gauge the results of the online tests and to take corrective actions wherever necessary.
- **Training Hours:**

Training Hours 14-15	Training Hours 15-16
27842	23050

Management Discussion and Analysis Report

Shoppers Stop Ltd.

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.

Year	2012	2013	2014	2015
Overall Loyalty Index	4.12	4.13	4.21	4.24

Marketing

This year, Shoppers Stop advertised its exclusive brands, specifically haute curry and life, through a series of press advertisements featuring the trendy designs from the latest collections.

We had category based promotions like the SKD Exchange Fest, Back to College, Suits & Jackets Fest in association with the NGO partner Akshaya Patra, 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 7.9 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, YouTube, Instagram and Pinterest.

Customer Satisfaction

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

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

Overall Customer Satisfaction Index

June 2011	August 2012	August 2013	August 2014	August 2015
79	80	80	81	82

Loyalty Programmes

Your Company runs the famed 'First Citizen Loyalty Programme'. The First Citizens programme now has a base of over 4.12 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.

This year, your Company launched an additional premium tier titled First Citizen Black. The First Citizen Black card is a statement that "you have arrived".

Members can enjoy exclusive privileges such as:

- 10% Extra reward points throughout the year.
- Exclusive First Citizen Black cash counters.
- Dedicated assistance called Black Assist (11:00 a.m. – 8:00 p.m.).
- Valet parking services.

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 ₹ 1000 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 customers Bonus Reward Points on their purchases which could be redeemed on any product of their choice. This year, your Company expanded this offer to non First Citizen members as well.

Co-branded Credit/Debit card Programme 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 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 2015-16, your Company has taken significant initiatives in the technology adoption in line with the identified technology roadmap towards becoming truly omni-channel retail organisation. These endeavours have helped improve the efficiencies of existing applications and infrastructure and at the same time building newer capabilities. Some of the key initiatives that your Company took during the year are:

Better On-line Experience with new e-commerce Platform

This year we implemented a new age eCommerce platform with rich features to provide better 24x7 shopping experience. This initiative has helped in improving experience of shoppersstop.com by providing customers the options to access via desktop, tablet, smartphones and apps. We continue to endeavour for introducing other features of cross channel integration and fulfilment options to create a personalised and pleasurable shopping experience for customers.

In-store Customer Engagement Initiatives and Improved Experience

In order to further improve the in-store checkout experience for the customers and reduce the wait time for checkout, your Company has commenced introducing mobile based check out system. In an effort to provide improved engagement for customer, your Company has introduced electronic feedback system at stores, thus bringing an alternative to paper based feedbacks.

Efficient Supply Chain & Smarter Fulfilment Model

Continuing the endeavour to further improve the Supply Chain efficiency and create cross channel fulfilment capability your Company has invested in implementing a new age Enterprise Warehouse Management Solution. The newer solutions besides managing the growing scale and complexity, shall enable smarter fulfilment options for customer across channels.

HRMS Solution for Associate Enablement

Human resource being a critical element in maintaining a customer centric organisation culture, the Company has completed implementing an agile HRMS solution with improved features for employee self-service and mobile enabled functionalities towards maintaining an efficient workforce.

Information Security & Compliance Initiative

Besides advancements in business systems your Company has focused on establishing information security best practices and compliance to latest standards of information security, such as PCI/DSS.

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 Annual 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.

To the Members of Shoppers Stop Limited

1. We have examined the compliance of conditions of Corporate Governance by SHOPPERS STOP LIMITED ("the Company"), for the year ended on 31 March, 2016, as stipulated in:
 - Clause 49 (excluding clause 49(VII)(E)) of the Listing Agreements of the Company with stock exchange(s) for the period from April 01, 2015 to November 30, 2015.
 - Clause 49(VII)(E) of the Listing Agreements of the Company with the stock exchange(s) for the period from April 01, 2015 to September 01, 2015.
 - Regulation 23(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations) for the period from September 02, 2015 to March 31, 2016 and
 - Regulations 17 to 27 (excluding regulation 23(4)) and clauses (b) to (i) of regulation 46(2) and para C, D and E of Schedule V of the Listing Regulations for the period from December 01, 2015 to March 31, 2016.
2. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. We have examined the relevant records of the Company in accordance with the Generally Accepted Auditing Standards in India, to the extent relevant, and as per the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India.
4. In our opinion and to the best of our information and according to our examination of the relevant records and the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement and regulation 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C, D and E of Schedule V of the Listing Regulations for the respective periods of applicability as specified under paragraph 1 above, during the year ended March 31, 2016.
5. We 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)

P. B. Pardiwalla

(Membership No. 40005)

Place: Mumbai

May 3, 2016

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 eleven members viz. one executive director and ten 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 composition of the Board of Directors of the Company is in compliance with Regulation 17(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "Listing Regulations"). 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 Schedule II Part A of Regulation 17(7) of the Listing Regulations. The Board of Directors of the Company on a quarterly basis, reviews the compliance reports pertaining to laws applicable to the Company.

The Company has in place the succession plan for the Board of Directors and senior management of the Company.

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, across all the companies in which they are Directors.

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

Name of Directors	Category	Designation	Attendance particulars		No. of other Directorships & Committee Memberships/Chairmanships		
			Board Meetings	Last AGM	Directorships ¹	Committee Membership ^{1&2}	Committee Chairmanship ^{1&2}
Mr. Chandru L. Raheja	Promoter & Non-Executive Director	Chairman	4	Yes	1	1	0
Mr. Ravi C. Raheja	Promoter & Non-Executive Director	Director	3	Yes	3	1	0
Mr. Neel C. Raheja	Promoter & Non-Executive Director	Director	4	Yes	3	2	0
Prof. Nitin Sanghavi	Independent & Non-Executive Director	Director	4	Yes	1	1	0
Mr. Deepak Ghaisas	Independent & Non-Executive Director	Director	4	Yes	4	1	1
Mr. Nirvik Singh	Independent & Non-Executive Director	Director	3	Yes	1	0	1
Ms. Abanti Sankaranarayanan	Independent & Non-Executive Director	Director	4	Yes	1	0	0

Mr. Manish Chokhani	Independent & Non-Executive Director	Director	4	Yes	3	2	1
Mr. Gareth Thomas	Independent & Non-Executive Director	Director	4	Yes	0	0	0
Mr. B. S. Nagesh	Non-Executive Director	Vice Chairman	4	Yes	4	3	0
Mr. Govind Shrikhande	Executive Director	Managing Director	4	Yes	5	0	1
Mr. Avnish Bajaj *	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. Avnish Bajaj, the Non-Executive & Independent Director of the Company resigned from the Directorship of the Company w.e.f. 31st July, 2015.

During the year under review, the Board of Directors met four times i.e. on 30th April, 2015, 31st July, 2015, 30th October, 2015 and 29th January, 2016. 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 Regulations, 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.

Familiarisation programme for Independent Directors

There is a familiarisation programme for Independent Directors which also extends to other Non-Executive Directors. It aims to familiarise them with the Company, nature of the retail industry, business model, processes & policies, etc., and also seeks to update them on the roles, responsibilities, rights and duties under the Companies Act, 2013 and other statutes.

The Presentations are regularly made to the Board of Directors/Audit Committee/Nomination and Remuneration & Corporate Governance Committee on various related matters, where Directors interact with Executive Committee members of the Company. These Presentations inter-alia, cover the Company's strategy, business model, operations, markets, products, finance, risk management framework, financial performance, budget & control process and such other area as may arise from time to time.

The details of the said programme has been posted on the Company's website at web link: <http://corporate.shoppersstop.com/Investors/Training.aspx>.

Performance Evaluation

During the year, the Board adopted a process for evaluating its performance and effectiveness as well as that of its committees and directors. The exercise was carried out through a structured questionnaire covering various aspects, such as Board composition and quality, strategy and risk management, relation with the management, board meetings and procedures. Further, a separate exercise was carried out to evaluate the performance of individual directors, based on their participation at board & committee meetings and contribution therein.

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	—	2,00,000	2,00,000
Mr. Ravi C. Raheja	—	2,30,000	2,30,000
Mr. Neel C. Raheja	—	2,00,000	2,00,000
Prof. Nitin Sanghavi	3,00,000	3,60,000	6,60,000
Mr. Deepak Ghaisas	6,00,000	3,20,000	9,20,000
Mr. Nirvik Singh	3,00,000	1,50,000	4,50,000
Ms. Abanti Sankaranarayanan	3,00,000	2,00,000	5,00,000
Mr. Manish Chokhani	3,00,000	3,60,000	6,60,000
Mr. Gareth Thomas [#]	3,00,000	2,00,000	5,00,000
Mr. B. S. Nagesh	3,00,000	2,00,000	5,00,000
Mr. Avnish Bajaj	—	1,00,000	1,00,000
Total	2,400,000	2,520,000	49,20,000

* The sitting fees for attending each Board Meeting is ₹ 50,000/-. 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.

The Company has paid/payable ₹ 9.75 lacs to Mr. Gareth Thomas, for providing training and advisory services to the senior management of the Company.

Criteria for payment of Commission to Non-Executive Directors

The Nomination and Remuneration & 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
3,92,14,419	39,21,638	17,77,392	4,49,13,449

* Includes performance linked incentive of ₹ 8,223,860/-

Includes perquisite value of ESOP of ₹ 421,575/-

ESOPs

Details of stock options held by Mr. Govind Shrikhande, Managing Director under the ESOP Scheme 2008 are 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	Exercise Period
ESOP 2008 - 4	09.06.12	13,750	13,750	297	297	3 Years	4 years
ESOP 2008 - 5	28.08.13	13,650	8,190	344	344	3 Years	4 years
ESOP 2008 - 6	29.04.14	9,200	2,760	362	362	3 Years	4 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 Committee is in accordance with the Listing Regulations and Section 177 of the Companies Act, 2013.

The Audit Committee comprises of four Non-Executive Directors, of which atleast two-third are Independent Directors. The members of the Committee possess the sound knowledge of finance & accounts. The composition of the Committee is in compliance with Regulation 18(1) of the Listing Regulations and the Companies Act, 2013. 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, invitees of the Management Committee of the Company, representatives of the internal auditors and statutory auditors are also present at the Audit Committee Meetings as invitees.

During the year under review, the Committee met four times i.e. on 29th April, 2015, 30th July, 2015, 29th October, 2015 and 28th January, 2016 wherein which the requisite quorum as prescribed under the Listing Regulations 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	3
Mr. Ravi C. Raheja	Member	Non-Independent Director	2
Prof. Nitin Sanghavi	Member	Independent Director	4
Mr. Manish Chokhani	Member	Independent Director	4

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 judgement by management
 - d. Significant adjustments made in the financial statements arising out of audit findings

- e. Compliance with listing and other legal requirements relating to financial statements
- f. Disclosure of 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 & 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 & Corporate Governance Committee

The Company has constituted a Nomination and Remuneration & Corporate Governance Committee in the year 2001. The role of the committee is in accordance with Part D of Schedule II of Regulation 19(4) of the Listing Regulation and Section 178 of the Companies Act, 2013.

The Nomination and Remuneration & Corporate Governance Committee comprises of three Non-Executive Directors, of which more than fifty percent are Independent Directors. The composition of the Committee is in compliance with Regulation 19(1) of the Listing Regulations.

During the year under review, the Committee met four times i.e. on 30th April, 2015, 31st July, 2015, 30th October, 2015 and 29th January, 2016.

The composition of Nomination and Remuneration & 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	3
Prof. Nitin Sanghavi	Member	4
Mr. Neel C. Raheja	Member	2
Mr. Avnish Bajaj	Member	2

Note: Mr. Avnish Bajaj ceases to be a member of the Committee w.e.f. 31st July, 2015. Accordingly, the Committee was re-constituted comprising of Mr. Nirvik Singh as Chairman and Prof. Nitin Sanghavi and Mr. Neel Raheja as members.

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 & 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 & 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

The Company has constituted a Stakeholders Relationship Committee in the year 2004. The role, powers and functions of the committee is in accordance with Part D of Schedule II of Regulation 20(4) of the Listing Regulation and Section 178 of the Companies Act, 2013. The composition of the Committee is in compliance with Regulation 20(1) of the Listing Regulations and the Companies Act, 2013.

During the year, the Committee met twelve times i.e. on 20th April, 2015, 19th May, 2015, 16th June, 2015, 21st July, 2015, 18th August, 2015, 15th September, 2015, 23rd October, 2015, 24th November, 2015, 17th December, 2015, 19th January, 2016, 16th February, 2016 and 15th March, 2016.

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	10
Mr. Neel C. Raheja	Member	11
Mr. B. S. Nagesh	Member	10

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.

Corporate Governance Report

Shoppers Stop Ltd.

During the year, the Company has received 23 (twenty-three) Communications/grievances, which were attended and resolved to the satisfaction of the Shareholders. No grievances were pending at the year end.

General Body Meetings

Details of Annual General Meetings held during last three years:

AGM for Financial Year ended	Date & Time	Special Resolutions passed thereat	Location
2014-2015	31st July, 2015 at 3:30 p.m.	<ol style="list-style-type: none"> To approve Material Related Party Transactions under Clause 49 of the Listing Agreement To adopt new Articles of Association of the Company containing regulations in conformity with the Companies Act, 2013 To approve offer or invitation to subscribe to Non-Convertible Debentures on private placement 	National Stock Exchange of India Ltd., situated at Exchange Plaza, Dr. R. H. Patil Auditorium, Ground Floor, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051
2013-2014	31st July, 2014 at 3:30 p.m.	No special resolution has been passed.	
2012-2013	30th July, 2013 at 3:30 p.m.		

Postal Ballot

There was no special resolution passed through postal ballot during the year under review and no special resolution is proposed to be passed through postal ballot.

Related Party Transactions

The Company has formulated a Related Party Transaction Policy including therein the materiality of related party transaction and determination of material subsidiaries, 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.

During the year under review, all related party transactions were on arm's length basis and in the ordinary course of business. All Related Party Transactions have been approved by the Audit Committee and the Board of Directors and there were no materially significant related party transactions that may have potential conflict with the interests of the Company at large.

The Audit Committee and the Board of Directors has granted its omnibus approval for transactions which are repetitive in nature and has laid down the criteria of such approval. A statement of related party transactions entered into with related parties through omnibus approval is presented to the Audit Committee and Board of Directors on a quarterly basis.

Pursuant to the provisions of the Securities and Exchange Board of India ("SEBI") 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, under Clause 49 of the Listing Agreement, the Company had got an approval, in respect of the material related party transactions with Hypercity Retail (India) Ltd; the subsidiary Company, from the members at its 18th Annual General Meeting.

SEBI had vide notification dated September 2, 2015, issued the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'LODR') wherein, pursuant to Regulation 23(8), all existing material related party contracts and arrangements as on the date of the notification of LODR, which may continue beyond such date shall be placed for approval of members in the first General Meeting subsequent to the said notification.

The Company had entered into the various transactions with Hypercity Retail (India) Ltd; a subsidiary which are continuing beyond September 2, 2015, the date of notification of LODR. The details in respect of these transactions are provided in the explanatory statement to the notice convening the ensuing 19th Annual General Meeting of the Company. Accordingly, these material related party contracts or arrangements is placed before the members for their approval at the ensuing Annual General Meeting of the Company.

Subsidiary Companies

Under Listing Regulations, a 'material subsidiary' is a subsidiary, whose income or net worth exceeds 20% of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

In this regard, Hypercity Retail (India) Ltd; a 51% subsidiary, is a material 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 & any investment made by 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.

Disclosure from Senior Management

The Company has obtained a certificate from all the senior management personnel's of the Company disclosing that they do not have any material, financial and commercial transactions to disclose and there is no potential conflict with the interest of the Company at large during the year under review.

Compliance Report on Corporate Governance

The Company submits on quarterly basis a compliance report on corporate governance within fifteen days from the close of the quarter with BSE Limited and National Stock Exchange of India Ltd. The said report is placed before the Board of Directors every quarter for their comments/observations/advice if any.

Website

All the information and disclosures required to be disseminated as per Regulation 46(2) of the Listing Regulations are being posted at Company's website: www.shoppersstop.com.

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 Board of Directors of the Company has framed the Risk Management Policy and has laid down the procedures for risk assessment and its minimisation.

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, 2015, the Company has formulated, adopted and implemented "Shoppers Stop Code of Internal Procedures and Conduct for Regulating, Monitoring and Reporting Trading by Insiders" and "Code of Fair Disclosure of Unpublished Price Sensitive Information" for dealing in the shares of the Company by insiders.

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.

Code of Conduct and Ethics for Independent Directors

The Company has adopted the Code of Conduct and Ethics for Independent Directors which includes the duties of Independent Directors as laid down in the Companies Act, 2013. All Independent Directors have confirmed compliance to the Code of Conduct.

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. They have direct access to the Chairman of the Audit Committee and no one has been denied access thereto. The Company has formulated a Whistle Blower Policy, and a brief detail 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 Discretionary Requirements

The Company has voluntarily complied with the discretionary requirements relating to separate position of Chairman and Managing Director/Chief Executive Officer as per Regulation 27(1) of the Listing Regulations.

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 Regulation 17(8) of the listing regulations certifying inter-alia 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	:	29th July, 2016 at 3:30 p.m.
	:	Boundary Hall, First Floor, MCA Recreation Centre, RG-2, G-Block, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051.

(2) Date of Book Closure	:	25th July, 2016 to 29th July, 2016 (Both days inclusive)
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(3) Financial Calendar	:	1st April, 2015 to 31st March, 2016
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(4) Dividend payment date	:	Interim dividend was declared by the Board of Directors on March 10, 2016 and was paid to shareholders on March 23, 2016. The said interim dividend has been considered as a final dividend for the Financial Year 2015-16.
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(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 2016-17 has been paid to both the above Stock Exchanges where the equity shares of the Company are listed:

(5) Stock Code:

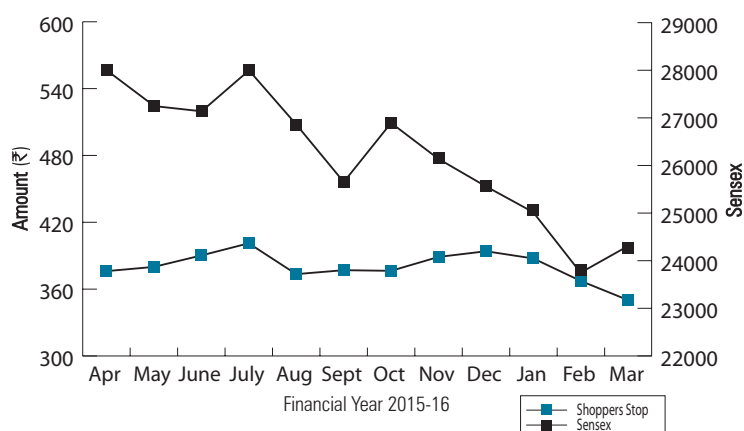
BSE Limited	:	532638
National Stock Exchange of India Ltd	:	SHOPERSTOP (Symbol)

(6) Stock Market Data for the period – 1st April, 2015 to 31st March, 2016

Share price performance in comparison on BSE:

Month (2015-16)	BSE		Sensex		No. of Shares transacted
	High (₹)	Low (₹)	High	Low	
April	422.00	330.30	29,094.61	26,897.54	194,228
May	411.90	348.00	28,071.16	26,423.99	109,501
June	409.75	370.70	27,968.75	26,307.07	29,127
July	434.40	367.85	28,578.33	27,416.39	128,834
August	445.90	301.00	28,417.59	25,298.42	374,980
September	390.00	364.00	26,471.82	24,833.54	209,722
October	407.85	345.00	27,618.14	26,168.71	220,055
November	411.80	366.00	26,824.30	25,451.42	608,005
December	422.00	366.00	26,256.42	24,867.73	50,352
January	420.00	355.00	26,197.27	23,839.76	275,693
February	399.60	334.95	25,002.32	22,494.61	34,414
March	365.10	335.00	25,479.62	23,133.18	209,704

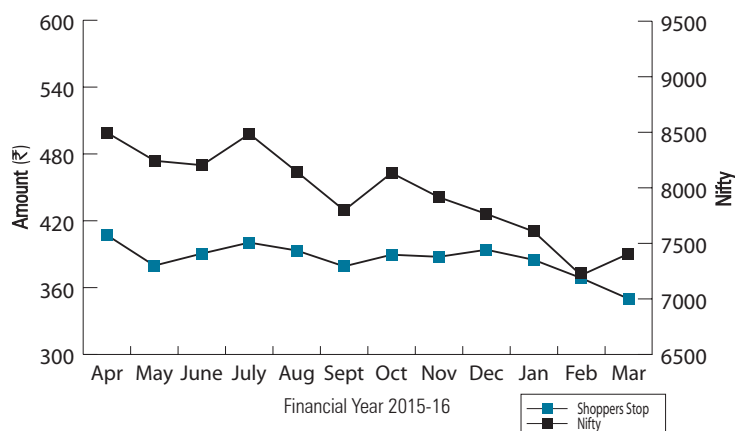
Shoppers Stop Price Movement Chart – BSE



Share price performance in comparison on NSE:

Month (2015-16)	NSE		Nifty		No. of Shares transacted
	High (₹)	Low (₹)	High	Low	
April	478.00	336.30	8,844.80	8,144.75	1,307,213
May	414.40	345.05	8,489.55	7,997.15	1,198,520
June	410.75	370.35	8,467.15	7,940.30	226,665
July	433.95	366.90	8,654.75	8,315.40	1,221,739
August	446.30	340.30	8,621.55	7,667.25	1,143,507
September	397.10	361.05	8,055.00	7,539.50	371,813
October	408.00	371.05	8,336.30	7,930.65	162,687
November	412.50	362.80	8,116.10	7,714.15	879,243
December	424.95	363.05	7,979.30	7,551.05	747,345
January	419.80	350.00	7,972.55	7,241.50	395,444
February	400.95	336.05	7,600.45	6,825.80	902,917
March	366.75	333.00	7,777.60	7,035.10	518,496

Shoppers Stop Price Movement Chart – NSE



(7) Distribution of Shareholding as on 31st March, 2016 and 31st March, 2015:

Shareholding of Nominal Value	As on March 31, 2016				As on March 31, 2015			
	Shareholders		% to total		Shareholders		% to total	
	Number	% to total	₹	% to total	Number	% to total	₹	% to total
Upto 5000	7,832	97.04	2,799,980	0.67	7,437	96.80	2,702,395	0.65
5001-10000	65	0.81	500,380	0.12	57	0.74	439,135	0.11
10001-20000	44	0.54	662,165	0.16	43	0.56	638,420	0.15
20001-30000	23	0.28	558,055	0.13	23	0.30	563,885	0.14
30001-40000	12	0.15	412,350	0.10	8	0.10	270,010	0.06
40001-50000	8	0.10	362,860	0.09	11	0.14	503,630	0.12
50001-100000	25	0.31	1,961,190	0.47	32	0.42	2,421,585	0.58
100001 and above	62	0.77	410,052,750	98.26	72	0.94	409,299,965	98.19
Total	8,071	100	417,309,730	100	7,683	100.00	416,839,025	100.00

Shareholding Pattern:

The categories of shareholdings as on 31st March, 2016 and 31st March, 2015:

Category	As on 31st March, 2016		As on 31st March, 2015	
	No. of Shares Held	% to total	No. of Shares Held	% to total
Promoters	56,029,674	67.13	56,029,674	67.21
Mutual Funds	10,888,403	13.05	11,551,259	13.86
Indian Financial Institution	183,546	0.22	1,285	0.00
Foreign Institutional Investors	3,107,293	3.72	3,203,965	3.84
Bodies Corporate	10,699,155	12.82	9,930,307	11.91
Indian Public & HUF	2,489,268	2.99	2,419,502	2.90
Banks	1,250	0.00	7,500	0.01
NRI's	37,331	0.04	188,209	0.23
Clearing Members (Transit)	19,526	0.02	29,604	0.04
Trust	6,500	0.01	6,500	0.01
Total	83,461,946	100.00	83,367,805	100.00

Shareholding of Board of Directors as on 31st March, 2016:

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. Manish Chokhani	Director	0
Mr. Gareth Thomas	Director	0
Mr. B. S. Nagesh	Vice Chairman	567,685
Mr. Govind Shrikhande	Managing Director	295,924

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

- (8) 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) 2342 0814
- (9) 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.
- (10) 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 222 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.

- (11) 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.
- (12) Commodity price risk of foreign exchange risk and hedging activities** : 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.
- (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: investor@shoppersstop.com
Web Address: www.shoppersstop.com
- (14) Store Locations** : **Western Region**
1. 211-D, S. V. Road, Andheri (West), Mumbai - 400 058.
 2. Krushal Commercial Complex, G. M. Road, Chembur (West), Mumbai - 400 089.
 3. Suburbia, Old Bandra Talkies, Linking Road, Bandra (West), Mumbai - 400 050.
 4. Nirmal Lifestyles, L. B. S. Marg, Mulund (West), Mumbai - 400 080.
 5. Inorbit Mall, Link Road, Malad (West), Mumbai - 400 064.
 6. Dynamix Mall, Sant Dhyaneswar Marg, JVPD Scheme, Next to Chandan Cinema Hall, Vile Parle (West), Mumbai - 400 049.
 7. Godrej Eternia, B-Wing, Shivaji Nagar, Mumbai - Pune Road, Pune - 411 005.
 8. HomeStop, Inorbit Mall, 2nd Floor, Link Road, Malad (West), Mumbai - 400 064.
 9. Prozone Mall, Plot Sector - C, Chikalthana Industrial Area, Masantpur, Aurangabad - 431 210.
 10. Inorbit Mall, Vashi, Navi Mumbai - 400 705.
 11. HomeStop, Inorbit Mall, 2nd Floor, Vashi, Navi Mumbai - 400 705.
 12. Inorbit Mall, Wadgaon Sheri, Nagar Road, Pune - 411 014.
 13. Alpha G, Near Vastrapur Lake, Vastrapur, Ahmedabad - 380 054.
 14. R City Mall, LBS Marg, Ghatkopar (West), Mumbai - 400 086.
 15. Pacific Mall, Shankar Seth Road, Pune - 411 037.
 16. Opposite Alankar Talkies, Chainsukh Road, Latur - 413 512.
 17. HomeStop, Inorbit Mall, 2nd Floor, Wadgaon Sheri, Nagar Road, Pune - 411 014.
 18. HomeStop, R City, LBS Marg, Ghatkopar (West), Mumbai - 400 086.
 19. HomeStop, FP No. 216, TP Scheme -1, Vastrapur, Ahmedabad - 380 054.
 20. Koregaon Park Shopping Centre, Village Mouje, Gorpadi Taluka, Pune - 411 001.
 21. Metro Junction Mall, Shil Road, Kalyan - 421 306.
 22. VR Mall, Near Magdalia Chokdi, Dumas Road, Surat - 395 007.
 23. Viviana Mall, Eastern Express Highway, Thane - 400 062.
 24. Alembic Road, Subhanpura, Vadodara - 390 003.
 25. C G Square, C. G. Road, Ahmedabad - 380 009.
 26. First floor, Seasons Mall, South Magarpatta City, Pune - 411 028.
 27. HomeStop, First floor, Seasons Mall, South Magarpatta City, Pune - 411 028.
 28. D Y Patil Mall, 2104/15, E Ward, Kavda Naka, Kolhapur - 416 001.

Southern Region

1. Garuda Star Mall, Magrath Road, Ashok Nagar, Bengaluru - 560 025.
2. Commerce@Mantri, Ground Floor, N.S. Palya, Bannerghatta Road, Bengaluru - 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.
31. Royal Meenakshi Mall, Ground Floor, Opposite Meenakshi Temple, Bannerghatta Road, Hulimavu, Bengaluru - 560 076.
32. Mangalore International Airport, Domestic Departures, Kenjar, Bajpe, Mangalore - 574 142
33. Brigade Mall, Banaswadi Main Road, Banaswadi Layout, Maruthi Sevanagar, Bengaluru - 560 033.

Northern Region

1. The Metropolitan Mall, Mehrauli-Gurgaon Road, Gurgaon, Haryana - 122 002.
2. Shipra Mall, Shipra Suncity, 9 Vaibhav Khand, Indrapuram, Ghaziabad - 201 012.
3. HomeStop, Plot No. A/3, Select City Walk, District Centre, Saket, New Delhi - 110 017.
4. E-City Mall, Opp. Paryatan Bhavan, Beside Eldeco Green Compound, Gomti Nagar, Lucknow - 226 010.
5. Eros Mall, Shivaji Palace, Rajouri Garden, Rajouri, New Delhi - 110 027.
6. The Great India Palace, New Okhla Industrial Development Area, Noida - 201 301.
7. Metropolitan Mall, Press Enclave Road, District Centre Saket, Sector II, New Delhi - 110 017.
8. Alpha One Mall, MBM Farms, Sultan Wind, Main G. T. Road, Amritsar - 143 010.
9. Ambience Mall, Nelson Mandela Road, Vasant Kunj, New Delhi - 110 070.
10. DB City Mall, Arera Hills, Bhopal - 462 011.
11. Spaze I, Tech Park, Gurgaon, Spaze Mall, Sohna Road, Gurgaon - 122 002.
12. Rohini, Sector - 10, Adjacent to Rithala Metro Station, Rohini, New Delhi - 110 085.
13. BPK Star Building, Opp. Lig Gurudwara, A.B. Road, Indore - 452 001.
14. HomeStop, 2nd Floor, Fun Republic Mall, Gomti Nagar, Lucknow - 226 010.
15. MBD Neopolis Mall, Civil Lines, Beside Hotel Raddison, BMC Chowk, GT Road, Jalandar - 144 001.
16. World Trade Park, South Block, Malviya Nagar, Jaipur - 302 017.
17. Elante Mall, Industrial Area Phase - 1, Chandigarh - 160 002.
18. OMaxe SRK Mall, Nagala Padi, Agra - 280 002.
19. Jaipur International Airport (Departure - Level 2), Shop No. 201 New Terminal Building T-2, Jaipur - 302 011.
20. HomeStop, Elante Mall, Industrial Area Phase - 1, Chandigarh - 160 002.
21. Gaur Central Mall, Rajnagar, Ghaziabad - 201 002.
22. Pavillion Mall, Old Sessions Court Road, Ludhiana - 141 001.
23. Shopprix Mall, Sports Good Complex, Major Dhyanchand Nagar, Hapur Bye pass, Delhi Meerut Highway, Meerut (UP) - 250 001.
24. Man-Upasna Plaza, C-44, Sardar Patel Marg, C-Scheme, Jaipur, Rajasthan - 302 001.
25. Shoppers Stop Ltd. Unity One Janakpuri, Janakpuri West, Next to Janakpuri West Metro Station, New Delhi - 110 058.

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 - 700 156.
9. Acropolis Mall, Plot No. 1858, Rajdanga Main Road, Near Siemens Corporate Office, Kolkata - 700 107.

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, 2016, 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 prescribed under Section 133 of the Act, as applicable.

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 judgements 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 and the Order under Section 143(11) of the Act.
4. We conducted our audit of the standalone financial statements 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 judgement, 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. 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, 2016, and the profit and the 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 1 June, 2007 to 31 March, 2010 on renting of immovable properties given for commercial use, aggregating ₹ 1,659.56 lacs (2015: ₹ 1,659.56 lacs), pending final disposal of the appeal filed before the 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 ₹ 47,391.03 lacs (2015: ₹ 43,274.56 lacs) in Hypercity Retail (India) Limited, a subsidiary company. The Company considers that no provision against the aforesaid amount is required at this stage for the reasons 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 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 prescribed under Section 133 of the Act, as applicable.
- (e) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- (g) 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 Notes 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.

10. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Deloitte Haskins & Sells LLP

Chartered Accountants

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

P.B. Pardiwalla

Partner

(Membership No. 40005)

Mumbai, May 03, 2016

(Referred to in paragraph 9 (f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

1. We have audited the internal financial controls over financial reporting of SHOPPERS STOP LIMITED ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

6. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Deloitte Haskins & Sells LLP

Chartered Accountants

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

P. B. Pardiwalla

Partner

(Membership No. 40005)

Place: Mumbai

Date: May 3, 2016

[Referred to in paragraph 10 under 'Report on Other Legal and Regulatory Requirements' of our report of even date on the accounts of Shoppers Stop Limited ("the Company") for the year ended March 31, 2016]

- (i) 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.
 - (c) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause (i)(c) of the order is not applicable.
- (ii) As explained to us the inventories were physically verified during the year by the Management at reasonable intervals and as explained to us, no material discrepancies were noticed on physical verification.
- (iii) According to the information and explanations given to us, the Company has granted unsecured loans to companies covered in the register maintained under Section 189 of the Companies Act, 2013, in respect of which:
 - (a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company's interest.
 - (b) There is no schedule of repayment of principal and payment of interest that has been stipulated. The repayment of principal, we are informed is "on demand". The Company receives interest payments regularly.
 - (c) Loan given in an earlier year to one party has been fully provided for and no interest has been received.
- (iv) According to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. There are no unclaimed deposits, to which the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 would apply.
- (vi) The maintenance of cost records has not been specified by the Central Government under Section 148(1) of the Companies Act, 2013.
- (vii) 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, 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, 2016 for a period of more than six months from the date they became payable.
 - (b) There were no dues of Income Tax, Sales Tax and Duty of Excise, as applicable, which have not been deposited as at 31st March, 2016 on account of any dispute with the relevant authorities. The details of dues of Service Tax, Duty of Customs and Value Added tax which have not been deposited as at 31st March, 2016 on account of any disputes are given below:

Annexure "A" to the Independent Auditor's Report

Shoppers Stop Ltd.

Name of the Statute	Nature of dues	Period to which the amount relates	Forum where dispute is pending	Amount (₹ in lacs)
Finance Act, 1994	Service Tax	May 2006 to May 2007	Appellate Authority – Tribunal level	775.97
		2004-05 & 2005-06	Appellate Authority – Tribunal level	457.35
The West Bengal Value Added Tax Act, 2005	Value Added Tax	2007-08	Appellate Authority – Commissioner level	7.55
		2010-11	Appellate Authority – Commissioner level	38.09
		2010-11	Appellate Authority – Commissioner level	0.39
The Customs Act, 1962	Duty of Customs	2008	Appellate Authority – Tribunal level	5.17
		2012	Appellate Authority – Tribunal level	37.44

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans to banks. The Company has not taken loans or borrowings from financial institutions and government and has not issued any debentures.
- (ix) In our opinion and according to the information and explanations given to us, term loans have been applied by the Company during the year for the purposes for which they were raised. The Company has not raised moneys by way of initial public offer or further public offer during the year.
- (x) 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 by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under Clause (xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us, the Company has complied with the provision Sections 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements, etc. as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under Clause (xiv) of the order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.
- (xvi) In our opinion and according to information and explanations provided to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For Deloitte Haskins & Sells LLP

Chartered Accountants

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

P. B. Pardiwalla

Partner

(Membership No. 40005)

Place: Mumbai

Date: May 3, 2016

(All amounts in ₹ lacs)

	Notes	Mar-16	Mar-15
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	3	4,173.10	4,168.39
Reserves and surplus	4	74,340.75	72,360.41
Money received against employee share options		28.75	—
		78,542.60	76,528.80
NON-CURRENT LIABILITIES			
Long-term borrowings	5	32,321.43	22,535.71
Deferred tax liabilities (net)	6	167.90	955.75
		32,489.33	23,491.46
CURRENT LIABILITIES			
Short-term borrowings	7	14,448.87	23,255.26
Trade payables	8		
(i) Total outstanding dues of micro enterprises and small enterprises		423.36	479.59
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		36,640.67	32,655.85
Other current liabilities	9	27,804.07	21,443.70
Short-term provisions	10	468.08	1,175.42
		79,785.05	79,009.82
		190,816.98	179,030.08
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Tangible assets	11	58,234.18	57,173.37
Intangible assets	11	4,913.02	2,457.76
Capital work-in-progress		2,796.15	1,424.62
		65,943.35	61,055.75
Non-current investments	12	40,471.15	40,649.47
Long-term loans and advances	13	36,664.03	34,229.20
		143,078.53	135,934.42
CURRENT ASSETS			
Inventories	14	38,587.11	32,961.33
Trade receivables	15	2,367.30	2,233.52
Cash and cash equivalents	16	528.22	490.47
Short-term loans and advances	17	5,469.96	6,255.25
Other current assets	18	785.86	1,155.09
		47,738.45	43,095.66
		190,816.98	179,030.08

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

P. B. Pardiwalla
Partner
Mumbai, May 3, 2016

For and on behalf of the Board of Directors

C. L. Raheja
Chairman

Sanjay Chakravarti
Customer Care Associate &
Chief Financial Officer
Mumbai, May 3, 2016

Ravi Raheja
Director

Govind S. Shrikhande
Customer Care Associate &
Managing Director

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

Statement of Profit and Loss
for the year ended 31 March, 2016

Shoppers Stop Ltd.

(All amounts in ₹ lacs)

	Notes	Mar-16	Mar-15
INCOME			
Revenue from operations	19	341,320.46	304,997.66
Other income	20	2,130.37	1,765.49
Total revenue		343,450.83	306,763.15
EXPENSES			
Purchase of stock-in-trade	21	218,103.27	191,051.05
Changes in Inventories of stock-in-trade – (increase)	22	(5,625.78)	(3,407.76)
Employee benefits expenses	23	24,546.04	22,703.29
Finance costs	24	5,732.91	5,122.23
Depreciation and amortisation expense	11	9,766.40	8,580.71
Other expenses	25	82,571.48	75,757.38
Total expenses		335,094.32	299,806.90
PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX		8,356.51	6,956.25
Exceptional item		2,381.00	–
PROFIT BEFORE TAX		5,975.51	6,956.25
Tax expense	26	3,457.89	2,882.72
PROFIT FOR THE YEAR		2,517.62	4,073.53
EARNINGS PER EQUITY SHARE			
Equity shares of face value ₹ 5/- each	27		
Basic (₹)		3.02	4.89
Diluted (₹)		3.02	4.88

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

P. B. Pardiwalla
Partner
Mumbai, May 3, 2016

For and on behalf of the Board of Directors
C. L. Raheja
Chairman

Sanjay Chakravarti
Customer Care Associate &
Chief Financial Officer
Mumbai, May 3, 2016

Ravi Raheja
Director

Govind S. Shrikhande
Customer Care Associate &
Managing Director

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

Cash Flow Statement for the year ended 31 March, 2016

Shoppers Stop Ltd.

(All amounts in ₹ lacs)

Cash Flows from Operating Activities**Net profit before exceptional item and tax****Adjustments for:**

Depreciation and Amortisation	9,766.40	8,580.71
Provision for doubtful debts/advances (net of write back)	89.26	18.24
Finance costs	5,732.91	5,122.23
Loss on sale of fixed assets	63.37	28.22
Interest income	(1,915.07)	(1,501.26)

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

Inventories	(5,625.78)	(3,407.76)
Trade receivables	(133.78)	373.38
Short-term loans and advances, other current assets	1,118.60	(1,566.36)
Lease deposits (net)	(681.54)	(668.24)
Deposit towards service tax	—	(1,716.46)
Long-term/short-term provisions	(707.34)	109.16
Trade payables and other current liabilities	4,582.67	3,096.66

Cash generated from operations

Income taxes paid (net of refunds)

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

Purchase of fixed assets	(14,343.35)	(11,722.87)
Sale of fixed assets	30.69	62.87
Loans & advances to subsidiary companies(net)	(1,821.93)	(2,677.64)
Investment in subsidiaries	(2,202.68)	(1,889.53)
Interest received	1,908.72	1,509.38

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

Issue of share capital	4.71	7.60
Securities premium on issue of share capital	216.15	402.25
Money received against employee share options	28.75	—
Dividend and dividend tax paid	(752.54)	(730.18)
Interim dividend and dividend tax paid	(753.44)	—
Proceeds from long-term borrowings	22,033.34	8,600.00
Repayment of long-term borrowings	(6,047.63)	(7,666.67)
Short-term loans (net)	(8,806.39)	5,774.55
Finance costs paid	(5,746.83)	(5,056.28)

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

Cash and cash equivalents as at beginning of the year	311.59	705.61
Cash and cash equivalents as at the end of the year (Note 16)	335.42	311.59

Notes:

Cash and cash equivalents as per Balance Sheet (see Note 16)

Less: Deposit under lien and dividend accounts

Cash and cash equivalents as reported above

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

P. B. Pardiwalla

Partner

Mumbai, May 3, 2016

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, May 3, 2016

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. At 31 March, 2016, the Company operated through 77 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 (the Act), and the relevant provisions of the Act. The financial statements have been prepared on accrual basis under the historical cost convention.

b) Use of Estimates

The preparation of the financial statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses, assets and liabilities (including contingent liabilities). Actual results could differ from these estimates and the differences 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 cost of acquisition or construction less accumulated depreciation and impairment losses. Cost comprises of all costs incurred to bring the assets to their location and working condition and includes all expenses incurred up to the date of launching new stores to the extent they are attributable to the new stores.

Depreciation on tangible fixed assets has been provided for by the straight line method over the useful lives prescribed in Schedule II to the Companies Act, 2013, except in respect of the following categories of assets, whose lives have been assessed as under, taking into account various factors such as the expected pattern of usage, operating conditions, past history of replacement, anticipated technological changes, manufactures warranties and maintenance support.

Categories of assets	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 useful life on a straight-line basis, as under:

Trademarks and Patents - 10 years

Computer Software - 6 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 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

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

Sale of products:

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 under retail sale of products (Note 19).

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 are charged as expense to the Statement of Profit and Loss in the period in which the service is rendered.

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

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

i) Operating Leases

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

j) Borrowing Costs

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

k) Foreign Currency Transactions

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

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

l) Income Tax

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

Current tax is measured at the amount expected to be paid to revenue authorities using the applicable tax rates and 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 on the reporting date.

The deferred tax asset is recognised and carried forward only to the extent that there is reasonable/virtual certainty (as relevant) that the asset will be realised.

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) Provision, Contingent Liabilities and Contingent Assets

A provision is 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

83,461,946 (2015: 83,367,805) equity shares of ₹ 5/- each fully paid up

Mar-16	Mar-15
10,000.00	10,000.00
4,173.10	4,168.39
4,173.10	4,168.39

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, 2016	
Numbers	₹ lacs
83,367,805	4,168.39
94,141	4.71
83,461,946	4,173.10

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

3.4 Shares reserved for issue under options:

Employee Stock Option Plan (ESOP)

Options exercised during the year

Options against which the money is received

Option outstanding as at

For further details of ESOP schemes, refer Note 33

**Mar-16
Nos.**Mar-15
Nos.**94,141**

152,045

11,245

—

340,975

504,637

3.5 Details of shareholders holding more than 5% shares as at 31 March:**Name of the Shareholder**

Palm Shelter Estate Development LLP

Raghukool Estate Development LLP

Capstan Trading LLP

Casa Maria Properties LLP

Reliance Capital Trustee Co. Ltd. A/C Reliance

Equity Opportunities Fund

Anbee Construction LLP

Cape Trading LLP

31 March, 2016	
Shares held (Nos)	Shares held (%)
11,813,300	14.16%
8,263,300	9.90%
8,129,768	9.74%
7,913,300	9.48%
6,677,301	8.00%
6,511,762	7.80%
6,261,040	7.50%

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%
5,209,410	6.25%
6,511,762	7.81%
6,261,040	7.51%

3.6 The rights, preferences and restrictions attaching to each class of shares including restrictions on the distribution of dividends and the repayment of capital:

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. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(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 charge on tangible fixed assets
(net of deferred tax ₹ 36.69 lacs) - Refer Note 11.1

Add: Profit for the year

Appropriations

Interim dividend paid ₹ 0.75 per share (2015: ₹ Nil per share)

Tax on interim dividend

Proposed dividend Nil per share (2015: ₹ 0.75 per share)

Tax on proposed dividend

Transferred to general reserve

Closing Balance

Mar-16	Mar-15
47,184.08	46,781.83
216.15	402.25
47,400.23	47,184.08
1,834.17	1,630.49
75.02	203.68
1,909.19	1,834.17
23,342.16	20,294.15
—	69.30
23,342.16	20,224.85
2,517.62	4,073.53
25,859.78	24,298.38
625.99	—
127.44	—
—	625.25
—	127.29
75.02	203.68
828.45	956.22
25,031.33	23,342.16
74,340.75	72,360.41
44,569.05	28,583.34
12,247.62	6,047.63
32,321.43	22,535.71

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

Term loans (secured)

Less: Current maturities (Note 9)

- 5.1** Term loans are secured by a first pari passu charge on stock, book debts, hypothecation charge on credit card/debit card receivables (Escrow account) and all the movable fixed assets of the Company, both present & future except ICICI Bank term loans which is secured by 1st pari passu charge on the current assets and all the movable fixed assets of the Company both present & future excluding leasehold rights, lease deposits & Shoppers Stop brands.

5.2 Terms of the Facilities:

(All amounts in ₹ lacs)

Name of the Bank	Rate of Interest	Repayment Schedule	Loan Balance	
			31 March, 2016	31 March, 2015
HDFC Bank Ltd.	10.85% (Previous Year: 11.70%)	Loan is repayable in 12 quarterly equal installements from 10th January, 2015. For 2015, repayable in 12 quarterly equal installements from 10th January, 2015.	2,916.66	4,583.33
HDFC Bank Ltd.	10.85% (Previous Year: 11.10%)	Repayable in 14 equal quarterly installements from 30th June, 2015. For 2015, repayable in 14 equal quarterly installements from 30th June, 2015.	1,785.71	2,500.00
Bank of India	10.70% (Previous Year: 11.20%)	Repayable on 13th April 2016. For 2015, repayable on 13th April, 2016.	2,500.00	2,500.00
ICICI Bank Ltd.	10.60% (Previous Year: 12.00%)	Repayable in 15 equal quarterly installements from 1st September, 2014. For 2015, repayable in 15 equal quarterly installements from 1st September, 2014.	2,666.67	4,000.00
ICICI Bank Ltd.	10.60% (Previous Year: 11.60%)	Repayable in 12 equal quarterly installements from 1st December, 2015. For 2015, repayable in 12 equal quarterly installements from 1st December, 2015.	9,033.34	10,000.00
Kotak Mahindra Bank Ltd.	10.50% (Previous Year: 11.00%)	Repayable in 12 equal quarterly installements from 9th June, 2016. For 2015, repayable in 12 equal quarterly installements from 8th Dec, 2015.	4,166.67	5,000.00
Kotak Mahindra Bank Ltd.	9.75% (Previous Year: Nil)	Repayable on 30th September, 2017.	2,000.00	—
Abu Dhabi Commercial Bank Ltd.	10.25% (Previous Year: Nil)	Repayable in 12 equal quarterly installements from 9th September, 2016.	4,500.00	—
HDFC Bank Ltd.	9.50% (Previous Year: Nil)	Repayable in 12 equal quarterly installements from 30th June, 2017	5,000.00	—
IDBI Bank Ltd.	9.95% (Previous Year: Nil)	Repayable in 10 equal quarterly installements from 9th December, 2017.	10,000.00	—

(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

707.92

1,386.05

707.92

1,386.05

Deferred tax assets

On provision for doubtful debts/advances

229.23

194.80

On fiscal allowances on employee benefits

166.19

147.86

On fiscal allowances on expenditure

144.60

87.64

540.02

430.30

Deferred tax liability (net)

167.90

955.75

7. SHORT-TERM BORROWINGS

Loans from banks (secured)

11,948.87

13,757.23

Loans from banks (unsecured)

2,500.00

998.03

Commercial papers (unsecured)

—

8,500.00

(maximum amount outstanding during the year ₹ 8,500.00 lacs;

Previous year ₹ 8,500.00 lacs)

14,448.87

23,255.26

- 7.1** 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 loans which is secured by 1st pari passu charge on the current assets and all the movable fixed assets of the Company both present & future excluding leasehold rights, lease deposits & Shoppers Stop brands.

(All amounts in ₹ lacs)

8. TRADE PAYABLES**(Retail merchandise)**

- Micro, small and medium enterprises
- Other than micro, small and medium enterprises

Mar-16

Mar-15

423.36

479.59

36,640.67

32,655.85

37,064.03

33,135.44

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)

Interest accrued and not due on borrowings

Unpaid dividends

Other liabilities:

- a) Creditors for capital expenditure
- b) Liability for gift vouchers/point award redemptions
- c) Statutory dues payable
- d) Accrued payroll
- e) Security deposits
- f) Related parties payables (Note 38)
- g) Gratuity

12,247.62

6,047.63

139.63

153.55

0.38

0.46

1,201.79

929.04

9,147.90

9,501.51

2,195.96

1,866.32

2,491.78

2,588.09

113.54

149.93

110.68

115.92

154.79

91.25

27,804.07

21,443.70

10. SHORT-TERM PROVISIONS

Provision for employee benefits: For leave encashment

468.08

422.88

For proposed dividend

–

625.25

For corporate dividend tax

–

127.29

–

752.54

468.08

1,175.42

11. FIXED ASSETS

(All amounts in ₹ lacs)

DESCRIPTION	GROSS BLOCK			DEPRECIATION/AMORTISATION			NET BLOCK
	1 April, 2015	Additions	Deductions	31 March, 2016	For the year	Deductions	31 March, 2016
TANGIBLE ASSETS							
Leasehold improvements	30,734.39	1,953.22	1,150.06	31,537.55	11,015.37	1,150.06	19,257.46
Air conditioning and other equipments	26,680.22	2,660.63	811.21	28,529.64	8,197.08	785.28	19,040.04
Furniture, fixtures and other fittings	23,062.15	4,621.56	761.19	26,922.52	8,388.86	711.33	16,390.12
Office equipments	1,690.10	250.09	69.60	1,870.59	1,020.59	66.16	696.19
Computers	8,614.36	363.68	632.51	8,345.51	5,001.13	631.47	2,790.43
Vehicles	41.60	65.93	41.58	65.95	26.41	27.80	59.94
Total	90,822.82	9,915.11	3,466.15	97,271.76	33,649.45	3,372.09	58,234.18
INTANGIBLE ASSETS							
Trademarks	355.29	23.13	—	378.42	271.46	—	80.94
Software – acquired	5,659.84	3,438.29	—	9,098.13	3,285.91	—	4,832.08
Total	6,015.13	3,461.42	—	9,476.55	3,557.37	—	4,913.02

PREVIOUS YEAR:									
(All amounts in ₹ lacs)									
DESCRIPTION	GROSS BLOCK			DEPRECIATION/AMORTISATION			NET BLOCK		
	1 April, 2014	Additions	Deductions	31 March, 2015	1 April, 2014	For the year (Refer Note 11.1 below)	Deductions	31 March, 2015	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	19,719.02
Air conditioning and other equipments	23,231.98	3,703.38	255.14	26,680.22	6,680.07	1,744.44	227.43	8,197.08	18,483.14
Furniture, fixtures and other fittings	19,788.65	3,769.02	495.52	23,062.15	6,397.90	2,434.51	443.55	8,388.86	14,673.29
Office equipments	1,391.37	310.97	12.24	1,690.10	839.50	192.25	11.16	1,020.59	669.51
Computers	7,068.40	1,815.94	269.98	8,614.36	3,848.84	1,422.28	269.98	5,001.13	3,613.22
Vehicles	29.19	12.41	—	41.60	23.55	2.86	—	26.41	15.19
Total	79,469.33	12,688.13	1,334.65	90,822.82	26,790.25	8,102.75	1,243.56	33,649.45	57,173.37
INTANGIBLE ASSETS									
Trademarks	346.92	8.37	—	355.29	246.28	25.18	—	271.46	83.83
Software – acquired	4,851.20	808.64	—	5,659.84	2,728.14	557.77	—	3,285.91	2,373.93
Total	5,198.12	817.01	—	6,015.13	2,974.42	582.95	—	3,557.37	2,457.76

Note 11.1:

Includes ₹ 104.99 lacs provided in accordance with the transition provisions specified in Schedule II to the Companies Act, 2013.

Note 11.2:

Depreciation for the year includes impairment charge aggregating to ₹ 1,152.95 lacs (previous year ₹ 782.50 lacs).

(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-16

Mar-15

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)

—

—

Shoppers' Stop.com (India) Limited

50,000 equity shares of ₹ 10/- each fully paid

Less: Provision for diminution in value of investment

5.00
(5.00)5.00
(5.00)

—

—

Gateway Multichannel Retail (India) Limited

50,000 equity shares of ₹ 10/- each fully paid

Less: Provision for diminution in value of investment

5.00
(2.55)5.00
(2.55)**2.45**

2.45

Crossword Bookstores Limited

1,35,62,500 (previous year 95,62,500) equity shares of ₹ 10/- each fully paid
(40,00,000 equity shares on conversion of preference shares)**3,505.93**

2,505.93

Hypercity Retail (India) Limited

6,37,11,980 (previous year 4,84,500) equity shares of ₹ 10/- each fully paid
(44,05,380 equity shares purchase during the year and
5,88,22,100 equity shares on conversion of preference shares)**32,756.55**

67.61

In Joint Venture Companies:

Timezone Entertainment Private Limited

2,44,46,247 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

Less: Provision for diminution in value of investment

4,141.00
(2,381.00)4,141.00
—**1,760.00**

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

Less: Provision for diminution in value of investment

0.01
(0.01)0.01
—

—

0.01

(All amounts in ₹ lacs)

	Mar-16	Mar-15
Investments in preference shares		
In subsidiary companies:		
Crossword Bookstores Limited		
Nil (previous year 1,00,00,000) 6% cumulative redeemable preference shares of ₹ 10/- each fully paid (converted into equity shares of ₹ 10/- each, fully paid)	—	1,000.00
Hypercity Retail (India) Limited		
Nil (previous year 13,10,70,000) 7% compulsorily convertible preference share of ₹ 10/- each fully paid (converted into equity shares of ₹ 10/- each fully paid)	—	14,182.20
Hypercity Retail (India) Limited		
Nil (previous year 16,30,40,500) 7% cumulative redeemable preference share of ₹ 10/- each fully paid (converted into equity shares of ₹ 10/- each fully paid)	—	16,304.05
	40,471.15	40,649.47
Aggregate provision for diminution in value of non-current investments	2,398.56	17.55
13. LONG-TERM LOANS AND ADVANCES		
(Unsecured, considered good unless otherwise stated)		
Capital advances	844.02	976.00
Premises and other deposits		
— Considered good	16,078.92	15,458.28
— Considered doubtful	86.99	26.09
	16,165.91	15,484.37
Less: Provision for doubtful deposits	86.99	26.09
	16,078.92	15,458.28
Service tax deposited under protest (Note 29)	3,541.34	3,541.34
Advance income tax (net of provision)	612.95	488.71
Loans and advances to subsidiary companies		
— Considered good	15,586.80	13,764.87
— Considered doubtful	2,291.00	2,291.00
	17,877.80	16,055.87
Less: Provision for doubtful loans and advances	2,291.00	2,291.00
	15,586.80	13,764.87
	36,664.03	34,229.20

- 13.1** — Includes loans given to: Hypercity Retail (India) Limited ₹ 14,634.48 lacs (2015: ₹ 12,720.70 lacs), including interest of ₹ 134.48 lacs (2015: ₹ 120.70 lacs) @ interest rate of ₹ 12.00% w.e.f. 1st January, 2016 (12.50% upto 31st December, 2015), repayable on demand.
- Crossword Bookstores Limited ₹ 766.26 lacs (2015: ₹ 773.58 lacs), including interest of ₹ Nil (2015: ₹ 7.32 lacs) @ interest rate of ₹ 12.00% w.e.f. 1st January, 2016 (12.50% upto 31st December, 2015), repayable on demand.
 - Gateway Multi Channel Retail (India) Limited ₹ 2,291.00 lacs (2015: ₹ 2,291.00 lacs), fully provided.

The above loans have been given for general corporate business purpose.

Notes to Financial Statements
for the year ended 31 March, 2016

Shoppers Stop Ltd.

(All amounts in ₹ lacs)

14. INVENTORIES

(At lower of cost and net realisable value)

Stock-in-trade: Retail merchandise

Mar-16

Mar-15

38,587.11

32,961.33

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

36.54

38.67

30.47

30.47

2,330.76

2,194.85

2,397.77

2,263.99

30.47

30.47

2,367.30

2,233.52

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

21.19

34.89

192.42

178.42

0.38

0.46

314.23

276.70

528.22

490.47

Of the above, cash and cash equivalents comprise:

Balance with banks in current accounts

Cash on hand

21.19

34.89

314.23

276.70

335.42

311.59

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

3,270.95

3,700.07

714.71

686.37

3,985.66

4,386.44

714.71

686.37

3,270.95

3,700.07

226.57

246.02

1,972.44

2,309.16

5,469.96

6,255.25

18. OTHER CURRENT ASSETS

Statutory recoverables

785.86

1,155.09

785.86

1,155.09

(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

Gift vouchers written back

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-16	Mar-15
343,376.02	306,930.78
28,323.88	30,088.43
371,699.90	337,019.21
17,968.53	16,095.48
18,767.60	20,162.71
334,963.77	300,761.02
2,613.67	2,185.57
81.62	96.85
1,168.93	1,155.36
2,492.47	798.86
6,356.69	4,236.64
341,320.46	304,997.66
343,376.02	306,930.78
28,323.88	30,088.43
6,356.69	4,236.64
378,056.59	341,255.85
1,896.87	1,482.61
18.20	18.65
—	208.26
215.30	55.97
2,130.37	1,765.49
218,103.27	191,051.05
218,103.27	191,051.05
124,131.25	106,969.35
93,972.02	84,081.70
32,961.33	29,553.57
38,587.11	32,961.33
(5,625.78)	(3,407.76)

Notes to Financial Statements
for the year ended 31 March, 2016

Shoppers Stop Ltd.

(All amounts in ₹ lacs)

23. EMPLOYEE COSTS

	Mar-16	Mar-15
Salaries, allowances and bonus	22,236.83	20,711.87
Contribution to provident and other funds	1,635.22	1,298.10
Staff welfare expenses	673.99	693.32
	24,546.04	22,703.29

24. FINANCE COSTS

Interest on bank borrowings	5,023.17	4,600.49
Interest – others	590.67	386.44
Other borrowing costs	37.25	15.94
Bank charges	81.82	119.36
	5,732.91	5,122.23

25. OTHER EXPENSES

Insurance	239.59	206.52
Lease rent and hire charges (Note 25.1)	30,188.32	28,514.11
Business conducting fees	1,445.50	1,306.52
Rates and taxes	141.48	66.41
Repairs and maintenance		
– Buildings	7,306.54	6,814.80
– Others	1,045.12	939.02
Legal and professional fees (Note 25.2)	1,396.77	1,684.38
Housekeeping charges	1,647.18	1,547.63
Security charges	2,562.31	2,326.41
Computer expenses	2,085.97	1,479.53
Conveyance and travelling expenses	1,772.96	1,981.35
Electricity charges	9,161.25	8,654.43
Advertisement and publicity	6,075.28	5,496.97
Sales promotion	3,334.70	2,893.75
Charges on credit card transactions	2,334.02	2,349.40
Packing materials	396.46	448.65
Loss on sale of fixed assets (net)	63.37	28.22
Provision for doubtful debts/advances	89.26	18.24
Foreign exchange loss (net)	32.47	19.32
Expenditure towards corporate social responsibility (CSR) (Note 25.3)	73.78	–
Service tax input credit expensed	7,230.27	5,796.02
Miscellaneous expenses	3,948.88	3,185.70
	82,571.48	75,757.38

(All amounts in ₹ lacs)

25.1 Leasing Transactions

- a) Operating lease rentals charged to revenue:
- b) Variable rentals charged to revenue:
Variable rent for certain stores is payable in accordance with the lease agreement as the higher of:
(a) Fixed minimum guarantee amount and (b) Revenue share percentage.
- c) The future minimum rental payments in respect of non-cancellable lease for premises are as follows:
Not later than one year
Later than one year and not later than five years
Later than five years

Mar-16**12,371.68**
17,715.60**5,106.38**
4,656.29
—**Mar-15****12,326.35**
12,990.78**8,688.85**
13,780.29
299.60

The agreements are executed for periods ranging from 24 to 288 months with a non-cancellable period at the beginning of the agreement ranging from 24 to 108 months and having a renewable clause.

25.2 Payments to auditors (excluding service tax):

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

50.00**9.18****0.08****59.26**

43.00

9.73

1.87

54.60

25.3 Expenditure related to corporate social responsibility as per Section 135 of the Companies Act, 2013 read with Schedule VIII thereof ₹ 73.78 lacs.

- a) Gross amount required to be spent by the Company towards Corporate Social Responsibility is ₹ 127.78 lacs (previous year ₹ 147.00 lacs).

- b) Details of amount spent are as under:

Construction/acquisition of an asset
On purpose other than above - Livelihood creation (For Youth with/without disability),
Diaster relief aid for Chennai Floods

Total**—****73.78****73.78**

—

—

—

- c) Details of expenditure paid to related party, in relation to CSR expenditure as per Accounting Standard (AS) 18, Related Party Disclosures - Refer Note 36

26. TAX EXPENSES COMPRISE OF:

- Current tax
— For the year
— For the earlier year
Deferred tax
— For the year
— For the earlier year

4,255.10
(9.37)**(805.23)**
17.39
3,457.892,909.50
(22.03)(4.75)
—
2,882.72**27. EARNING PER EQUITY SHARE****Calculated as follows:**

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

2,517.62
83,426,364
83,480,844**5.00****3.02****3.02**4,073.53
83,290,042
83,496,557

5.00

4.89

4.88

(All amounts in ₹ lacs)

28. CONTINGENT LIABILITIES AND COMMITMENTS

	Mar-16	Mar-15
a) Claims against the Company not acknowledged as debts, comprising of:		
Income tax claims disputed by the Company relating to disallowances	797.87	797.87
Service tax, sales tax and other indirect tax claims disputed by the Company relating to issues of applicability and classification	1,635.05	1,611.88
Third party claims arising from disputes relating to contracts	486.52	493.52
b) Other matters	175.00	175.00
c) Estimated amount of contracts remaining to be executed on capital account and not provided for	2,419.73	3,069.63
d) Corporate guarantee given jointly and severally with joint venture partner to banks for loans taken by joint venture entity	2,325.00	825.00
e) Corporate guarantee given jointly and severally with the promoter group company for loans taken by subsidiary companies	31,000.00	23,500.00

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, the Company has based on a legal advice, challenged the said levy and, inter-alia, its retrospective application. Pending the final disposal of the matter, which is presently before the Supreme Court, the Company continues not to provide for the retrospective levy aggregating to ₹ 1,659.56 lacs for the period 1 June, 2007 to 31 March, 2010, (fully paid under protest).

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	Loans and Advances	Total Involvement
Hypercity Retail (India) Limited	32,756.55	14,634.48	47,391.03

Hypercity has made a loss of ₹ 9,290.13 lacs for the year and its accumulated losses at 31 March, 2016 amount to ₹ 62,142.65 lacs which have substantially eroded its net worth. In view of the significant steps being taken by Hypercity to revamp its operations, (including a change in its top management team, store right sizing, and brand positioning), and to infuse funds into the business, its future business plans with strategic growth projections and considering the business valuation by an independent valuer, the Company has determined that no provision is required against the aforesaid amounts at this stage.

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, 2016.

Particulars	31 March, 2016			31 March, 2015	
	4 Buy	5 Buy	2 Buy	2 Buy	6 Buy
Number of contracts					
Type					
Foreign currency (in lacs)	1.61 GBP	4.43 USD	0.32 AED	3.02 GBP	2.33 USD
INR equivalent (in lacs)	156.14	299.04	6.11	292.78	148.71

- b) Unhedged foreign currency exposure

There are no foreign currency exposures that have not been hedged by a derivative instrument or otherwise at the end of the year.

33. ESOP SCHEMES

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

	31 March, 2016		31 March, 2015	
	Number of Options	Weighted average exercise price	Number of Options	Weighted average exercise price
Outstanding at the beginning of the year	504,637	319.40	525,735	291.21
Granted during the year	3,275	404.00	165,000	366.25
Lapsed/cancelled during the year	61,551	—	34,053	—
Exercised during the year*	105,386	236.87	152,045	269.56
Outstanding at the end of the year	340,975	339.62	504,637	319.40

* Includes 11,245 options against which money is received for which allotment of shares is pending.

Details of year wise grant and exercise:

Year/(date of Grant)	Options granted (net of lapsed)	Exercised till 31.3.2015	Exercised in 2015-16*	Exercised till 31.3.2016	Outstanding 31.3.2016
2009-10 (29.04.2009)	958,740	936,740	22,000	958,740	—
2009-10 (24.03.2010)	358,200	330,000	28,200	358,200	—
2011-12 (29.04.2011)	124,100	102,242	21,858	124,100	—
2012-13 (09.06.2012)	155,995	58,386	13,443	71,829	84,166
2013-14 (28.08.2013)	154,758	17,663	9,391	27,054	127,704
2014-15 (29.04.2014)	136,324	—	10,494	10,494	125,830
2015-16 (31.07.2015)	3,275	—	—	—	3,275
			105,386		340,975

* Includes 11,245 options against which money is received for which allotment of shares is pending.

(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.

	2015-16	2014-15	
	31.07.2015	29.04.2014	05.11.2014
Date of grant			
Number of option granted	3,275	160,675	4,325
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 binomial option pricing model/black scholes)	124.35	126.38	180
Model inputs (share price at the grant date) ₹	404	362	524
Exercise Price ₹	404	362	524
Expected volatility	32.07%	36.48%	36.11%
Risk free rate of return	7.71%	8.77%	8.24%

c) The weighted average contractual life of the options outstanding is **4.37** years.

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

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

	Mar-16	Mar-15
	—	—
	(108.61)	(166.10)
	2.89	4.70
	2.89	4.68

(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 period

Current service cost

Interest cost

Actuarial losses

Benefits paid/transferred

Present value of DBO at the end of period

III. Change in Fair Value of Assets

Plan assets at the beginning of period

Expected return on plan assets

Actuarial gains/(losses)

Actual company contribution

Benefits paid/transferred

Plan assets at the end of period

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

Present value of defined benefit obligation

Fair value of plan assets

Status [surplus/(deficit)]

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, 2016	31 March, 2015	31 March, 2014	31 March, 2013	31 March, 2012
Present value of the defined benefit obligation	1,208.01	962.00	778.25	690.99	497.66
Fair value of the plan assets	1,053.22	870.75	774.40	560.85	455.81
(Deficit) in the plan	(154.79)	(91.25)	(3.85)	(130.14)	(41.85)
Experience adjustments arising on plan	(20.93)	(21.67)	(8.75)	(35.86)	(63.86)
Liabilities – (Gains)					
Experience adjustments arising on plan	(21.37)	(0.94)	23.44	9.88	8.35
Assets – Gains/(losses)					

The Company expects to contribute ₹ 390.13 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, 2016 and 31 March, 2015
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, 2016	31 March, 2015
I.	ASSETS		
	Non-Current Assets		
	Fixed assets including capital work in progress (net)	2,585.31	2,843.43
	Non-current investments	0.50	0.50
	Long-term loans and advances	2,358.80	1,189.55
	Other non-current assets	72.92	67.16
	Current Assets		
	Inventories	1,247.91	1,050.79
	Trade receivables	198.28	156.02
	Cash and cash equivalents	264.30	259.08
	Short-term loans and advances	100.06	889.82
	Other current assets	236.88	212.26
II.	LIABILITIES		
	Non-Current Liabilities		
	Long-term borrowings	1,782.46	419.66
	Other long-term liabilities	102.04	76.07
	Long-term provisions	34.08	10.44
	Current Liabilities		
	Short-term borrowings	1,025.71	470.77
	Trade payables	770.80	1,658.44
	Other current liabilities	745.78	793.32
	Short-term provisions	14.39	21.50
III.	INCOME		
	Revenue from operations	10,350.31	9,726.29
IV.	EXPENSES		
	Operational expenses	9,147.79	8,966.79
	Finance costs	226.23	137.90
	Depreciation/amortisation	727.46	518.30
V.	CONTINGENT LIABILITIES	101.99	374.88

36. RELATED PARTY DISCLOSURES

(All amounts in ₹ lacs)

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	24.10	—	—	—	24.10
Crossword Bookstores Ltd	24.10	—	—	—	—
	(2.67)	—	—	—	(2.67)
Sale of Assets	—	0.04	—	—	0.04
Trust for Retailers & Retail Association of India	—	0.04	—	—	—
	(0.15)	—	—	—	(0.15)
Purchase of Merchandise	7.69	—	—	—	7.69
Hypercity Retail (India) Limited	7.69	—	—	—	—
	(43.31)	—	—	—	(43.31)
Return of Merchandise purchase in earlier years	11.18	—	—	—	11.18
Crossword Bookstores Limited	11.18	—	—	—	—
	(—)	—	—	—	(—)
Payment of conducting fees/Lease Rent/ Common Area Maintenance Charges	71.30	5,755.10	—	—	5,826.40
Ivory Properties and Hotels Private Limited	—	1,699.07	—	—	—
Inorbit Malls (India) Private Limited	—	2,685.04	—	—	—
Hypercity Retail (India) Limited	71.30	—	—	—	—
Genext Hardware & Park Pvt. Ltd.	—	258.46	—	—	—
Trion Properties Private Limited	—	1,112.53	—	—	—
	(69.81)	(5,537.33)	—	—	(5,607.14)
Expenses Paid	12.02	8.54	—	0.87	21.44
B. S. Nagesh	—	—	—	0.87	—
Hypercity Retail (India) Limited	0.40	—	—	—	—
Juhu Beach Resorts Limited	—	4.63	—	—	—
Trrain Foundation	—	0.69	—	—	—
JW Marriott Sahar Mumbai unit of Chalet Hotels Pvt. Ltd.	—	0.72	—	—	—
Crossword Bookstores Limited	11.62	—	—	—	—
Inorbit Malls (India) Private Limited	—	2.50	—	—	—
	(18.98)	(13.54)	—	—	(32.52)

SOH Expenses Paid	71.60	—	—	—	71.60
Hypercity Retail (India) Limited	71.60	—	—	—	—
	(64.00)	—	—	—	(64.00)
Interest Received	1,896.87	—	—	—	1,896.87
Crossword Bookstores Limited	95.09	—	—	—	—
Hypercity Retail (India) Limited	1,801.78	—	—	—	—
	(1,482.61)	—	—	—	(1,482.61)
Deposits Paid	1.00	35.11	—	—	36.11
Hypercity Retail (India) Limited	1.00	—	—	—	—
Inorbit Malls (India) Private Limited	—	34.23	—	—	—
Trion Properties Private Limited	—	0.88	—	—	—
	(2.00)	—	—	—	(2.00)
Reimbursement of Expenses	88.68	446.89	—	—	535.57
Inorbit Malls (India) Private Limited	—	365.34	—	—	—
Crossword Bookstores Limited	32.86	—	—	—	—
Hypercity Retail (India) Limited	55.83	—	—	—	—
Trion Properties Private Limited	—	81.55	—	—	—
	(85.95)	(751.61)	—	—	(837.56)
Expenses Paid	—	46.04	—	—	46.04
Retailers Association of India	—	13.06	—	—	—
Sanghavi Associates Ltd.	—	7.98	—	—	—
CSR- Trust for Retailers & Retail Association of India	—	25.00	—	—	25.00
	(18.98)	(13.54)	—	—	(32.52)
Expenses Recovered	479.74	—	—	—	479.74
Hypercity Retail (India) Limited	7.02	—	—	—	—
Crossword Bookstores Limited	472.72	—	—	—	—
	(899.10)	—	—	—	(899.10)
Investments Made	2,202.69	—	—	—	2,202.69
Hypercity Retail (India) Limited - Equity Shares	2,202.69	—	—	—	—
Timezone Entertainment Pvt. Ltd.	—	—	—	—	—
	(1,889.55)	—	—	—	(1,889.55)

Notes to Financial Statements
for the year ended 31 March, 2016

Shoppers Stop Ltd.

Deposit Received Back	1.00	—	—	—	1.00
Hypercity Retail (India) Limited	1.00	—	—	—	—
	(116.72)	—	—	—	(116.72)
Loan Given	5,700.00	—	—	—	5,700.00
Hypercity Retail (India) Limited	5,700.00	—	—	—	—
	(24,215.26)	—	—	—	(24,215.26)
Advance for Expenses Given	—	5.95	—	—	5.95
Trust for Retailers & Retail Association of India	—	5.95	—	—	—
	—	—	—	—	—
Recovery of Loan	3,800.00	—	—	—	3,800.00
Hypercity Retail (India) Limited	3,800.00	—	—	—	—
	(21,599.00)	—	—	—	(21,599.00)
Remuneration to Directors	—	—	—	444.92	444.92
	—	—	—	(404.57)	(404.57)
Commission and Sitting fees to Non-Executive Directors				49.20	49.20
Chandru L. Raheja				2.00	
Ravi Raheja				2.30	
Neel Raheja				2.00	
B. S. Nagesh				5.00	
Nitin Sanghavi				6.60	
Deepak Ghaisas				9.20	
Nirvik Singh				4.50	
Abanti Sankaranarayanan				5.00	
Avnish Bajaj				1.00	
Gareth Thomas				5.00	
Manish Chokhani				6.60	
	—	—	—	(46.95)	(46.95)

**Balance outstanding at the year end
Payable**

Upasna Trading Limited	110.68	
	(115.92)	Cr.
K. Raheja Corp. Pvt. Ltd.	—	
	(0.21)	Cr.

Receivables

Shoppers Stop Services (India) Limited	0.04	
	(1.39)	Dr.
Shoppers Stop.Com (India) Limited	1.34	
	(1.21)	Dr.
Hypercity Retail (India) Limited	14,694.23	
	(12,781.27)	Dr.
Ivory Properties and Hotels Private Limited	986.91	
	(955.82)	Dr.
Inorbit Malls (India) Private Limited	778.67	
	(768.76)	Dr.
Genext Hardware & Park Pvt. Ltd.	—	
	(5.21)	Dr.
Gateway Multi Channel Retail (India) Limited	2,329.07	*
	(2,316.62)	Dr.
*Of the above, ₹ 2297 lacs is provided for in the books		
Trion Properties Private Limited	460.89	
	(502.43)	Dr.
Crossword Bookstores Limited	931.77	
	(1,003.46)	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 (c) below | C. L. Raheja, Ravi C. Raheja, Neel C. Raheja |

Notes to Financial Statements
for the year ended 31 March, 2016

Shoppers Stop Ltd.

(c) Key Management Personnel	Executive Director:	Govind Shrikhande
	Non-Executive Directors:	Chandru L. Raheja Ravi Raheja Neel Raheja B. S. Nagesh Nitin Sanghavi Deepak Ghaisas Nirvik Singh Avnish Bajaj Abanti Sankaranarayanan Gareth Thomas Manish Chokhani
(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.	
	Juhu Beach Resorts Ltd., Inorbit Malls (India) Private Limited JW Marriott Sahar Mumbai unit of Chalet Hotels Limited, Trion Properties Private Limited, Magna Warehousing & Distribution Private Limited, Retailers Association of India, Trust for Retainers & Retail Association of India Sanghavi Associates Ltd., Ttrain Foundation	
(e) Joint Ventures	Nuance Group (India) Private Limited	
	Timezone Entertainment Private Limited.	

(All amounts in ₹ lacs)

37. ADDITIONAL NOTES

- a) Value of Imports on CIF Basis:
- Capital Goods
- Purchase of Merchandise

- b) Expenditure in foreign currency:
- Consultancy
- Royalty
- Commission paid to directors
- Sitting fees paid to a director
- Others

- c) Earnings in foreign exchange:

Foreign currency and foreign credit card collection on sale of merchandise

Mar-16	Mar-15
308.66	325.92
2,632.55	3,142.11
2,941.21	3,468.03
12.05	23.22
158.17	135.31
2.25	3.00
2.00	1.70
835.06	362.07
1,009.53	525.30
8,078.52	7,247.05
8,078.52	7,247.05

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

STATEMENT REGARDING SUBSIDIARY COMPANIES FY 2015-16

(All amounts in ₹ lacs)

Sr. No.	Name of Subsidiary Company	Reporting Currency	Share Capital	Reserves	Total Assets*	Total Liabilities**	Investments	Turnover/ Total Income	Profit/(Loss) Before Taxation	Provision for Taxation	Profit/(Loss) After Taxation	Proposed Dividend including Dividend distribution tax	% of shareholding	Country
1	Crossword Bookstores Limited	INR	1,356.25	(408.35)	6,099.52	6,099.52	—	10,038.81	(295.19)	—	(295.19)	—	100%	India
2	Upasana Trading Limited	INR	5.00	14.67	163.06	163.06	—	—	(0.43)	—	(0.43)	—	100%	India
3	Gateway Multi Channel Retail (India) Limited	INR	5.00	(4,506.61)	30.42	30.42	—	0.32	(0.72)	—	(0.72)	—	100%	India
4	Shoppers Stop Services (India) Limited	INR	5.00	2.89	8.27	8.27	—	0.09	(0.91)	—	(0.91)	—	100%	India
5	Shoppers Stop.com (India) Limited	INR	5.00	(3.58)	3.04	3.04	—	0.23	0.05	—	0.05	—	100%	India
6	Hypercity Retail (India) Limited	INR	12,483.14	(12,170.11)	49,259.62	49,259.62	—	98,528.61	(9,290.13)	—	(9,290.13)	—	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

Name of Joint Ventures	Nuance Group (India) Private Limited	Timezone Entertainment Private Limited
Latest audited Balance Sheet Date	31 March, 2016	31 March, 2016
	(31 March, 2015)	(31 March, 2015)
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 (₹ in lacs)	4,141.00 **	2,444.62
	(4,141.00)	(2,444.62)
Networth attributable to shareholding as per latest audited Balance Sheet	2,222.91	1,554.54
	(1,863.16)	(1,647.49)
Profit/Loss for the year		
1. Considered in consolidation (₹ in lacs)	Profit - 359.74	Loss - 89.95
	(Profit - 66.93)	(Profit - 59.34)
2. Not considered in consolidation	—	—

Figures in bracket pertains to previous year.

** ₹ 2,381 lacs provided towards a provision for diminutions in the value of investments.

SHOPPERS STOP

Shoppers Stop Limited
Consolidated Financial Statements
2015-16

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 companies, comprising of the Consolidated Balance Sheet as at 31st March, 2016, the Consolidated Statement of Profit and Loss, 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 statements").

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 and Jointly controlled companies in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, as applicable. The respective Board of Directors of the companies included in the Group and jointly controlled companies 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.

Auditor's 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. 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 companies as at 31st March, 2016, 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 immovable properties given for commercial use, aggregating ₹.2010.90 Lacs (2015: ₹ 2010.90 Lacs), pending final disposal of the appeal filed before the 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.

Other Matter

9. We did not audit the financial statements of five subsidiaries, and a jointly controlled company, whose financial statements reflect total assets (net) of ₹ 7,498.13 Lacs as at 31st March, 2016, total revenues of ₹ 11,979.62 Lacs and net cash flows amounting to ₹ 64.69 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 respect of these subsidiaries, jointly controlled company, 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 matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

Report on Other Legal and Regulatory Requirements

11. 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 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 prescribed under Section 133 of the Act, as applicable.
 - e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2016 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, 2016 from being appointed as a director in terms of Section 164(2) of the Act.

- f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our Report in "Annexure A", which is based on the auditors' reports of the Holding company, subsidiary companies and jointly controlled companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Holding company's/subsidiary company's/jointly controlled company's incorporated in India internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) 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 jointly controlled companies.
 - ii) The Group and jointly controlled Companies did not have any material foreseeable losses on long-term contracts including derivative contracts.
 - iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Group and jointly controlled companies in India.

For Deloitte Haskins & Sells LLP

Chartered Accountants

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

Place: Mumbai
Date: 3 May, 2016

P. B. Pardiwalla

Partner
(Membership No. 40005)

(Referred to in paragraph 11 (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

1. We have audited the internal financial controls over financial reporting of Shoppers Stop Limited (hereinafter referred to as "the Holding Company"), its subsidiary companies, and its jointly controlled companies, which are companies incorporated in India, as of March 31, 2016 in conjunction with our audit of the consolidated financial statements of the Holding Company for the year then ended.

Management's Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Holding Company, its subsidiary companies, and jointly controlled companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Holding Company, its subsidiary companies, and its jointly controlled companies, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary companies, and jointly controlled companies, which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the aforesaid entities.

Meaning of Internal Financial Controls Over Financial Reporting

6. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the

Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, to the best of our information and according to the explanations given to us and taking into consideration the reports of the other auditors referred to in the Other Matters paragraph below, the Holding Company, its subsidiary companies, and its jointly controlled companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India.

Other Matters

9. Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to five subsidiary companies, and a jointly controlled company, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

For Deloitte Haskins & Sells LLP

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

P. B. Pardiwalla

Partner
(Membership No. 40005)

Place: Mumbai

Date: 3 May, 2016

(All amounts in ₹ lacs)

	Notes	Mar-16	Mar-15
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	3	4,173.10	4,168.39
Reserves and surplus	4	48,340.09	48,672.63
Money received against employee share options		28.75	—
		52,541.94	52,841.02
MINORITY INTEREST			
		153.41	2,612.30
NON-CURRENT LIABILITIES			
Long-term borrowings	5	47,494.90	36,188.36
Deferred tax liabilities (net)	6	167.90	955.75
Other long-term liabilities	7	102.04	76.07
		47,764.84	37,220.18
CURRENT LIABILITIES			
Short-term borrowings	8	19,114.37	29,161.93
Trade payables	9		
(i) Total outstanding dues to micro enterprises and small enterprises		516.88	635.60
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		49,647.20	46,239.56
Other current liabilities	10	37,616.74	28,140.37
Short-term provisions	11	606.20	1,295.78
		107,501.39	105,473.24
		207,961.58	198,146.74
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Tangible assets	12	77,431.66	76,548.70
Intangible assets	12	6,031.69	3,566.70
Capital work-in-progress		3,384.12	2,757.22
		86,847.47	82,872.62
Goodwill on consolidation		10,209.71	10,185.73
Non-current investments	13	2.10	2.11
Long-term loans and advances	14	29,193.64	27,519.87
Other non-current assets	15	1,933.49	4,680.30
		128,186.41	125,260.63
CURRENT ASSETS			
Inventories	16	59,130.38	50,633.59
Trade receivables	17	10,168.68	10,145.14
Cash and cash equivalents	18	1,299.23	1,993.25
Short-term loans and advances	19	8,055.30	8,722.97
Other current assets	20	1,121.58	1,391.16
		79,775.17	72,886.11
		207,961.58	198,146.74

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

In terms of our report of even date

For and on behalf of the Board of Directors

For Deloitte Haskins & Sells LLP
Chartered Accountants

C. L. Raheja
Chairman

Ravi Raheja
Director

Govind S. Shrikhande
Customer Care Associate &
Managing Director

P. B. Pardiwalla
Partner
Mumbai, May 3, 2016

Sanjay Chakravarti
Customer Care Associate &
Chief Financial Officer
Mumbai, May 3, 2016

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

Consolidated Statement of Profit & Loss for the year ended 31 March, 2016

Shoppers Stop Ltd.

(All amounts in ₹ lacs)

	Notes	Mar-16	Mar-15
A. CONTINUING OPERATIONS			
INCOME			
Revenue from operations	21	458,236.58	428,693.33
Other income	22	1,670.01	1,326.92
Total revenue		459,906.59	430,020.25
EXPENDITURE			
Purchase of stock-in-trade	23	303,160.25	274,988.15
Changes in Inventories of stock-in-trade – (increase)	24	(8,497.77)	(5,734.31)
Employee benefits expenses	25	34,036.28	31,565.57
Finance costs	26	8,724.17	7,814.32
Depreciation and amortisation expenses	12	13,652.64	12,530.61
Other expenses	27	109,719.79	101,071.69
Total expenses		460,795.36	422,236.03
(LOSS)/PROFIT BEFORE TAX		(888.77)	7,784.22
Tax expense	30	3,457.90	2,882.77
(LOSS)/PROFIT FOR THE YEAR		(4,346.67)	4,901.45
B. DISCONTINUING OPERATIONS			
Loss from discontinuing Operations before tax	36	(0.72)	(0.64)
Tax expenses		—	—
LOSS FOR THE YEAR		(0.72)	(0.64)
C. TOTAL OPERATIONS			
(LOSS)/PROFIT AFTER TAX BEFORE SHARE OF (LOSS)/PROFIT ATTRIBUTABLE TO MINORITY INTEREST		(4,347.39)	4,900.81
Add/(Less): Share of loss/(profit) attributable to minority interest		4,552.13	(660.38)
PROFIT FOR THE YEAR ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY		204.74	4,240.43
EARNINGS PER EQUITY SHARE	31		
Equity shares of face value ₹ 5/- each			
Basic (₹)		0.25	5.09
Diluted (₹)		0.25	5.08

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

P. B. Pardiwalla
Partner
Mumbai, May 3, 2016

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, May 3, 2016

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 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)

Net cash from operating activities (A)**Cash Flow from Investing Activities**

Purchase of fixed assets

Sale of fixed assets

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

Money received against employee share options

Issue of share capital to minority shareholders

Dividend and dividend tax paid

Interim 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 LLP

Chartered Accountants

C. L. Raheja

Chairman

Ravi Raheja

Director

Govind S. ShrikhandeCustomer Care Associate &
Managing Director**P. B. Pardiwalla**

Partner

Mumbai, May 3, 2016

Sanjay Chakravarti

Customer Care Associate &

Chief Financial Officer

Mumbai, May 3, 2016

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, 2016, the Company operated through 77 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 (the Act) and the relevant provisions of the Act. The financial statements have been prepared on accrual basis under the historical cost convention.

b) Use of Estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions that affect the reported amounts of revenue and expenses, assets and liabilities (including contingent liabilities). Actual 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 cost of acquisition or construction less accumulated depreciation and impairment losses. Cost comprises of all cost incurred to bring the assets to their location and working condition and includes all expenses incurred up to the date of launching new stores to the extent they are attributable to the new store.

Depreciation on tangible fixed assets has been provided, on the straight line method over the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, whose life have been assessed as under, taking into account various factors such as the expected pattern of usage, operating conditions, past history of replacement, anticipated technological changes, manufactures warranties and maintenance support.

Categories of Assets	No. of Years
Air conditioning and other equipment	5 to 17
Furniture, fixtures and other fittings	5 to 10
Computers Equipments (other than Desktops & Laptops)	5 to 6
Desktops & Laptops	3
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, as under:

Trademarks and Patents – 10 years

Computer Software – 6 years

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 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

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

Sale of products:

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 under Retail sale of products (Note 21).

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.

Sale of option inventory is recognised when there is a transfer of significant risks and rewards in terms of the contracts/arrangements entered into with third parties.

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, are charged as expense to the Statement of Profit and Loss in the period in which the service is rendered.

Employee Benefits under defined benefit plans and other long-term employee benefits such as gratuity and compensated absences which fall due for payment after completion of employment or after a period of twelve months from rendering service, are measured by the projected unit credit method, on the basis of actuarial valuations carried out by third party actuaries at each

Balance Sheet date. The Company's obligations recognised in the Balance Sheet represent the present value of obligations as reduced by the fair value of plan assets, where applicable.

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

i) Operating Leases

Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis or other 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 existing asset/liability, are recognised in the Statement of Profit and Loss in the reporting period in which the exchange rate changes. Premium/discount on forward exchange contracts are treated as an expense/income over the life of the contract.

l) Income Tax

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

Current tax is measured at the amount expected to be paid to revenue authorities using the applicable tax rates and 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 on the reporting date.

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) Provision, Contingent Liabilities and Contingent Assets

A Provisions is 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

83,461,946 (2015: 83,367,805) equity shares of ₹ 5/- each fully paid up

Mar-16	Mar-15
10,000.00	10,000.00
4,173.10	4,168.39
4,173.10	4,168.39

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, 2016	
Numbers	₹ Lacs
83,367,805	4,168.39
94,141	4.71
83,461,946	4,173.10

31 March, 2015	
Numbers	₹ Lacs
83,215,760	4,160.79
152,045	7.60
83,367,805	4,168.39

3.4 Shares Reserved for Issue under Options

Employee Stock Option Plan (ESOP)

Options exercised during the year

Options against which the money is received

Option outstanding as at

Mar-16 Nos.	Mar-15 Nos.
94,141	152,045
11,245	—
340,975	504,637

3.5 Details of Shareholders Holding more than 5% Shares as at**Name of the Shareholder**

Palm Shelter Estate Development LLP

Raghukool Estate Development LLP

Capstan Trading LLP

Casa Maria Properties LLP

Reliance Capital Trustee Co. Ltd. A/C

Reliance Equity Opportunities Fund

Anbee Construction LLP

Cape Trading LLP

31 March, 2016	
Shares held (Nos)	Shares held (%)
11,813,300	14.16%
8,263,300	9.90%
8,129,768	9.74%
7,913,300	9.48%
6,677,301	8.00%
6,511,762	7.80%
6,261,040	7.50%

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%
5,209,410	6.25%
6,511,762	7.81%
6,261,040	7.51%

3.6 The Rights, Preferences and Restrictions Attaching to each Class of Shares Including Restrictions on the Distribution of Dividends and the Repayment of Capital

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. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(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 for the year

Appropriations:

Interim dividend paid ₹ 0.75 per share (2015: ₹ Nil per share)

Tax on interim dividend

Proposed dividend ₹ Nil per share (2015: ₹ 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 ₹ 2,382.02 lacs (2015: ₹ 2,653.82 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-16	Mar-15
47,184.08	46,781.83
216.15	402.25
47,400.23	47,184.08
1,834.16	1,630.48
75.02	203.68
1,909.18	1,834.16
(765.61)	(3,525.34)
—	104.48
204.74	4,240.43
(560.87)	610.61
625.99	—
127.44	—
—	625.25
—	127.29
75.02	203.68
—	420.00
(1,389.32)	(765.61)
420.00	—
—	420.00
420.00	420.00
48,340.09*	48,672.63*
5,000.00	5,000.00
57,185.62	40,341.67
19,006.52	9,772.97
43,179.10	35,568.70
2,700.00	200.00
1,992.30	605.28
376.50	185.62
1,615.80	419.66
47,494.90	36,188.36

5.1 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.

5.2 Terms of the Facilities:**(All amounts in ₹ lacs)**

Name of the Bank	Rate of Interest	Repayment Schedule	Loan Balance	
			Mar-16	Mar-15
HDFC Bank Ltd.	10.85% (Previous Year: 11.70%)	Loan is repayable in 12 quarterly equal installments from 10th January, 2015. For 2015, repayable in 12 quarterly equal installments from 10th January, 2015.	2,916.66	4,583.34
HDFC Bank Ltd.	10.85% (Previous Year: 11.10%)	Repayable in 14 equal quarterly installments from 30th June, 2015. For 2015, repayable in 14 equal quarterly installments from 30th June, 2015.	1,785.72	2,500.00
Bank of India	10.70% (Previous Year: 11.20%)	Repayable on 13th April, 2016. For 2015, repayable on 13th April, 2016.	2,500.00	2,500.00
ICICI Bank Ltd.	10.60% (Previous Year: 12.00%)	Repayable in 15 equal quarterly installments from 1st September, 2014. For 2015, repayable in 15 equal quarterly installments from 1st September, 2014.	2,666.67	4,000.00
ICICI Bank Ltd.	10.60% (Previous Year: 11.60%)	Repayable in 12 equal quarterly installments from 1st December, 2015. For 2015, repayable in 12 equal quarterly installments from 1st December, 2015.	9,033.34	10,000.00
Kotak Mahindra Bank Ltd.	10.50% (Previous Year: 11.00%)	Repayable in 12 equal quarterly installments from 9th June, 2016. For 2015, repayable in 12 equal quarterly installments from 8th December, 2015.	4,166.67	5,000.00
Kotak Mahindra Bank Ltd.	9.75% (Previous Year Nil)	Repayable on 30th September, 2017.	2,000.00	—
Abu Dhabi Commercial Bank Ltd.	10.25% (Previous Year: Nil)	Repayable in 12 equal quarterly installments from 9th September, 2016,	4,500.00	—
HDFC Bank Ltd.	9.50% (Previous Year: Nil)	Repayable in 12 equal quarterly installments from 30th June, 2017	5,000.00	—
IDBI Bank Ltd.	9.95% (Previous Year: Nil)	Repayable in 10 equal quarterly installments from 9th December, 2017	10,000.00	—
Kotak Mahindra Bank Ltd.	11.25% (Previous Year: Nil)	Repayable in 12 equated quarterly Installments from August, 2016	500.00	—
Kotak Mahindra Bank Limited - Working capital term loan	12.25% (Previous Year: 12.25%)	Repayable in 1 equal quarterly installments on 30th April, 2015. For 2015, repayable in 5 equal quarterly installments from 30th April, 2014.	—	125.00
Yes Bank Limited - Term loan	12.30% (Previous Year: 12.05%)	Repayable in 4 equal quarterly installments from 25th June, 2016 to 25th March, 2017. For 2015, repayable in 12 equal quarterly installments from 25th June, 2014.	1,666.57	3,333.34

5.2 Terms of the Facilities:**(All amounts in ₹ lacs)**

Name of the Bank	Rate of Interest	Repayment Schedule	Loan Balance	
			Mar-16	Mar-15
Yes Bank Limited - Term loan (Unsecured)	10.75% (Previous Year: Nil)	Bullet repayment. Repayable on 30th April, 2016. For 2015, bullet repayment. Repayable on 30th April, 2016.	200.00	200.00
ICICI Bank Limited - Term loan	12.07% (Previous year: 12.07%)	Repayable in 9 equal quarterly installments from 8th June, 2016 to 8th June, 2018. For 2015, repayable in 12 equal quarterly installments from 8th October, 2015.	3,750.00	5,000.00
Kotak Mahindra Bank Limited - Term loan	11.95% (Previous Year: 11.95%)	Repayable in 8 equal quarterly installments from 26th June, 2016 to 26th March, 2018.	2,200.00	3,300.00
Non Convertible Debentures	11.60% (Previous Year: 11.60%)	Bullet repayment repayable on 19th September, 2017. For 2015, bullet repayment repayable on 19th September, 2017.	5,000.00	5,000.00
Yes Bank Limited - Term loan-II	10.50% (Previous Year: Nil)	Bullet repayment repayable on 29th March, 2017.	2,000.00	—
ICICI Bank Limited - Term loan-II	10.90% (Previous Year: Nil)	Repayable in 12 equal quarterly installments from 22nd March, 2018 to 22nd December, 2020.	2,500.00	—
Kotak Mahindra Bank Limited - Working capital term loan	10.50% (Previous Year: Nil)	Repayable in 8 equal quarterly installments from 3rd June, 2017 to 3rd March, 2019.	2,500.00	—
ICICI Bank Limited	12.50% (Previous Year: 12.50%)	Repayable in 12 equal quarterly installments from February, 2015. For 2015, repayable in 12 equal quarterly installments from February, 2015.	419.66	605.27
ICICI Bank Limited	12.50% (Previous Year: Nil)	Repayable in 12 equal quarterly installments from May, 2017.	72.63	—
Kotak Mahindra Bank Limited	10.15% (Previous Year: Nil)	Repayable in 9 semi-annual installments. Starting from the end of 12th month following the month of disbursement of loan i.e. 31st August, 2015.	1,500.00	—

(All amounts in ₹ lacs)

6. DEFERRED TAX LIABILITIES (NET)

Major components are as follows:

Deferred Tax Liabilities

On fiscal allowances on fixed assets

Mar-16

Mar-15

975.66

1,823.03

975.66

1,823.03

Deferred Tax Assets

On provision for doubtful debts/advances

229.23

194.80

On fiscal allowances on employee benefits

166.19

147.86

On fiscal allowances on expenditure

144.60

87.63

Unabsorbed depreciation*

267.74

436.99

807.76

867.28

Deferred tax liabilities (Net)

167.90

955.75

* To the extent of deferred tax liability on depreciation

7. OTHER LONG-TERM LIABILITIES

Share in Joint Venture (Note 37)

102.04

76.07

102.04

76.07

8. SHORT-TERM BORROWINGS

Loans from banks (secured)

15,435.10

18,574.35

Loans from banks (unsecured)

2,500.00

1,598.03

Bill discounting

153.57

18.78

Commercial papers (unsecured)

—

8,500.00

(maximum amount outstanding during the year ₹ 8,500 lacs; 2015: ₹ 8,500 lacs)

Share in Joint Ventures (Note 37)

1,025.70

470.77

19,114.37

29,161.93

- 8.1** 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 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**Retail Merchandise:**

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

Mar-16	Mar-15
516.88	635.60
48,934.83	43,179.12
–	1,402.00
712.37	1,658.44
50,164.08	46,875.16

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 2016: ₹ 376.50 lacs,
2015: ₹ 185.62 lacs)

Mar-16	Mar-15
19,006.62	9,772.97
159.39	176.00
212.93	211.34
21.60	4.51
0.38	0.46
1,281.38	1,195.41
2,519.45	2,062.33
2,874.42	3,039.95
515.92	527.87
9,842.91	10,169.89
228.32	171.18
953.42	808.46
37,616.74	28,140.37

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)

585.30	526.45
–	625.25
–	127.29
–	752.54
20.89	16.79
606.20	1,295.78

12. FIXED ASSETS

(All amounts in ₹ lacs)

DESCRIPTION	GROSS BLOCK			DEPRECIATION / AMORTISATION			NET BLOCK
	1 April, 2015	Additions	Deductions	31 March, 2016	1 April, 2015	For the year	31 March, 2016
TANGIBLE ASSETS							
Leasehold improvements	37,704.93	2,438.68	1,256.55	38,887.06	12,967.95	3,046.89	24,117.61
Air conditioning and other equipments	36,336.33	3,523.90	1,231.89	38,628.34	10,981.93	2,974.78	25,858.09
Furniture, fixtures and other fittings	29,571.37	5,543.38	1,084.97	34,029.78	10,714.74	3,751.18	20,586.90
Office equipments	2,313.40	71.49	112.90	2,271.99	1,361.64	271.41	746.72
Computers	10,810.18	760.60	757.78	10,813.00	6,429.09	1,550.06	3,583.84
Vehicles	71.61	78.35	83.90	66.06	43.85	10.52	59.94
Share in Joint Ventures (Note 37)	4,469.81	905.99	599.36	4,776.44	2,229.73	662.88	2,478.56
Total	121,277.63	13,322.39	5,127.35	129,472.67	44,728.93	12,267.72	77,431.66
INTANGIBLE ASSETS							
Trademarks and patents (Note)	1,796.20	23.13	—	1,819.33	1,704.80	26.02	88.51
Software acquired	8,391.60	3,819.86	—	12,211.46	4,986.90	1,337.63	5,886.93
Share in Joint Ventures (Note 37)	156.86	6.92	66.90	96.88	86.26	21.27	56.25
Total	10,344.66	3,849.91	66.90	14,127.67	6,777.96	1,384.92	6,031.69

(All amounts in ₹ lacs)

PREVIOUS YEAR

DESCRIPTION	GROSS BLOCK			DEPRECIATION / AMORTISATION			NET BLOCK
	1 April, 2014	Additions	Deductions	31 March, 2015	1 April, 2014	For the year (Refer Note 12.1 below)	31 March, 2015
TANGIBLE ASSETS							
Leasehold improvements	34,584.85	3,690.89	570.81	37,704.93	10,545.20	2,982.85	24,736.98
Air conditioning and other equipments	32,572.61	4,412.04	648.32	36,336.33	8,817.91	2,760.89	25,354.40
Furniture, fixtures and other fittings	26,132.66	4,334.55	895.84	29,571.37	8,101.81	3,431.49	18,856.63
Office equipments	2,017.28	339.56	43.44	2,313.40	1,158.21	244.46	951.76
Computers	9,082.39	2,028.86	301.07	10,810.18	4,885.72	1,843.90	4,381.09
Vehicles	85.70	20.00	34.09	71.61	58.92	15.74	27.76
Share in Joint Ventures (Note 37)	3,484.20	1,210.31	224.70	4,469.81	1,972.36	471.44	2,240.08
Total	107,959.69	16,036.21	2,718.27	121,277.63	35,540.13	11,750.77	76,548.70
INTANGIBLE ASSETS							
Trademarks and patents (Note)	1,779.55	16.65	—	1,796.20	1,678.92	25.88	91.40
Software acquired	7,333.56	1,061.66	3.62	8,391.60	4,097.50	892.36	3,404.70
Share in Joint Ventures (Note 37)	85.57	71.29	—	156.86	73.24	13.02	70.60
Total	9,198.68	1,149.60	3.62	10,344.66	5,849.66	931.26	3,566.70

Note.12.1:

Includes ₹ 151.42 lacs provided in accordance with the transition provisions specified in Schedule II to the Companies Act, 2013.

Note 12.2:

Depreciation for the year includes impairment charge aggregating to ₹ 1,690.95 lacs (previous year ₹ 1,344.50 lacs)

(All amounts in ₹ lacs)

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

Stargaze Properties Private Limited

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

0.10

0.10

Retailers Association of India

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

1.00

1.00

Aesthetic Realtors Private Limited

66 equity shares of ₹ 10/- each fully paid

0.01

0.01

Less: Provision for diminution in the value of investments

(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

2.10

2.11

Aggregate provision for diminution in value of non-current investments

0.01

—

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

Capital advances

1,049.22

1,034.50

Premises and other deposits

— Considered good

20,705.00

20,322.01

— Considered doubtful

141.66

80.76

20,846.66

20,402.77

Less: Provision for doubtful deposits

141.66

80.76

20,705.01

20,322.01

Deposit towards service tax (Note 29)

4,251.23

4,251.23

Advance income tax (net of provision)

836.88

789.29

Loans and advances to related parties (Note 34)

— Considered good

—

4.90

— Considered doubtful

2,201.35

2,196.45

2,201.35

2,201.35

Less: Provision for doubtful loans and advances

2,201.35

2,196.45

—

4.90

Share in Joint Ventures (Note 37)

2,351.30

1,117.94

29,193.64

27,519.87

(All amounts in ₹ lacs)

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

Statutory recoverables

– 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 ₹ 82.05 lacs, 2015: ₹ 61.29 lacs)

Property options

Share in Joint Ventures (Note 37)

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

– Considered good

– Considered doubtful

Property option receivable outstanding for a period exceeding 6 months from the date they
are due for payment

– Considered goods

Other debts, considered good

– Property option sold

Less: Provision for doubtful debts

Share in Joint Ventures (Note 37)

Mar-16	Mar-15
100.27	100.27
100.27	100.27
100.27	100.27
–	–
1,933.49	4,609.55
–	3.59
–	67.16
1,933.49	4,680.30
51,779.76	44,470.51
6,140.40	5,112.30
1,210.22	1,050.78
59,130.38	50,633.59
36.54	111.28
78.01	102.90
2,561.94	–
3,462.85	3,039.06
4,014.12	6,887.94
10,153.46	10,141.18
78.01	102.90
10,075.44	10,038.28
93.24	106.86
10,168.68	10,145.14

(All amounts in ₹ lacs)

18. CASH AND CASH EQUIVALENTS

	Mar-16	Mar-15
Balance with banks in		
– Current accounts	189.00	846.71
– Deposit accounts	5.80	10.29
Cash credit accounts	–	48.35
Other bank balances:		
Margin money account (under lien against bank guarantee)	310.57	413.94
Dividend accounts	0.38	0.46
Cash on hand	529.93	414.41
	1,035.68	1,734.16
Share in Joint Ventures (Note 37)	263.54	259.09
	1,299.23	1,993.25
Of the above, cash and cash equivalents comprise:		
Balance with banks in		
– Current accounts	189.00	846.71
– Deposit accounts	5.80	10.29
– Cash credit accounts	–	48.35
Cash on hand	529.93	414.41
Share in Joint Ventures (Note 37)	185.94	225.33
	910.68	1,545.09

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

Advances for goods and rendering of services to be received:		
– Considered good	4,041.42	4,397.94
– Considered doubtful	777.77	743.59
	4,819.19	5,141.53
Less: Provision for doubtful advances	777.77	743.59
	4,041.42	4,397.94
Advances to employees	260.71	267.65
Prepaid expenses	2,439.10	2,902.28
Others	9.87	12.05
Share in Joint Ventures (Note 37)	1,304.22	1,143.05
	8,055.30	8,722.97

(All amounts in ₹ lacs)

20. OTHER CURRENT ASSETS

Statutory recoverables

Share in Joint Ventures (Note 37)

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

Own merchandise (including concession sales) – Gross of tax

Consignment merchandise

Less: Value added tax

Less: Cost of consignment merchandise

Revenue from Gaming Business (Share in Joint Venture)

Revenue from transfer of property options

Other Retail Operating Revenue

Facility management fees

Income from store displays and sponsorship income

Gift vouchers written back

Direct marketing income

Income from franchisees

Share in Joint Ventures (Note 37)

21.1 The gross retail volume of business and operations comprise:

Own merchandise

Consignment merchandise

Other Retail operating revenue

22. OTHER INCOME

Interest income from others

Interest on income tax refund

Miscellaneous income and credits

Provision for doubtful debts/advances written back

Profit on sale of fixed assets (net)

Compensation received for lease termination

Share in Joint Ventures (Note 37)

Mar-16	Mar-15
1,005.40	1,311.35
116.18	79.81
1,121.58	1,391.16
459,195.47	419,072.35
28,323.88	30,088.43
487,519.35	449,160.78
25,090.27	22,563.39
18,767.60	20,162.71
443,661.48	406,434.68
2,783.66	2,545.75
—	11,019.09
446,445.14	419,999.52
2,613.67	2,185.57
4,839.16	4,167.42
2,626.84	798.86
1,398.23	1,230.86
180.37	180.11
11,658.27	8,562.82
133.17	130.99
11,791.44	8,693.81
458,236.58	428,693.33
459,195.47	419,072.35
28,323.88	30,088.43
11,791.44	8,693.81
499,310.79	457,854.60
46.24	63.04
3.64	7.17
802.17	665.57
—	17.91
—	7.55
17.53	323.95
869.58	1,085.19
800.43	241.73
1,670.01	1,326.92

(All amounts in ₹ lacs)

23. PURCHASE OF TRADED GOODS

	Mar-16	Mar-15
Retail merchandise	299,318.72	269,103.79
Property options	1,028.11	2,536.30
Share in Joint Ventures (Note 37)	2,813.42	3,348.06
	303,160.25	274,988.15

23.1 Details of Purchase of Traded Goods

Apparels	124,131.25	106,969.62
Non-apparels	93,972.02	84,081.70
Food, household items, etc.	75,776.19	72,978.63
Property options	1,028.11	2,536.30
Others (mainly books, CDs, etc.)	8,252.68	8,421.90
	303,160.25	274,988.15

24. CHANGES IN INVENTORIES OF STOCK-IN-TRADE

Opening inventory		
– Retail merchandise	44,470.51	39,620.50
– Property options	5,112.30	4,607.61
Closing inventory		
– Retail merchandise	51,779.76	44,470.51
– Property options	6,140.40	5,112.30
Share in Joint Ventures (Note 37)	(160.42)	(379.61)
(Increase)	(8,497.77)	(5,734.31)

25. EMPLOYEE BENEFITS EXPENSE

Salaries, allowance and bonus	29,974.34	27,820.79
Contribution to provident and other funds	2,150.50	1,753.69
Staff welfare expenses	1,180.75	1,127.22
	33,305.60	30,701.69
Share in Joint Ventures (Note 37)	730.69	863.87
	34,036.28	31,565.57

26. FINANCE COSTS

Interest on bank borrowings	7,592.24	7,057.83
Interest on others	624.63	407.04
Other borrowing costs	103.56	15.94
Bank charges	167.38	194.35
	8,487.81	7,675.16
Share in Joint Ventures (Note 37)	236.36	139.16
	8,724.17	7,814.32

(All amounts in ₹ lacs)

27. OTHER EXPENSES

	Mar-16	Mar-15
Insurance	296.82	241.13
Lease rent and hire charges (Note 28)	36,964.30	35,049.91
Business conducting fees	1,445.50	1,306.52
Rates and taxes	145.60	67.88
Repairs and maintenance		
– Buildings	9,166.08	8,641.87
– Others	2,560.86	2,056.94
Legal and professional fees	1,798.14	2,185.59
Housekeeping charges	2,315.07	2,127.17
Security charges	3,174.65	2,809.22
Computer expenses	2,178.72	1,558.11
Conveyance and travelling expenses	2,351.37	2,463.60
Electricity charges	12,100.61	11,177.32
Advertisement and publicity	8,050.13	7,358.78
Sales promotion	3,410.10	2,931.96
Charges on credit card transactions	3,127.20	3,183.29
Packing materials	954.12	938.50
Loss on sale of fixed assets (net)	93.49	62.78
Provision/write off for doubtful debts/advances/deposits	74.39	268.32
Foreign exchange loss (net)	31.74	37.65
Balances written off	131.24	–
Service tax input credit expensed	8,756.51	6,998.19
Expenditure towards Corporate Social Responsibility (CSR) (Note 27.1)	73.78	–
Miscellaneous expenses	5,130.34	4,697.01
	104,330.78	96,161.74
Share in Joint Ventures (Note 37)	5,389.01	4,909.95
	109,719.79	101,071.69

27.1 Expenditure related to corporate social responsibility as per Section 135 of the Companies Act, 2013 read with Schedule VIII thereof ₹ 73.78 lacs.

- a) Gross amount required to be spent by the Company towards Corporate Social Responsibility is ₹ 127.78 lacs (previous year ₹ 147.00 lacs).
- b) Details of amount spent are as under:

Construction/acquisition of an asset
On purpose other than above - Livelihood creation (For Youth with/without disability),
Disaster relief aid for Chennai Floods

Total

–	–
73.78	–
73.78	–

- c) Details of expenditure paid to related party, in relation to CSR expenditure as per Accounting Standard (AS) 18, Related Party Disclosures - Refer Note 34

(All amounts in ₹ lacs)

28. LEASING TRANSACTIONS

a) Operating lease rentals charged to revenue:

18,565.08

18,111.42

b) Variable rentals charged to revenue:

22,307.91

20,068.03

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

7,780.97

9,416.57

Later than one year and not later than five years

7,773.73

8,969.38

Later than five years

81.21

57.09

The agreements are executed for periods ranging from 24 to 288 months with a non-cancellable period at the beginning of the agreement ranging from 24 to 108 months and having a renewable clause.

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, the Company has based on a legal advice, challenged the said levy and, inter-alia, its retrospective application. Pending the final disposal of the matter, which is presently before the Supreme Court, the Company continues not to provide for the retrospective levy aggregating to (Consolidated) ₹ 2,010.90 lacs for the period 1st June, 2007 to 31st March, 2010, (fully paid under protest).

30. Tax expense comprises of:

Current tax

– For the year

4,255.11

2,909.55

– For the earlier year

(9.37)

(22.03)

Deferred tax

– For the year

(805.23)

(4.75)

– For the earlier year

17.39

–

3,457.90

2,882.77

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

a) Profit attributable to equity shareholders (₹ in lacs)

204.74

4,240.43

b) Weighted number of equity shares outstanding during the year

83,426,364

83,290,042

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

83,480,844

83,496,557

d) Nominal value per share (₹)

5.00

5.00

e) EPS:

Basic (₹)

0.25

5.09

Diluted (₹)

0.25

5.08

(All amounts in ₹ lacs)

32. CONTINGENT LIABILITIES AND COMMITMENTS

	Mar-16	Mar-15
a) Claims against the Company not acknowledged as debts comprise of:		
Income tax claims disputed by the Company relating to disallowances aggregating	797.87	797.87
Service tax, Sales tax and other Indirect tax claims disputed by the Company relating to issues of applicability and classification aggregating	1,635.05	1,611.88
Third party claims arising from disputes relating to contracts aggregating	825.21	832.21
b) Others	175.00	175.00
c) Estimated amount of contracts remaining to be executed on capital account and not provided for	3,480.40	3,496.85
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.	2,325.00	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.	31,000.00	23,500.00
f) Unpaid preference dividend	—	8,073.44
g) Commitments towards property options	3,956.00	4,945.00
h) Share of Joint Ventures (See Note 37)	112.13	1,176.68

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)

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)]

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, 2016	31 March, 2015	31 March, 2014	31 March, 2013	31 March, 2012
Present value of the defined benefit obligation	1,405.26	1,127.31	901.05	802.16	598.91
Fair value of the plan assets	1,176.93	956.13	866.17	647.85	502.52
(Deficit) in the plan	(228.32)	(171.18)	(34.88)	(154.31)	(96.39)
Experience adjustments arising on plan liabilities – losses/(gains)	(12.23)	29.64	2.20	(44.01)	(63.86)
Experience adjustments arising on plan assets – gains	4.17	51.65	17.03	6.23	8.35

The group expects to contribute ₹ 429.95 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)	Related Parties of Joint Ventures	Key Management Personnel	Total
Purchase of Assets	—	121.67		121.67
LAI Singapore Pte. Ltd.		63.36		
Avel Pty. Ltd.		55.90		
Embed International Pty. Ltd.		2.41		
	—	(111.88)		(111.88)
Sale of Assets	0.04	—		0.04
Trust for Retailers & Retail Associates of India	0.04	—		
	—	—		—
Purchase of Goods		2.34		2.34
Leisure & Allied Industries Phillipines Inc.		1.10		
Helix Leisure Pte. Ltd.		1.05		
Embed International Pty. Ltd.		0.20		
		(40.56)		(40.56)
Sale of Goods	6.94	0.01	—	6.95
Inorbit Malls (India) Private Limited	3.23			
Ivory Properties and Hotels Pvt. Ltd.	0.04			
K. Raheja IT Park (Hyderabad) Pvt. Ltd.	0.43			
Intime Properties Ltd.	0.33			
Serene Properties Pvt. Ltd.	2.53			
Trion Properties Private Limited	0.38			
Nuance Group Fashion & Luxury Duty Free Private Limited		0.01		
	(7.34)	(17.85)	—	(25.19)
Purchase of Property Options	1,028.11			1,028.11
K. Raheja Private Limited	1,028.11			
	(2,536.30)			(2,536.30)
Payment of conducting fees/lease rent/common area maintenance charges	8,452.52			8,452.52
Ivory Properties and Hotels Private Limited	2,406.78			
Inorbit Malls (India) Private Limited	3,703.86			
Avacado Properties and Trading India Private Limited	216.68			
Magna Warehousing and Distribution Private Limited	34.93			
Genext Hardware and Parks Pvt. Ltd.	294.47			
Trion Properties Private Limited	1,795.80			
	(8,162.19)			(8,162.19)

(All amounts in ₹ lacs, unless otherwise stated)

Nature	Companies under Common Control/ Significant Influence (Refer (c) below)	Related Parties of Joint Ventures	Key Management Personnel	Total
Expenses Paid	785.28	—	0.87	786.15
Inorbit Malls (India) Private Limited	487.48			
Juhu Beach Resorts Limited	4.63			
Trrain Foundation	0.69			
JW Marriott Sahar Mumbai unit of Chalet Hotels Pvt. Ltd.	0.72			
Sanghavi Associates Limited	11.90			
Retailers Association of India	13.71			
Avacado Properties and Trading (India) Pvt. Ltd.	39.26			
Magna Warehousing and Distribution Private Limited	22.18			
Genext Hardware and Parks Pvt. Ltd.	30.28			
CSR - Trust for Retailers & Retail Association of India	25.00			
Trion Properties Private Limited	149.43			
B. S. Nagesh	—		0.87	
	(747.16)			(747.16)
Deposits Paid	56.69			56.69
Inorbit Malls (India) Private Limited	34.23			
Trion Properties Private Limited	22.46			
	(26.06)			(26.06)
Deposit received Back	190.10			190.10
Inorbit Malls (India) Private Limited	5.39			—
Trion Properties Private Limited	184.71			
	(67.29)			(67.29)
Reimbursement of Expenses	446.89			446.89
Inorbit Malls (India) Private Limited	365.34			
Trion Properties Private Limited	81.55			
	(751.61)			(751.61)
SOH Fees Received	—			—
	(5.40)			(5.40)
Recovery of costs (Payable)	—	1.57	—	1.57
Dufry Management Ltd.		1.57		
Receiving of services		—		—
The Nuance Group AG		—		
		(22.82)		(22.82)
Advances for Expenses given	5.96	—	—	5.96
Trust for Retailers & Retail Association of India	5.96			
		(588.85)		(588.85)
Advances given to Joint Venture		21.45		21.45
Nuance Group Fashion & Luxury Duty Free Private Limited		21.45		
		(525.68)		(525.68)
Reimbursement of costs (Receivable)		113.30		113.30
Nuance Group Fashion & Luxury Duty Free Private Limited		112.23		
Dufry Management Ltd.		1.08		
		(159.93)		(159.93)
Other Expenses		52.00		52.00
Avel Pty. Ltd. (Royalty)		52.00		
		(48.91)		(48.91)

(All amounts in ₹ lacs, unless otherwise stated)

Nature	Companies under Common Control/ Significant Influence (Refer (c) below)	Related Parties of Joint Ventures	Key Management Personnel	Total
Issue of Equity/Preference Shares	2,042.89	—	26.38	2,069.27
Genext Hardware Parks Private Limited	1,690.07			
Support Properties Pvt. Ltd.	163.45			
Eternus Real Estate Pvt. Ltd.	163.45			
Palm Shelter Estate Development LLP	4.32			
Anbee Construction LLP	4.32			
Cape Trading LLP	4.32			
Capstan Trading LLP	4.32			
Casa Maria Properties LLP	4.32			
Raghukool Estate Development LLP	4.32			
Ravi Chandru Raheja			4.32	
Chandru Lachmandas Raheja			4.32	
Jyoti Chandru Raheja			4.32	
Neel Chandru Raheja			4.32	
B. S. Nagesh			9.10	
	(1,815.45)	—		(1,815.45)
Remuneration to Managing Director			446.92	446.92
			(404.57)	(404.57)
Commission and Sitting fees to Non-Executive Directors			62.80	62.80
Chandru L. Raheja			2.50	
Ravi Raheja			4.60	
Neel Raheja			4.00	
B. S. Nagesh			7.00	
Nitin Sanghavi			10.20	
Deepak Ghaisas			11.90	
Nirvik Singh			4.50	
Abanti Sankaranarayanan			5.00	
Avnish Bajaj			1.00	
Gareth Thomas			5.00	
Manish Chokhani			6.60	
Amisha Prabhu			0.50	
			(48.85)	(48.85)

Balance outstanding at the year end**Receivables**

Avacado Properties and Trading India Private Limited	463.10
	(463.84)
Ivory Properties and Hotels Private Limited	1,172.71
	(1,133.42)
Inorbit Malls (India) Private Limited	1,104.08
	(291.32)
Trion Properties Private Limited	653.02
	(860.83)
Magna Warehousing and Distribution Private Limited	—
	(46.45)
Genext Hardware and Parks Pvt. Ltd.	31.92
	—
Nuance Group Fashion & Luxury Duty Free Private Limited	—
	(1,006.85)

Payables

K. Raheja Corp Private Limited	—
	(0.21)
K. Raheja Private Limited	—
	(1,402.00)
Avel Pty. Ltd.	124.62
	(131.73)
Leisure and Allied Industries Pvt. Ltd.	20.25
	(30.39)
Lai Singapore Pte. Ltd.	62.49
	(68.90)
The Nuance Group AG	—
	(709.84)
Nuance - Watson (HK) Ltd.	—
	(1.55)

Corporate Guarantee

The Nuance Group AG	412.50
	(412.50)
Dufry International AG	2,598.55
	(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
Ravi Raheja
Neel Raheja
B. S. Nagesh
Nitin Sanghavi
Deepak Ghaisas
Nirvik Singh
Avnish Bajaj
Abanti Sankaranarayanan
Gareth Thomas
Manish Chokhani
Amisha Prabhu |
| 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 IT
Park (Hyderabad) Private Limited, Intime Properties Ltd., Juhu Beach Resorts Ltd.,
K. Raheja Private Limited, Inorbit Malls (India) Private Limited, Support Properties Private,
Limited, Avacado Properties and Trading India Private Limited, Palm Shelter Estate
Development Pvt. Ltd., Eternus Real Estate Pvt. Ltd., Trion Properties Private Limited,
Retailers Association of India
Magna Warehousing and Distribution Private Limited, Sanghavi Associates Ltd.
Trust for Retailers & Retailers Associates of India, Trrain Foundation,
JW Marriott Sahar Mumbai Unit of Chalet Hotels Pvt. Ltd., Genext Hardware and Parks
Private Ltd., Anbee Construction LLP, Cape Trading LLP, Capstan Trading LLP, Casa Maria
Properties LLP, Raghukool Estate Development LLP, Serene Properties Pvt. Ltd. |
| d) | Joint Ventures | Nuance Group (India) Private Limited |
| | Relatives of Joint Ventures | Timezone Entertainment Private Limited, Leisure Allied Industries Pvt. 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 Limited, The Nuance Group AG, Dufry
International AG, Dufry Management Ltd. |

35. SEGMENT REPORTING

I) Information about primary segments (Business segments):

Particulars	31 March, 2016				31 March, 2015		
	Retail Operations	Property Options	Others	Total	Retail Operations	Property Options	Others Total
SEGMENT REVENUE							
External sales	455,452.92	–	2,783.66	458,236.58	415,128.49	11,019.09	2,545.75 428,693.33
Total Revenue	455,452.92	–	2,783.66	458,236.58	415,128.49	11,019.09	2,545.75 428,693.33
Segment Results							
Interest income	7,783.05	–	(9.06)	7,773.99	6,530.16	8,852.51	145.25 15,527.93
Interest expenses				60.69			69.97
Provision for taxation				(8,724.17)			(7,814.32)
Profit before minority interest				(3,457.90)			(2,882.77)
				(4,347.39)			4,900.81
OTHER INFORMATION							
Segment assets	193,459.88	12,088.00	2,413.70	207,961.58	178,973.24	16,609.79	2,563.71 198,146.74
Total Assets				207,961.58			198,146.74
Segment liabilities	154,117.84	–	1,148.40	155,266.23	140,231.54	1,402.00	1,208.47 142,842.01
Total Liabilities				155,266.23			142,842.01
Segment depreciation	13,149.23	–	503.41	13,652.64	12,137.31	–	393.30 12,530.61
Total Depreciation				13,652.64			12,530.61
Segment capital expenditure	17,358.47	–	393.46	17,751.93	15,638.99	–	706.01 16,345.00
Total Capital Expenditure				17,751.93			16,345.00

II) The Company has business segment as the primary segment for disclosure on the basis of nature of products, different risks and returns, etc., and mainly operates in

A) Retail operations i.e. trading of Apparels, non-apparels such as cosmetics, household items, food products, books & CDs B) property options C) 'Others' comprise of gaming business. Segment revenue includes other retail operating revenue.

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

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 31 March, 2016 aggregated ₹ 30.42 lacs (previous year ₹ 30.55 lacs) and ₹ 4,532.03 lacs (previous year ₹ 4,531.45 lacs) respectively.

The net cash flows attributable to operating, investing and financing activities of Gateway during the year, aggregated ₹ (0.22) lacs (previous year 0.19 lacs), ₹ Nil (previous 0.32 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, 2016			31 March, 2015		
	Continuing Operations	Discontinuing Operations (Gateway)	Total	Continuing Operations	Discontinuing Operations (Gateway)	Total
REVENUE						
Sales/income	458,236.58	—	4,58,236.58	4,28,693.33	—	4,28,693.33
Other income	1,670.01	0.32	1,670.33	1,326.92	0.38	1,327.30
Total Revenue	459,906.59	0.32	459,906.91	430,020.25	0.38	430,020.63
Operating expenses	452,071.19	1.04	4,52,072.23	4,14,421.70	1.02	4,14,422.72
Pre-tax Profit/(Loss) from Operating Activities	7,835.40	(0.72)	7,834.68	15,598.55	(0.64)	15,597.91
Interest expense	8,724.17	—	8,724.17	7,814.32	—	7,814.32
(Loss)/Profit Before Tax	(888.77)	(0.72)	(889.49)	7,784.23	(0.64)	7,783.59
Income tax	3,457.90	—	3,457.90	2,882.77	—	2,882.77
(Loss) After Tax before Minority Interest	(4,346.67)	(0.72)	(4,347.39)	4,901.46	(0.64)	4,900.82

37. The Consolidated Financial Statements have been prepared in accordance with Accounting Standard as prescribed under Section 133 of Companies Act, 2013.

a) The subsidiaries (which alongwith SSL 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, 2016	31 March, 2015
HyperCity Retail (India) Limited	India	51.04	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, 2016	31 March, 2015
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 31 March. Nuance Group (India) Private Limited ('NGIPL') had changed the financial year end from December to March in the previous period and accordingly the current period financial statements are for 12 months period i.e. from April 1, 2015 to March 31, 2016 and hence not comparable with the previous period financial statements which were for the period of 15 months.

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	43%	22,597.52	1552%	3,167.96
	(42%)	(22,188.65)	(65%)	(2,767.66)
Subsidiaries (Indian)				
HyperCity Retail (India) Limited	28%	14,947.51	(3736%)	(7,625.10)
	(34%)	(18,086.68)	(62%)	(2,623.43)
Crossword Book Stores Limited	3%	1,504.45	(77%)	(157.32)
	(3%)	(1,822.76)	(-14%)	(613.67)
Upasna Trading Limited	0%	(90.99)	0%	(0.43)
	(0%)	(-91.35)	(0%)	(-1.62)
Shopper's Stop Services (India) Limited	0%	7.89	0%	(0.92)
	(0%)	(10.19)	(0%)	(0.17)
Shopper's Stop.Com (India) Limited	0%	2.77	0%	(0.28)
	(0%)	(2.71)	(0%)	(-0.35)
Gateway Multichannel Retail (India) Limited	0%	28.84	(1%)	(1.04)
	(0%)	(29.57)	(0%)	(-1.02)
Minority Interests in all subsidiaries	0%	(153.41)	2230%	4,552.13
	(-5%)	(-2,612.30)	(-16%)	(-660.38)
Goodwill	19%	10,209.71	—	—
	(-19%)	(10,185.73)	(-)	—
Joint Ventures (as per proportionate consolidation)				
Nuance Group (India) Private Limited	4%	2,222.91	176%	359.69
	(4%)	(1,863.17)	(2%)	(66.88)
Timezone Entertainment Private Limited	2%	1,265.30	(44%)	(89.95)
	(3%)	(1,355.20)	(1%)	(59.34)

The figures in the bracket pertains to previous year.

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

Notes

Shoppers Stop Ltd.

[illegible]

[illegible]

Information required under Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Shoppers Stop Ltd.

1. The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year 2015-16 :

Name of Director	Ratio of Remuneration of each Director to median remuneration
Mr. Chandru L. Raheja	1.03:1
Mr. Ravi C. Raheja	1.18:1
Mr. Neel C. Raheja	1.03:1
Prof. Nitin Sanghavi	3.39:1
Mr. Deepak Ghaisas	4.73:1
Mr. Nirvik Singh	2.31:1
Ms. Abanti Sankaranarayanan	2.57:1
Mr. Manish Chokhani	3.39:1
Mr. Gareth Thomas	2.57:1
Mr. B. S. Nagesh	2.57:1
Mr. Govind Shrikhande	228.51:1
Mr. Avnish Bajaj *	0.51:1

Note : 1. Mr. Avnish Bajaj, the Non-Executive & Independent Director of the Company resigned from the Directorship of the Company w.e.f. 31st July, 2015.

2. The remuneration of Non Executive Directors consists of sitting fees & payment of Commission, wherever applicable.

2. The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year 2015-16 as compared to financial year 2014-15:

Name of Director and KMP	% increase / decrease in Remuneration
Mr. Chandru L. Raheja, Chairman	5.26%
Mr. Ravi C. Raheja, Non-executive Director	-20.69%
Mr. Neel C. Raheja, Non-executive Director	5.26%
Prof. Nitin Sanghavi, Non-executive Director and Independent Director	11.86%
Mr. Deepak Ghaisas, Non-executive Director and Independent Director	1.10%
Mr. Nirvik Singh, Non-executive Director and Independent Director	Nil
Ms. Abanti Sankaranarayanan, Non-executive Director and Independent Director *	11.11%
Mr. Manish Chokhani, Non-executive Director and Independent Director *	50%
Mr. Gareth Thomas, Non-executive Director and Independent Director *	53.85%
Mr. B. S. Nagesh, Non-executive Director	2.04%
Mr. Govind Shrikhande, Executive Director	10%
Mr. Avnish Bajaj, Non-executive Director and Independent Director *	-76.19%
Mr. Salil Nair, Chief Executive Officer	10%
Mr. Sanjay Chakravarti, Chief Financial Officer	10%
Mr. Prashant Mehta, Company Secretary	9%

* Ms. Abanti Sankaranarayanan, Mr. Manish Chokhani and Mr. Gareth Thomas were inducted as Directors during 2014-15. Mr. Avnish Bajaj was a director of the Company upto 31st July, 2015. Hence their percentage increase / decrease is not comparable with other Non-Executive Directors.

3. The percentage increase in the median remuneration of all employees in the financial year 2015-16 : 10%

4. The number of permanent employees on the rolls of company as on March 31, 2016 : 7,440

5. The explanation on the relationship between average increase in remuneration and company performance :

The Company follows prudent remuneration policy under the guidance of the Board and the Nomination and Remuneration & Corporate Governance Committee. The approach to remuneration is to promote meritocracy in the organisation and is driven by balance score card where in company performance and individual performance is taken into consideration. External benchmarking is taken into consideration for determining percentage hike wherever possible. The performance of the company has a direct bearing while declaring the variable component of salary. The percentage varies from function to function. There is a degrowth of 38.2% in profit after tax between FY2014-15 and FY 2015-16, whereas the average increase in the remuneration of employees is around 10%.

6. Comparison of the remuneration of the Key Managerial Personnel against the performance of the company : 34.94% of the profit after tax.

7. Variations in the market capitalisation of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer :

The market capitalization of the Company as on March 31, 2016 was ₹ 3,032 Crores as compared to ₹ 3,415 Crores as on March 31, 2015. The price earning ratio of the Company was 120 as at March 31, 2016 and was 84 as at March 31, 2015. The closing share price of the Company at National Stock Exchange of India Ltd, on March 31, 2016 being ₹ 363.25 per equity share of ₹ 5/- each, there is 205% increase in the market price over the price of the Initial Public Offering (IPO) in 2005. The issue price in IPO was ₹ 238 per equity share of ₹ 10 each.

8. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration :

The average percentage increase in salaries for employees other than managerial personnel was 9.58%. The average percentage increase in salaries for managerial personnel was 9.75%. The bench mark for salary increase was done based on the compensation survey conducted by the company.

9. Comparison of the each remuneration of the Key Managerial Personnel against the performance of the company :

Particulars	% of net profit
Mr. Govind Shrikhande, Executive Director	16.57%
Mr. Salil Nair, Chief Executive Officer	10.44%
Mr. Sanjay Chakravarti, Chief Financial Officer	3.95%
Mr. Prashant Mehta, Company Secretary	2.87%

10. The key parameters for any variable component of remuneration availed by the directors :

Annual performance review was based on balance score card and measurable key performance indicators.

1. Financial outcome and profitability of the company.
2. Variable component does not exceed 25% of the CTC.

11. There are no employees of the Company who receive remuneration in excess of the highest paid Director i.e Managing Director of the Company.

12. It is affirmed that the remuneration paid to the Directors, Key Managerial Personnel and senior management is as per the Appointment and Remuneration of Directors and Senior Management Policy of the Company.

Information as per Section 197 of the Companies Act, 2013 read with Rules 5(2) & (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for the year ended March 31, 2016.

Sr No	Name & Qualification of Employee	Age (years)	Designation	Date of Commencement of Employment	Gross Remuneration (₹)	Experience (No. of years)	Name of Company last Employed & Designation
1	Mr. Govind Shrikhande B.Tech, MBA	55	Customer Care Associate & Managing Director	03/04/01	41,714,347	32	Bombay Dyeing & Manufacturing Co. Ltd. Vice President - Retail Division
2	Mr. C K Nair B.Com PGDMM	55	Customer Care Associate & Chief Operating Officer-Homestop	01/12/97	9,646,686	28	Ivory Property And Hotel Pvt. Ltd. Department Manager
3	Mr. Gopal Asthana B.E., CFA	44	Customer Care Associate & Head - B & M	28/01/98	12,425,306	19	H R Johnson Ltd. Project Engineer
4	Mr. Salil Nair B.Sc, M.Sc	51	Customer Care Associate & Chief Executive Officer	01/12/97	26,287,039	28	Ivory Property And Hotel Pvt. Ltd. Senior Manager - Operations
5	Mr. Manohar Kamath PGDM - Marketing	49	Customer Care Associate & Chief Operating Officer	15/09/08	14,138,288	26	Globus Stores Pvt. Ltd. Vice President - Operation
6	Mr. Sanjay Chakravarti B.Com C.A	46	Customer Care Associate & Chief Financial Officer	17/10/05	9,954,091	23	Trinity Computer Processing India Pvt. Ltd. Sr.Manager - US Accounting
7	Mr. Ashvin Babbar B.SC	58	Customer Care Associate & Vice President - Business Development	01/06/00	7,631,451	33	T.J. Maxx, Usa Assistant Manager
8	Mr. Devadas C B.COM	52	Customer Care Associate & Head-Distribution & Logistics	01/12/97	7,049,179	29	Ivory Property And Hotel Pvt. Ltd. Assistant Manager - Distribution
9	Mr. Shamsundar Kamat B.E , MMS	44	Customer Care Associate & Regional Controller	15/03/99	6,710,146	20	Ion Exchange (I) Ltd. Senior Executive
10	Mr. Anil Shankar Arasavilli B.A., Diploma in RDBMS (Oracle)	44	Customer Care Associate & Head-Solutions & Technology	24/05/99	8,282,407	18	Sterling Resorts Senior Executive - Systems
11	Mr. Prashant Sushil Mehta B.Com, ACS & LLB (G)	62	Customer Care Associate & Vice President - Legal & Company Secretary	20/11/01	7,231,795	37	Jindal Iron & Steel Co. Ltd. Company Secretary
12	Mr. Satish Sharma B.Arch, MBA	47	Customer Care Associate & Head Of Store Planning	21/03/07	6,126,437	24	ITC Ltd. Manager - Project
13	Mr. Bvm Rao B.com, MSW	54	Customer Care Associate & Head - Human Resources	08/05/08	8,269,024	27	Food Express Stores Vice President-Hypermarket & Ops
14	Ms. Anuradha Bose PGDM - IIM , B.SC	43	Customer Care Associate & Sr General Manager - Marketing & Communication	01/08/02	7,025,415	20	Sodexo Pass Services (I) Pvt. Ltd. Brand Manager

Employed for part of the Financial Year 2015-16

15	Ms. Bindu Mendonsa, B.Sc., Diploma in Fashion Design	45	Customer Care Associate & Business Head	09/11/99	3,418,403	20	Modern Petrols Ltd. Executive Export
16	Mr. Vinay Bhatia B.Sc., MMS	46	Customer Care Associate & Sr.Vice President-Marketing & Loyalty	21/02/08	6,108,430	22	Pantaloon Retail (I) Ltd. Chief Marketing Officer
17	Ms. Shilpa Gulatee Diploma in Fashion Design - NIFT	46	Customer Care Associate & Head - Private Brands	31/08/15	4,582,415	21	Jabong - Jade E Services VP - Creative Director & Head Private Brands
18	Mr. Debasish Gupta B.E (Mechanical), PGPIIM	44	Customer Care Associate & Head - Marketing & Loyalty	08/02/16	1,232,231	21	Marks & Spencer India Head of Marketing

1. The Gross remuneration includes salary, bonus, various allowances, performance linked incentives, contribution to provident Fund, taxable value of perquisites including ESOP and Gratuity Paid but excluding Gratuity provision.
2. None of the employees mentioned above are relative of any Directors of the company.
3. None of the employees mentioned herein above hold himself or along with spouse and dependent children, two percent or more of the equity shares of the Company.
4. The nature of employment in all cases are contractual. The other terms and conditions are as per Companies Rules.

SHOPPERS STOP

START SOMETHING NEW