

SEC/043/2018-19

August 10, 2018

BSE Limited Mumbai Samachar Marg, Fort, Mumbai - 400 001. <b>Stock Code : 532638</b>	National Stock Exchange of India Ltd. Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051. <b>SHOPERSTOP</b>
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Dear Sirs,

**Sub: Submission of Annual Report 2017-2018.**

Pursuant to Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to inform you that the members at the 21<sup>st</sup> Annual General Meeting of the Company held on July 27, 2018 have approved and adopted the Annual Report for the financial year 2017-18.

In this connection, please find enclosed herewith the said Annual Report for the financial year 2017-18. The same is also available on the Company's website at [www.shoppersstop.com](http://www.shoppersstop.com).

We request you to kindly take the same on record.

Thanking you,

Yours truly,

For **Shoppers Stop Limited**

*Bharat Sanghavi*  
✓✓ **Bharat Sanghavi**  
**Company Secretary**



Encl: aa

# BRINGING ROMANCE BACK TO RETAIL



SHOPPERS STOP

START SOMETHING NEW

ANNUAL REPORT 2017-2018

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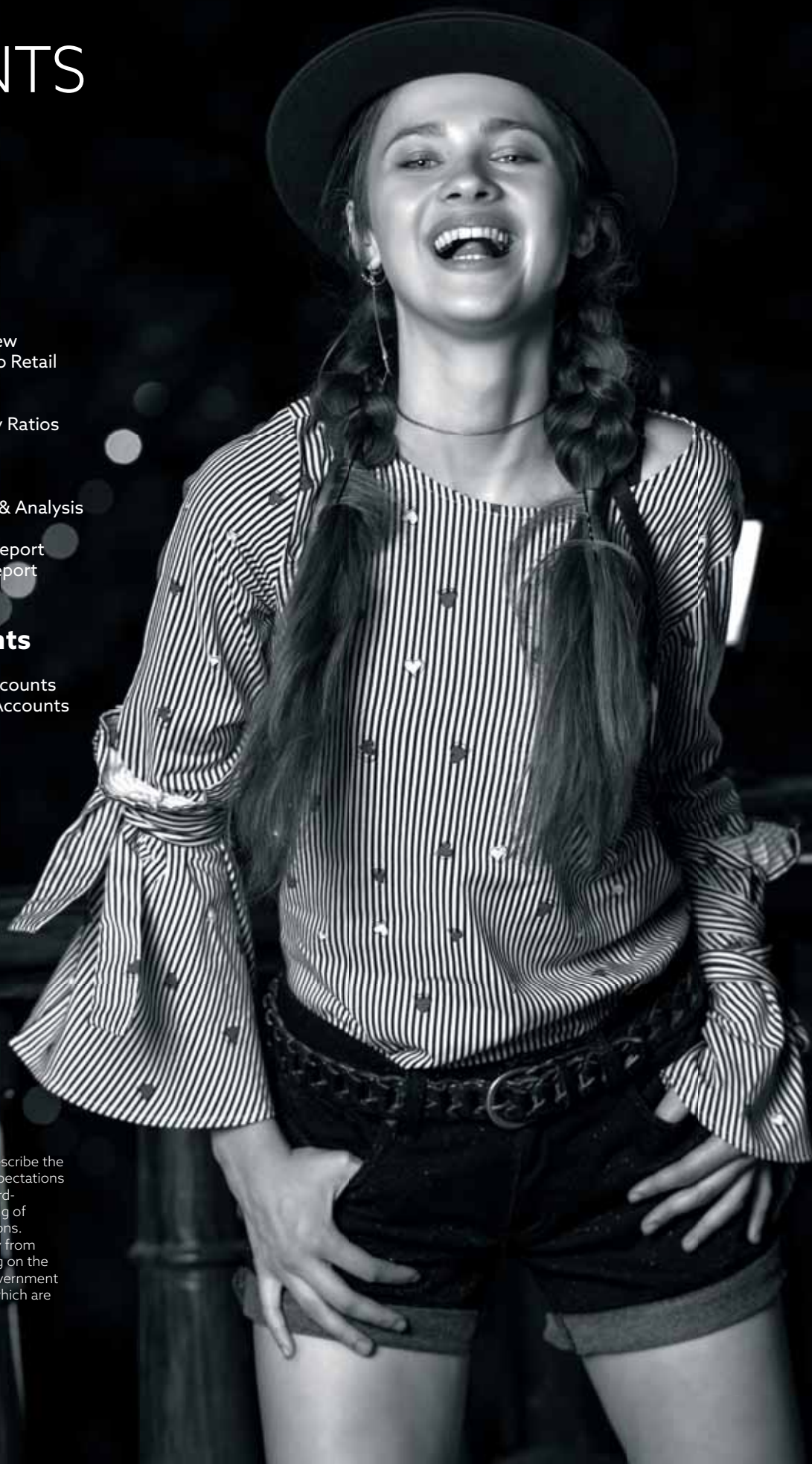
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## Cautionary Statement

The statements made in this report describe 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.



# BRINGING ROMANCE BACK TO RETAIL

When we entered the business of retailing in 1991, we had a simple mission – to transform the way India shops. From a single 4,000 sq. ft. store in suburban Mumbai, we have metamorphosed into a trusted retailer that caters to millions of customers across the length and breadth of the country.

But our raison d'être remains the same.

We are a retailer at heart but have always stood for much more than just our products, our brands, our stores and our services. We represent all those soul-stirring moments that unfurl as people shop for something new – a young couple starting a family of their own, daddy's little girl growing into an independent young woman, a group of friends becoming each other's confidantes. We are deeply connected to our customers' journeys.

But in the recent past, India's retail ethos has significantly shifted. Deep-discounting has become par for the course. And, brand loyalty has lost its sheen. The time has therefore come for retail to reinvigorate itself and rewrite its story. As pioneers of the industry, we are taking charge and leading that change.

Our customers come through our doors for our superior product assortment, but we want them to stay for the moments of personal transformation they experience in our aisles. Our customers click onto our shopping site for convenience, but we want them to come back for the sheer joy and promise of adding to their shopping carts.

And so, we are making the shopping experience more immersive, more seamless and more exciting. There's more to enjoy. And much more to look forward to.

**We are bringing the stories back to shopping.**

**We are bringing the giggles back to the trial room.**

**We are bringing the exhilaration back to online shopping.**

**We are bringing the romance back to retail.**

# GROUP OVERVIEW

**Shoppers Stop Ltd. is a professionally managed and systems-driven organisation promoted by the K. Raheja Corp Group (Chandru L. Raheja Group). Your Company has played a pivotal role in bringing about the retail revolution in India. Since inception in 1991, we have introduced various retail formats that have set a benchmark for the Indian retail industry. Apart from the flagship business of department stores, we also operate specialty stores for beauty, books-toys-stationery and home décor.**



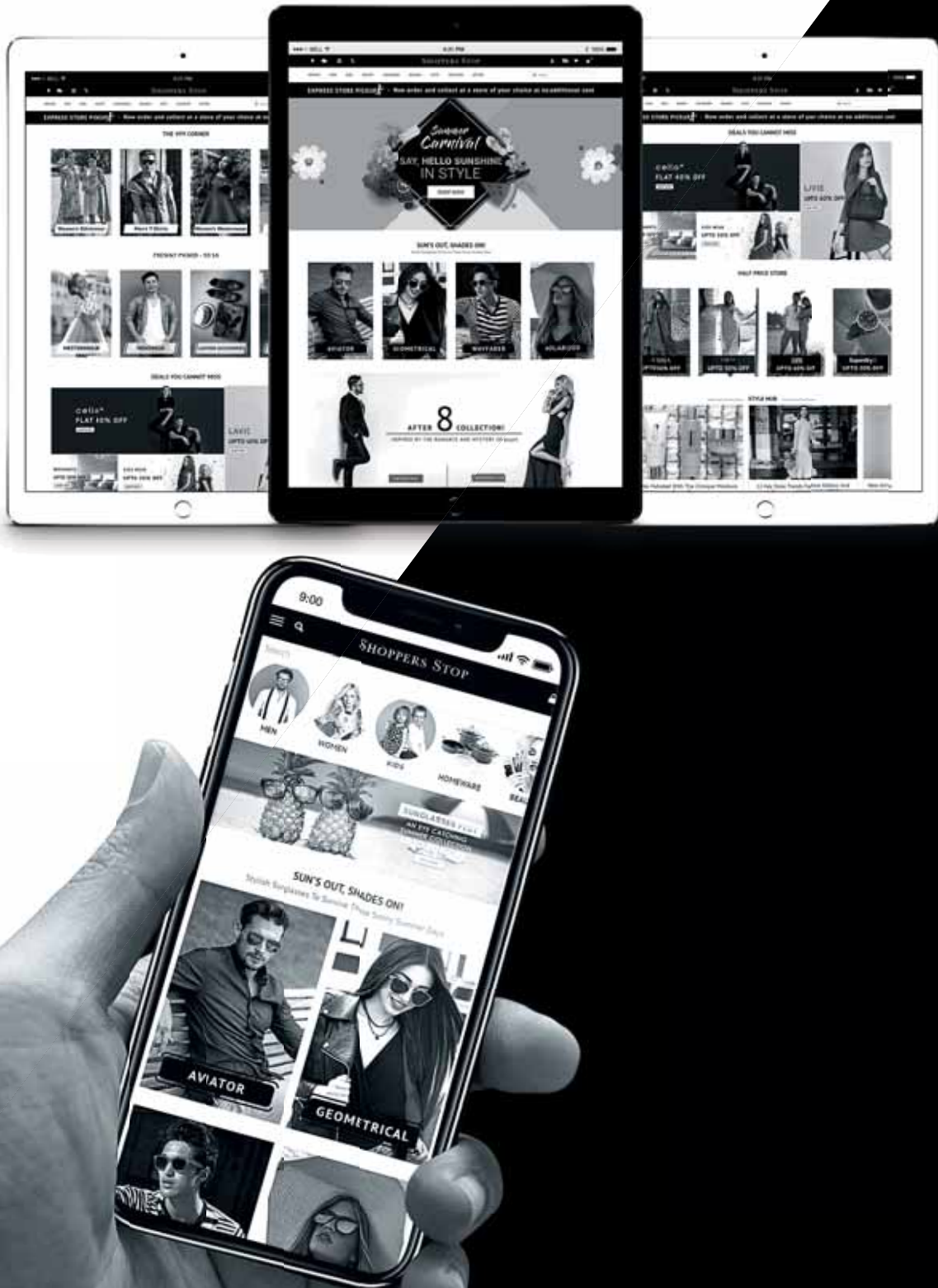
# SHOPPERS STOP

India's foremost fashion retailer offering 400+ brands



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

Our shopping website and mobile app have more than 50,000+ products across different categories and sub-categories to choose from



# HOMESTOP

Premium home concept store



# CROSSWORD

The definitive place and space for those who seek information, knowledge or simply the pleasure of reading





MAC

51

STORES

(Including 17 shop-in-shop)



CLINIQUE

30

STORES

(Including 16 shop-in-shop)



# HELLO BEAUTIFUL!

Bringing the best brands in beauty to our customers

ESTÉE LAUDER

8

STORES  
(Including 2 shop-in-shop)



BOBBI BROWN

11

STORES



smashbox

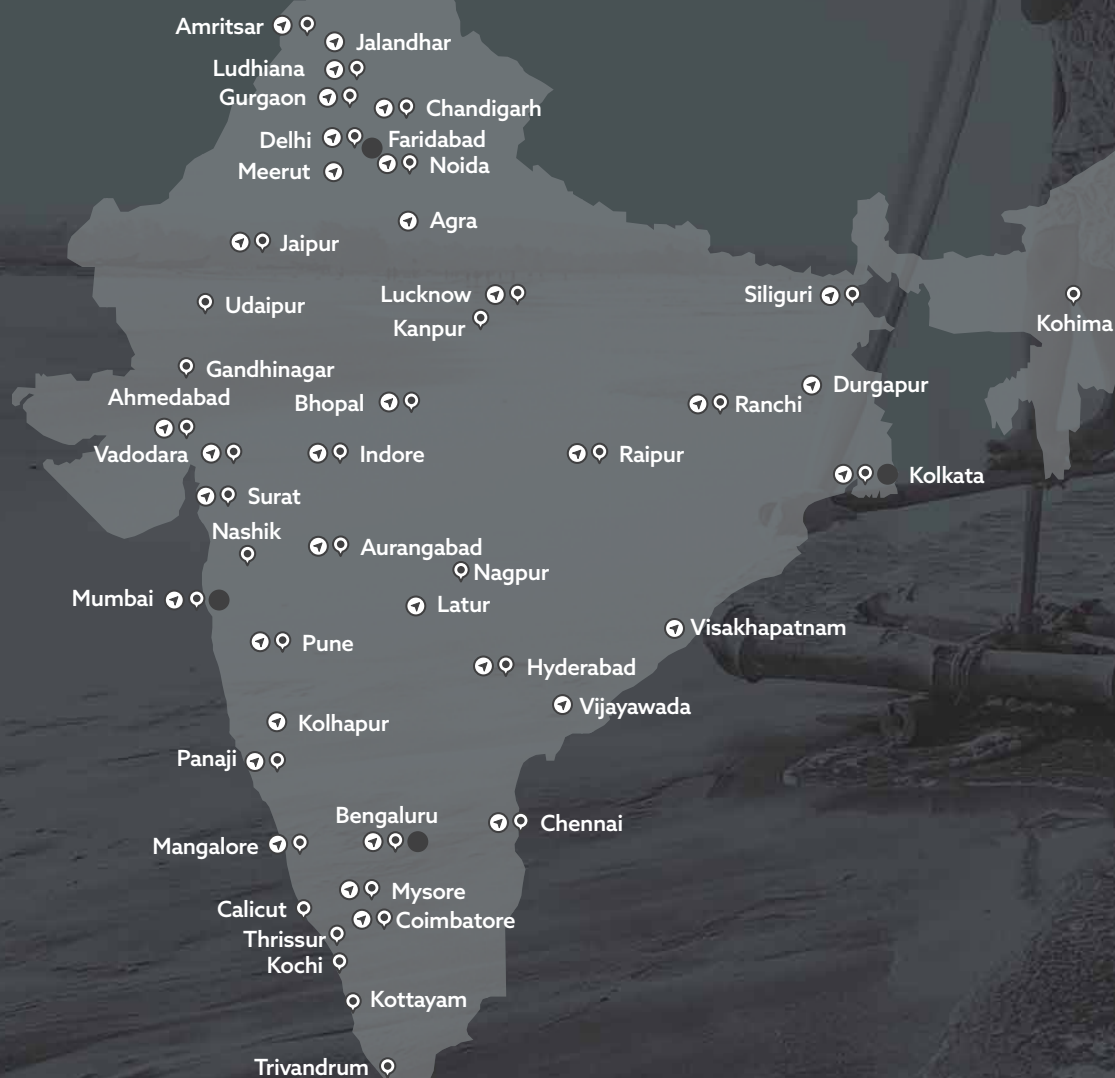
2

STORES

shbox



# OUR REACH



📍 Shoppers Stop

📍 Specialty\*

● DC locations

\* (includes Crossword, Mothercare, HomeStop, M.A.C, Clinique, Bobbi Brown, Smashbox and Estée Lauder outlets)

Graphical representation not to scale

# KEY HIGHLIGHTS OF 2017-18

4,186.31

REVENUE (₹ IN CRORE)

227.65

EBITDA (₹ IN CRORE)

11.60

PAT (₹ IN CRORE)

5,113.09

MARKET CAP (₹ IN CRORE)

+240

NO. OF STORES

+4.35

RETAIL SPACE (IN MILLION SQ. FT.)

+38

CITIES

# CHAIRMAN'S REVIEW



● ●

**It was a year of major upheavals. To bring our focus back on the department store and omni-channel business, we have exited from all the Company's non-core businesses.**

● ●

**+5.3 Million**FIRST CITIZEN LOYALTY  
PROGRAMME MEMBERS**+75%**CONTRIBUTION TO  
COMPANY'S SALES

## Dear Shareholders,

It is with a great pride and reflection that I present to you my final annual report of Shoppers Stop as its chairman. It was a year in which we made key decisions to align ourselves to the changing dynamics of the retail industry and secure our long-term growth.

The fiscal was also a remarkable one for the Indian economy and was characterised by implementation of path-breaking policy reforms such as the goods and services tax (GST). Notwithstanding the initial disruptions across the supply chain, over the longer term, GST will benefit all sections of the economy. Along with enhancing transparency and boosting investments, it will accelerate the pace of formalisation of the economy, which will aid organised players.

Our economy withstood these hiccups efficiently and registered a growth of 6.7%. Amid early signs of reviving private investment, improving industrial production and favourable monetary policies, the Indian economy is likely to grow at 7.4% in the ongoing fiscal (source: RBI). Rising purchasing power owing to multiple enablers such as a normal monsoon, pay hike for government employees and continued thrust to the rural economy is likely to propel consumption growth in the economy. This will improve the prospects of India's retail sector.

With rapid growth of the online retail segment on one hand, and increasing participation from foreign players on the other, the Indian retail industry is going through an exciting phase. Healthy economic growth, improving

demographic profile (in favour of young, earning middle-class population), urbanisation and growing prominence of the Tier-2 and Tier-3 cities, are the key growth drivers for Indian retail. The sector is projected to grow from \$672 billion in 2017 to \$1.1 trillion in 2020. Further, the size of India's modern retail could double over the next three years to \$111.25 billion (Source: IBEF Retail Report, 2018).

In FY 2018, your Company invested significant efforts into identifying strategic priorities and strengthening operations. A result of this was that we exited our non-core businesses in the mixed retail format, entertainment centres and duty-free airport retailing segments. We also accelerated the pace of deleveraging our balance sheet and reduce debt worth ₹ 508 crores during the year. The cash flows freed will be deployed to enhance our business and take the Company to greater heights.

Your Company also put up a healthy performance. Uptick in like-to-like sales coupled with higher cost-efficiencies and savings in interest costs boosted our overall profitability. Going forward, we will expand our reach with a complementary mix of brick-and-mortar stores and our online presence. Adoption of this omnichannel strategy will empower us to stay ahead of the curve by meeting our customers' latent and existing needs with speed and efficiency.

I reflect on my 20-year plus association with Shoppers Stop with a great pride. As one of the early

entrants in the Indian organised retail sector, your Company has earned longstanding trust and respect of customers. The fact that our existing customers contribute 75% of our revenues is a testimony to the healthy bond that we share with them. Over the years, we have built a large yet agile retail Company that is ready to deliver a promising future.

As I step down from the Board as the Chairman of Shoppers Stop, my heart is filled with the love and respect showered upon me by all the people I connected with over these two decades. No words can sufficiently express my heartfelt gratitude to all the customers, employees, business associates and investors who have supported us.

I would request you all to welcome Mr. B.S. Nagesh as the Non-Executive Chairman of Shoppers Stop with the same love and respect that you have bestowed upon me in the past many years. He has been associated with the Company since the very first day and has donned multiple hats throughout its exciting journey. I am confident that under his able leadership, we are uniquely poised to accelerate the growth momentum of the Company. It is our constant endeavour to delight our customers and create value for all our stakeholders in a sustainable manner.

On behalf of the Board of Directors of Shoppers Stop, I want to thank you all for your continued trust, confidence, and support.

**Chandru L. Raheja**  
Chairman

# MANAGING DIRECTOR'S REVIEW



●●

**On the business side, FY 2018 was a hallmark year for us. We have made strategic decisions to evolve our business as our customers' preferences have evolved.**

●●

## **Dear Shareholders,**

At Shoppers Stop, our number one goal has been to transform the way India shops. This approach has always guided our strategy and served our stakeholders well. FY 2018 was no exception, despite the year being fraught with extraneous challenges. We ended the year with a sales growth of 3.4% and our operating profit (EBITDA) stood at ₹ 227.65 crores.

While the long-term macro India story remains intact, there were substantial structural hiccups in the first half of last year, mainly on account of the mammoth roll-out of GST. But with our team's many years of experience successfully in managing such challenges, we were

able to swiftly adjust our inventories and sales. As a result of this, we are happy to report that your Company is 100% GST compliant and all processes in the supply-chain have been seamlessly aligned to power onward and upward.

On the business side, FY 2018 was a hallmark year for us. We have made strategic decisions to evolve our business as our customers' preferences have evolved.

### **SHARPEN FOCUS ON CORE BUSINESS + STRENGTHEN THE BALANCE SHEET**

In a bid to sharpen our focus on our core department store business and omni-channel strategy, we decided to exit our peripheral non-core businesses. Therefore, we divested our stakes in Hypercity Retail – the mixed retail format, Timezone Entertainment Private Limited – the JV business of family entertainment centres, and Nuance Group (India) Pvt. Ltd. – the duty-free airport retailing JV. We believe that these exits will serve in giving us the eagle eye focus required to significantly scale-up our core-businesses while also dramatically change our balance sheet and thereby increase shareholder value. We aim to be completely debt-free by FY 2019.

We plan to open 4-6 department stores and 8-10 beauty stores each year for the next 3 years to reach a wider and broader footprint. Where our physical stores are not present, our online shopping site will give customers the joy of shopping at a single click. Our robust investment in omni-channel will continue steadfastly.

Furthermore, as a testament to Shoppers Stop's potential and India's

robust retail story, Amazon.com NV Investment Holdings LLC, registered as Foreign Portfolio Investor with SEBI in India, has invested by acquiring 5% stake in your Company.

### **OMNI-CHANNEL PIVOT**

Shoppers Stop was among the first retailers to invest in e-commerce, digital technology and organisational alignment to support a seamless customer experience. However, we understand that customer expectations are changing at an even faster pace today than just a few years ago. In view of this, we have embarked on a path-breaking partnership with Amazon India to deepen our presence in the online space. In addition to our own shopping site [www.shoppersstop.com](http://www.shoppersstop.com) and mobile app, online shoppers will now have the opportunity to also experience Shoppers Stop in the marketplace arena via our flagship brand store on Amazon.in. This alliance with Amazon.in will give a significant fillip to the growth of our omni-channel business, helping us to achieve our target of 10% of overall sales from digital touch-points much quicker than we had anticipated.

### **BUILDING SUPERLATIVE ASSORTMENT AND CUSTOMER EXPERIENCES**

In the year gone by, we have partnered and launched a slew of new brands such as Rheson by Rhea and Sonam Kapoor, Nush by Anushka Sharma and Smashbox in beauty. We will continue to evaluate opportunities to bring in aspirational and sought-after brands into our fold.

Further, we are making improvements in our Private brands portfolio especially with respect to styling

and pricing. We are positive that these changes will bear fruit in the coming year and be a game-changer for the brand.

We continue to create exciting, unique and engaging experiences for our customers. Our aim is not just to delight, but also to elevate customer experience. We believe our investments in technology and analytics will further help us enhance our customer centricity.

Our love for our customers and our passion for retail has compelled us to relook at the way we conduct our business and our role in shaping India's retail story. We want to bring the joy back to shopping by bringing the romance back to retail.

My life has been enriched both professionally and personally in the last 17 years while donning various management roles in this wonderful and exciting journey at Shoppers Stop. I feel humbled to be a part of this magnificent journey in which your Company has achieved key milestones like going from 7 stores in 2001 to 83 in March 2018, marquee brand and partner associations, and successful rollout of impactful customer engagement programmes.

I am delighted to welcome Rajiv Suri who will take over from me. Rajiv comes with a rich experience of 25 years in the global retail industry, and I envision him to take your Company to greater heights from here on. I request you all to extend a warm welcome to him and continue support in the times ahead as we 'Start Something New'.

**Govind S. Shrikhande**  
Managing Director





**We are upping the ante, we are revitalising the business, we are changing the way we engage with our customers, we are**

# **BRINGING ROMANCE BACK TO RETAIL**

# THE SPARKLING ALLURE OF OUR BRANDS

**From the moment you step into our stores or click onto our shopping website, you are drawn into a luscious array of the best Indian and international brands. We offer an incomparable range of fashion apparel, accessories, beauty, footwear, perfumes, home products, maternity and childcare products, toys and much more.**

Over the years, in order to differentiate ourselves and keep our customers hooked to our assortment, we have introduced to India multiple exciting fashion labels and brands through exclusive and non-exclusive retail arrangements with coveted brands. We have also partnered with India's leading designers, fashion icons and celebrities to co-create and/or

distribute exclusive fashion brands in the country.

One of our big-ticket announcements in FY 2018 was the launch of Rhea and Sonam Kapoor's highly-anticipated fashion brand Rheson. Rheson is a complete embodiment of Rhea and Sonam's style statement and personalities – each piece of the collection is distinctive, unique

and homegrown in the truest sense. The design sensibility and concept comes from Rhea and Sonam and the Shoppers Stop team brings their vision to life with our long-time retail experience.

In the year gone by, we also introduced Anushka Sharma's popular fashion brand Nush.

Our beauty business is one of the key drivers of our top-line growth and also among our biggest differentiators in the market. Our assortment of beauty, skincare and cosmetics is unparalleled with

brands such as Estee Lauder, M.A.C, Clinique, Bobbi Brown, Smashbox, Guerlain, Clarins, L'Oreal, Shiseido, Elizabeth Arden and many more lining our shelves. We pride ourselves on introducing to our customers

the world of beauty and cosmetics, and helping them experience such renowned brands on their home turf and on their own terms. Our beauty advisors and experts are nifty, helpful and always ready to serve customers with a smile.

**RHEA & SONAM  
KAPOOR'S HIGH-  
STREET FASHION  
BRAND – RHESON**



**ANUSHKA  
SHARMA'S HIGH-  
STREET FASHION  
BRAND – NUSH**



**KRITI SANON'S  
WOMEN'S LINE  
– MS. TAKEN**



**VIRAT KOHLI'S  
BREAKAWAY  
YOUTH FASHION  
BRAND – WROGN**



**DESIGNER ROCKY  
STAR'S LINE- RS BY  
ROCKY STAR**



**A WOMEN'S HIGH-  
STREET BRAND  
BY FASHION  
STALWARTS  
DOLLY SIDHWANI,  
BHAVANA PANDEY  
AND NANDITA  
MAHTANI –  
LOVE GEN**



# THE SHEER JOY OF MAGICAL EXPERIENCES

We have always believed that shopping is an emotional experience and not a transactional exchange. And while the retail ethos may have shifted over the last few years, our endeavour is to keep the needle pointing due north by creating joyful experiences for our customers each time they walk into our stores or shop online.

## MAGICAL MAKEOVER MARATHONS

We organise annual Makeover Marathons across the country where we create exclusive make-up booths for customers and give them the opportunity to experience and use high-end beauty and cosmetics brands including Clarins, Dior, Shiseido, Givenchy, Elizabeth Arden and many more. Customers are treated to complimentary makeovers and tutorials by professional make-up artists from the finest of skincare and cosmetic brands.

## RENDEZVOUS WITH CELEBRITIES

We organise exclusive meet and greets with A — listers, bollywood celebrities and influencers to give our customers a chance to interact with their favourite brand ambassadors and influencers. In the past year, Rhea and Sonam Kapoor visited our stores to style 100s of young girls in Rheson. Kriti Sanon visited our Kolkata store to interact with fans of Ms. Taken.

## PATH-BREAKING PERSONAL SHOPPER PROGRAMME

The Personal Shopper programme has been a resounding success. The Personal Shopper is a well-trained advisor who has expertise in the latest fashion trends, a complete understanding of the store and brands, and an innate ability to assess customers' needs, shortlist products and help them arrive at a shopping decision. Our stores have designated premium Personal Shopper Lounges where customers are consulted and assisted.

Through this initiative, we wish to create a stress-free shopping experience for our customers. The Personal Shopper Service is a complimentary service and is available across all stores in the country.

By creating an initiative focused on customer delight, we have seen average ticket size increase by nearly 300% for assisted customers.



## SERVICES IN THE COMFORT OF YOUR HOME

Recently, and owing to the programme's success, we are rolling out the Personal Shopper Service 'AT HOME' across our stores in a phased manner. Through a prior appointment at select stores, a Shoppers Stop Personal Shopper will visit our customers' homes to offer complimentary trials, pay-at-home service, curated collections and personal styling all from the convenience of our customers' home.

## PERSONALISATION AND CUSTOMISATION

To celebrate our 26 years in the retail business, we conducted an exclusive personalisation and customisation drive in our stores. Customers were given a chance to create their own signature aroma with Soulflower, engrave their name on any Cross Pen, and create a customised monogram on select products.

# THE IRRESISTIBLE ATTRACTION OF OMNI- CHANNEL

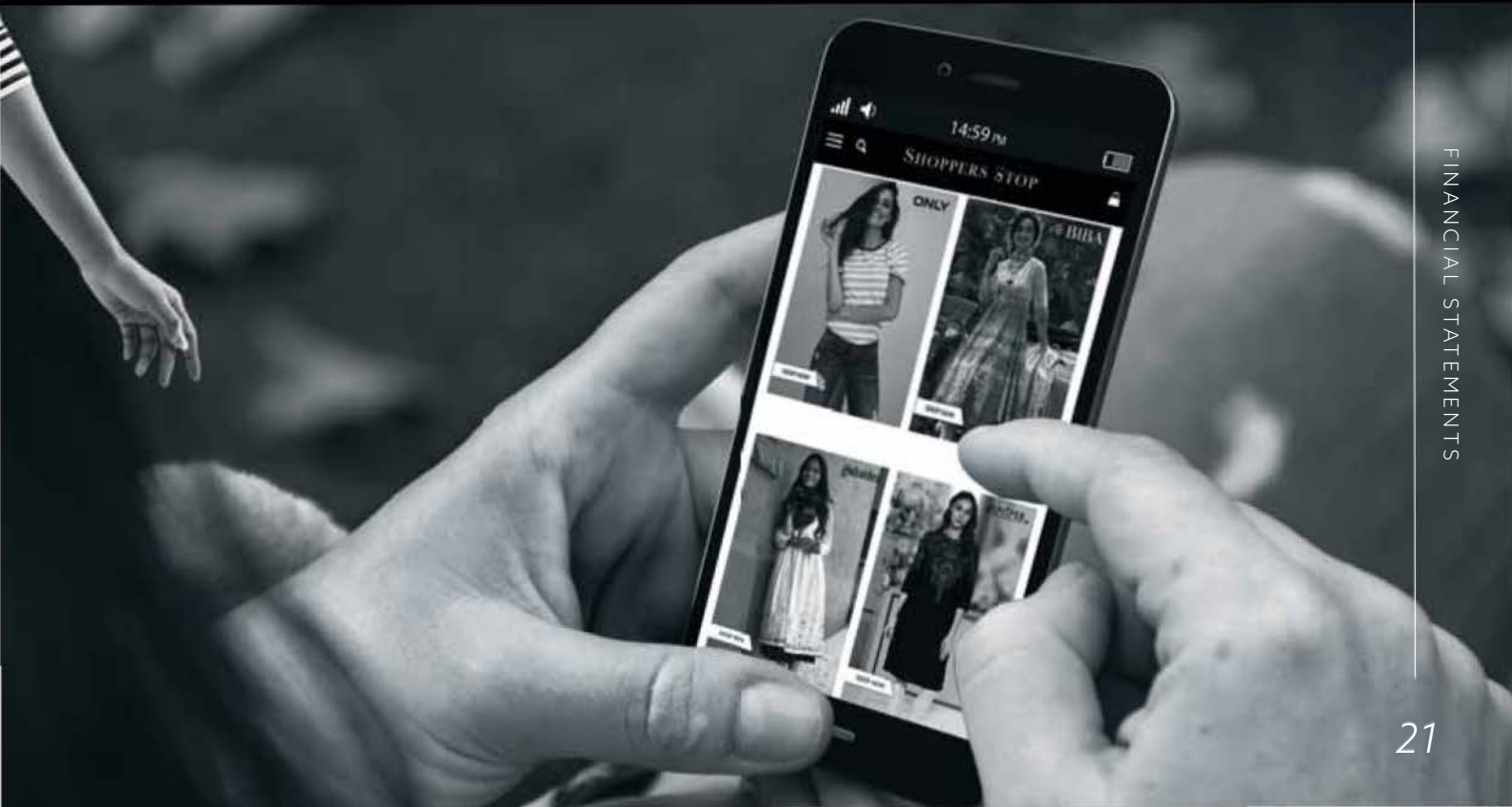
**Digital disruption and the explosion of e-commerce has had a catalytic effect on modern retail. Today, customers are platform-agnostic and therefore don't view brands as distinctly online or offline. Instead, they look for a seamless, integrated and unified shopping experience across all brand channels. We understand the way India shops and have therefore altered our business model to delight our customers each and every time.**

We have been one of the earliest believers and adopters of O2O (Online to Offline). We began our journey of pivoting to omni-channel way back in 2015 via our partnership with SAP for their Hybris software — the world's fastest growing commerce platform provider.

Subsequently, we have adopted multiple technologies such as Warehouse Management System (WMS), Order Management System, CRM, Enterprise Service Bus and

River Sand Master Data Management to enable one-view of the customer, one-view of order and one-view of inventory. This is aimed at creating a seamless and unified shopping experience for customers across multiple channels i.e. Physical stores, Web, Social, and Marketplaces. Going a step further in our omni-channel play this past year, we embarked on a path-breaking partnership with Amazon India.





# EVERY CONVERSATION AN AFFAIR TO REMEMBER

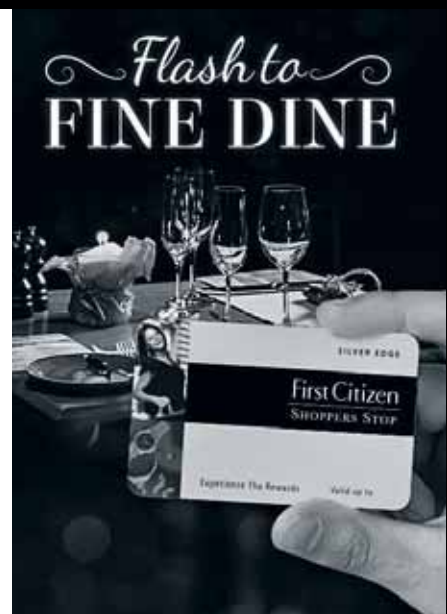
**We listen closely to our customers and understand the way they think and buy. We customise our language to engage and delight. Every conversation with our customers, be it online or offline, is crafted to create a lasting and meaningful impact in their life.**

Take for instance our popular First Citizen Loyalty Programme which is one of the longest-running loyalty programme in the country. Started in 1994, our loyalty programme now has more than 5 million members across the country who contribute to over 74% of sales. They represent the most premium buying power in India. But more importantly, they are our most cherished asset.

With over 20 years of recorded transactions from the programme, our vast data provides rich insights into customers' shopping behaviours, habits and preferences. We are able to listen, understand and talk to customers in a customised and personalised manner that is unrivaled industry-wide.

## Dining privileges on Shoppers Stop First Citizen Card

We recently introduced Dining Privileges on the First Citizen Card where First Citizens can enjoy exclusive offers, discounts and complimentary dishes across their favourite restaurants. More than 275 premium restaurants have been on-boarded so far.





We have created a dedicated Analytics team to analyse the proprietary First Citizen data. The team is tasked with the responsibility to understand the shopping data and cull insights. These insights (branded internally as "First Insight") are used to create targeted one-to-one communications and relevant offers for customers which in turn lead to incremental sales.

In FY 2018, we have achieved ₹ 415 crores worth of incremental sales through such initiatives.

Digital technology and social media affords us uninhibited interaction with our customers. Staying connected to them and engaged with them only allows us to further strengthen our relationship. From Facebook interactions to viral Twitter campaigns, from informative YouTube videos to quirky Insta stories, our social media platforms speak the language of the youth and the young-at-heart.

**OUR FACEBOOK PAGE HAS MORE THAN 10 MILLION FANS MAKING US THE TOP RETAILER ON FACEBOOK IN INDIA.**



# BOARD OF DIRECTORS



**MR. CHANDRU L. RAHEJA**  
*Chairman and Non-Executive Director*

Mr. Chandru L. Raheja 77, has extensive experience in the real estate, hospitality and retail industries across India. He has been involved in real estate development for more than four decades. Under his leadership, K. Raheja Corp. Group has built residential and commercial buildings, hotels and malls throughout India. His vision and foresight enabled K. Raheja Corp. to develop Mindspace, an integrated township with commercial, retail and residential developments at Malad, Mumbai. Similar developments are now being carried out in other cities.

Mr. Raheja stepped down as the Director and Chairman of the Company with effect from June 8, 2018, on account of his age, seniority and increasing personal engagements, after having served in this position for more than two decades.



**MR. B.S. NAGESH**  
*Chairman and Non-Executive Director*

Mr. B.S. Nagesh, 59, is the Founder of TRRAIN (Trust for Retailers and Retail Associates of India) and the not for profit company TRRAIN Foundation. TRRAIN has a vision of "Empowering people in Retail". In the last 6 years it has created livelihood for more than 8,500 disabled youth and skilled more than 26,000 youth in retail. Mr. Nagesh has been involved with Shoppers Stop and its group companies since its inception in 1991 as its first employee. He stepped out of the day-to-day roles of the business as Managing Director in the year 2009.

With effect from June 8, 2018, he has been elevated as Non-Executive Chairman of the Board of Directors and the Company. Prior to that, he was Vice Chairman of the Company.



**MR. RAVI C. RAHEJA**  
*Non-Executive Director*

Mr. Ravi C. Raheja, 46, an MBA from London Business School, has 24 years of experience across real estate, retail and hospitality. His multivariate experience and acumen has led him to spearhead business development for the Real Estate arm of K. Raheja Corp. Group. He also plays a key role in guiding the teams of the retail and hospitality divisions. A respected name in India Inc., Ravi has held important positions on several key forums, as Mumbai Chairman of the Indian Green Building Council and of the World Economic Forum.

Known for his benevolence and an innate need to give back to the society, Mr. Raheja plays a key role in the group's philanthropic initiatives through K. Raheja Foundation, Sadhana Education Society and S. L. Raheja Hospital along with several other initiatives in the space of human, community and sustainable investment.

Having built an excellent foundation, Ravi spearheads the next phase of growth for the Group.


**MR. NEEL C. RAHEJA**
*Non-Executive Director*

Mr. Neel Raheja, 43, is a Post Graduate in Commerce from Mumbai University. He also holds a Degree in Law and has successfully completed the Owner/President Management Programme from Harvard Business School. Over the last 25 years, he has been actively involved with K. Raheja Corp. Group's businesses. As a Group President, he has spearheaded Hotel business development and growth, and been instrumental in establishing brands like Shoppers Stop, Inorbit Malls and Crossword Bookstores.


**MR. DEEPAK GHASIAS**
*Independent and Non-Executive Director*

Mr. Deepak Ghaisas, 60, is a qualified Chartered Accountant, Cost Accountant and Company Secretary. He leads strategy development, visioning and conceptualisation of breakthrough business models for Gencoval Group, his new venture in Healthcare and Bio Tech. Mr. Ghaisas is the first Indian CFO to be felicitated with the prestigious CFO Asia award.


**PROF. NITIN J. SANGHAVI**
*Independent and Non-Executive Director*

Professor Nitin Sanghavi, 69, is a Professor of Retail Marketing and Strategy at Alliance Manchester Business School, UK. He brings to our Board immense wisdom as an educator and rich experience of working with retailers around the globe over 33 years. He holds a Masters and PhD from the University of Manchester. He has been Visiting Professor at respected institutions in Japan, Australia, Spain, Italy France, India and USA including Harvard Business School. He also acts as a strategy advisor to the Boards of many blue-chip retail organisations in UK, Europe, USA, Middle East and India. He has also been advisor to the British Council, Commonwealth Secretariat and Special Advisor to the World Bank on Retailing. He has been given many awards globally for his outstanding contribution to retailing and is ranked consistently as one of the world's top retail professor.

## BOARD OF DIRECTORS (CONTD.)



**MR. MANISH CHOKHANI**  
*Independent and  
Non-Executive Director*

A CA and MBA from the London Business School, Mr. Manish Chokhani, 51, is one of India's most respected investors and financial experts. From 2006 to 2011, he was MD & CEO of Enam Securities, and led its \$400 million merger in 2011 with Axis Bank to create Axis Capital Ltd., which he led as MD & CEO until end of 2013. From 2014 to 2016, he served as Chairman of TPG Growth – India and is currently a Senior Advisor to TPG Group. He serves as independent director on the boards of Zee Entertainment, Westlife Development, Axis Capital, and Laxmi Organic.



**MR. NIRVIK SINGH**  
*Independent and  
Non-Executive Director*

Mr. Nirvik Singh, 54, is a marketing communications veteran and has been in the business for over 29 years. He is currently Chairman & CEO of Grey Group Asia Pacific, Middle East and Africa, a leading global marketing communications network. He has been credited with Grey's growth in the region and oversees a network of over 2,000 professionals across 22 countries in 27 cities. Mr. Singh is a Graduate from St. Xavier's College, Kolkata.



**MS. AMEERA SHAH**  
*Independent and  
Non-Executive Director*

Ms. Ameera Shah, 38, is the Promoter & Managing Director of Metropolis Healthcare Ltd., a reputed chain of diagnostic centres with a loyal customer base across India, South Asia, Africa and Middle East. Metropolis delivers over 30 million tests annually and caters to over 2 lac consultants across emerging markets. Metropolis is rated amongst the top 1% laboratories globally for its quality systems and protocols. Named amongst 'Asia's Most Powerful Women in Business' by Forbes Asia and 'Fifty Most Powerful Women in Business' by Fortune India, Ms Shah is recognised as a global thought leader in the healthcare industry.

Ms. Shah has joined the Board as Additional (Independent) Director, w.e.f. June 8, 2018, subject to approval of members of the Company.



**MS. ABANTI SANKARANARAYANAN**  
*Independent and  
Non-Executive Director*

Ms. Abanti Sankaranarayanan, an Economics Graduate from St. Stephen's College, Delhi and an MBA from Indian Institute of Management (IIM), Ahmedabad, leads the Strategy and Corporate Affairs functions at United Spirits – a Diageo Group Company. Prior to Diageo, from 1992, Abanti served as a member of the Tata Administrative Service (TAS) cadre in an illustrious career where she held key roles managing some of the best known consumer brands of the Tata Group in India, UK and the US.

Ms. Abanti Sankaranarayanan, stepped down as an Independent Director of the Company, with effect from June 8, 2018, due to commitments at her work place.



**MR. GARETH THOMAS**  
*Independent and  
 Non-Executive Director*

Gareth Thomas, 61, holds an Honours Degree in Law from the University of Wales. For the decade up until 2010 he was Retail Director of John Lewis, before retiring after a 30 year career with the John Lewis Partnership. He is now a Trustee for the Tate Galleries and the American Museum in Britain.

He is a Non- Executive Director on the Board of the Co-operative Group, in UK.

Mr. Gareth Thomas stepped down as an Independent Director of the Company with effect from October 26, 2017, on account of his personal engagements and new commitments.



**MR. GOVIND SHRIKHANDE**  
*Customer Care Associate and  
 Managing Director*

Mr. Govind Shrikhande, 57, is the Managing Director of the Company. Mr. Shrikhande has been with the Company for more than seventeen years and has played a key role in the Company's growth from 7 stores in 2001 to 97 stores (including HomeStop stores) till date. He was also instrumental in the re-branding initiative of the Department Store format - Shoppers Stop in the year 2008.

Before joining Shoppers Stop, Mr. Shrikhande spent more than 16 years working in leading textile and apparel companies, such as Mafatlal, Arvind, Arrow and Bombay Dyeing. He is a graduate of Textile Technology from Veermata Jijabai Technological Institute (VJTI), Mumbai, and is a management graduate from Symbiosis Institute of Business Management, Pune.

Mr. Shrikhande, resigned as a Managing Director w.e.f. June 30, 2018. He has stepped down to pursue other interest, his personal commitments and other engagements.



**MR. RAJIV SURI**  
*Customer Care Associate and  
 Managing Director & Chief Executive  
 Officer*

Mr. Rajiv Suri, 55, is the Managing Director & Chief Executive Officer of the Company. Mr. Suri was appointed as the CEO on January 9, 2018. He brings over 25 years of strategic leadership experience across Europe, Middle East, Africa and Asia with a proven track record of driving transformational change in organisations, accelerating store expansion powered by operational efficiencies and reenergising corporate culture paradigms. He holds a Strategic Retail Management certification from the prestigious Harvard Business School.

The Board of Directors at its meeting held on June 8, 2018, appointed Mr. Rajiv Suri as an Additional Director and Managing Director, designated as "Managing Director & Chief Executive Officer" of the Company, subject to approval of shareholders of the Company and other regulatory approvals, as may be applicable.

# CORPORATE INFORMATION

## Board of Directors

Chandru L Raheja (upto June 8, 2018)	- Chairman
B. S. Nagesh (w.e.f. June 8, 2018)	- Chairman
Ravi C. Raheja	- Director
Neel C. Raheja	- Director
Deepak Ghaisas	- Director
Nitin Sanghavi	- Director
Manish Chokhani	- Director
Nirvik Singh	- Director
Ameera Shah (w.e.f. June 8, 2018)	- Director
Abanti Sankaranarayanan (upto June 8, 2018)	- Director
Gareth Thomas (upto October 26, 2017)	- Director
Govind Shrikhande (upto June 30, 2018)	- Managing Director
Rajiv Suri (w.e.f. June 8, 2018)	- Managing Director & Chief Executive Officer

## Audit Committee

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

## Nomination, 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
Deepak Ghaisas	- Member

## Corporate Social Responsibility Committee

Ameera Shah	- Chairperson
Ravi C. Raheja	- Member
Rajiv Suri	- Member

## Company Secretary

Bharat Sanghavi

## Registered Office & Service Office

Umang Tower, 5th Floor,  
MindSpace, Off Link Road,  
Malad (West), Mumbai - 400 064, India.  
Website: [www.shoppersstop.com](http://www.shoppersstop.com)  
E-mail: [investor@shoppersstop.com](mailto:investor@shoppersstop.com)  
CIN:L51900MH1997PLC108798

## Statutory Auditors

S R B C & CO 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](mailto:einward.ris@karvy.com)

## Bankers

Axis Bank Limited  
ICICI Bank Limited  
IDBI Bank Limited  
IDFC Bank Limited  
HDFC Bank Limited  
Kotak Mahindra Bank Limited  
Yes Bank Limited  
Bank of India

## Management Team

Govind Shrikhande  
Rajiv Suri  
Amin Kassam  
Gopal Asthana  
Karunakaran Mohanasundaram  
Maneesh Mittal  
BVM Rao  
Anil Shankar  
Devadas Nair  
Sumit Puri

## Solicitors

Wadia Ghandy & Co.

# FINANCIAL HIGHLIGHTS & KEY RATIOS

	(All amount in ₹ lacs)				
Profitability Statement	2017-18	2016-17	2015-16	2014-15	2013-14
No. of Stores	165	150	146	138	130
<b>INCOME</b>					
Gross Retail Sales	413,576	400,096	371,545	340,613	305,215
Less: Value Added Tax	41,985	19,073	17,969	16,095	14,582
Gross Retail Sales (Net of taxes)	371,591	381,023	353,577	324,517	290,633
Other Operating & Miscellaneous Income	5,793	6,552	7,451	4,501	3,326
	<b>377,383</b>	<b>387,574</b>	<b>361,028</b>	<b>329,018</b>	<b>293,959</b>
<b>EXPENDITURES</b>					
Cost of goods sold	238,837	250,576	231,245	207,806	188,096
Employee costs	30,010	27,350	24,552	22,703	20,445
Operating and administrative expenses	86,511	89,464	83,583	79,351	70,017
	<b>355,358</b>	<b>367,390</b>	<b>339,380</b>	<b>309,860</b>	<b>278,557</b>
<b>EBIDTA</b>	22,025	20,184	21,648	19,158	15,402
Interest and finance charges	2,751	3,820	3,786	3,621	2,886
Depreciation	11,193	11,553	9,856	8,581	6,178
Profit Before Tax before exceptional items	8,082	4,812	8,006	6,956	6,338
Exceptional Items	4,344	4,780	2,381	-	67
Profit Before Tax after exceptional items	3,738	32	5,625	6,956	6,271
Profit After tax	1,866	(1,994)	2,288	4,074	3,700
<b>BALANCE SHEET ITEMS</b>					
Share Capital	4,398	4,175	4,173	4,168	4,161
Reserve & Surplus	90,939	71,900	73,691	72,360	68,706
Loan Funds	8,738	57,590	58,983	51,839	45,131
Deferred Tax (Liability) / Assets	1,978	429	361	(956)	(996)
Capital Employed	102,097	133,237	136,487	129,323	118,994
Fixed Assets	66,593	65,220	65,943	61,056	58,090
Net Working Capital	(157)	792	(1,444)	(1,605)	(3,734)
<b>PROFIT &amp; LOSS RATIOS</b>					
Sales (Chain level growth)	3.4%	7.7%	9.1%	11.6%	19.2%
Sales (Like to Like growth)	2.1%	3.1%	8.5%	5.0%	10.2%
Gross Profit Margin	32.1%	32.6%	32.9%	34.3%	33.6%
Operating Expenses Ratio	28.2%	29.2%	29.1%	30.0%	29.6%
Operating Margin (EBIDTA) (Before exceptional item)	5.3%	5.0%	5.8%	5.6%	5.0%
PBT Margin before exceptional item	2.0%	1.2%	2.2%	2.0%	2.1%
PAT Margin	0.5%	-0.5%	0.6%	1.2%	1.2%
Interest Coverage	7.33	4.75	4.84	4.49	4.45
<b>BALANCE SHEET RATIOS</b>					
Debtors No. of Days	2	2	2	3	3
Creditors No. of Days	81	78	78	88	82
Stock Turnover Ratio	3.2	2.8	2.5	2.7	2.3
Current Ratio	0.6	0.9	0.8	0.9	0.9
Assets Turnover Ratio	3.6	3.0	2.8	2.8	2.8
Debt Equity Ratio	0.1	0.8	0.8	0.7	0.6
<b>RETURN TO INVESTORS</b>					
Return on Network	12.6%	11.2%	15.3%	14.2%	13.0%
Return on Capital Employed	9.2%	6.4%	8.9%	8.5%	8.3%
Book Value Per Share (in ₹)	112.86	91.11	93.33	92.44	88.02
<b>EPS</b>					
Basic	1.37	(2.39)	3.0	4.9	4.5
Diluted	1.35	(2.39)	3.0	4.9	4.4
Cash EPS	15.46	11.45	14.56	15.29	11.93
Dividend Per Share	<b>0.75</b>	<b>0.75</b>	<b>0.75</b>	<b>0.75</b>	<b>0.75</b>

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

Note 2:- Figures have been regrouped for Presentation and calculation purpose.

Note 3:- Figures for 2015-16, 2016-17 & 2017-18 have been stated as per Ind As requirement and not comparable with earlier years to that extent.

(Source - Company MIS)

# MANAGEMENT DISCUSSION AND ANALYSIS

for the year ended 31 March 2018

## INDIAN RETAIL.

The last two decades, Indian Retail Industry has undergone considerable change with respect to size, scope and complexity. From USD 672 billion in 2016, the Indian Retail market is expected to grow to USD 1100 billion in 2020 with the help of rise in income levels, growing aspirations, favourable demographics and ease of credit. Globally, India is fifth-largest destination in retail space and is growing at a rate of 12% per annum.

## E-TAILING.

India's internet population will grow to 650 million users in 2020 from 430 million users in 2017, covering nearly half the population of the country. 20% of these internet users have already adopted e-commerce and this is projected to grow to 30% by 2020. With the digital ageing (time for which user has been active on the internet) expected to cross 2 years by 2020, the wallet share of e-commerce amongst adopters will also grow, potentially resulting in online transactions worth USD 100 billion in 2020 with 40-45% of these being for e-commerce. Apparel and Beauty categories are likely to lead this phase of e-commerce growth, with women shoppers forming as much as 45% of the digital adopters. Tier 2/3/4 cities are expected to grow to nearly 50% of the online spends, up from 40% in 2017; and the current youth mix (74% online shoppers aged less than 34 years in 2017) will decline to 67% by 2020.

## MODERN RETAIL

Modern Retail in India has seen a dream run in the past year on the basis of strong valuation rating and improvement in business performance. Modern retail is well poised, after demonetisation and GST, given its underpenetration to total trade. Retailers have become more agile and investible, with increased focus on return ratios, debt reduction and exit from non-core assets.

## MODERN RETAIL - CHALLENGES AHEAD.

Discounting by online retailers has taken a toll on physical retailers due to the shift from physical to online platforms on heavy discounting. However physical retailers now being more prepared and online players focusing on profitability some stabilisation of the competition from online retail is expected. Complete customer experience and interaction, strong brand and robust supply chain management, store network and scalability are some of the factors for online retailers to go offline. It is critical for retailers to define a viable transformation agenda to stay relevant. Efficient supply chain, efficient merchandise positioning in accordance with catchments, delivering in-store experience, ensuring optimum merchandise value

in relation to its price, effective allocation of space would help modern retail grow consistently.

## S.W.O.T. ANALYSIS

### Strengths:

- **First Citizens:** Our Loyalty Programme 'First Citizen' has continued to be one of the main strengths of our business. We crossed the 5.3 million mark in memberships, making it one of the largest loyalty programmes 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 data-driven and analytics-backed targeted activities/promotions. Our fan base on social media has also been increasing, with more than 10.8 million fans on our Facebook page. We see significant opportunities on both these platforms for engaging our customers.
- **Management Strength & Corporate Governance:** The Company has a professional and well-established management team. Furthermore, the Company's unwavering focus on good corporate governance has been a beacon for the industry. Our internal and external auditors are amongst the Big 4 audit firms of the globe. The Board has 5 independent Directors with rich & diverse experience across Industries & 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.
- **Strong focus on Systems, Processes and People:** Besides continuing to invest in retail front end as well as back end processes with IT enablement, the Company is investing into technology transformational projects. 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 transformation 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 510,000 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 Omni-channel distribution network which supports the e-commerce/Brick & Mortar Distribution Centre Operations, will stand it in good stead for the Strategy envisaged in the forthcoming years.

- **Enhancing our Human capital:** We continue to develop our Customer Care Associates (CCAs) across all levels through Development & Assessment centres for promotion decisions, career planning and succession planning. Individual and organisational development is the primary objective of the assessment centre. We also conduct Associate Satisfaction survey every year and derive ASI scores, which helps us in identifying the index scores of respect, credibility, fairness and pride with the organisation. We continue to benchmark our compensation and benefits through consultants, with the best in the industry to pay our associates accordingly.
- 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 83 department stores at prominent catchments spread across the country. We are also parallelly embarking on our omni-channel journey to tap into the exponential ecommerce growth in India.
- **E-commerce:** This year, the Company shall focus on strengthening its e-commerce presence to build on the investments made over the last 3 years to drive more than 100% sales growth, and to create seamless experiences across online and offline in order to drive digitally influenced store sales, as well as adoption of digital channels by store customers and on leveraging its partnership with Amazon to improve sales through, making our full assortment available to the vast traffic garnered by Amazon; as well as to develop experience centres at Shoppers Stop stores to increase consumer relevance, engagement & hence foot-falls.

The Company believes that more consumers across the country will discover 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 & Amazon with the added advantage of being able to return, exchange anytime, anywhere.

#### 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 is also a matter of concern as it puts substantial pressure on profits.
- **Internet usage:** 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.
- **Economic Slowdown:** Economic slowdowns have a direct impact on consumption. Retail being the end service provider of consumption in the supply/Value chain, is bound to face difficulties in an environment of economic slowdown. The Company continuously looks at stepping up the marketing activities and strong cost control to protect the Company's profitability.

#### Opportunities:

- **Geographical reach:** Your Company continues to increase its Pan-India footprint. The Company's strategy to increase the number of departmental stores, and therefore improve city wise penetration in new cities, increase market share in existing cities through additional new stores in those cities, and new stores in Tier II cities, remains unchanged. Over the last Seven years the Company's retail space has increased from 2.3 million square feet for the year ended March 31, 2011 to 4.3 million square feet for the year ended March 31, 2018 which is an impressive increase of 87%.
- **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, Smashbox & Clinique which retail high end makeup & skin care products, Mother Care which retails infant and kids merchandise. 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 a very important component in our business. We started our journey from being just fashion Labels to becoming National Brands with high customer traction and Brand recall. 'Stop' is number one apparel brand in Shoppers Stop. The financial growth has been mapped season-over-season so as to monitor and work towards increase the share of Private Brand contribution to the Chain. Private brands brings the much needed product differentiation in business.

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. The brand team is also working towards increasing the sell through of range and improve the fashion quotient as apt for the target consumer segment. 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:** New-age, digital companies are increasingly chasing ubiquity in the customer's life, and hence aiming to become one-stop-destinations for all digital needs of the customer, while also starting to create off-line presence to make up for the absence of 'experience/touch-feel-try'.

The Company had recognised this shift at an early stage and developed a strategy to counter the impact.

Over the last 3 years, the Company has made significant investments to embrace new technologies and infrastructure for omni-channel, which is a combination of its physical and digital customer touch points.

The Company continues to make focused investments in technology & operations set-up towards providing seamless shopping experiences through online and by digitally transforming our stores continuing to drive profitable revenue growth. Adding to the online commerce platform (SAP Hybris), CRM (Microsoft Dynamics) and WMS (JDA) built over 2015-2017, last year, the technology rollout with the deployment of Riversand Master Data Management (MDM) for a unified view of product and customer, IBM Sterling Order Management System for a unified view of orders, and an integration layer involving TIBCO's Enterprise Service Bus (ESB) to enable customer journeys across channels.

As a result, of these initiatives, the Company has now been able to introduce omni-channel experiences such as Express Store Pickup and Ship from Store, while growing online sales for FY 2018 by 63% over FY 2017.

The Company entered into a commercial agreement with Amazon Seller Services Pvt. Ltd. wherein Shoppers Stop now has an exclusive flagship store on the Amazon marketplace - listing the Company's portfolio of 400+ brands. Additionally, as part of this arrangement, Amazon experience centres will be created across the physical network of Shoppers Stop stores, and Shoppers Stop & Amazon India will also conduct joint marketing efforts.

#### Threats:

- **Economic slowdown:** Economic slowdowns have a direct impact on consumption. Retail, being the end service provider of consumption in the supply/value

chain, is bound to face difficulties in an environment of economic slowdown.

- **Threat of new entrants:** With India continuing to be an attractive retail market, the Company expects many new entrants into the sector, thus increasing competition. However, the nationwide footprint, excellent customer service levels, look & feel of the stores, competitive product offerings & capability of its management team to execute the business operations & expansion are the few factors amongst many which would certainly help the Company to retain its market share.
- **Competitive rivalry in the industry:** There is intense rivalry among leading national retailers for new locations and quality real estate. The Company believes that it has a robust pipeline of stores for future expansion.

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

Availability of quality real estate space at commercially viable cost and at desired locations is a greatest challenge and will impact the growth of the Company.

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.

#### CUSTOMER ENTRY DEPARTMENTAL STORE



(Customer entry in million)

2017-18	42.5
2016-17	46.8
2015-16	45.4
2014-15	45.6
2013-14	46.8

(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.

#### CONVERSION RATIO % DEPARTMENTAL STORE



2017-18	27.5
2016-17	26.1
2015-16	25.6
2014-15	24.3
2013-14	21

(Source: Company MIS)

## SALES

Gross Sales both at chain level and for Like-To-Like stores has grown against last year. The growth was 2% in gross retail turnover of Shoppers Stop departmental store business. The sales per sq. has been computed on built-up area.

### SALES (LIKE-TO-LIKE GROWTH %) DEPARTMENTAL STORE



(Source: Company MIS)

### SALES PER SQUARE FEET (IN ₹) DEPARTMENTAL STORE



(Source: Company MIS)

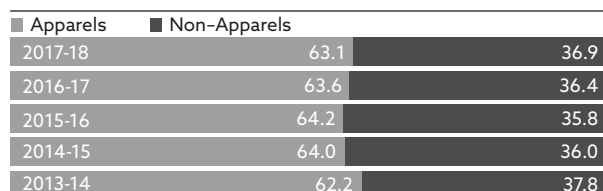
## APPAREL

The Apparel contribution to total sales of the Shoppers Stop departmental store business was 63.1% in 2017-18 as compared to 63.6% in 2016-17.

## NON-APPAREL

This category includes Cosmetics, Personal Accessories, Jewellery, Leather goods, Home Wares, Electronics, Books and Music. These lifestyle products have high aspiration value, and as the consuming class increases, there will be a big surge in the demand for this category. The Non-Apparel contribution to total sales of the Company was 36.9% in 2017-18 as compared to 36.4% in 2016-17.

### SALES MIX % DEPARTMENTAL STORE



(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 10.1% of sales as compared to 12.0% last year. Your Company is working on several new initiatives to drive the share of existing Private Brands like Stop, Life, Haute Curry, Vittorio Fratini, & Kashish. Exclusive brand contribution of Sales is at 3.8% as compared to 4.2% last year. Exclusive brands include, brands/labels such as WROGN by Virat Kohli & Desigual the Spanish fast fashion brand, RS by ROCKY STAR, FLAUNT BY FAMINA, RHE-SON.

### PRIVATE BRAND SALES MIX %



(Source: Company MIS)

### EXCLUSIVE BRAND SALES MIX %

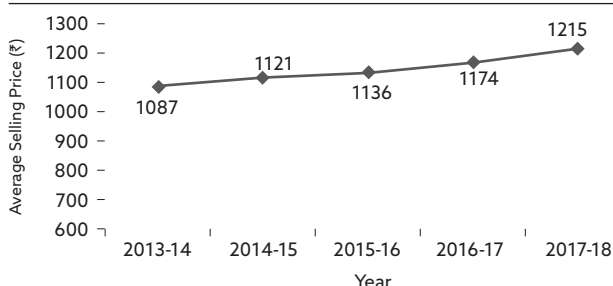


(Source: Company MIS)

## 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.

### TRANSACTION SIZE (₹) DEPARTMENTAL STORE



2017-18	3053
2016-17	2878
2015-16	2791
2014-15	2615
2013-14	2667

(Source: Company MIS)

## MERCHANDISE PURCHASE

Your Company's ability to present on the shelves correct merchandise assortments in the right mix, style, color & 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. We also take inputs on customer buying behaviour from Loyalty and Analytics team to alter the product and brand assortments.

In order to enrich the quality of data we have moved from JDA MMS system to Master Data Management system.

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

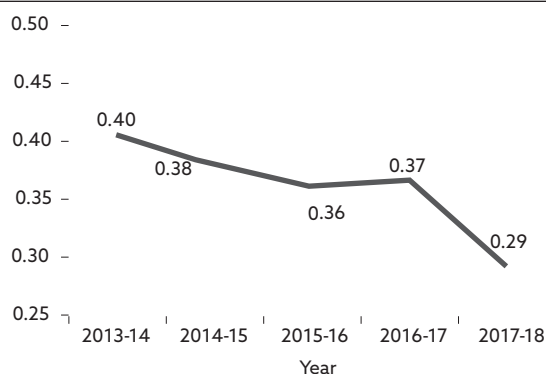
Our broadly varied offering necessitates alliances with a large number of suppliers from various business sectors. In order to mitigate the risk involved, we enter into arrangements with vendors in various business formats such as outright buy/sale or return, consignment & concessionaire/conducting arrangement.

## 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. We monitor shrinkage on a regular basis and look at

various factors that could lead to Shrinkage at stores and distribution centres. 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 0.29% of the Turnover and our endeavour will always be to lower this ratio through proper monitoring and continuously reviewing Inventory management processes and systems.

### SHRINKAGE (AS A % OF SALES)



(Source: Company MIS)

## OPERATING PROFIT

The Operating profit (without exceptional items) for the FY 2017-18 is ₹ 22,025 lacs as compared to ₹ 20,184 lacs last year and 5.3% of sales in 2017-18 against 5.0% in 2016-17 an increase of 0.3%.

## EBIDTA



(Customer entry in million)		
2017-18	5.3%	22025
2016-17	5.0%	20184
2015-16	5.7%	21648
2014-15	5.6%	19158
2013-14	5.0%	15366

(Source: Company MIS)

## NET INTEREST

Interest cost has decreased to ₹ 2,751 lacs as against ₹ 3,820 lacs last year.

## PROFIT AFTER TAX

The Company has achieved post tax profit of ₹ 6,201 lacs before exceptional items, as against a post-tax profit of ₹ 2,786 lacs before exceptional items last year. The post-tax profit after exceptional items is ₹ 1,160 lacs as against loss of ₹ 1,993 lacs in last year.

## DIVIDEND

The Board of Directors have recommended a dividend of 15% i.e. (₹ 0.75 per share) for the year under review.

## INVENTORY

The inventory as at the end of current year is ₹ 32,842 lacs as against ₹ 35,277 lacs as at the end of the last year. Inventory holding period is 16 weeks during the current fiscal against 18 weeks last year. The inventory has been valued at lower of cost or net realisable value.

## LIQUIDITY

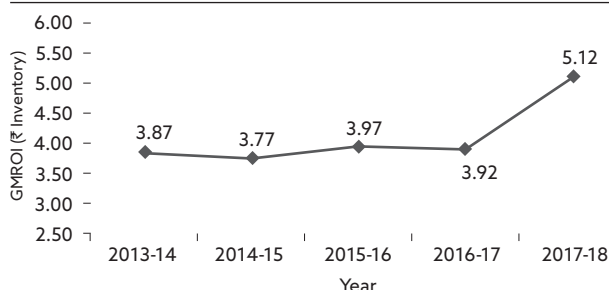
The cash generated from operations is ₹ 32,187 lacs.

## 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 Return on Inventory (GMROI), Gross Margin Return on Floor Space (GMROF) and Gross Margin Return on Labour (GMROL).

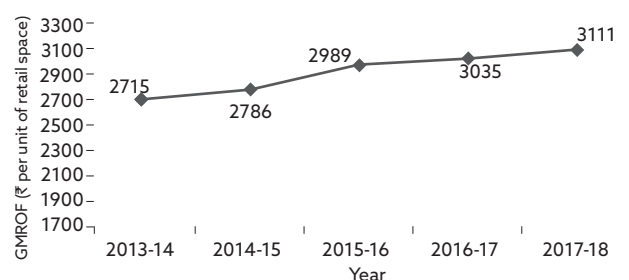
GMROI helps to optimise inventory levels, GMROF helps to maximise the cash margins and GMROL helps to increase labour productivity.

### GMROI



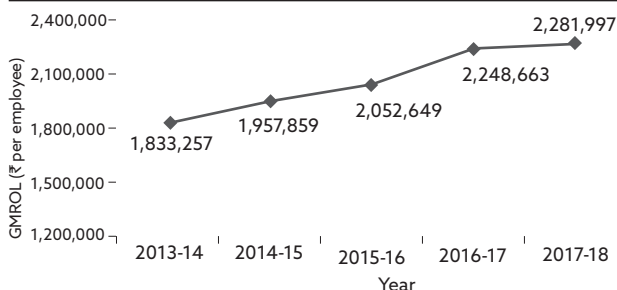
(Source: Company MIS)

### GMROF



(Source: Company MIS)

### GMROL



(Source: Company MIS)

## PARTNER SATISFACTION INDEX (PSI)

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

Our PSI scores for the five years are as below.

Year	2013	2014	2015	2016	2017
Scores	4.31	4.18	4.13	4.17	4.05

## 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:

- **STYLE:**

To build the organisational capability and make the organisation future ready, a 18 months programme called Shoppers Stop Young Leaders Evaluation (STYLE) programme was launched. 27 High Potentials across all functions were chosen through scientific assessments and they underwent varied initiatives across competencies like Leadership, Innovation, Storytelling etc. They were also given Live projects to work upon to develop & nurture them. The training exposure happened through External Subject Matter Experts.

- **ILearn:**

To engage, educate and empower our learners through a blended learning mechanism, we introduced a digital platform branded as 'ILearn' that allows our managers and future leaders to manage their learning needs at their own pace. We have partnered with digital e-learning content experts to help our people access world-class content at their fingertips. This content is jointly designed by industry experts and professors from reputed institutes like Harvard, Stanford, Kelloggs to name a few. The blended learning model encompasses a bouquet of courses keeping in mind current skills required at the job and the competencies to do them in a right way. 850 managers across Stores and Services Office have been identified to be engaged through this initiative this year.

- **SIP:**

We continue our journey to inspire and influence our people through Leadership Talk series branded as SIP - 'Systematic Investment in People.' We've used this platform effectively to engage our employees and seek a whole new perspective through some eminent speakers. The insights and personal stories of some of the best thought leaders often inspire our learners to reflect, evaluate, assess and then action. Thus bringing a 360 degree transformation in their personal or professional approach. We added a new outlook in the way we look at innovation in day-to-day life through the session conducted by Rolex award winner Sonam Wangchuk. The famous veteran of Kargil fame, General V.P. Malik also showed us the power of Leading from Behind. We have had an overwhelming response with the participation crossing over 400 people from Services Office for these sessions.

- **Cashier Excellence programme:**

Cashiering process is the last touchpoint and the customer experience at this stage plays an important role in the overall engagement at the store. We conducted a benchmarking activity across diverse industries to study trends and service levels at the cash tills. To stand out and differentiate our service at this touchpoint we needed to bring a subtle balance in functional and behavioural abilities of our cashiers.

We designed an intervention which was a fine blend of observed best practices and ideal desired behaviours that our cashiers should demonstrate during customer engagement. We covered cashiers across all stores as a part of this service excellence initiative. To constantly reinforce key learnings of the programme a customised sticker is pasted on POS machines for cashiers' immediate reference.

- **Outbound**

Offsite trainings are a great platform for informal learning and breaking monotony. We conducted this year's Service office outbound session at Lonavla. This one and half day intervention aimed at helping team members network and meeting new people working in other functions. This opened avenues for future inter and intra department collaboration. The training activities were designed to bring out fresh perspectives on aspects like innovation, teamwork, collaboration, problem solving, design thinking and seamless execution. The theme of this intervention to Refresh, Recharge, Renew truly met participant expectations.

- **Hosting Skills**

With our organisation aiming to become Omni-channel it is important for us to create differentiation with our service. To create a seamless experience for our customers it was imperative that we looked at an innovative way of servicing them. Hosting a customer rather than merely selling or servicing could help us boost the service experience 3X times at the stores. This learning initiative focused on bringing a shift in the mindsets from being sale oriented to being service oriented. We focused on imparting associates with key skills that could help them host the customer with ease and confidence thus creating a wholesome experience. Customer Care Associates, Personal Shoppers, Cashiers, CSD / FCD team members, Department Managers and Unit Heads were part of this intervention.

- **IGDS**

We continue to inculcate and give our employees, exposure to Best International Retail Practices through IGDS. Three of the senior leader participated in this year's IGDS US Retail Executive Tour. The journey helped them look at technology practices followed by best-in-class retailers.

- **Personal Safety & Defense**

Living the philosophy of Start Something New we initiated a pilot of Personal Shoppers at Home service in three cities. Self-Management and Personal safety of our employee becomes utmost important while they are away from the store. Subject Matter Expert Mr. Anuj Sharma conducted a two day session where the participants were made aware of the various aspects of the POSH Law and urban safety at the store or at the extended workplaces like travel or the customer's residence. They were told how to

recognise the signs of the harassment and danger. They were also educated on steps they could take for corrective action and the process for reporting the case.

- We also arranged a two day session for the POSH committee members across the organisation. This is line with the regulatory guidelines for POSH committee members to remain updated on the framework & statutory requirements of POSH. The session contained both, POSH guidelines (what is POSH, definition etc.) as well as POSH regulations in detail (How to handle investigations, reporting structure, differentiating POSH Vs no POSH etc.). The session was highly engaging through use of case studies which helped committee members get a practical insight on handling investigations.

#### • **Baby Kangaroo:**

The award Winning Baby Kangaroo Programme continues to provide development and growth opportunity to the front end associates and helps them evolve as thorough Department Managers. This year 21 Customer Care Associates went through the 35 days of the exhaustive and effective M.A.S.T. (Managerial and Supervisory Training) programme and embarked on their journey of the Department Manager. Learnings were also imparted by a pool of internal and external speakers and trainers.

#### • **Dronacharya:**

In a constant pursuit of enhancing the quality of our BKs and enhancing the possibility of every DM progressing upward, we are glad to re-launch our 'Dronacharya' initiative. Under this initiative the nominated Unit Head is trained on sharpening and enhancing Coaching & Mentoring skills. On successful clearance of assessment, the Unit Head is certified as a 'Droncharya'. This initiative helps us create a pool of mentors who would guide and groom young leaders to bring the best out of them.

#### • **SSL radio**

SSL radio 91 was launched in the year 2016 with an intent to create a new learning experience through quotes and reiteration of important policies on a day to day basis. This initiative has been one of the simplest yet useful way to inform, inspire and influence our associates to do nothing but the best. It also has been one of the fastest modes for the Functional Heads and Top management to reach out to our associates and feed them with inspiring message & tips to excel in their roles.

#### • **Times Technology**

We continue to focus on maximising reach & minimising time & efforts, through our partnership with Times Education Ltd. Through its studio and Video conferencing facility, we were able to conduct Training on New Season launch for B & M.

#### • **Training hours:**

Training hours 16-17	Training hours 17-18
25386	33144

Our organisation level annual employee engagement survey 'COMPASS' is conducted by a renowned external agency with a widely accepted engagement framework. It helps us to gauge our overall engagement levels, as well as to understand the factors which impact engagement across different populations within the organisation. This enables us to appropriately align our efforts to motivate our associates in future.

#### **MARKETING:**

This year, Shoppers Stop revived Doty - Designer of the Year Campaign. The grand finale witnessed a fashion night and winners who interned and designed range with Shoppers Stop. Shoppers Stop continued to craft category-specific promotions such Shopping League, Back to School, Festive Delight, to name a few. Regional promotions such as Poila Baisakh and Pujor Bazaar with localized content and celebrity endorsements helped build brand connect in various markets.

Shoppers Stop continued to establish itself as the leader on Social Media by crossing 10.8 million followers on Facebook. To be ahead of the curve and engage consumers through innovative solutions we launched Talking Mannequin in Bandra. The AI interacted with the consumers as soon as they landed in the defined radius. This garnered us a lot of traction online and offline as well. In keeping with the latest trends we ensured to engage with the consumers with latest features on social channels like Instagram Polls, GIFS, Swipe Up feature that landed the consumer on e-commerce site. To drive the footfalls to our stores through the expanding landscape of digital media, we collaborated with Google and implemented an O2S (Online To Store) campaign in Mumbai and Bengaluru. The concept was to maximise the online eyeballs to footfall ratio which could translate into better customer entry and helps in mapping the same.

#### **LOYALTY PROGRAMMES:**

Your Company runs the famed 'First Citizen Loyalty Programme'. The First Citizens programme now has a base of over 5.3 million customers. During the current year, the First Citizens contributed 75% 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 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 and online store [www.shoppersstop.com](http://www.shoppersstop.com) and mobile app.

- Members can earn and redeem points via their mobile phones.
- 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 select tiers.
- Exclusive First Citizen lounge at select stores.

#### **Co-branded Credit 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:**

2017-18 has been an exciting and action filled year for your Company. Changing market, emerging technologies and evolving customer behaviours require us to better understand our consumers need and reformulate our technology portfolio. Beside the regulatory changes in the form of GST gave us an opportunity to relook at some of our business processes and build newer capabilities. We are motivated by our position; our excellent progress leaves us in a confident position for the future. Some of the key initiatives that your Company took during the year are:

##### **In-store Customer Engagement Initiatives and Improved Experience**

In the context of a changing customer who wants a combination of luxury and fashion, your Company rolled out the Personal Shopper programme where technology played a crucial role by integrating the entire process from appointment booking to the feedback into the CRM solution and empowering our frontend associates with in-store mobile apps. Quick surveys and feedback systems were implemented to get the sense of what our customers are experiencing in-store.

Based on the extensive analytics deployed by your Company, we understand that our customers shop by brands. Brand wise points earning and redemption was a therefore a natural response which was built and rolled out in our Loyalty programme.

##### **Faster Supply Chain & Smarter Fulfilment Model**

Merchandise has its best worth when it has reached the store front in shortest possible time and is frequently refreshed. Your Company continues to invest into technologies that optimise the supply chain operational processes and makes products available for the customer efficiently. Single scan carton receiving process and automation of reverse logistics has been implemented this year to significantly reduce the goods receipt and pull back time. This enables the associates to focus more on the customers.

##### **Information Security & Compliance Initiative**

This year we continued improve upon security best practices and recertified our information security standard for PCI / DSS and extended the scope to obtain certification for our e-commerce business.

Your Company also transitioned to GST with almost no impact on the business, your stores were open to receive the customers with a GST compliant solution on 1st of July. Your Company has very successfully changed its core solutions for GST and has met all the timelines mandated by the Government under GST.

### **Integrated Processes & People Efficiency**

All round communications and seamlessly integrating technologies are the key to creating an agile business. Your Company has invested in the best of the breed Master Data Management (MDM) solution this year thereby allowing us to manage all the business critical data with integrity and accuracy. This is already in use extensively in the product on-boarding and on-line enrichment processes and has significantly reduced the time to make our products available online.

Another major initiative delivered this year is the Enterprise Service Bus (ESB) which integrates all the key business technologies with minimum impact. The MDM & ESB technologies form the base on which your Company will continue to maintain its leadership position in Retail Technology.

### **Solutions for Associate Enablement**

Human resource being a critical element in maintaining a customer centric organisation culture, your Company added several new initiatives to automate the various processes like promotion, separation and performance management in an employee lifecycle.

### **CORPORATE GOVERNANCE**

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

### **CAUTIONARY STATEMENT**

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

# DIRECTORS' REPORT

for the year ended March 31, 2018

## Dear Members,

Your Directors present herewith 21st Annual Report on the business and operations of the Company together with the Audited Financial Statements for the year ended March 31, 2018.

## 1. FINANCIAL PERFORMANCE

Particulars	(₹ in lacs)	
	Year ended March 31, 2018	Year ended March 31, 2017
<b>RETAIL TURNOVER</b>		
Own merchandise – Gross of tax	387,316.73	367,500.86
Concessionaire/consignment merchandise – Gross of tax	26,259.14	32,595.04
Other Retail operating income	5,055.59	5,619.72
	418,631.46	405,715.62
Less: Value Added Tax	41,985.29	19,073.24
Less: Cost of concessionaire/consignment merchandise	17,497.26	21,838.13
	359,148.91	364,804.25
Other Income	1,602.03	2,956.98
Total Income	360,750.94	367,761.23
Profit before Depreciation & Tax	19,149.51	16,364.13
Less: Depreciation	11,192.54	11,552.61
Profit before Tax	7,956.97	4,811.52
Exceptional Items	5,040.96	4,780.00
Profit before Tax	2,916.01	31.52
Less: Provision for Tax	1,755.63	2,025.37
(Loss)/Profit for the year (A)	1,160.38	(1,993.85)
Other comprehensive (income)/loss (B)	(706.08)	26.24
<b>Total comprehensive income/(loss) for the year (A)+(B)</b>	<b>1,866.46</b>	<b>(1,967.61)</b>

## 2. OVERVIEW OF COMPANY'S PERFORMANCE

During the year under review, your Company has opened 4 department stores i.e. one store each at New Delhi, Mumbai – Thane, Hyderabad and Chennai taking its chain of stores to 83 stores (including 6 airport stores) with 13 HomeStop stores under its operations. Under "Beauty format", the Company added 4 Clinique, 4 Bobbi Brown and 2 Smash Box stores.

The Gross Retail Turnover of the Company is ₹ 418,631.46 lacs (previous year ₹ 405,715.62 lacs), registering a growth of 3.18% y-o-y basis. The retail turnover net of taxes and cost of concessionaire/consignment merchandise stood at ₹ 359,148.91 lacs with a like-to-like growth at 2.10% p.a. EBITDA stood at ₹ 22,765.63 lacs, a growth of 2.50% with a Profit before exceptional items at ₹ 7,956.97 lacs a growth of 65.37% over the previous year.

The year under review, has been a hallmark year for the Company. With the aim to sharpen focus on core department store business and omni-channel strategy, the Company exited non-core businesses i.e. Hypercity, Timezone and Duty-free airport retail. The details of these disinvestment are provided in 'Subsidiaries, Associates and Joint Venture', section of this report. The Company raised ₹ 17,925.70 lacs

by offering 5% of its share capital to Amazon.com NV Investment Holdings LLC, Foreign Portfolio Investor, on a private placement basis.

These measures have significantly changed the balance sheet of your Company and will deliver greater shareholder value. At the beginning of the year, the Company had a debt of ₹ 57,590.17 lacs at standalone level and ₹ 88,510.57 lacs at consolidated level which is reduced to ₹ 8737.89 lacs at standalone level and ₹ 12,534.88 lacs at consolidated level. In fact, net debt at standalone level is ₹ 6,734.34 lacs, as ₹ 2,003.55 lacs continues to be invested in Debt mutual funds – Liquid Growth Schemes. The Company has been successful to reduce the debt-equity ratio from 0.76 to 0.09 and expects to be debt free within a couple of quarters to come.

Further, analysis of operating performance is carried under Management Discussion and Analysis, which forms part of this Annual report.

Loyalty Programme continues to grow strong with more than 53 lacs members contributing to 75% of its sales.

Our intent to bring the romance back to retail through stronger assortment, experiences and customer service coupled with re-engineered strategy on Private Brands, will continue in the years to come.

### 3. DIVIDEND

In terms of Dividend Distribution policy, your Directors have recommended a Dividend of ₹ 0.75 (15%) per equity share of ₹ 5 each (previous year ₹ 0.75 (15%) per equity share of ₹ 5 each), subject to approval of the members at the ensuing Annual General Meeting. Together with the Dividend Distribution Tax, the total outflow on account of dividend will be appx. ₹ 795.34 lacs.

Pursuant to Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, specified companies are required to formulate a Dividend Distribution Policy. The Board has approved and adopted a Dividend Distribution Policy which is annexed as **Annexure I** and the same is available on the Company's website at the link [https://corporate.shoppersstop.com/uploaded\\_files/191b878-8de7.pdf](https://corporate.shoppersstop.com/uploaded_files/191b878-8de7.pdf).

### 4. RESERVES

There is no amount proposed to be transferred to General Reserves during the year under review.

### 5. CREDIT RATING

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

1. India Ratings & Research Pvt. Ltd.:
  - IND A1 for Commercial Paper Programme of ₹ 5,000 lacs.
  - IND A1 for Short-Term Debt Programme/ Commercial Paper of ₹ 10,000 lacs.
2. Credit Analysis & Research Ltd.:
  - CARE AA-; (Double A Minus; Outlook: Stable) for the long-term bank facilities amounting to ₹ 74,267 lacs and CARE A1 + (A One plus) for the short-term bank facilities amounting to ₹ 2,150 lacs.
  - CARE A1+; (A One plus) for Commercial Paper Issue amounting to ₹ 10,000 lacs.
  - CARE AA-; (Double A Minus; Outlook: Stable) for Non-Convertible Debenture issue amounting to ₹ 10,000 lacs.
3. CRISIL Limited:
  - CRISIL A1+ rating for Commercial Paper of ₹ 10,000 lacs.

### 6. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE

As on March 31, 2018, your Company has five subsidiary companies, details whereof are as under:

**Crossword Bookstores Ltd. (Crossword):** Crossword, the wholly owned subsidiary, with its wide portfolio of books, toys, stationery and gifting. Crossword has chain strength of 87 stores across the country with a revenue of ₹ 10,666 lacs vis-à-vis (previous year ₹ 11,181 lacs).

Crossword posted a net loss of ₹ 503 lacs for the year under review, against a net loss of ₹ 422 lacs in the previous year.

The other four wholly owned subsidiaries of the Company viz. Upasna Trading Ltd.; Shopper's Stop Services (India) Ltd.; Shoppers' Stop.com (India) Ltd.; and Gateway Multichannel Retail (India) Ltd.; have no operations during the year under review.

During the year under review, the following companies ceased to be subsidiary, joint venture entity - associate Company:

**Hypercity Retail (India) Ltd. (Hypercity):** In terms of the Share Purchase Agreement executed with Future Retail Limited and approval accorded by the members through postal ballot on November 13, 2017, the Company disposed of 77,158,778 equity shares of ₹ 10/- each constituting 51.09% of the share capital of Hypercity; its material subsidiary to Future Retail Limited on November 30, 2017. Accordingly, Hypercity ceases to be subsidiary of the Company.

In turn, the Company was allotted 4,756,823 equity shares of ₹ 2/- each at an issue price of ₹ 537/- per equity share by Future Retail Limited and received cash consideration in terms of the aforesaid Share Purchase Agreement. These equity shares are locked in upto December 28, 2018.

An amount of ₹ 4,886.75 lacs is provided towards loss on sale of investment during the year under review.

**Nuance Group (India) Pvt. Ltd. (NGIPL):** The Nuance Group AG, Switzerland and the Company, had formed a Joint Venture called NGIPL, to operate the duty free stores at international airports in India. During the year under review, the Company has disposed off its 40% shareholding in NGIPL to The Nuance Group AG, Switzerland, at a consideration of ₹ 600 lacs on October 6, 2017. With the disposal of this shareholding, the Shareholders Agreement executed with them, stands terminated and accordingly, NGIPL ceases to be an associate company. The Company has accounted an impairment of ₹ 3,561 lacs in preceding years and impairment reversal of ₹ 20 lacs for year under review.

Further, the Company also disposed of 500 equity shares of ₹ 10 each of Nuance Group Fashion & Luxury Duty Free Pvt. Ltd.; at its face value.

**Timezone Entertainment Pvt. Ltd. (TEPL):** TEPL is engaged in the business of operating Family Entertainment Centres (FEC) under the "Timezone" brand. During the year under review, the Company has disposed of its 48.42% shareholding in TEPL to Timezone West Asia Pte. Ltd., at a consideration of ₹ 2,270 lacs on February 15, 2018. With the disposal of this shareholding, the joint venture agreement executed in this regard, stands terminated and accordingly, TEPL ceases to be an associate company of the Company. An amount of ₹ 174.21 lacs is recognised as impairment loss during the year under review.

Except for the above, no Company has become or ceased to be subsidiary, joint venture entity or associate company.

In accordance with the provisions contained in Section 136 of the Companies Act, 2013, the Annual Report of the Company, containing therein its Standalone and the Consolidated Financial Statements are available on the Company's website [www.shoppersstop.com](http://www.shoppersstop.com). Further, the Financial Statements of each of the aforesaid subsidiary companies are available on the Company's website and shall also be available for inspection during business hours at the Registered Office of the Company. Any member who is interested in obtaining a copy of the Financial Statements may write to the Company Secretary at the Registered Office of the Company.

## 7. CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the provisions of Section 129(3) of the Companies Act, 2013 and Regulation 34 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (Listing Regulations) the Consolidated Financial Statements forms part of this Annual Report and shall also be laid before the ensuing Annual General Meeting of the Company. The Consolidated Financial Statements have been prepared in accordance with the Indian Accounting Standards (IND AS) under Section 133 of the Companies Act, 2013.

A Report on the performance and financial position of these subsidiaries included in the Consolidated Financial Statement and their contribution to the overall performance of the Company, is provided in Form AOC-1 and forms part of this Annual Report.

## 8. EMPLOYEES STOCK OPTION SCHEME

The Nomination, Remuneration & Corporate Governance Committee of the Company, inter-alia, administers and monitors the Employee Stock Option Scheme. During the year under review, the Company has allotted 60,020 equity shares of ₹ 5/- each on exercise of vested options by certain employees of the Company and its subsidiaries.

During the year under review, the Company has not granted any Employee Stock Options.

In terms of the provisions of the SEBI (Share Based Employee Benefits) Regulations, 2014, the details of the Stock Options granted under the ESOP Scheme is annexed herewith as **Annexure II**. Further, certificate from S R B C & CO LLP, Statutory Auditors of the Company, with respect to implementation of Employee Stock Option Scheme, would be placed at the ensuing Annual General Meeting for inspection by the Members and a copy will also be available for inspection at the Registered Office of the Company.

## 9. PREFERENTIAL ALLOTMENT OF EQUITY SHARES

The Company has allotted 43,95,925 equity shares of ₹ 5/- each at a price of ₹ 407.78/- per equity share,

aggregating to ₹ 17,925.70 lacs to Amazon.com NV Investment Holdings LLC, Foreign Portfolio Investor, on private placement basis on January 12, 2018. Pursuant to SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended, these equity shares are locked-in upto January 19, 2019.

## 10. HUMAN RESOURCES

The Company continues to build organisational capability by empowering its employees across all levels. High Potentials Associates were identified through a very transparent assessment mechanism and they underwent a robust Programme with various bespoke initiatives and live projects to make them future ready. To build a service oriented workforce, highly customised training sessions like hosting skills, cashiering excellence, Personal Shopper@ home, are being conducted thus giving the customers a delightful experience and help customer transformation through fashion, in line with the Company's vision statement. The Company strongly stands against sexual harassment cases and thrusts a lot on various training initiatives pertaining to Prevention of Sexual Harassment (PoSH). Maximising reach and minimising efforts and time is now being made possible through infusion of technology in training initiatives because of which number of training hours have seen a positive traction. The Company has also managed to establish its image as a Retail tech organisation by participating in National level Coding contest. It also focusses on the overall development of the Customer Care Associates (CCAs) and accordingly human resource initiatives are being implemented. As on date of the Balance Sheet, the Company had a total of 7,480 CCAs.

## 11. CORPORATE SOCIAL RESPONSIBILITY

Pursuant to the provisions of Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014, your Company as part of CSR initiatives has undertaken projects/ Programmes in accordance with CSR Policy. The CSR Policy may be accessed on the Company's website at the link: [https://corporate.shoppersstop.com/uploaded\\_files/6a821c5-ec98.pdf](https://corporate.shoppersstop.com/uploaded_files/6a821c5-ec98.pdf). The report on CSR is annexed herewith as **Annexure III**.

The Corporate Social Responsibility Committee comprises of three Directors i.e. Ms. Ameera Shah, as the Chairperson, Mr. Ravi Raheja and Mr. Rajiv Suri as the members.

## 12. BOARD OF DIRECTORS & KEY MANAGERIAL PERSONNEL

### Non-Independent Directors

In accordance with the provisions of Section 152 of the Companies Act, 2013, Mr. Neel C. Raheja (DIN: 00029010) is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, has offered himself for re-appointment. The Board of Directors recommends his re-appointment and the

matter is being placed for the approval of members at the ensuing Annual General Meeting of the Company.

Mr. Chandru L. Raheja (DIN: 00027979), Non-Executive Promoter Chairman of the Company resigned as a Director and Chairman of the Company with effect from June 8, 2018, on account of his age, seniority and increasing personal engagements, after having served as Chairman for more than two decades. Your directors would like to place on record their sincere gratitude for the enormous contribution made by Mr. Raheja as the Chairman of the Company since its inception. The Company and the Board benefitted immensely from Mr. Raheja's vast experience, knowledge and insights.

The Board of Directors in appreciation of Mr. B. S. Nagesh's (DIN: 00027595) farsighted vision, wisdom and guidance, which have been invaluable to the Company's growth, has elevated him from his present position of Vice Chairman to the Chairman of the Board of Directors and the Company with effect from June 8, 2018. As the members are aware, prior to his role as Non-Executive Vice Chairman of the Company effective August 18, 2009, Mr. Nagesh was a Managing Director of the Company. During his then administrative & managerial position with a successful association of more than 12 years, he had played a key role in the phenomenal growth and success of the Company. Your directors would like to place on record their sincere appreciation towards the contribution made by Mr. B. S. Nagesh and welcomes him as the Chairman of the Company.

Mr. Govind Shrikhande, Managing Director of the Company, resigned as Managing Director effective from close of business hours of June 30, 2018. He has stepped down to pursue other interest, his personal commitments and other engagements. The Board of Directors place on record their deep appreciation for the contributions made by Mr. Shrikhande during his association of more than 17 years, during which, the Company has grown from 7 stores in the year 2001 to 97 stores (including 13 HomeStop stores) till date.

During the year under review, Mr. Rajiv Suri (DIN: 08124971) was appointed as Chief Executive Officer, one of the Key Managerial Personnel of the Company, under Section 203 of the Companies Act, 2013 & Rules thereunder, effective January 9, 2018. Further, the Board of Directors at its meeting held on June 8, 2018, on the recommendation of the Nomination, Remuneration & Corporate Governance Committee, appointed Mr. Rajiv Suri as an Additional Director and Managing Director, designated as "Managing Director & Chief Executive Officer" of the Company for a period of 3 (three) years commencing from June 8, 2018, subject to the approval of the members of the Company and other regulatory approvals, as may be applicable. The Board of Directors recommends his appointment and the matter is being placed for the approval of members at the ensuing Annual General Meeting of the Company.

## Independent Directors

Mr. Gareth Thomas (DIN: 07010320) Independent Director of the Company stepped down from the said position with effect from October 26, 2017, on account of his personal engagements and new commitments. Ms. Abanti Sankaranarayanan (DIN: 01788443), has tendered her resignation as Independent Director of the Company, with effect from June 8, 2018, due to commitments at her work place. The Board places on record its appreciation for contribution made by both of them during their tenure as Independent Directors of the Company.

The Board of Directors at its meeting held on June 8, 2018, on the recommendation of the Nomination, Remuneration & Corporate Governance Committee, appointed Ms. Ameera Shah (DIN: 00208095) as an Additional Director to hold office as Independent Director of the Company for a term of 5 (five) years commencing from June 8, 2018 to June 7, 2023, subject to approval of members of the Company. The Company has received declaration from Ms. Ameera Shah confirming that she meets 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. The Board of Directors recommends her appointment and the matter is being placed for the approval of members at the ensuing 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.

## Key Managerial Personnel

During the year under review, Mr. Salil Nair, Chief Executive Officer of the Company and Mr. Sanjay Chakravarti, Chief Financial Officer of the Company had resigned from the services of the Company with effect from May 31, 2017 and December 22, 2017, respectively. The Board of Directors places on record the contribution made by both of them, during their long association with the Company.

The Board of Directors, effective June 8, 2018, has appointed Mr. Karunakaran Mohanasundaram as Chief Financial Officer (CFO), one of the Key Managerial Personnel of the Company, under Section 203 of the Companies Act, 2013 & Rules thereunder. Consequently, Mr. Vijay Jain stepped down from the position of "Interim Chief Financial Officer" w.e.f. June 8, 2018 and accordingly ceased to be one of the Key Managerial Personnel of the Company. Mr. Vijay Jain, was appointed by the Board of Directors as Interim Chief Financial Officer, designated as Deputy Chief Financial Officer of the Company and one of the Key Managerial Personnel of the Company, effective April 27, 2018, till the time the Company identifies and appoints a suitable candidate for the post of CFO.

### 13. ANNUAL EVALUATION OF DIRECTORS, COMMITTEES AND BOARD

In compliance with the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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. The Directors expressed their satisfaction with the evaluation process.

### 14. 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. More details on the same are provided in Corporate Governance Report.

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

### 15. REMUNERATION POLICY

The Board of Directors on the recommendation of the Nomination, 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 IV**.

### 16. 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 V**.

**Meetings of the Board of Directors:** The Board of Directors met 7 (seven) 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 allotted 60,020 equity shares of ₹ 5/- each on exercise of vested Employee Stock Options under the ESOP Scheme. Further, the Company on January 12, 2018, has allotted 4,395,925 equity shares of ₹ 5/- each to Amazon.com NV Investment Holdings LLC, Foreign Portfolio Investor, on private placement basis. These equity shares ranks *pari passu* in all respect. Consequent to the above allotments of equity shares, the paid-up share capital stands increased to ₹ 439,803,445 divided into 87,960,689 equity shares of ₹ 5/- each.

**Audit Committee:** The Audit Committee comprises of 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 all the recommendations made by Audit Committee from time to time.

**Related Party Transactions:** Your Company has formulated a policy on Related Party Transactions including policy for determining material subsidiaries and on materiality of related party transactions which are available on the Company's website and is accessible at the link: [https://corporate.shoppersstop.com/uploaded\\_files/70ad1c1-7375.pdf](https://corporate.shoppersstop.com/uploaded_files/70ad1c1-7375.pdf). As on date, there is no material subsidiary of the Company.

All contracts, arrangements/transactions entered into during the year under review by the Company with Related Parties were in ordinary course of business and on an arm's length basis.

During the year under review, 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. Accordingly, particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act, 2013 along with the justification for entering into such contract or arrangement in Form AOC-2 does not form part of the report. However, the Directors draw attention of the members to note no. 38 of the Standalone Financial Statement which sets out related party disclosures.

Omnibus approval is obtained for the transactions which are foreseen and repetitive in nature with Related Parties. A statement of all such related party transactions is presented before the Audit Committee on a quarterly basis for its review, 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 are provided in note nos. 4, 5 and 29 (II) b of the Standalone Financial Statement respectively.

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

- 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.
- There was no revision in the financial statements.
- There was no change in the nature of the business.

The Company has adopted a policy for prevention of sexual harassment at work place, which *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 9 complaints received and the same have been disposed of. The Company has an Internal Complaints Committee (ICC) which is responsible for redressal of these complaints and follows the guidelines as stipulated in the policy. There are training being conducted for sensitising all the CCAs on PoSH.

## 17. RISK MANAGEMENT

Your Company has established a robust Risk Management system to identify & assess the key risks and ensure smooth and efficient operations of the business. The Company has reviewed the major risks which affects it, from both the external and the internal environment perspective and 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.

## 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 were 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 Statement for the year ended March 31, 2018, the applicable Accounting Standards have been followed and the internal financial controls related to financial Statement 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 details about this mechanism has also been posted on the website of the Company.

## 20. CORPORATE GOVERNANCE

The Company has complied with the requirements of corporate governance as stipulated under the Listing Regulations and accordingly, the Report on Corporate Governance forms part of this Annual Report. The requisite certificate from SRBC & CO LLP, the Statutory Auditors of the Company, regarding the compliance with the conditions of Corporate Governance as stipulated in Regulation 34 of Listing Regulations, is annexed to this Annual Report.

## 21. MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis for the year under review, as stipulated in terms of Regulation 34 of the Listing Regulations, is presented in a separate section forming part of this Annual Report.

## 22. BUSINESS RESPONSIBILITY REPORT

Business Responsibility Report for the year under review, as stipulated in terms of Regulation 34 of the Listing Regulations is presented in a separate section forming part of this Annual Report.

## 23. 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 website and is accessible at the link [http://corporate.shoppersstop.com/uploaded\\_files/3cd8391-7d65.pdf](http://corporate.shoppersstop.com/uploaded_files/3cd8391-7d65.pdf)

## 24. AUDITORS

### Statutory Auditors

SRBC & CO LLP, (Registration No. 324982E/E300003) Chartered Accountants were appointed as Statutory Auditors of the Company by the Members at the 20th Annual General Meeting (AGM) held on July 28, 2017, to hold office from the conclusion of the 20th AGM until the conclusion of the 25th AGM of the Company in accordance with provisions of the Companies Act, 2013 and will continue to be Statutory Auditors of the Company till their term expires.

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

required to be disclosed under Section 143(12) of the Companies Act, 2013.

#### **Secretarial Auditors**

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 had appointed Kaushal Dalal & Associates, Practicing Company Secretaries, to undertake the Secretarial Audit of the Company for the year under review. The Secretarial Audit Report issued by them, is annexed herewith as **Annexure VI**. 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 as stipulated is annexed herewith as **Annexure VII**. The foreign exchange earnings was ₹ 7,978.85 lacs and outgo was ₹ 1,528.42 lacs.

#### **26. TRANSFER OF EQUITY SHARES TO IEPF**

During the year under review, 734 Equity shares of 11 Shareholders of the Company, have been transferred/credited to the Demat account of Investor Education and Protection Fund Authority (IEPF Authority) in accordance with Section 124(6) of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended, whose dividend has not been encashed on such shares, since last seven consecutive years. The details thereof are available under 'Investor Section' on the Website of the Company viz. [www.shoppersstop.com](http://www.shoppersstop.com). Any person whose shares and/or unclaimed dividend has been transferred to the IEPF Authority may claim the shares and/or apply for refund in respect of unclaimed dividend, as the case may be, under the provisions of the Companies Act, 2013 and rules made thereunder.

#### **27. DEMAT SUSPENSE ACCOUNT FOR UNCLAIMED SHARES**

As on date, there are 13 shareholders, holding 700 equity shares of ₹ 5/- each (post sub-division) allotted in Initial Public Offering of 2005, lying in the escrow account due to non-availability of their correct particulars. Despite various reminders to them by Karvy Computershare Private Limited, Registrar and Share Transfer Agent of the Company, 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 shareholders may approach the Company with their correct particulars and proof of their identity for crediting requisite shares from Demat Suspense Account to their individual Demat Account. During

the year under review, no shares were transferred from the suspense account to any of the aforesaid shareholders.

#### **28. 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, as amended, 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 second 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.

#### **29. DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirements of Section 134 of the Companies Act, 2013, it is hereby confirmed that:

- a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- b) appropriate accounting policies have been selected and applied them consistently and 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, 2018 and of the profit of the Company for the year under review;
- c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the annual accounts have been prepared on a going concern basis;
- e) the proper internal financial controls has been laid down and that the internal financial controls were adequate and were operating effectively; and

- f) the systems to ensure compliance with the provisions of all applicable laws are in place and were adequate and operating effectively.

### 30. SECRETARIAL STANDARDS

During the year under review, the Company has complied with Secretarial Standards on meetings of the Board of Directors and on General Meetings issued by the Institute of Company Secretaries of India in terms of Section 118(10) of the Companies Act, 2013.

### 31. AWARDS AND ACCOLADES

During the year under review, your Company received many awards and felicitations conferred by reputable organisations, some of them are:

- Times Ascent – Dream Company to work for in Retail & were also ranked 17th amongst “Times Ascent Dream Companies to work for” across all industries and sectors in India.
- “Great Place to Work” & also recognised as one of the Top 10 Best Workplaces in Retail by Great Place to Work® Institute – 2018.
- Economic Times – Excellence in Supply Chain & Logistics Award.
- ELSC Industry Excellence in Supply Chain – Retail.
- BT-CSR Excellence award for Energy Conservation from Bureaucracy Today.

- f) Winner in the following categories at ‘Kamikaze Customer Loyalty Awards - 2018’

- Best Loyalty Programme in Retail Sector: Large/Multi - Brand Format
- Best Customer Experience in Retail Sector: Large/Multi - Brand Format
- Best Use of Innovation in Loyalty Marketing.
- Best Use of Customer and Data Analytics in Loyalty Programme
- Best Use of Direct Marketing in a Loyalty Programme

### 32. MATERIAL CHANGES AND COMMITMENTS

There are no material changes and commitments which could affect the Company’s financial position which have occurred between March 31, 2018 and the date of this Report.

### 33. ACKNOWLEDGEMENT

Your Directors would like to place on record its sincere appreciation for the support and contribution made by customers, business partners, suppliers, shareholders and all Customer Care Associates across the Country as well as various government departments, banks and financial institutions for the conduct of operations of the Company.

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

**B. S. Nagesh**  
Chairman

**June 8, 2018**

### CERTIFICATE OF COMPLIANCE WITH THE CODE OF CONDUCT FOR THE FINANCIAL YEAR 2017-18

We 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**

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

**Rajiv Suri**  
Customer Care Associate &  
Chief Executive Officer

**April 27, 2018**

# ANNEXURE TO THE DIRECTORS' REPORT

## Annexure - I

### DIVIDEND DISTRIBUTION POLICY

#### 1. Introduction

The Securities and Exchange Board of India on July 8, 2016, has inserted Regulation 43A in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which requires top 500 listed entities (based on market capitalisation of every financial year), to formulate a Dividend Distribution Policy.

Shoppers Stop Ltd.; being one of the top 500 listed entities as per market capitalisation as on the last day of immediately preceding financial year, has framed this Dividend Distribution Policy in compliance with this regulation.

#### 2. Objective

The objective of this Policy is to ensure optimum balance between dividend paid to shareholders and profits retained by the Company. The Policy lays down parameters to be considered by the Company for declaration of Dividend. The Company's commitment to declare dividends is a part of its commitment towards enhancing shareholder value.

#### 3. Definitions

- **'Act'** means the Companies Act, 2013 and rules made thereunder and as amended from time to time.
- **'Board'** means Board of Directors of the Company.
- **'Company'** means Shoppers Stop Limited.
- **'Dividend'** means Dividend as defined under the Companies Act, 2013.
- **'Listing Regulations'** means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.
- **'Policy'** means this Dividend Distribution Policy.

#### 4. Parameters for declaration of dividend

The Board of Directors of the Company would consider the following financial parameters and internal & external factors, before declaring or recommending dividend to shareholders.

##### Financial Parameters/Internal factors

- i. Profit earned for the financial year;
- ii. Cash flow from operations;
- iii. Working capital & capital expenditure requirements;

- iv. Liquidity & debt position;
- v. Operating performance;
- vi. Dividend trends of preceding years;
- vii. Provision for contingencies.

##### External factors

- i. Taxation and other regulatory requirements;
- ii. Macroeconomic conditions.

Taking into consideration these factors, the Board will endeavour to maintain a dividend payout in the range of 15% to 25% on profit after tax on standalone basis. Further, the Board may amend the payout range, whenever considered appropriate by it.

#### 5. Circumstances under which the shareholders of the Company may or may not expect dividend

Under the following circumstances, the shareholders of the Company may not expect dividend:

- i. In the event of inadequacy of profits or of loss;
- ii. Non-availability of sufficient cash flow to meet the capital requirements;
- iii. Expansion plans, necessitating greater provision of free cash;
- iv. Any acquisition or joint venture, requiring allocation of capital.

#### 6. Utilisation of Retained Earnings

The Board may retain its earnings in order to make better use of the available funds for investing in the growth of the Company and increase shareholders value in the long run.

#### 7. Parameters to be adopted with regard to various classes of shares

Presently, the Company has issued only one class of equity shares with equal voting rights. Accordingly, all the shareholders of the Company are entitled to receive the same amount of dividend per share.

#### 8. Dissemination of Policy

The Company shall make appropriate disclosure of this policy as provided under Listing Regulations.

#### 9. Review and amendment

The Board may monitor, review and amend the Policy from time to time as also whenever necessitated due to amendments in any Act, Rules or applicable Regulations.

# ANNEXURE TO THE DIRECTORS' REPORT

## Annexure II

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

#### A General Disclosure

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 2017-18.

#### B Summary

Description	ESOP 2008 - 5	ESOP 2008 - 6	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*	20,00,000 options were approved under ESOP 2008 scheme		
3 Date of Grant	28.08.2013	29.04.2014	31.07.2015
4 Options Granted	2,00,000	1,60,675	3,275
5 Vesting Schedule	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% - 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 Ltd. 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 Ltd. 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 Ltd. 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	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
9 Variation in terms of Options	-	-	-
10 Method used for Accounting of ESOP	Fair Value Method		
11 Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option potential equity shares arising on account of exercise of options is ₹ 1.37 calculated in accordance with Ind AS 20 per share. Earnings Per Share	The diluted EPS of the Company calculated after considering the effect of exercise of options is ₹ 1.37		

12 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.

#### C Options Movement During the year

Description	ESOP 2008 - 5	ESOP 2008 - 6	ESOP 2008 - 8
1 Options Outstanding at the beginning of the year	106,042	101,807	3,275
Weighted average exercise price	344	362	404
2 Option Granted during the year	-	-	-
Weighted average exercise price	-	-	-

	Description	ESOP 2008 - 5	ESOP 2008 - 6	ESOP 2008 - 8
3	Options vested during the year	-	38,183	982
	Weighted average exercise price	-	362	404
4	Options exercised during the year	13,883	44,173	1,964
	Weighted average exercise price	344	362	404
5	No. of shares arising as a result of exercise of options during the year	13,883	44,173	1,964
6	Options cancelled & lapsed during the year	92,159	7,715	1,311
	Weighted average exercise price	344	362	404
7	Options Outstanding at the end of the year	-	49,919	-
	Weighted average exercise price	-	362	-
8	Options exercisable at the end of the year	-	49,919	-
	Weighted average exercise price	-	362	-
9	Money realised by exercise of options (in ₹)	4,775,752	15,990,626	793,456
10	Loan repaid by the trust during the year from the exercise price received	NA	NA	NA

**D Options granted to Senior Management personnels**

Name	Options Granted
The Company has not granted options during the current financial year under these ESOP schemes	

**E Options granted to any employee during the year amounting to 5% or more of options granted during the year**

Name	Options Granted
The Company has not granted options during the current financial year under these ESOP schemes	

**F Options granted to any employee equal to or exceeding 1% of the issued capital of the Company at the time of grant**

The Company has not granted options during the current financial year under these ESOP schemes

	Description	ESOP 2008 - 5	ESOP 2008 - 6	ESOP 2008 - 8
G	For stock options exercised during the period the weighted average share price on the date of exercise (₹)	-	86.62	-
H	For stock options outstanding at the end of the period, the range of exercise prices and weighted average remaining contractual life (Vesting period + exercise period)	ESOP 2008 - 5	ESOP 2008 - 6	ESOP 2008 - 8
	Number of options outstanding	-	49,919	-
	Weighted average exercise price	-	362	-
	Weighted average Contractual life (years)	-	3.08	-

**I 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

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 Binomial 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 BSE Ltd., 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. There are no market conditions attached to the grant and vest.

**J Employee options plan expenses**

The expense of ₹ 10.63 lacs has arose on account of employee stock option scheme.

## ANNEXURE TO THE DIRECTORS' REPORT

## Annexure III

## Annual Report on Corporate Social Responsibility (CSR) activities for the Financial Year 2017-18.

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 <a href="https://corporate.shoppersstop.com/uploaded_files/6a821c5-ec98.pdf">https://corporate.shoppersstop.com/uploaded_files/6a821c5-ec98.pdf</a>
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. BVM Rao, Head-HR as Secretary
3	Average Net Profit of the Company for last 3 financial years	₹ 4,200 lacs
4	Prescribed CSR Expenditure (2% of the amount as in item 3 above)	₹ 84 lacs
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	₹ 84 lacs - The Company's CSR initiative has 3 strategic pillars of Skilling the disabled, Fashion re-cycling and Go Green initiative. Under the skilling initiative, the Company has trained 528 PWDs and of these 380 PWDs were placed in employment. Under the Go Green, the Company has initiated recycling of pet bottles. The brief details thereof are as under:

(₹ in lacs)							
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No.	CSR project or activity identified	Sector in which the Project is covered	Projects or programmes: 1. Local area or other 2. Specify the state and district where projects or programmes were undertaken	Amount outlay (budget) project or programmes wise	Amount Spent on the Projects or programmes Sub-Heads: (1) Direct Expenditure (2) Overhead	Cumulative expenditure up to the reporting period	Amount spent: Director through implementing agency
1	Livelihood creation for persons with disabilities (Employment linked training)	Retail	Gujarat, Maharashtra, Andhra Pradesh, Karnataka Punjab, NCR Delhi	64	64	64	Total amount spent through Implementing Agency
2	Ensuring Environment sustainability (Swachh Bharat)	Retail	Maharashtra	20	20	20	Total amount spent directly by the Company
3	Reasons for not spending the amount				NA		
4	The CSR Committee confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.						

April 27, 2018

Sd/-  
**Govind Shrikhande**  
Managing DirectorSd/-  
**Abanti Sankaranarayanan**  
Chairperson - CSR Committee

# ANNEXURE TO THE DIRECTORS' REPORT

## Annexure IV

### **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.

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 fulfil their respective responsibilities within the framework of the overall objectives and goals of the Company and wherever applicable, should also have regard to the results of the annual appraisals of the relevant person's past performance, whether on the Board of the Company or elsewhere.

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

- Outstanding in capability with extensive and varied senior commercial experience, preferably with a listed Company engaged in the business of retail;
- High level of honesty, personal integrity and probity;
- Degree/professional qualification *inter-alia* in the field of management, finance, accounting, technology or law;
- Strategic capability with business vision and track record of achievement;
- Entrepreneurial spirit;

- Expertise/experience *inter-alia* in technology, accounting and finance, administration, retail, corporate and strategic planning, human resources etc.;
- Ability to be independent and capable of lateral thinking;
- Excellent interpersonal, communication and representational skills and established/demonstrable leadership qualities;
- Commitment to the promotion of equal opportunities, community cohesion and health and safety at work place;
- Have a reasonable network of contacts relative to the business of the Company;
- Availability of time to discharge the duties as a director of the Company including the other commitments of the candidate that require significant time commitments of the candidate.

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

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

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

### III. Evaluation of Directors and senior management

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

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

### IV. Policy for remuneration of the directors and members of senior management

The objective of the Company's remuneration policy is to attract, motivate and retain qualified and

expert individuals that the Company needs in order to achieve its strategic and operational objectives, whilst acknowledging the societal context around remuneration and recognising the interests of the Company's stakeholders.

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

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

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

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

The remuneration package may comprise the following components:

- Fixed remuneration;
- Performance based remuneration (variable salary);
- Use of official car to the Executive Directors as may be decided by the Board;

- Leave travel allowance according to the policy of the Company;
- House rent & other allowances according to the policy of the Company;
- Employee Stock options;
- Other benefits as may be approved by the Board on the recommendation of the Committee.

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

## V. Disclosure of Remuneration of Non-Executive Directors

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

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

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

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

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

Non-executive directors shall be required to disclose their shareholding (both own or held by/for other persons on a beneficial basis) in the 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

## ANNEXURE TO THE DIRECTORS' REPORT

## Annexure V

## EXTRACT OF ANNUAL RETURN

As on the financial year ended on March 31, 2018

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management &amp; Administration) Rules, 2014]

## FORM MGT-9

## I REGISTRATION &amp; OTHER DETAILS

i	CIN	L51900MH1997PLC108798
ii	Registration Date	June 16, 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	Umang Tower, 5th Floor, Mindspace, Off Link Road, Malad (West), Mumbai - 400 064. Tel: 022-4249 7000 E-mail: investor@shoppersstop.com Website: www.shoppersstop.com
vi	Whether listed company	Yes
vii	Name, Address & Contact details of the Registrar & Transfer Agent, if any	<b>Karvy Computershare Private Limited</b> 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	63.10%
2	Non-Apparels	477	36.90%

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

## III PARTICULARS OF HOLDING, SUBSIDIARY &amp; ASSOCIATE COMPANIES

Sr. No.	Name & Address of the Company	CIN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
1	Crossword Bookstores Ltd. Umang Tower, 2nd Floor, Mindspace, Off Link Road, Malad (West), Mumbai - 400 064.	U52396MH1999PLC122528	Subsidiary Company	100	Section 2(87) of the Companies Act, 2013
2	Shoppers' Stop.Com (India) Ltd. Umang Tower, 5th Floor, Mindspace, Off Link Road, Malad (West), Mumbai - 400 064.	U72900MH2000PLC124178	Subsidiary Company	100	Section 2(87) of the Companies Act, 2013
3	Shopper's Stop Services (India) Ltd. Umang Tower, 5th Floor, Mindspace, Off Link Road, Malad (West), Mumbai - 400 064.	U74999MH2000PLC124945	Subsidiary Company	100	Section 2(87) of the Companies Act, 2013
4	Upasna Trading Ltd. Umang Tower, 5th Floor, Mindspace, Off Link Road, Malad (West), Mumbai - 400 064.	U51900MH1995PLC095115	Subsidiary Company	100	Section 2(87) of the Companies Act, 2013
5	Gateway Multichannel Retail (India) Ltd. Umang Tower, 5th Floor, Mindspace, Off Link Road, Malad (West), Mumbai - 400 064.	U52100MH2007PLC170243	Subsidiary Company	100	Section 2(87) of the Companies Act, 2013

#### IV SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAK UP AS % OF TOTAL EQUITY)

##### (i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (i.e. as on April 1, 2017)				No. of Shares held at the end of the year (i.e. as on March 31, 2018)				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. PROMOTERS</b>									
<b>(1) Indian</b>									
a) Individual/HUF	3,695,000	0	3,695,000	4.43	3,695,000	0	3,695,000	4.20	(0.23)
b) Central Government/State Government(s)	0	0	0	0	0	0	0	0.00	0.00
c) Bodies Corporates	52,334,674	0	52,334,674	62.67	52,334,674	0	52,334,674	59.50	(3.17)
d) Financial Institutions/Banks	0	0	0	0	0	0	0	0.00	0.00
e) Others	0	0	0	0	0	0	0	0.00	0.00
<b>SUB-TOTAL: (A) (1)</b>				<b>67.10</b>	<b>56,029,674</b>	<b>0</b>	<b>56,029,674</b>	<b>63.70</b>	<b>(3.40)</b>
<b>(2) Foreign</b>									
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
<b>SUB-TOTAL: (A) (2)</b>				<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Shareholding of Promoter *</b>				<b>67.10</b>	<b>56,029,674</b>	<b>0</b>	<b>56,029,674</b>	<b>63.70</b>	<b>(3.40)</b>
<b>(A) = (A)(1)+(A)(2)</b>									
<b>B. PUBLIC SHAREHOLDING</b>									
<b>(1) Institutions</b>									
a) Mutual Funds/UTI	11,159,066	0	11,159,066	13.36	12,452,958	0	12,452,958	14.16	0.79
b) Financial Institutions/Banks	2,461	0	2,461	0.00	11,611	0	11,611	0.01	0.01
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	0.00
e) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
f) Foreign Institutional Investors/Foreign Portfolio Investors	3,466,947	0	3,466,947	4.15	8,082,545	0	8,082,545	9.19	5.04
g) Foreign venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
h) Others	0	0	0	0.00	0	0	0	0.00	0.00
Alternate Investment Funds	0	0	0	0.00	47,300	0	47,300	0.05	0.05
<b>SUB-TOTAL (B)(1):</b>				<b>17.51</b>	<b>14,628,474</b>	<b>0</b>	<b>20,594,414</b>	<b>23.41</b>	<b>5.90</b>

Category of Shareholders	No. of Shares held at the beginning of the year (i.e. as on April 1, 2017)			No. of Shares held at the end of the year (i.e. as on March 31, 2018)			% change during the year
	Demat	Physical	Total	Demat	Physical	Total	
<b>(2) Non-Institutions</b>							
a) Bodies corporates	9,768,665	0	9,768,665	7,954,431	0	7,954,431	9.04 (2.66)
b) Individuals							
i) Individual shareholders holding nominal share capital upto ₹ 1 lac	1,041,179	322	1,041,501	1,431,593	322	1,431,915	1.63 0.38
ii) Individuals shareholders holding nominal share capital in excess of ₹ 1 lac	1,502,387	0	1,502,387	1,441,987	0	1,441,987	1.64 (0.16)
c) Others							
Non-resident Indians/Foreign Nationals	44,110	0	44,110	89,515	0	89,515	0.10 0.05
Clearing Members	31,170	0	31,170	57,592	0	57,592	0.07 0.03
Trusts	303,636	0	303,636	191,319	0	191,319	0.22 (0.15)
NBFCs Registered with RBI	140,295	0	140,295	128,728	0	128,728	0.15 (0.02)
HUF	14,832	0	14,832	40,380	0	40,380	0.05 0.03
IEPF	0	0	0	734	0	734	0.00 0.00
<b>SUB-TOTAL (B)(2):</b>	<b>12,846,274</b>	<b>322</b>	<b>12,846,596</b>	<b>11,336,279</b>	<b>322</b>	<b>11,336,601</b>	<b>12.89 (2.50)</b>
<b>Total Public Shareholding (B) = (B)(1)+(B)(2)</b>	<b>27,474,748</b>	<b>322</b>	<b>27,475,070</b>	<b>31,930,693</b>	<b>322</b>	<b>31,931,015</b>	<b>36.30 3.40</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	- -
<b>Grand Total (A+B+C)</b>	<b>83,504,422</b>	<b>322</b>	<b>83,504,744</b>	<b>87,960,367</b>	<b>322</b>	<b>87,960,689</b>	<b>100.00 0.00</b>

\* There is no change in the total number of shares held by the promoters of the Company. However the percentage of the shareholding has changed during the year due to allotment of 4,395,925 equity shares to Amazon.com NV Investment Holdings LLC, a non-promoter entity on a private placement basis and allotment of 60,020 equity shares due to exercise of Employee Stock Options by employees.

**(ii) Share Holding of Promoters**

Sr. No.	Shareholders Name*	Shareholding at the beginning of the year (i.e. as on April 1, 2017)			Shareholding at the end of the year (i.e. as on March 31, 2018)			% 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	
1	Palm Shelter Estate Development LLP	11,813,300	14.15	0	0.00	11,813,300	13.43	0.00 (0.72)
2	Raghukool Estate Development LLP	5,593,300	6.70	0	0.00	5,593,300	6.36	0.00 (0.34)
3	Capstan Trading LLP	5,459,768	6.54	0	0.00	5,459,768	6.21	0.00 (0.33)
4	Casa Maria Properties LLP	5,253,300	6.29	0	0.00	5,253,300	5.97	0.00 (0.32)
5	Anbee Constructions LLP	10,386,401	12.44	0	0.00	10,386,401	11.81	0.00 (0.63)
6	Cape Trading LLP	10,386,401	12.44	0	0.00	10,386,401	11.81	0.00 (0.63)
7	K Raheja Corp Private Limited	3,382,204	4.05	3,382,204	100.00	3,382,204	3.85	3,382,204 (0.20)
8	Neel C. Raheja	1,150,000	1.38	1,150,000	100.00	1,150,000	1.31	1,150,000 (0.07)
9	Ravi C. Raheja	1,100,000	1.32	1,100,000	100.00	1,100,000	1.25	1,100,000 (0.07)
10	Jyoti C. Raheja	747,500	0.90	747,500	100.00	747,500	0.85	747,500 (0.05)
11	Chandru L. Raheja	697,500	0.84	697,500	100.00	697,500	0.79	697,500 (0.04)
12	Inorbit Malls (India) Private Limited	20,000	0.02	0	0.00	20,000	0.02	0 (0.00)
13	Ivory Properties and Hotels Pvt. Ltd.	20,000	0.02	0	0.00	20,000	0.02	0 (0.00)
14	K. Raheja Private Limited	20,000	0.02	0	0.00	20,000	0.02	0 (0.00)
<b>Total</b>		<b>56,029,674</b>	<b>67.10</b>	<b>7,077,204</b>	<b>12.63</b>	<b>56,029,674</b>	<b>63.70</b>	<b>7,077,204 (3.40)</b>

\* There is no change in the total number of shares held by the promoters of the Company. However, the percentage of the shareholding has changed during the year due to allotment of 4,395,925 equity shares to Amazon.com NV Investment Holdings LLC, a non-promoter entity, on a private placement basis and allotment of 60,020 equity shares due to exercise of Employee Stock Options by employees.

**(iii) Change in Promoters' Shareholding**

There is no change in the Promoter's Shareholding. However, the percentage of the shareholding has changed during the year due to allotment of 4,395,925 equity shares to Amazon.com NV Investment Holdings LLC, a non-promoter entity, on a private placement basis and allotment of 60,020 equity shares due to exercise of Employee Stock Options by employees.

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs)**

Sr. No.	Name	Shareholding at the beginning of the year		Date-wise Increase/Decrease in Share holding during the year			Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	Date	Reason	No. of Shares	No. of Shares	% of total shares of the Company
1	RELIANCE CAPITAL TRUSTEE CO. LTD.	7,774,905	9.31	01/04/2017	-	-	7,774,905	9.31
				26/05/2017	Sale	-29,200	7,745,705	9.28
				09/06/2017	Sale	-200,000	7,545,705	9.04
				07/07/2017	Purchase	44,100	7,589,805	9.09
				14/07/2017	Purchase	30,000	7,619,805	9.12
				21/07/2017	Sale	-14,200	7,605,605	9.11
				04/08/2017	Purchase	35,000	7,640,605	9.15
				11/08/2017	Purchase	30,000	7,670,605	9.19
				18/08/2017	Purchase	10,000	7,680,605	9.20
				25/08/2017	Purchase	10,000	7,690,605	9.21
				08/09/2017	Sale	-164,212	7,526,393	9.01
				15/09/2017	Sale	-91,543	7,434,850	8.90
				12/01/2018	Sale	-61,347	7,373,503	8.83
				19/01/2018	Sale	-38,444	7,335,059	8.34
				09/02/2018	Sale	-217,000	7,118,059	8.09
				02/03/2018	Sale	-300,000	6,818,059	7.75
				09/03/2018	Sale	-446,600	6,371,459	7.24
				16/03/2018	Sale	-17,069	6,354,390	7.22
				23/03/2018	Sale	-7,899	6,346,491	7.22
				31/03/2018	-	-	6,346,491	7.22
2	AMAZON.COM NV INVESTMENT HOLDINGS LLC	-	-	01/04/2017	-	-	-	-
				12/01/2018	Preferential Allotment	4,395,925	4,395,925	5.00
				31/03/2018	-	-	4,395,925	5.00
3	ICICI PRUDENTIAL LIFE INSURANCE COMPANY LIMITED	3,718,947	4.45	01/04/2017	-	-	3,718,947	4.45
				07/07/2017	Sale	-39,467	3,679,480	4.41
				14/07/2017	Sale	-28,714	3,650,766	4.37
				04/08/2017	Sale	-35,827	3,614,939	4.33
				01/09/2017	Sale	-191,182	3,423,757	4.10
				08/09/2017	Sale	-60,626	3,363,131	4.03
				22/09/2017	Sale	-4,231	3,358,900	4.02
				29/09/2017	Sale	-29,196	3,329,704	3.99
				06/10/2017	Sale	-30,000	3,299,704	3.95
				13/10/2017	Sale	-136,297	3,163,407	3.79
				20/10/2017	Sale	-236,742	2,926,665	3.50
				27/10/2017	Purchase	42	2,926,707	3.50
				03/11/2017	Sale	-89,402	2,837,305	3.40
				10/11/2017	Sale	-105,721	2,731,584	3.27
				01/12/2017	Purchase	94	2,731,678	3.27
				08/12/2017	Sale	-3,096	2,728,582	3.27
				22/12/2017	Sale	-50,558	2,678,024	3.21
				05/01/2018	Sale	-529	2,677,495	3.20

Sr. No.	Name	Shareholding at the beginning of the year		Date-wise Increase/Decrease in Share holding during the year			Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	Date	Reason	No. of Shares	No. of Shares	% of total shares of the Company
				12/01/2018	Sale	-10,538	2,666,957	3.19
				19/01/2018	Purchase	178,351	2,845,308	3.24
				23/02/2018	Purchase	1,739	2,847,047	3.24
				16/03/2018	Purchase	667	2,847,714	3.24
				30/03/2018	Purchase	44,725	2,892,439	3.29
				31/03/2018	-	-	2,892,439	3.29
4	ADITYA BIRLA SUN LIFE TRUSTEE PRIVATE LIMITED	3,317,072	3.97	01/04/2017	-	-	3,317,072	3.97
				07/04/2017	Purchase	52,891	3,369,963	4.04
				14/04/2017	Purchase	39,089	3,409,052	4.08
				21/04/2017	Purchase	37,800	3,446,852	4.13
				28/04/2017	Purchase	13,500	3,460,352	4.14
				05/05/2017	Purchase	24,300	3,484,652	4.17
				12/05/2017	Purchase	45,900	3,530,552	4.23
				19/05/2017	Purchase	21,600	3,552,152	4.25
				19/05/2017	Sale	-34,700	3,517,452	4.21
				26/05/2017	Purchase	14,850	3,532,302	4.23
				26/05/2017	Sale	-2,012	3,530,290	4.23
				02/06/2017	Purchase	76,724	3,607,014	4.32
				02/06/2017	Sale	-63,113	3,543,901	4.24
				09/06/2017	Purchase	3,673	3,547,574	4.25
				16/06/2017	Purchase	17,003	3,564,577	4.27
				23/06/2017	Purchase	19,350	3,583,927	4.29
				30/06/2017	Purchase	18,720	3,602,647	4.31
				07/07/2017	Purchase	19,962	3,622,609	4.34
				14/07/2017	Purchase	21,002	3,643,611	4.36
				21/07/2017	Purchase	18,958	3,662,569	4.39
				28/07/2017	Purchase	32,580	3,695,149	4.43
				04/08/2017	Purchase	36,090	3,731,239	4.47
				11/08/2017	Purchase	32,400	3,763,639	4.51
				18/08/2017	Purchase	24,170	3,787,809	4.54
				25/08/2017	Purchase	37,350	3,825,159	4.58
				01/09/2017	Purchase	48,600	3,873,759	4.64
				08/09/2017	Purchase	123,500	3,997,259	4.79
				15/09/2017	Purchase	9,450	4,006,709	4.80
				22/09/2017	Purchase	25,650	4,032,359	4.83
				29/09/2017	Purchase	10,800	4,043,159	4.84
				27/10/2017	Purchase	31,050	4,074,209	4.88
				31/10/2017	Purchase	13,500	4,087,709	4.89
				03/11/2017	Purchase	10,800	4,098,509	4.91
				10/11/2017	Purchase	52,832	4,151,341	4.97
				10/11/2017	Sale	-29,267	4,122,074	4.93
				17/11/2017	Purchase	31,500	4,153,574	4.97
				24/11/2017	Purchase	21,600	4,175,174	5.00
				01/12/2017	Purchase	28,900	4,204,074	5.03
				08/12/2017	Purchase	52,400	4,256,474	5.10
				15/12/2017	Purchase	25,200	4,281,674	5.12
				22/12/2017	Purchase	41,400	4,323,074	5.17

Sr. No.	Name	Shareholding at the beginning of the year		Date-wise Increase/Decrease in Share holding during the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	Date	Reason	No. of Shares	% of total shares of the Company
				29/12/2017	Purchase	28,730	4,351,804
				05/01/2018	Purchase	48,446	4,400,250
				12/01/2018	Purchase	36,000	4,436,250
				19/01/2018	Purchase	45,900	4,482,150
				26/01/2018	Purchase	47,700	4,529,850
				02/02/2018	Purchase	41,580	4,571,430
				09/02/2018	Purchase	33,774	4,605,204
				16/02/2018	Purchase	23,400	4,628,604
				23/02/2018	Purchase	38,453	4,667,057
				02/03/2018	Purchase	41,647	4,708,704
				09/03/2018	Purchase	24,300	4,733,004
				16/03/2018	Purchase	41,559	4,774,563
				23/03/2018	Purchase	51,450	4,826,013
				30/03/2018	Purchase	27,001	4,853,014
				31/03/2018	-	-	4,853,014
5	MIRAJ MARKETING COMPANY LLP	2,305,000	2.76	01/04/2017	-	-	2,305,000
				22/09/2017	Sale	-71,317	2,233,683
				29/09/2017	Sale	-38,683	2,195,000
				13/10/2017	Sale	-82,000	2,113,000
				20/10/2017	Sale	-13,000	2,100,000
				05/01/2018	Sale	-2,000	2,098,000
				31/03/2018	-	-	2,098,000
6	LO FUNDS - EMERGING CONSUMER	1,340,000	1.60	01/04/2017	-	-	1,340,000
				28/07/2017	Purchase	5,000	1,345,000
				04/08/2017	Purchase	5,000	1,350,000
				29/09/2017	Sale	-442,244	907,756
				06/10/2017	Sale	-157,756	750,000
				20/10/2017	Sale	-240,000	510,000
				27/10/2017	Sale	-510,000	0
				31/03/2018	-	-	-
7	ZODIAC CLOTHING COMPANY LIMITED	1,261,452	1.51	01/04/2017	-	-	1,261,452
				07/04/2017	Sale	-17,000	1,244,452
				14/04/2017	Sale	-45,922	1,198,530
				21/04/2017	Sale	-15,847	1,182,683
				28/04/2017	Sale	-76	1,182,607
				05/05/2017	Sale	-12,000	1,170,607
				12/05/2017	Sale	-17,006	1,153,601
				14/07/2017	Sale	-4,881	1,148,720
				21/07/2017	Sale	-5,337	1,143,383
				28/07/2017	Sale	-60,521	1,082,862
				04/08/2017	Sale	-73,322	1,009,540
				18/08/2017	Sale	-650	1,008,890
				25/08/2017	Sale	-7,219	1,001,671
				01/09/2017	Sale	-63,495	938,176
				08/09/2017	Sale	-88,724	849,452
				15/09/2017	Sale	-5,000	844,452
				06/10/2017	Sale	-185,000	659,452
				13/10/2017	Sale	-59,000	600,452

Sr. No.	Name	Shareholding at the beginning of the year		Date-wise Increase/Decrease in Share holding during the year			Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	Date	Reason	No. of Shares	No. of Shares	% of total shares of the Company
				12/01/2018	Sale	-40,000	560,452	0.67
				09/02/2018	Sale	-28,000	532,452	0.61
				16/02/2018	Sale	-13,617	518,835	0.59
				02/03/2018	Sale	-5,566	513,269	0.58
				31/03/2018	-	-	513,269	0.58
8	L&T MUTUAL FUND TRUSTEE LIMITED - L&T EMERGING BUSINESSES FUND	0	0.00	01/04/2017	-	-	0	0.00
				20/10/2017	Purchase	361,006	361,006	0.43
				27/10/2017	Purchase	277,694	638,700	0.76
				31/10/2017	Purchase	139,083	777,783	0.93
				24/11/2017	Purchase	48,200	825,983	0.99
				15/12/2017	Purchase	40,799	866,782	1.04
				22/12/2017	Purchase	12,766	879,548	1.05
				05/01/2018	Purchase	27,579	907,127	1.09
				12/01/2018	Purchase	119,039	1,026,166	1.23
				09/02/2018	Purchase	74,835	1,101,001	1.25
				16/02/2018	Purchase	10,000	1,111,001	1.26
				23/02/2018	Purchase	9,090	1,120,091	1.27
				09/03/2018	Purchase	53,343	1,173,434	1.33
				23/03/2018	Purchase	10,000	1,183,434	1.35
				31/03/2018	-	-	1,183,434	1.35
9	THE MASTER TRUST BANK OF JAPAN, LTD. AS TRUSTEE OF NISSAY INDIA EQUITY SELECTION MOTHER FUND	1,039,591	1.24	01/04/2017	-	-	1,039,591	1.24
				07/04/2017	Sale	-7,500	1,032,091	1.24
				21/04/2017	Sale	-2,829	1,029,262	1.23
				28/04/2017	Sale	-5,501	1,023,761	1.23
				12/05/2017	Sale	-17,132	1,006,629	1.21
				19/05/2017	Sale	-3,508	1,003,121	1.20
				26/05/2017	Sale	-4,202	998,919	1.20
				29/09/2017	Sale	-188,336	810,583	0.97
				24/11/2017	Sale	-12,079	798,504	0.96
				01/12/2017	Sale	-23,409	775,095	0.93
				08/12/2017	Sale	-30,414	744,681	0.89
				15/12/2017	Sale	-38,177	706,504	0.85
				22/12/2017	Sale	-25,000	681,504	0.82
				12/01/2018	Sale	-11,168	670,336	0.80
				19/01/2018	Sale	-91,000	579,336	0.66
				02/02/2018	Purchase	42,000	621,336	0.71
				09/02/2018	Purchase	119,242	740,578	0.84
				31/03/2018	-	-	740,578	0.84
10	FIRST STATE INDIAN SUBCONTINENT FUND	202,372	0.24	01/04/2017	-	-	202,372	0.24
				16/06/2017	Purchase	122,334	324,706	0.39
				10/11/2017	Sale	-5,883	318,823	0.38
				17/11/2017	Sale	-23,867	294,956	0.35
				24/11/2017	Sale	-2,715	292,241	0.35
				26/01/2018	Purchase	90,588	382,829	0.44
				02/02/2018	Purchase	9,456	392,285	0.45
				09/02/2018	Purchase	88,376	480,661	0.55
				09/03/2018	Purchase	434,619	915,280	1.04
				31/03/2018	-	-	915,280	1.04

**(v) Shareholding of Directors and Key Managerial Personnel**

Sr. No.	Name	Shareholding at the beginning of the year		Date wise Increase/Decrease in Share holding during the year		Cumulative Shareholding during the year		
		No. of shares	% of total shares of the Company	Date	Reason	No. of Shares	No. of Shares	% of total shares of the Company
1	Mr. Chandru L. Raheja (Chairman)	697,500	0.84	01.04.2017	-	-	697,500	0.84
				31.03.2018	-	-	697,500	0.79
2	Mr. Ravi C. Raheja	1,100,000	1.32	01.04.2017	-	-	1,100,000	1.32
				31.03.2018	-	-	1,100,000	1.25
3	Mr. Neel C. Raheja	1,150,000	1.38	01.04.2017	-	-	1,150,000	1.38
				31.03.2018	-	-	1,150,000	1.31
4	Mr. B. S. Nagesh	567,685	0.68	01.04.2017	-	-	567,685	0.68
				31.03.2018	-	-	567,685	0.65
5	Mr. Govind Shrikhande (Managing Director)	300,019	0.36	01.04.2017	-	-	300,019	0.36
				17.09.2017	Allotment under ESOP	5,460	305,479	0.37
				31.03.2018	-	-	305,479	0.35
6	Mr. Deepak Ghaisas (holds with his wife as second holder)	7,750	0.01	01.04.2017	-	-	7,750	0.01
				31.03.2018	-	-	7,750	0.01
7	Prof. Nitin Sanghavi	-	-	01.04.2017	-	-	-	-
				31.03.2018	-	-	-	-
8	Mr. Nirvik Singh	-	-	01.04.2017	-	-	-	-
				31.03.2018	-	-	-	-
9	Ms. Abanti Sankaranarayanan	-	-	01.04.2017	-	-	-	-
				31.03.2018	-	-	-	-
10	Mr. Manish Chokhani	-	-	01.04.2017	-	-	-	-
				31.03.2018	-	-	-	-
11	Mr. Gareth Thomas*	-	-	01.04.2017	-	-	-	-
				31.03.2018	N.A.	N.A.	N.A.	N.A.
12	Mr. Salil Nair (Chief Executive Officer)^	153,250	0.18	01.04.2017	-	-	153,250	0.18
				31.03.2018	N.A.	N.A.	N.A.	N.A.
13	Mr. Sanjay Chakravarti (Chief Financial Officer)\$	6,807	0.01	01.04.2017	-	-	6,807	0.01
				17.09.2017	Allotment under ESOP	2,100	8,907	0.01
				01.11.2017	Sale	-2,308	6,599	0.01
				30.11.2017	Allotment under ESOP	1,380	7,979	0.01
				31.03.2018	-	-	N.A.	N.A.
14	Rajiv Suri (Chief Executive Officer)#	N.A.	N.A.	01.04.2017	N.A.	N.A.	N.A.	N.A.
				31.03.2018	-	-	-	-
15	Mr. Bharat Sanghavi (Company Secretary)	3,093	0.00	01.04.2017	-	-	3,093	0.00
				17.09.2017	Allotment under ESOP	788	3,881	0.00
				30.11.2017	Allotment under ESOP	474	4,355	0.01
				31.03.2018	-	-	4,355	0.00

\* Mr. Gareth Thomas, Independent Director resigned as Director of the Company w.e.f. October 26, 2017.

^ Mr. Salil Nair, Chief Executive Officer of the Company resigned from the services of the Company effective May 31, 2017.

\$ Mr. Sanjay Chakravarti, Chief Financial Officer resigned from the services of the Company effective December 22, 2017.

# Mr. Rajiv Suri has been appointed as a Chief Executive Officer of the Company, w.e.f. January 9, 2018.

## 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
<b>Indebtness at the beginning of the financial year</b>				
i) Principal Amount	52,590.17	5,000.00	0	57,590.17
ii) Interest due but not paid	165.88	0	0	165.88
iii) Interest accrued but not due	0	0	0	0
<b>Total (i+ii+iii)</b>	<b>52,756.05</b>	<b>5,000.00</b>	<b>0</b>	<b>57,756.05</b>
<b>Change in Indebtedness during the financial year</b>				
Additions	5,000.00	0	0	5,000.00
Reduction	49,018.03	5,000.00	0	54,018.03
<b>Net Change</b>	<b>(44,018.03)</b>	<b>(5,000.00)</b>	<b>0</b>	<b>(49,018.03)</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	8,737.89	0	0	8,737.89
ii) Interest due but not paid	0.13	0	0	0.13
iii) Interest accrued but not due	0	0	0	0
<b>Total (i+ii+iii)</b>	<b>8,738.02</b>	<b>0</b>	<b>0</b>	<b>8,738.02</b>

## 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, 1961	4,77,63,580
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	3,07,640
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-
2	Stock option	-
3	Sweat Equity	-
4	Commission as % of profit	-
5	Others (Retiral benefits, Company Car, Gift Voucher & Food Card)	-
	<b>Total (A)</b>	<b>4,80,71,220</b>
	<b>Ceiling as per the Act</b>	<b>10% of the net profits of the Company</b>

**B. Remuneration to other directors:**

1 Independent Directors		Name of the Directors						(Amount in ₹)
Sr. No.	Particulars of Remuneration	Mr. Deepak Ghaisas	Prof. Nitin Sanghavi	Mr. Nirvik Singh	Ms. Abanti Sankaranarayanan	Mr. Manish Chokhani	Mr. Gareth Thomas	Total
(a)	Fee for attending Board/Audit Committee meetings	370,000	510,000	50,000	50,000	370,000	100,000	1,450,000
(b)	Commission	600,000	300,000	300,000	300,000	300,000	-	1,800,000
(c)	Others, please specify	-	-	-	-	-	-	-
<b>Total B (1)</b>		<b>970,000</b>	<b>810,000</b>	<b>350,000</b>	<b>350,000</b>	<b>670,000</b>	<b>100,000</b>	<b>3,250,000</b>

2 Other Non-Executive Directors		Name of the Directors						Amount in ₹
Sr. No.	Particulars of Remuneration	Mr. Chandru L. Raheja	Mr. Ravi C. Raheja	Mr. Neel C. Raheja	Mr. B. S. Nagesh			Total
(a)	Fee for attending Board/Audit Committee meetings	350,000	460,000	350,000	350,000			1,510,000
(b)	Commission	-	-	-	300,000			300,000
(c)	Others, please specify.	-	-	-	-			-
<b>Total B (2)</b>		<b>350,000</b>	<b>460,000</b>	<b>350,000</b>	<b>650,000</b>			<b>1,810,000</b>
<b>Total (B)=(B1+B2)</b>								<b>5,060,000</b>
<b>Ceiling as per the Act</b>		sitting fees of ₹ 1 lac for attending each Meeting of Board and Committees thereof and 1% of the Net profit of the Company as Commission						

### C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MANAGING DIRECTOR

#### Key Managerial Personnel

(Amount in ₹)

Sr. No.	Particulars of Remuneration	Mr. Salil Nair (Chief Executive Officer) (upto 31.05.2017)	Mr. Sanjay Chakravarti (Chief Financial Officer) (upto 22.12.2017)	Mr. Bharat Sanghavi (Company Secretary)	Mr. Rajiv Suri (Chief Executive Officer) (w.e.f. 09.01.2018)	Total
1	Gross Salary					
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	15,022,017	10,034,923	4,230,903	10,011,984	39,299,827
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	15,300	30,437	45,674	9,900	101,311
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	-	-	-	-
2	Stock Option	530,681 #	300,978	86,327	-	387,305
3	Sweat Equity	-	-	-	-	-
4	Commission as % of profit	-	-	-	-	-
5	Others	-	-	-	-	-
	<b>Total</b>	<b>15,567,998</b>	<b>10,366,338</b>	<b>4,362,904</b>	<b>10,021,884</b>	<b>40,319,124</b>

# On account of allotment of equity shares under ESOP on November 30, 2017.

### VII PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES

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

# ANNEXURE TO THE DIRECTORS' REPORT

## Annexure VI

### FORM NO. MR-3 SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,  
**SHOPPERS STOP LIMITED**

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **SHOPPERS STOP LIMITED** (hereinafter called "the Company"), incorporated on June 16, 1997 having **CIN:L51900MH1997PLC108798** and Registered office at **Umang Tower, 5th Floor, Mindspace, Off Link Road, Malad (West), Mumbai - 400 064**. Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my 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, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on **March 31, 2018** 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:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on **March 31, 2018**, 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 the Bye-Laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

- a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 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 (Share Based Employee Benefits) Regulations, 2014;
- e) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - **NOT APPLICABLE**
- f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - **NOT APPLICABLE**
- h) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - **NOT APPLICABLE**

I have relied on the representation made by the Company and its officers for the systems and the mechanism formed by the Company for the Compliances under the applicable Acts and the regulations to the Company.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India
- (ii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines and Standards mentioned above.

I further report that,

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

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent as per the provisions of the Companies Act, 2013 and the rules made thereunder, 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 including meeting through the video conference.

All decisions are carried through the unanimous consent of all the Board of Directors and recorded as part of the minutes.

I further report that 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.

I further report that during the audit period:

1. The Board of Directors have approved shifting of Registered Office of the Company from Eureka Towers, B Wing, 9th Floor, Mindspace, Link Road, Malad (West), Mumbai- 400 064 to Umang Tower, 5th Floor, Mindspace, Off Link Road, Malad (West), Mumbai - 400 064 with effect from April 17, 2017.
2. The members of the Company vide postal ballot have approved to (i) give any loans to any person or other body corporate and/or (ii) give any guarantees or to

provide security in connection with a loan to any other body corporate or person and/or (iii) acquire by way of subscription, purchase or otherwise, the securities of any other body corporate, upto (a) maximum amount of ₹ 1,135 crores (Rupees One Thousand One Hundred Thirty Five Crores) or (b) the maximum limits so prescribed under Section 186 of the Companies Act, 2013 as may be and result for the same was declared on June 15, 2017.

3. The members of the Company in its Extra Ordinary General Meeting held on October 18, 2017 have approved the issue, offer and allotment of 43,95,925 Equity shares of the face value of ₹ 5/- each at a price of ₹ 407.78/- per equity share to Amazon.com NV Investment Holdings LLC on preferential allotment/Private placement basis.
4. The members of the Company vide postal ballot have approved the sale/ transfer/ disposal of 77,158,778 Equity Shares of the face value of ₹ 10 each of Hypercity Retail (India) Limited and result for the same was declared on November 14, 2017.
5. The Company have issued and allotted in various tranches 60,020 Equity shares of the face value of ₹ 5/- each at different exercise price to employees under Employee Stock Option Scheme 2008.

**For Kaushal Dalal & Associates**  
Company Secretaries

**Kaushal Dalal**  
Proprietor

M. No.: 7141 CP No.: 7512

Date: April 27, 2018

To,  
The Members,  
**SHOPPERS STOP LIMITED**

Our report of even date is to read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test check basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices I followed, provided a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and books of account of the Company.
4. Whereever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulation, standards is the responsibility of management. My examination was limited to the verification of procedures on the test check basis.
6. The secretarial audit report is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For Kaushal Dalal & Associates**  
Company Secretaries

**Kaushal Dalal**  
Proprietor

M. No.: 7141 CP No.: 7512

Date: April 27, 2018

# ANNEXURE TO THE DIRECTORS' REPORT

## Annexure - VII

### 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 ₹ 72 lacs towards PF Incentive till March 2018.
6. These cumulative efforts were resulted in the saving of 6,650,732 Units (which is equivalent to energy cost saving of ₹ 741 lacs) cumulatively for like to like stores, achieved through consistent monitoring and controlling the consumption at optimum level as compared to the consumption of the last year plus various initiative like LED rollout, etc.
7. Successfully rolled out LED Project (Conversion of lighting from current CDMT to LED) saving roughly 40% to 45% unit consumption towards lighting load at certain stores.
8. Result of the good maintenance practices and energy optimised uses helped the Company to win second prize in 'Uttar Pradesh State Energy conservation Awards-2017' conducted by UPNEDA, UP Government, under the State Ministry of Power, for Shoppers Stop Store at Lucknow, among the 'Shopping Malls' category.

April 27, 2018

To,  
The Board of Directors  
Shoppers Stop Limited  
Umang Tower, 5th Floor,  
MindSpace, Off 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 2017-18 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 transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit Committee:
  - (i) significant changes in internal control over the financial reporting during the year;
  - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**For Shoppers Stop Limited**

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

**Rajiv Suri**  
Customer Care Associate &  
Chief Executive Officer

**Vijay Jain**  
Customer Care Associate &  
Dy. Chief Financial Officer

# BUSINESS RESPONSIBILITY REPORT

## VISION AND VALUES OF THE COMPANY

The Vision and Values adopted by the Company governs and guides all business activities and stakeholders interactions.

**Vision of the Company:** "To be an inspirational and trusted brand, transforming customer's lives through fashion and delightful shopping experience every time."

### Values that help us in achieving our Vision:

- Excellence – We will have an environment that encourages development and excellence.
- Openness – The obligation to dissent and an environment conducive to openness.
- Care – We will have a willingness to apologise and forgive.
- Integrity – We will be fair and not take what is not ours.
- Innovative – We will have an environment of innovation and growth.
- Socially Responsible – We will respect our customer's rights and be socially responsible.

## ABOUT THIS REPORT

Pursuant to Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board members present herewith Second "Business Responsibility Report" (BRR) of the Company for the financial year 2017-18:

## SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1	Corporate Identity Number (CIN) of the Company	L51900MH1997PLC108798
2	Name of the Company	Shoppers Stop Limited
3	Registered Office Address	Umang Tower, 5th Floor, Mindspace, Off Link Road, Malad (West), Mumbai - 400 064. Tel: 022 - 42497000.
4	Website	www.shoppersstop.com
5	E-mail ID	investor@shoppersstop.com
6	Financial Year reported	April 1, 2017 to March 31, 2018
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	Apparels - 477 Non-Apparels - 477
8	List three key products/services that the Company manufactures/provides (as in balance sheet)	Apparels & Non-Apparels
9	Total number of locations where business activity is undertaken by the Company (a) Number of International Locations (Provide details of major 5) (b) Number of National Locations	(a) Number of International Locations - Nil (b) Number of National Locations - The Company has 83 Shoppers Stop stores (including 6 airport stores) and 13 HomeStop Stores spread across India. Details of these store locations are provided in "General Shareholders Information" section of Corporate Governance Report of the Company. In addition, under the "Beauty segment", the Company also operates 103 stores under M.A.C, Clinique, Estee Lauder, Bobbi Brown and Smash Box formats.
10	Markets served by the Company - Local/ State/ National/ International	National

## SECTION B - FINANCIAL DETAILS OF THE COMPANY

1	Paid-up Capital	₹ 4,398.03 lacs
2	Total Turnover	₹ 418,631.46 lacs
3	Total profit after taxes	₹ 1,160.38 lacs
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	The Company's spending on CSR for the year ended March 31, 2018 was ₹ 84 lacs, which is 2% of average net profit for the last 3 financial years.
5	List of activities in which expenditure in 4 above has been incurred	Livelihood creation for persons with disabilities (Employment linked training) and ensuring environment sustainability. The details of above CSR activities are provided as Annexure III to the Directors' Report.

## SECTION C - OTHER DETAILS

1	Does the Company have any Subsidiary Company/Companies?	Yes
2	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent Company? If yes, then indicate the number of such subsidiary Company(s)	No
3	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	No

## SECTION D - BR INFORMATION

1	<b>Details of Director responsible for BR</b>	
	<b>(a) Details of the Director responsible for implementation of the BR policies</b>	
	1	DIN Number 00029419
	2	Name Mr. Govind Shrikhande
	3	Designation Managing Director
	<b>(b) Details of the BR head</b>	
	<b>No.</b>	<b>Particulars</b>
	1	DIN Number (if applicable) 00029419
	2	Name Mr. Govind Shrikhande
	3	Designation Managing Director
	4	Telephone number 022-42497000
	5	E-mail ID brr@shoppersstop.com
2	<b>Principle-wise (as per NVGs) BR policies:</b> <b>P1: Ethics, Transparency and Accountability</b> <b>P2: Product Responsibility</b> <b>P3: Well-being of Employees</b> <b>P4: Responsiveness to Stakeholders</b> <b>P5: Human Rights</b> <b>P6: Environmental Responsibility</b> <b>P7: Public Policy Advocacy</b> <b>P8: Inclusive Growth and Equitable Development</b> <b>P9: Engagement with Customers</b>	

<b>(a) Details of compliance (Reply in Y/N)</b>										
<b>No.</b>	<b>Questions</b>	<b>P1</b>	<b>P2</b>	<b>P3</b>	<b>P4</b>	<b>P5</b>	<b>P6</b>	<b>P7</b>	<b>P8</b>	<b>P9</b>
1	Do you have policies for	Y	Y	Y	Y	Y	Y	N	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders? Note 1	Y	Y	Y	Y	Y	Y	-	Y	Y
3	Does the policy conform to any national/ international standards? If yes, specify? (50 words)	The spirit and content of the Code of Conduct and the applicable laws are captured in the policies framed by the Company.								
4	Has the policy being approved by the Board? If yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Policies mandated under the Companies Act, 2013 (the Act) and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR) are approved by the Board and is signed by the Managing Director and other policies are approved by the Managing Director/Functional Heads of the Company as appropriate from time to time.								
5	Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policies? Note 2	Y	Y	Y	Y	Y	Y	-	Y	Y
6	Indicate the link for the policies to be viewed online?	Policies mandated to be displayed on website of the Company as per the Act and LODR are displayed at <a href="https://corporate.shoppersstop.com/Investors/Policies.aspx">https://corporate.shoppersstop.com/Investors/Policies.aspx</a> and all other policies are displayed on our intranet.								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	-	Y	Y
8	Does the Company have in-house structure to implement the policies	Y	Y	Y	Y	Y	Y	-	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policies to address stakeholders' grievances related to the policies?	Y	Y	Y	Y	Y	-	-	-	Y
10	Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency? Note 3	Y	Y	Y	Y	Y	Y	-	Y	Y

Note 1: There have been consultation with all stakeholders wherever required and possible and accordingly the relevant policies have evolved over a period of time.

Note 2: The implementation and adherence to the Code of Conduct for Employees is overseen by the Human Resource and GRC respectively. The Corporate Social Responsibility Policy is administered by the CSR Committee in line with the requirements of the Act. The Energy Management Policy is overseen by the Maintenance Function. Resolution of all customer related issues are done by the relevant operating functions. The Nomination, Remuneration & Corporate Governance Committee as well oversees the implementation of certain policies.

Note 3: The internal auditors and GRC function carry out independent audit/evaluation of working of these policies from time to time.

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The Company has not understood the Principles	-	-	-	-	-	-	-	-	-
2	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-	-	-	-	-	-	-	-	-
3	The Company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
4	It is planned to be done within next 6 months	-	-	-	-	-	-	-	-	-
5	It is planned to be done within the next 1 year	-	-	-	-	-	-	-	-	-
6	Any other reason (please specify) While there is no specific policy outlined for this principle, the Company, through trade bodies and associations, puts forth a number of suggestions with respect to the economy in general and the retail sector in particular.	-	-	-	-	-	-	✓	-	-

### 3 Governance related to BR

(a)	Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year	The BR performance is assessed periodically by the Management/ Board of Directors and its Committees.
(b)	Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	This is second Business Responsibility Report being published for the Financial Year 2017-18 by the Company. It is available on the website of the Company at <a href="http://www.shoppersstop.com">www.shoppersstop.com</a>

## SECTION E - PRINCIPLE-WISE PERFORMANCE

### Principle 1: Ethics, Transparency and Accountability

Shoppers Stop Ltd., a pioneer in modern retailing in India has built a reputation over a period of more than 25 years for its high ethical standards. It firmly believes that good governance is a pre-requisite for meeting the needs and aspirations of its stakeholders. The vision and values of the Company are fundamentally based on the principles of Ethics, Transparency and Accountability.

#### 1. Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/No. Does it extend to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs/ Others?

The Company has formulated Shoppers Stop Unified Code of Conduct, to conduct the business in an ethical manner as well as to create a work environment that is conducive to all stakeholders. It outlines the principles and policies of business integrity, Company assets & financial integrity and workplace integrity which governs the activities of the Company.

Further, the Company has adopted a Whistle Blower Policy through which its directors and employees can report their genuine concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct. It also provides adequate safeguards against victimisation of persons who uses such mechanism.

The Company has, developed its Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information and Code of Internal Procedures and Conduct for regulating, monitoring and reporting trading by Insiders in such a manner that it not only satisfies the regulatory requirements but also instils a sense of responsibility among the designated persons for making timely and adequate disclosures.

#### 2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

The Company has in place different mechanisms for receiving and dealing with complaints from different stakeholder's viz. shareholders, customers, employees etc. There are dedicated resources to respond to the complaints within a time bound manner. There were 4 complaints/grievances received from shareholders during the year under review, which have been resolved satisfactorily. No complaints, concerns were received by the Company under the whistle blower policy of the Company.

## Principle 2: Product Responsibility

At Shoppers Stop "We are responsible for what we sell". We source our products directly from the brands and our own Private Brands, from the designated suppliers. The Company has a Return Policy, for the Customers in scenarios where the Customer is dissatisfied with the product for any reason.

### 1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

Since majority of the business in the Company is retailing of branded apparels and non-apparels, the Company does not deal with any products or services whose design has incorporated social or environmental concerns, risks and/or opportunities. However, with an emphasis on organic, self-degradable and recyclable products, one of the Company's Brand - HomeStop houses brands like Back to earth, a brand with natural and earth friendly products.

### 2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

- Reduction during sourcing/ production/ distribution achieved since the previous year throughout the value chain?
- Reduction during usage by consumers (energy, water) has been achieved since the previous year?

Considering the nature of business of the Company the said questions are not applicable to the Company.

### 3. Does the Company have procedures in place for sustainable sourcing (including transportation)?

The Company is putting in place robust procedure for sustainable sourcing of products sold by the Company. We have processes for selecting vendors on their capabilities, machinery standards and workmanship. Over and above this we do have quality procedures to ensure consistency in quality. We also have an effective feedback tracking mechanism called PSI.

### 4. Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

The Company procures some part of its merchandise from small & medium scale enterprises. The Company procures certain ladies Indian wear products from suppliers who provide employment to local communities, like stitching, embroidery and certain trim works. We also invite them to our annual Partnership for Progress summit to give them exposure to various new initiatives taken in different areas of retailing and align them with our future growth plans.

### 5. Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

Considering the nature of business of the Company, the waste generated at its offices and stores are managed as per the internal waste disposal process. At warehouses cartons are reused for packaging and transporting products to stores. The Company has procedures in place to dispose of e-waste through authorised e-waste vendors.

## Principle 3: Well-being of employees

The Company constantly strives to create a healthy and nurturing work environment for all its associates. The Company has framed various policies and practices for the overall well-being of its associates and provides a work environment that is free from any discrimination and harassment, promotes health & safety and enhances equal opportunities for men & women. People development continues to be a key emphasis in the Company.

Every year the Annual Employee Engagement Survey is conducted for understanding the overall engagement levels in the organisation, finding out what motivates associates and how these factors vary across different populations in the organisation. The survey has been named 'COMPASS - Navigating together in the right direction' in order to convey how valuable the inputs of our associates are in planning our people priorities and actions. For the year under review, the Company saw an excellent participation rate of 87% and engagement score at organisation level was 77%. We have scored higher than the industry bench mark of 72%.

The Company stands strong against any kind of sexual harassment and on a regular basis the employees are asked to write to the different complaint contacts and POSH (Prevention of Sexual Harassment), just action is taken post detailed review of the case. Irrespective of the geography or the culture that we share in the Company, the Company encourages the employees to be safeguarded during times of emergency, being preventive and defensive to any adverse situations. POSH & Urban Defense Training has been conducted across the organisation. Annual training programme for all the committee members of the POSH has been conducted to update the members with the best practices.

Annual Sports day is organised at the registered office aiming to break the monotony of work, promote sports, and most importantly, bringing the entire office together to enjoy their day with each other. At store level/area level also annual sports day is organised each year. We also have an official cricket team which is sponsored by Shoppers Stop and they take part in the corporate cricket league. We even have a ring football team at the registered office. Associates at Shoppers Stop are true sports enthusiasts

– this can be seen at the Tata Mumbai Marathon. Around 40 associates from the registered office take part in the annual event every year.

The Company organises various assessments/training sessions in-house on a regular basis and also sponsors its employees to attend training sessions organised by external professional bodies to facilitate upgradation of skill of employees. The Company looks after the general wellbeing of the employees on a regular basis.

1	Total number of employees	7,480		
2	Total number of employees hired on temporary/ contractual/ casual basis	2,694		
3	Number of permanent women employees	1,984		
4	Number of permanent employees with disabilities	20		
5	Do you have an employee association that is recognised by management?	No		
6	What percentage of your permanent employees are members of this recognised employee association?	Not Applicable		
7	No. of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.			
		Category	No. of complaints received during the year	No. of complaints pending as on end of the financial year
		Child labour/forced labour/involuntary labour	N.A.	N.A.
		Sexual Harassment	9	0
		Discriminatory employment	0	0
8	What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year	75%		

#### Principle 4: Responsiveness to Stakeholders

The Company has established adequate customer's grievance redressal system, investor grievance redressal system, and various other mechanisms to protect the interest of its stakeholders. The Company discloses all relevant information about its products, business & financial performance and other statutory information on its website and other media to ensure effective stakeholders engagement.

##### 1. Has the Company mapped its internal and external stakeholders? Yes/No

Yes. The Company has mapped its internal and external stakeholders, the major/key categories viz. shareholders, Central and State Governments/ regulatory authorities, customers, employees, vendors, suppliers, media, financial institutions/ banks, service providers, society at large.

##### 2. Out of the above, has the Company identified the disadvantaged, vulnerable & marginalised stakeholders. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.

Yes. Your Company recognises the vital role played by the Society at large in its growth and development

and strives to discharge its social responsibility as a corporate citizen. The brief details of CSR initiatives executed by the Company during the year under review are given in Annexure-III of the Directors' Report.

#### Principle 5: Human Rights

The Company firmly believes in upholding and promoting human rights. It adheres to all statutes which embodies the principles of human rights such as prevention of child labour, woman empowerment etc. The values relating respecting and promoting human rights are articulated in its Unified Code of Conduct.

##### 1. Does the policy of the Company on human rights cover only the Company or extend to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs/ Others?

The Company's Unified Code of Conduct covers its employees and others who represents the Company or act on behalf of the Company.

##### 2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

The Company has not received any complaints relating to human rights during the year.

**Principle 6: Environmental Responsibility**

The Company strives to use energy in the most efficient, cost-effective and environmentally responsible manner. Shoppers Stop's 'Energy Management Policy' is built on the tenets of the 3 R's i.e., REDUCE, REUSE & RECYCLE. The Company seeks to maximise energy performance, reduce operating expenses and increase shareholder value by actively and responsibly managing energy consumption. We also try to demonstrate commitment to our community and leadership in our industry, by reducing environmental impacts associated with energy use.

The Company has taken many energy initiatives such as:

- **Solar Energy Panels are installed** at Andheri - Mumbai store of 30 Kw capacity.
- **Variable frequency Drives** for HVAC units are installed in many stores which help in increasing efficiency of HVAC units while lowering their power consumption.
- **LED Lighting** has been introduced in many Stores which has brought down lighting load by up to 40%.
- **Eco-Additives in Chillers** which help in increasing efficiency of HVAC units while lowering their power consumption.
- **Rainwater Harvesting** being done at Begumpet - Hyderabad store and recycled water is reused for flushing and domestic usage.
- **Re-Use & Re-Cycle** fittings/fixtures from stores that have been closed and redeployed at new locations after minor refurbishment.
- **Engineered wood** was used to Fitout an entire store at BIG Mall Thane. This wood is sourced from man-made forests grown in a sustainable manner.
- Eco-friendly recyclable material such as GI & Aluminum framework being used in fit-outs instead of wood framework.
- **E-waste collection drive:** The Company conducts and encourages its associates to dispose of Electronic waste in a responsible manner.

Due to its efforts, the Company has managed to save 28.26 lacs units of power and reduce carbon emission by 2,207 tonnes in FY 2017-18.

The Company has been honoured with The Excellence Award in Energy reduction from Bureaucracy Today Magazine, amongst 100 companies applying for various categories.

**1. Does the policy related to Principle 6 cover only the Company or extends to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs/others.**

The Company's Energy Management policy extends to all its business units, employees and contractors in service to the business of the Company.

**2. Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N. If yes, please give hyperlink for webpage etc.**

The Company has in-house intranet website of Think Green, which discuss environmental issues among employees. Initiatives have been described above in principle 6

**3. Does the Company identify and assess potential environmental risks? Y/N**

Yes.

**4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if yes, whether any environmental compliance report is filed?**

Not applicable, since the Company is in the business of Retail.

**5. Has the Company undertaken any other initiatives on - clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.**

The initiatives taken by the Company towards energy conservation during the year under review are given in Annexure - VII of the Directors' Report. The same is also available on the website of the Company.

**6. Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/ SPCB for the financial year being reported?**

Not applicable, since the Company is in the business of Retail.

**7. Number of show cause/ legal notices received from CPCB/ SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

Not Applicable

**Principle 7: Public Policy Advocacy**
**1. Is your Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

The Company generally conveys its policy positions through its membership with Retailers Association of India (RAI). It also holds memberships of other industry associations like Clothing Manufactures Association of India (CMAI), Confederation of Indian Industry (CII) and Federation of Indian Chambers of Commerce & Industry (FICCI). Internationally, the Company is a member of Intercontinental Group of Department Stores (IGDS).

RAI is the unified voice of retailers in India. A not for profit organisation, RAI works with all stakeholders for creating the right environment for the growth of modern retail industry in India. They encourage, develop, facilitate and support retailers to modernise and adopt best practices that will delight customers. RAI is a strong advocate for retailing in India and works with all levels of government and stakeholders.

IGDS is the largest Association for Department Stores worldwide, providing support to the leading Departmental Stores in the world. Shoppers Stop

is the only Indian member of IGDS along with other International Department Stores from all over the world.

**2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)**

The Company has been actively participating in various seminars, conferences and other forums on issues and policy matters that impact the interest of its stakeholders. Although, the Company is member of the associations, it has not advocated/lobbied in above cases.

**Principle 8: Inclusive Growth and Equitable Development.**

Corporate Social Responsibility (CSR) is a strategy of a Company to integrate social, environmental and economic concerns in its values and operations to improve the welfare of society and stakeholders. The Company's philosophy on CSR is not merely donating money for a cause but actively engage the work force in developing best working practices through which we help in building a better community and also by encouraging our associates to take part in voluntary activities and develop firm roots in business as well as in the society.

Our CSR Programme SPARKs executed significant initiatives in 2017-18:

- Skilling differently abled is an initiative aimed at increasing social inclusiveness by equipping the differently abled with relevant skills to make them readily employable and self-reliant. With the help of Implementing Agency, the Company has invested ₹ 64 lacs in skilling 528 PWDs in the year under review, out of which 72% have been successfully employed. The Company has recruited 20 such associates at Shoppers Stop this year. Sign Language certification programme is introduced for effective communication with the associates of differently abled. This training enabled our supervisory staff to communicate with specially abled associates in the stores and make the latter feel more comfortable and included. 44 stores have been covered so far. The various initiatives have been taken and having the vision to create an environment conducive for the physically challenged to overcome their disabilities.
- Under the Go Green initiative, the Company has worked on reducing energy consumption, carbon emission, created sustainable energy sourcing and harvested rainwater savings. Three Pet bottle recycling machines have been installed with an investment of ₹ 20 lacs. We also conducted a drives in Delhi, Gurugram, Chandigarh and Punjab region to increase awareness on ecological well being &

greener tomorrow. Information about saving fuel by switching off engines, ill effects of honking, pollution etc. was spread with help of banners and direct communication with public by our associates.

- On Company's foundation day, we have organized a nationwide blood donation camp covering all the stores across the chain. We have named the event as "Ayushman ho". We received an amazing response from our associates across 83 stores and collected 2,707 samples of blood resulting in saving 8,121 lives.
- For reducing wastage of fashion merchandise by upcycling and recycling merchandise, we have partnered with GOONJ to collect and donate winter wear.
- A number of CSR activities are regularly conducted across India, including monetary/non-monetary contribution, volunteering, supporting schools etc.

**1. Does the Company have specified programmes/ initiatives/ projects in pursuit of the policy related to Principle 8? If yes details thereof.**

The Company has identified "Skilling the disabled" and "Inclusiveness of Persons with Disabilities" as one of its core objective. The project has been implemented through PANKH - Wings of Destiny - an initiative by Trust for Retailers & Retail Associates of India. The initiative aims to train people with disabilities and provide them employment opportunities in retail industry. The brief of its impact can be seen from statistics that 62% of such PWDs have been gainfully employed.

**2. Are the programmes/ projects undertaken through in-house team/ own foundation/external NGO/ government structures/ any other organization?**

The Company's CSR projects are implemented through internal team as well as in partnership with Non-Governmental Organisations (NGOs). Various training & development initiatives are also implemented through internal team as well as with the subject matter experts.

**3. Have you done any impact assessment of your initiative?**

Periodic review is undertaken on the CSR initiative. Any new initiatives are placed at the CSR Committee meetings for their review and assessment. The response and retention has been very high for these trainees under this initiative.

**4. What is your Company's direct contribution to community development projects - Amount in INR and the details of the projects undertaken?**

An amount of ₹ 84 lacs was spent towards CSR initiatives during the financial year 2017-18. The details thereof are given in Annexure-III of the Directors' Report.

**5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain.**

Yes, the CSR initiative undertaken by the Company does focus on community participation, empowerment and community development.

**Principle 9: Engagement with Customers.**

The Company follows a policy that is – “We are responsible for what we sell” and always strives to provide the “BEST” value in terms of products and services and adopt best processes for stakeholders, thereby matching global standards of performance. The Company aims to create an environment which is unique and enjoyable for the customer.

**WHY SHOP WITH SHOPPERS STOP**

- a) Shop Anytime & Anywhere: Whether shop online or in store to get the same experience in terms of merchandise, price & service.
- b) We curate collections from the best brands, trends, colours, fabrics, patterns to bring a deep fashion selection wide across Men, Women, Kids, Fashion Accessories and Home categories.
- c) Return & Exchange at any store.
- d) 100% Original Guaranteed: All our products are sourced directly from the brands and carry brand warranty and genuineness certificate.
- e) We offer free alteration at any store and for products purchased online as well.
- f) Get personalised shopping assistance through our Personal Shoppers Programme.

- g) Shoppersstop.com offers a remarkable shopping experience with an assortment of the leading international and national brands.

**1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.**

Customer Satisfaction is of utmost important for the Company. As on March 31, 2018, there are no customer complaint pending and there are 6 ongoing consumer cases.

**2. Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/ N.A./ Remarks (additional information)**

Yes. The Company displays all the requisite information on product labels as per the law.

**3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of financial year. If so, provide details thereof.**

There are no cases pending in relation to unfair trade practices, irresponsible advertising and/or anticompetitive behavior. However, dissatisfied customers of the Company generally file their cases in consumer protection forums for alleged deficiency in expected level of service by the Company, in the normal course of business, which the Company defends appropriately.

**4. Did your Company carry out any consumer survey/ consumer satisfaction trends?**

Yes. Consumer Satisfaction Surveys are conducted periodically through formal and informal means to access the consumer satisfaction levels and consumer's trends.

# INDEPENDENT AUDITORS' CERTIFICATE

## **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE AS PER PROVISIONS OF CHAPTER IV OF SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

To,

The Members of Shoppers Stop Limited

1. The Corporate Governance Report prepared by Shoppers Stop Limited (hereinafter the "Company"), contains details as required by the provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") ('Applicable criteria') with respect to Corporate Governance for the year ended March 31, 2018. This report is required by the Company for annual submission to the Stock exchange and to be sent to the Shareholders of the Company.

### **Management's Responsibility**

2. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.
3. The Management along with the Board of Directors are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

### **Auditor's Responsibility**

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to express a reasonable assurance in the form of an opinion whether the Company has complied with the specific requirements of the Listing Regulations referred to in paragraph 3 above.
5. We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
7. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. Summary of key procedures performed include:
  - i. Reading and understanding of the information prepared by the Company and included in its Corporate Governance Report;
  - ii. Obtained and verified that the composition of the Board of Directors w.r.t executive and non-executive directors has been met throughout the reporting period;
  - iii. Obtained and read the Directors Register as on March 31, 2018 and verified that at least one women director was on the Board during the year;
  - iv. Obtained and read the minutes of the following meetings held between May 5, 2017 to January 31, 2018:
    - (a) Board of Directors meeting;
    - (b) Audit committee;
    - (c) Annual General meeting;
    - (d) Extraordinary General Meeting;
    - (e) Nomination and remuneration and Corporate Governance committee;
    - (f) Stakeholders Relationship Committee;
  - v. Obtained necessary representations and declarations from Directors of the Company including the Independent Directors ; and
  - vi. Performed necessary inquiries with the management and also obtained necessary specific representations from management.

The above-mentioned procedures include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole.

### **Opinion**

8. Based on the procedures performed by us as referred in paragraph 7 above, and according to the information

and explanations given to us, we are of the opinion that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations, as applicable for the year ended March 31, 2018.

#### **Other matters and Restriction on Use**

9. This report 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.

10. This report is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations with reference to compliance with the relevant regulations of Corporate Governance and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

**For S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

**per Vijay Maniar**

Partner

Membership Number: 36738

Place of Signature: Mumbai

Date: April 27, 2018

# CORPORATE GOVERNANCE REPORT

## 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 Company maintains optimum combination of Executive and Non-Executive Directors on the Board of the Company. The Board of Directors comprises of Ten (10) members viz. one (1) Executive Director and nine (9) Non-Executive directors including one (1) woman director. The Company has a non-executive promoter Chairman and the number of independent directors is 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, who are senior, competent and highly respected persons from their respective fields and provide strategic direction and thrust to the operation(s) 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 in Part A of Schedule II 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 directors on the Board of the Company, who is serving as a whole-time director with any other 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 (AGM) and the number of other Directorships and Committee Memberships held by them in other Companies are given below:

Name of Directors	Category	Attendance particulars		No. of other Directorships & Committee Memberships/Chairmanships		
		Board Meetings	Last AGM	Directorships <sup>1</sup>	Committee Membership <sup>1&amp;2</sup>	Committee Chairmanship <sup>1&amp;2</sup>
Mr. Chandru L. Raheja (Chairman)	Promoter & Non-Executive Director	7	Yes	1	1	0
Mr. Ravi C. Raheja	Promoter & Non-Executive Director	6	Yes	3	3	0
Mr. Neel C. Raheja	Promoter & Non-Executive Director	7	Yes	4	0	0
Prof. Nitin Sanghavi	Independent & Non-Executive Director	7	Yes	0	0	0
Mr. Deepak Ghaisas	Independent & Non-Executive Director	5	Yes	3	1	0

Name of Directors	Category	Attendance particulars		No. of other Directorships & Committee Memberships/Chairmanships		
		Board Meetings	Last AGM	Directorships <sup>1</sup>	Committee Membership <sup>1&amp;2</sup>	Committee Chairmanship <sup>1&amp;2</sup>
Mr. Nirvik Singh	Independent & Non-Executive Director	1	Yes	1	0	1
Ms. Abanti Sankaranarayanan	Independent & Non-Executive Director	1	Yes	1	0	0
Mr. Manish Chokhani	Independent & Non-Executive Director	5	No	5	4	0
Mr. Gareth Thomas*	Independent & Non-Executive Director	2	Yes	0	0	0
Mr. B. S. Nagesh (Vice Chairman)	Non-Executive Director	7	Yes	2	2	0
Mr. Govind Shrikhande (Managing Director)	Executive Director	7	Yes	5	0	1

**Notes:**

1. The other Directorships and Chairmanships/ Memberships of committees held in foreign companies, private limited companies and companies incorporated u/s 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. Gareth Thomas, Independent & Non-Executive Director of the Company stepped down from the Directorship of the Company w.e.f. October 26, 2017.

During the year under review, the Board of Directors met seven times i.e. on May 5, 2017; July 28, 2017; September 23, 2017; October 5, 2017; October 26, 2017; December 19, 2017 and January 31, 2018. The maximum interval between any two Meetings during this period did not exceed one hundred and twenty days as per provisions of Companies Act, 2013 and Listing Regulations.

Dates for the Board Meetings for the ensuing financial year are decided well in advance and communicated to the Directors.

**SEPARATE MEETING OF THE INDEPENDENT DIRECTORS**

As stipulated under the Companies Act, 2013 and 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 Management 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 have been posted on the Company's website at web link: <https://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 Non-Executive Directors during the year is as under:

Name of Non-Executive Directors	Commission (₹)	*Sitting Fees (₹)	Total (₹)
Mr. Chandru L. Raheja	-	350,000	350,000
Mr. Ravi C. Raheja	-	460,000	460,000
Mr. Neel C. Raheja	-	350,000	350,000
Prof. Nitin Sanghavi	300,000	510,000	810,000
Mr. Deepak Ghaisas	600,000	370,000	970,000
Mr. Nirvik Singh	300,000	50,000	350,000
Ms. Abanti Sankaranarayanan	300,000	50,000	350,000
Mr. Manish Chokhani	300,000	370,000	670,000
Mr. Gareth Thomas#	-	100,000	100,000
Mr. B. S. Nagesh	300,000	350,000	650,000
<b>Total</b>	<b>21,00,000</b>	<b>2,960,000</b>	<b>5,060,000</b>

\* The sitting fees for attending each Board Meeting and Audit Committee meeting is ₹ 50,000/- and ₹ 40,000/-, respectively.

# An amount of ₹ 75,000/- is paid 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 Chairman of Audit Committee would be paid an additional amount as commission for the year under review. It was 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 additional Commission.

### REMUNERATION PAID TO MR. GOVIND SHRIKHANDE, MANAGING DIRECTOR

Amount in ₹

Salary*	Perquisites	Contribution to Fund	Total
47,763,580	307,640	1,844,712	49,915,932

\* Includes Long-Term Incentive of ₹ 6,909,032/-. Such incentive is linked to the performance of the Company and of the Managing Director and is based on various qualitative and quantitative performance criterion.

## 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 (₹)	Vesting period	Exercise Period
ESOP 2008 - 5	28.08.13	13,650	13,650	344	3 Years	4 years
ESOP 2008 - 6	29.04.14	9,200	2,760	362	3 Years	4 years

### SERVICE CONTRACT, SEVERANCE FEES AND NOTICE PERIOD:

Mr. Govind Shrikhande was re-appointed as a Managing Director of the Company for a period of 3 years w.e.f. July 29, 2016. 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 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, Invitees of the Management Committee of the Company, representatives of the Internal Auditors and Statutory Auditors are also present at the Audit Committee Meetings.

During the year under review, the Committee met four times i.e. on May 4, 2017; July 27, 2017; October 25, 2017 and January 31, 2018, 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	4
Prof. Nitin Sanghavi	Member	Independent Director	4
Mr. Manish Chokhani	Member	Independent Director	3

Mr. Bharat Sanghavi, 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 Directors' 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, REMUNERATION & CORPORATE GOVERNANCE COMMITTEE

The Company has constituted a Nomination, 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 Regulations and Section 178 of the Companies Act, 2013.

The Nomination, 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 and Section 178 of the Companies Act, 2013.

During the year under review, the Committee met five times i.e. on May 5, 2017; July 28, 2017; October 26, 2017; December 19, 2017 and January 31, 2018.

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

Name of Member	Status	Category	No. of meetings attended
Mr. Nirvik Singh	Chairman	Independent Director	1
Prof. Nitin Sanghavi	Member	Independent Director	5
Mr. Neel C. Raheja	Member	Non-Independent Director	5

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

The broad terms of reference of the Nomination, 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 Regulations and Section 178 of the Companies Act, 2013. The composition of the Committee is in compliance with Regulation 20 of the Listing Regulations and the Companies Act, 2013.

During the year, the Committee met two times i.e. on December 19, 2017 and January 31, 2018.

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

Name of Member	Status	Category	No. of meetings attended
Mr. Ravi C. Raheja	Chairman	Non-Independent Director	2
Mr. Neel C. Raheja	Member	Non-Independent Director	2
Mr. B. S. Nagesh	Member	Non-Independent Director	2

Mr. Bharat Sanghavi, 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 of the Company and recommends measures for overall improvement in the quality of investor services.

During the year, the Company has received 4 (Four) 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 (AGM) held during last three years:

AGM for Financial Year ended	Date & Time	Special Resolutions passed thereat	Location
2016-2017	July 28, 2017 at 3:30 p.m.	No special resolution has been passed.	Boundary Hall, First Floor, MCA Recreation Centre, RG-2, G-Block, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051
2015-2016	July 29, 2016 at 3:30 p.m.	No special resolution has been passed.	Boundary Hall, First Floor, MCA Recreation Centre, RG-2, G-Block, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051
2014-2015	July 31, 2015 at 3:30 p.m.	<ol style="list-style-type: none"> <li>1. To approve Material Related Party Transactions under Clause 49 of the Listing Agreement.</li> <li>2. To adopt new Articles of Association of the Company containing regulations in conformity with the Companies Act, 2013.</li> <li>3. To approve offer or invitation to subscribe to Non-Convertible Debentures on private placement.</li> </ol>	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

During the year under review, an Extra-ordinary General Meeting was held on October 18, 2017 at 5.00 p.m. at Boundary Hall, First Floor, MCA Recreation Centre, RG-2, G-Block, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051 for seeking approval of members of the Company by way of special resolution for issuance of 43,95,925 equity shares of the Company at a price of ₹ 407.78/- to Amazon.com NV Investment Holdings LLC on private placement basis.

with a loan to any other body corporate or person and/or

(iii) acquire by way of subscription, purchase or otherwise, the securities of any other body corporate, upto (i) maximum amount of ₹ 1,135 crores (Rupees One Thousand One Hundred Thirty Five Crores), or (ii) the maximum limits so prescribed under Section 186 of the Act (as may be amended from time to time), whichever is higher.

## POSTAL BALLOT

As per Section 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management and Administration) Rules, 2014, during the year under review, the following special resolutions were passed by members of the Company through Postal Ballot on June 14, 2017 and November 13, 2017. Details of the postal ballot process followed in these regard are as under:

### 1. Special resolution passed by members of the Company through Postal Ballot on June 14, 2017

Approval of members was sought by way of special resolution authorising the Board of Directors of the Company or Committee thereof to (i) give any loans to any person or other body corporate and/or (ii) give any guarantees or to provide security in connection

### Voting Pattern and Procedure for Postal Ballot

- The Board of Directors of the Company had appointed Mr. Soumitra Mujumdar, Practicing Company Secretary, as a Scrutiniser for conducting the Postal Ballot/e-voting process in a fair and transparent manner.
- All postal ballot forms received upto June 14, 2017 and e-votes received upto 5.00 p.m. on the said date were considered for scrutiny. Envelopes/e-votes received after this date were not considered for scrutiny.
- The results of the Postal Ballot were announced on June 15, 2017 at the Registered Office of the Company. The details of voting are as follows:

In favour			Against		
No. of Postal Ballots Received	No. of Votes	% of total valid votes polled	No. of Postal Ballots Received	No. of Votes	% of total valid votes polled
150	73,035,154	98.90	36	812,069	1.10

## 2. Special resolution passed by members of the Company through Postal Ballot on November 13, 2017

Approval of members was sought by way of special resolution for disposing-off of 77,158,778 Equity Shares of ₹ 10 each of Hypercity Retail (India) Limited, a subsidiary of the Company to Future Retail Limited.

### Voting Pattern and Procedure for Postal Ballot

- The Board of Directors of the Company had appointed Mr. Kaushal Dalal, Practicing Company Secretary, as a

Scrutiniser for conducting the voting through Postal Ballot/e-voting process in a fair and transparent manner.

- All postal ballot forms received upto November 13, 2017 and e-votes received upto 5.00 p.m. on the said date were considered for scrutiny. Envelopes/e-votes received after this date were not considered for scrutiny.
- The results of the Postal Ballot were announced on November 14, 2017 at the Registered Office of the Company. The details of voting are as follows:

In favour			Against		
No. of Postal Ballots Received	No. of Votes	% of total valid votes polled	No. of Postal Ballots Received	No. of Votes	% of total valid votes polled
122	77,044,958	99.35	24	501,201	0.65

Further, no special resolution is proposed to be passed through postal ballot on the date of this report.

## 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: [https://corporate.shoppersstop.com/uploaded\\_files/70ad1c1-7375.pdf](https://corporate.shoppersstop.com/uploaded_files/70ad1c1-7375.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 have 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.

## 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. (Hypercity); a 51% subsidiary, ceased to be material subsidiary of the Company with effect from November 30, 2017, consequent to sale of entire equity shareholding of Hypercity to Future Retail Limited.

The Audit Committee reviews the financial statement & any investment made by the subsidiaries, if any, on quarterly basis and Board of Directors of the Company, *inter-alia*, review the annual financial statements of

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 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 Limited. 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 Listing Regulations and Companies Act, 2013, are being posted at Company's website: [www.shoppersstop.com](http://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 has constituted a Risk Management Committee consisting of Mr. Ravi Raheja as a Chairman, Mr. Manish Chokhani - Director, Mr. Govind Shrikhande - Managing Director, 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 Managing Director 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](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.

## MD, CEO & CFO CERTIFICATION

The MD, CEO and the Deputy CFO of the Company has issued certificate pursuant to the provisions of Regulation 17(8) of the Listing Regulations, certifying, *inter-alia*, that the financial statements do not contain any materially untrue statement and these statements represent a true and fair view of the Company's affairs. The said certificate is annexed and forms part of this Annual Report.

## MEANS OF COMMUNICATION

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

## GENERAL SHAREHOLDERS INFORMATION

### (1) Annual General Meeting

**Date, Time & Venue** : July 27, 2018 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** : July 23, 2018 to July 27, 2018 (Both days inclusive)

**(3) Financial Calendar** : April 1, 2017 to March 31, 2018

**(4) Dividend payment date** : Within 5 days from the date of declaration of dividend

**(5) Listing on the Stock Exchanges** : 1. BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001.  
2. National Stock Exchange of India Limited, Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051.

The requisite Listing Fees for the Financial Year 2018-19 has been paid to both the above Stock Exchanges where the equity shares of the Company are listed.

### (6) Stock Code:

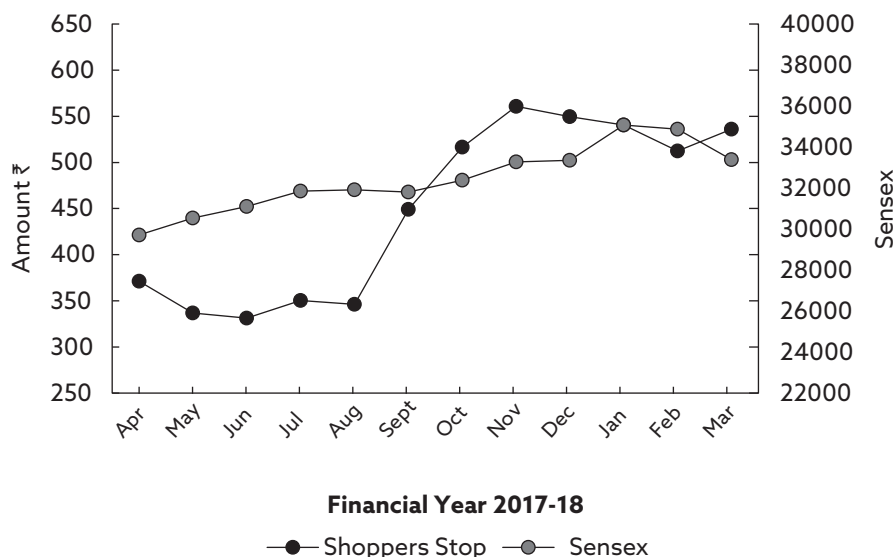
BSE Limited : 532638  
National Stock Exchange of India Limited : SHOPERSTOP (Symbol)

### (7) Stock Market Data for the period - April 1, 2017 to March 31, 2018

#### Share price performance in comparison on BSE Ltd.:

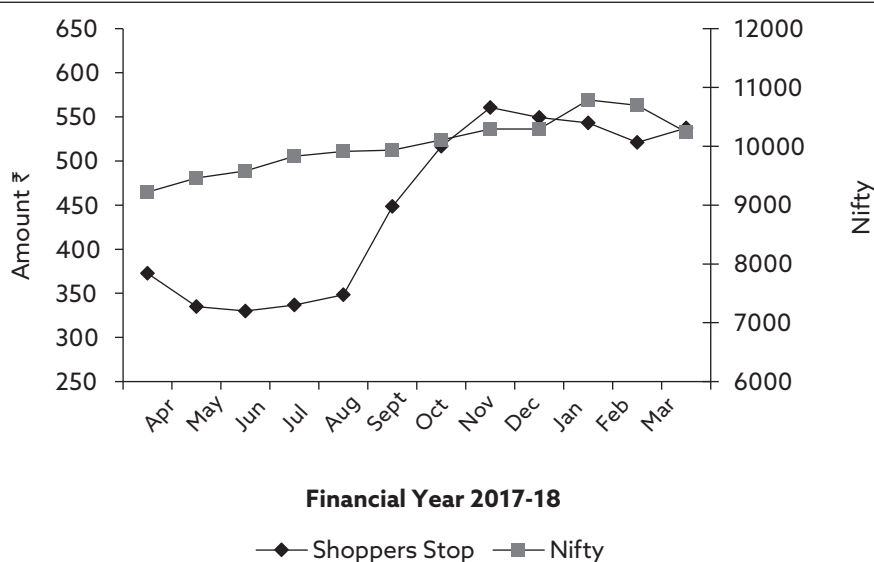
Month (2017-18)	BSE		Sensx		No. of Shares transacted
	High (₹)	Low (₹)	High	Low	
April	386.95	355.55	30,184.22	29,241.48	147,925
May	382.50	291.15	31,255.28	29,804.12	98,732
June	368.50	294.00	31,522.87	30,680.66	54,773
July	364.75	335.80	32,672.66	31,017.11	56,137
August	369.55	322.60	32,686.48	31,128.02	77,799
September	540.25	357.90	32,524.11	31,081.83	920,054
October	569.30	464.05	33,340.17	31,440.48	833,853
November	602.00	519.55	33,865.95	32,683.59	373,068
December	578.05	521.30	34,137.97	32,565.16	76,523
January	590.05	491.05	36,443.98	33,703.37	189,721
February	549.95	475.00	36,256.83	33,482.81	34,846
March	569.95	502.20	34,278.63	32,483.84	158,904

### SHOPPERS STOP PRICE MOVEMENT CHART - BSE



**Share price performance in comparison on National Stock Exchange of India Limited (NSE):**

Month (2017-18)	NSE		Nifty		No. of Shares transacted
	High (₹)	Low (₹)	High	Low	
April	387.95	357.10	9,367.15	9,075.15	575,398
May	383.90	286.00	9,649.60	9,269.90	752,730
June	368.00	292.00	9,709.30	9,448.75	942,757
July	366.35	307.00	10,114.85	9,543.55	733,807
August	371.80	325.00	10,137.85	9,685.55	1,152,357
September	539.80	357.30	10,178.95	9,687.55	9,249,902
October	569.90	463.75	10,384.50	9,831.05	8,785,000
November	603.00	518.25	10,490.45	10,094.00	3,789,156
December	577.80	520.50	10,552.40	10,033.35	1,236,951
January	591.80	494.70	11,171.55	10,404.65	2,903,517
February	542.95	499.00	11,117.35	10,276.30	1,570,505
March	570.75	504.00	10,525.50	9,951.90	2,050,272

**SHOPPERS STOP PRICE MOVEMENT CHART - NSE**

**(8) Distribution of Shareholding as on March 31, 2018 and March 31, 2017:**

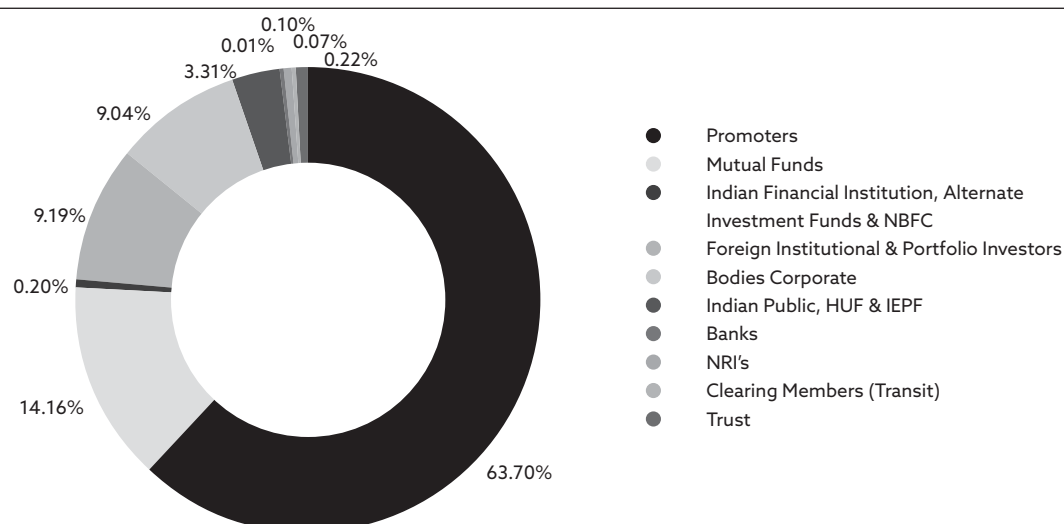
Shareholding of Nominal Value ₹	As on March 31, 2018				As on March 31, 2017			
	Number	% to total	₹	% to total	Number	% to total	₹	% to total
Upto 5000	10,560	96.54	3,949,425	0.90	7,939	96.82	2,826,870	0.68
5001-10000	113	1.03	875,650	0.20	63	0.77	471,180	0.11
10001-20000	89	0.81	1,319,440	0.30	58	0.71	846,345	0.20
20001-30000	33	0.30	812,625	0.18	26	0.32	652,310	0.16
30001-40000	19	0.17	667,900	0.15	14	0.17	482,970	0.11
40001-50000	13	0.12	595,305	0.14	12	0.14	549,980	0.13
50001-100000	32	0.29	2,498,635	0.57	21	0.25	1,703,980	0.41
100001 and above	80	0.73	429,084,465	97.56	67	0.82	409,990,085	98.20
<b>Total</b>	<b>10,939</b>	<b>100</b>	<b>439,803,445</b>	<b>100</b>	<b>8,200</b>	<b>100</b>	<b>417,523,720</b>	<b>100</b>

## SHAREHOLDING PATTERN:

The categories of shareholdings as on March 31, 2018 and March 31, 2017:

Category	(As on March 31, 2018)		(As on March 31, 2017)	
	No. of Shares Held	% to total	No. of Shares Held	% to total
Promoters	56,029,674	63.70	56,029,674	67.10
Mutual Funds	12,452,958	14.16	11,159,066	13.36
Indian Financial Institution, Alternate Investment Funds & NBFC	182,513	0.20	142,756	0.17
Foreign Institutional & Portfolio Investors	8,082,545	9.19	3,466,947	4.15
Bodies Corporate	7,954,431	9.04	9,768,665	11.70
Indian Public, HUF & IEPF	2,915,016	3.31	2,558,720	3.06
Banks	5,126	0.01	0	0
NRI's	89,515	0.10	44,110	0.05
Clearing Members (Transit)	57,592	0.07	31,170	0.05
Trust	191,319	0.22	303,636	0.36
<b>Total</b>	<b>87,960,689</b>	<b>100</b>	<b>83,504,744</b>	<b>100</b>

## SHAREHOLDING PATTERN AS ON MARCH 31, 2018



**SHAREHOLDING OF BOARD OF DIRECTORS AS ON MARCH 31, 2018:**

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. B. S. Nagesh	Vice Chairman	567,685
Mr. Govind Shrikhande	Managing Director	305,479

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

- (9) Registrar and Transfer Agent (RTA)** : 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
- (10) Share Transfer System** : The shares of the Company are traded on the Stock Exchanges through the Depository System. The ISIN allotted to the equity shares of ₹ 5/- each of the Company is INE498B01024.  
The requests received by the Company/ RTA for dematerialisation/ rematerialisation are disposed of expeditiously.
- (11) Dematerialisation of Shares and Liquidity** : The trading in Company's equity shares is compulsorily in dematerialised mode for all investors. As on date, entire share capital of the Company except 322 equity shares are being held in the dematerialised mode.  
The shares of the Company are regularly traded at both the Stock Exchanges where they are listed, which ensure the necessary liquidity to shareholders.
- (12) Outstanding GDRs/ADRs** : The Company has not issued any ADRs or GDRs or warrants or any convertible instruments or any Convertible which has likely impact on equity share capital.
- (13) Commodity price risk of foreign exchange risk and : hedging activities** : The Company uses foreign currency forward contracts to hedge its risks foreign exchange risk and associated with foreign currency exposures relating to the underlying hedging activities transactions and firm commitments. The Company does not enter into any derivative instruments for trading and speculative purposes.
- (14) Address for correspondence** : Mr. Bharat Sanghavi - Company Secretary, Umang Tower, 5th Floor, Mindspace, Off Link Road, Malad (West), Mumbai - 400 064.  
Tel: (022) 4249 7000  
E-mail: investor@shoppersstop.com  
Web Address: www.shoppersstop.com

## (15) Store Locations

### Western Region

1. 211-D, S. V. Road, Andheri (W), 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. Inorbit Mall, Link Road, Malad (West), Mumbai - 400 064.
5. Dynamix Mall, Sant Dhyaneswar Marg, JVPD Scheme, Next to Chandan Cinema Hall, Vile Parle (West), Mumbai - 400 049.
6. Godrej Eternia, B-Wing, Shivaji Nagar, Mumbai-Pune Road, Pune - 411 005.
7. HomeStop, Inorbit Mall, 2nd Floor, Link Road, Malad (West), Mumbai - 400 064.
8. Prozone Mall, Plot Sector - C, Chikalthana Ind. Area, Masantpur, Aurangabad - 431 210.
9. Inorbit Mall, Vashi, Navi Mumbai - 400 705.
10. HomeStop, Inorbit Mall, 2nd Floor, Vashi, Navi Mumbai - 400 705.
11. Alpha G, Near Vastrapur Lake, Vastrapur, Ahmedabad - 380 054.
12. R City Mall, LBS Marg, Ghatkopar (West), Mumbai - 400 086.
13. Big India Mall, Behind Kasarwadawali Police Station, Godbunder Road, Thane West, Mumbai - 400 607.
14. Pacific Mall, Shankar Seth Road, Pune 411 037.
15. Opposite Alankar Talkies, Chainsukh Road, Latur - 413 512.
16. HomeStop, R City, LBS Marg, Ghatkopar (West), Mumbai - 400 086.
17. HomeStop, FP No. 216, TP Scheme -1, Vastrapur, Ahmedabad - 380 054.
18. Metro Junction Mall, Shil Road, Kalyan - 421 306.
19. VR Mall, Near Magdalia Chokdi, Dumas Road, Surat - 395 007.
20. Viviana Mall, Eastern Express Highway, Thane - 400 062.
21. Alembic Road, Subhanpura, Vadodara - 390 003.
22. First floor, Seasons Mall, South Magarpatta City, Pune - 411 028.
23. C G Square, C. G. Road, Ahmedabad - 380 009.
24. HomeStop, First floor, Seasons Mall, South Magarpatta City, Pune - 411 028.
25. D Y Patil Mall, 2104/15, E Ward, Kavda Naka, Kolhapur - 416 001.
26. Orion Mall, Near Panvel Bus Depot, Panvel - 410 206.
27. Unit No. GFN03 & GFS10, West End Mall, Aundh, Taluka Haveli, Pune - 411 007.
28. Mall De Goa, situated at Nova Cidade Complex, Alto Porvorim, Goa - 403 521.

### 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. 'Hyderabad-Next Galleria-Punjagutta Mall' Punjagutta, Hyderabad
11. Passenger Terminal Building, Bengaluru International Airport, Devanahalli, Bengaluru - 560 300.
12. HomeStop, Raheja Point No. 17/2, Magrath Road, Bengaluru - 560 025.
13. HomeStop, Royal Meenakshi Mall, Bannergetta Road, Bengaluru - 560 076.
14. LEPL Icon Mall, Vijayawada - 520 008.
15. OMR, Ground Floor, Gopalan Signature Towers, Opp. RMZ Infinity, Old Madras Road, Bengaluru - 560 096.
16. Mall of Mysore, Indira Nagar Extension, Nazarabad Mohalla, M.G. Road, Mysore - 570 010.
17. HomeStop, Inorbit Mall, Apiic Software Layout, Hitech City, Cyberabad, Hyderabad - 500 081.
18. Inorbit Mall - Whitefield, EPIP Area, Whitefield, Bengaluru - 560 066.
19. E-City Mall, Avinash Road, Coimbatore - 641 004.
20. Soul Space Arena, Outer Ring Road, K R Puram Hubli, Bengaluru - 560 037.
21. HomeStop, Phoneix Market City, Velachery, Chennai - 600 042.
22. The Grand Mall, No. 137, Dr. Seetharam Nagar, Velachery, Chennai - 600 042.
23. 28, Velachery Rd, Nagendra Nagar, Anna Garden, Palladium Mall, Phoneix Market City Chennai, Velachery, Chennai, Tamil Nadu - 600 042.
24. Manjeera, Trinity Mall, Kukatpally, Hyderabad - 500 072.

25. HomeStop, Embassy Paragon, ITPL Main Road, Bengaluru - 560 037.
26. SRK Destiny, VIP Road, Near CBM Compound, Visakhapatnam - 530 016.
27. Upper, Ground and First Floor Forum Fiza Mall, Pandeshwar Road, Mangalore - 575 001.
28. Royal Meenakshi Mall, Ground Floor, Opposite Meenakshi Temple, Bannerghatta Road, Hulimavu, Bengaluru - 560 076.
29. Mangalore International Airport, Domestic Departures, Kenjar, Bajpe, Mangalore - 574 142.
30. Brigade Mall, Banaswadi Main Road, Banaswadi Layout, Maruthi Sevanagar, Bengaluru - 560 033.
31. Orion Mall, Rajajinagar Extension, Malleswaram West, Bengaluru - 560 055.

### Northern Region

1. The Metropolitan Mall, Mehrauli-Gurgaon Road, Gurgaon, Haryana - 122 002.
2. Shipra Mall, Shipra Suncity, 9 Vaibhav Khand, Indirapuram, 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, Gomti Nagar, Lucknow - 226 010.
5. The Great India Palace, New Okhla Industrial Development Area, Noida - 201 301.
6. Metropolitan Mall, Press Enclave Road, District Centre Saket, Sector II, New Delhi - 110 017.
7. Alpha One Mall, MBM Farms, Sultan Wind, Main G. T. Road, Amritsar - 143 010.
8. Ambience Mall, Nelson Mandela Road, Vasant Kunj, New Delhi - 110 070.
9. DB City Mall, Arera Hills, Bhopal - 462 011.
10. Spaze I, Tech Park, Gurgaon, Spaze Mall, Sohna Road, Gurgaon - 122 002.
11. Rohini, Sector - 10, Adjacent to Rithala Metro Station, Rohini, New Delhi - 110 085.
12. R-Cube, Monad - Third Floor, Najafgarh Rd, Shivaji Place, Rajouri Garden Extension, Rajouri Garden, New Delhi - 110027.
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, 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. Unity One Jankpuri, Janakpuri West, Next to Janakpuri West Metro Station, New Delhi - 110 058.
26. Logix City Centre Mall, Noida City Centre Metro Station, Noida, Uttar Pradesh - 201 301.
27. Terminal 1D, Indira Gandhi International Airport, New Delhi - 110 037.

### 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, Mowa, Raipur - 492 005.
7. New Integrated Terminal Building, Swami Vivekanand Airport, Raipur - 492 001.
8. City Centre 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.
10. Nucleus Mall, Circular Road, Opp. East Jail Road, Ranchi, Jharkhand - 834 001.

# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF SHOPPERS STOP LIMITED

### Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Shoppers Stop Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Standalone Ind AS Financial Statements

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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS 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. We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as 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.

An audit involves performing procedures to obtain audit evidence about the amounts and 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 standalone Ind AS 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 standalone Ind AS 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 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 standalone Ind AS financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the standalone Ind AS 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 March 31, 2018, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### Emphasis of Matter

We draw attention to Note 30 to the standalone Ind AS financial statements which, describes the uncertainty related to the outcome of the appeal filed before the Supreme Court regarding non provision of retrospective levy of service tax for the period from June 1, 2007 to March 31, 2010 on renting of immovable properties given for commercial use, aggregating to ₹ 1,659.56 lacs.

Our opinion is not qualified in respect of this matter.

### Other Matter

The Ind AS financial statements of the Company for the year ended March 31, 2017, included in these standalone Ind AS financial statements, have been audited by the predecessor auditor who expressed an unmodified opinion on those statements on May 4, 2017

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. 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 purpose 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, Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
  - (e) On the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, 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 2" to this report;
  - (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 standalone Ind AS financial statements – Refer Note 29 to the standalone Ind AS financial statements;
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

**Vijay Maniar**

Partner

Membership Number: 36738

Place of Signature: Mumbai

Date: 27 April 2018

# ANNEXURE 1

referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date.

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given by the management, there are no immovable properties, included in property, plant and equipment of the company and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.
- (ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- (iii) (a) The Company has granted loans to three companies covered in the register maintained under section 189 of the Companies Act, 2013. In our opinion and according to the information and explanations given to us, the terms and conditions of the grant of such loans are not prejudicial to the company's interest.
- (b) The Company has granted loans that are repayable on demand, to a company covered in the register maintained under section 189 of the Companies Act, 2013. We are informed that the Company has not demanded repayment of any such loan during the year, and thus, there has been no default on the part of the parties to whom the money has been lent. The payment of interest has been regular for two companies. Further loan given in an earlier year to one of the Company has been fully provided for and no interest has been received.
- (c) There are no amounts of loans granted to companies, firms or other parties listed in the register maintained under section 189 of the Companies Act, 2013 which are overdue for more than ninety days.
- (iv) In our opinion and according to the information and explanations given to us, provisions of section 185 and 186 of the Companies Act 2013 in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the Company.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under clause 148(1) of the Companies Act, 2013, for the products/services of the Company.
- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, income-tax, sales-tax, service tax, employees' state insurance, value added tax, goods and service tax, duty of custom, cess and other statutory dues applicable to it. The provisions relating to duty of excise are not applicable to the Company.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, value added tax, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues of income-tax, sales-tax, service tax, duty of custom, value added tax, goods and service tax, and cess on account of any dispute, are as follows:

\*\* Net of amounts paid.

Name of the statute	Nature of the dues	Amount** (₹)	Period to which the amount relates	Forum where the dispute is pending
The Income Tax Act, 1961	Income Tax	502.90	2015-16	Appellate Authority- Commissioner Level
Finance Act, 1994	Service Tax	775.97	May 2006 to May 2007	Appellate Authority- Tribunal Level
West Bengal Tax on entry of goods into Local Areas Act, 2012	Entry Tax	4.76	2013-14	Appellate Authority- Commissioner Level
The Customs Act, 1962	Duty of Customs	5.17	2008 to 2012	Appellate Authority- Tribunal Level
The Customs Act, 1962	Duty of Customs	37.44	2008 to 2012	Appellate Authority- Tribunal Level
Maharashtra Central Sales Tax Act	Central Sales Taxes Act, Maharashtra	0.39	2010 to 2011	Joint Commissioner of Sales Tax Appellate
Maharashtra Value Added Tax Act	Value Added Tax	22.27	2012-13	Joint Commissioner of Sales Tax Appellate

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or government or dues to debenture holders.

(ix) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, the Company has not raised any money way of initial public offer/further public offer. The monies raised by way of term loans were applied for the purposes for which those were raised.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

(xi) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that the managerial remuneration has been paid/provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

(xiii) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the

management, transactions with the related parties are in compliance with Section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given by the management, the Company has complied with provisions of section 42 of the Companies Act, 2013 in respect of the private placement of shares during the year. According to the information and explanations given by the management, we report that the amounts raised, have been used for the purposes for which the funds were raised.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.

(xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

**Vijay Maniar**

Partner

Membership Number: 36738

Place of Signature: Mumbai

Date: 27 April 2018

# ANNEXURE 2

To The Independent Auditor's Report of even date on the Standalone Financial Statements of Shoppers Stop Limited.

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

We have audited the internal financial controls over financial reporting of Shoppers Stop Limited ("the Company") as of March 31, 2018 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**

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 the 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**

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") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. 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.

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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls over Financial Reporting**

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**

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**

In our opinion, 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, 2018, 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 **SRBC & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

**Vijay Maniar**

Partner

Membership Number: 36738

Place of Signature: Mumbai

Date: 27 April 2018

# BALANCE SHEET

as at 31 March 2018

(All amounts in ₹ lacs)			
	Notes	As at 31 March 2018	As at 31 March 2017
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	58,606.69	57,918.87
Capital work-in-progress	3	1,534.14	1,254.92
Intangible assets	3	6,170.91	5,613.36
Intangible assets under development	3	281.30	433.07
<b>Financial Assets</b>			
(i) Investments	4	29,757.66	40,800.58
(ii) Loans	5	766.26	10,348.59
(iii) Other financial assets	6	11,426.59	12,985.47
Deferred tax assets (net)	7	1,977.60	429.22
Other non-current assets	8	9,516.21	8,169.03
<b>Total non-current assets</b>		<b>120,037.36</b>	<b>137,953.11</b>
<b>Current assets</b>			
Inventories	9	32,842.43	35,276.50
<b>Financial assets</b>			
(i) Investments	4	2,003.55	-
(ii) Trade receivables	10	4,372.44	3,574.66
(iii) Cash and cash equivalents	11	457.63	295.03
(iv) Bank balances other than (iii) above	12	65.57	207.67
(v) Other financial assets	6	544.05	3,799.14
Other current assets	8	15,929.16	2,463.63
<b>Total current assets</b>		<b>56,214.83</b>	<b>45,616.63</b>
<b>Total assets</b>		<b>176,252.19</b>	<b>183,569.74</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Equity share capital	13	4,398.03	4,175.24
Other equity	14	90,938.59	71,900.37
<b>Total equity</b>		<b>95,336.62</b>	<b>76,075.61</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
Borrowings	15	3,976.77	20,996.68
<b>Total non-current liabilities</b>		<b>3,976.77</b>	<b>20,996.68</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
(i) Borrowings	15A	761.12	20,295.86
(ii) Trade payables	16	48,861.23	33,019.28
(iii) Other financial liabilities	17	8,030.99	19,727.57
Provisions	18	794.40	716.86
Other current liabilities	19	18,491.06	12,737.88
<b>Total current liabilities</b>		<b>76,938.80</b>	<b>86,497.45</b>
<b>Total liabilities</b>		<b>80,915.57</b>	<b>107,494.13</b>
<b>Total equity and liabilities</b>		<b>176,252.19</b>	<b>183,569.74</b>

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

In terms of our report of even date

**For S R B C & CO LLP**  
ICAI Firm Reg. No. 324982E / E300003  
Chartered Accountants

**Vijay Maniar**  
Partner  
Membership No. 36738

Mumbai: 27 April 2018

For and on Behalf of the Board of Directors

**C.L. Raheja**  
Chairman  
DIN: 00027979

**Ravi Raheja**  
Director  
DIN: 00028044

**Govind S. Shrikhande**  
Customer Care Associate &  
Managing Director  
DIN: 00029419

**Vijay Jain**  
Customer Care Associate &  
Dy. Chief Financial Officer

Mumbai: 27 April 2018

**Bharat Sanghavi**  
Customer Care Associate &  
Company Secretary

# STATEMENT OF PROFIT AND LOSS

for the year ended 31 March 2018

(All amounts in ₹ lacs)

	Notes	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>Income</b>			
Revenue from operations	20	359,148.91	364,804.25
Other income	21	1,602.03	2,956.98
<b>Total income</b>		<b>360,750.94</b>	<b>367,761.23</b>
<b>Expenses</b>			
Purchase of Stock-in-Trade	22a	218,905.75	225,426.81
Changes in Inventories of stock-in-trade	22b	2,434.07	3,310.61
Employee benefits expense	23	30,134.77	27,350.37
Finance costs	24	3,616.12	5,845.01
Depreciation and amortisation expense	3	11,192.54	11,552.61
Other expenses	25	86,510.72	89,464.30
<b>Total expenses</b>		<b>352,793.97</b>	<b>362,949.71</b>
<b>Profit before exceptional item and tax</b>		<b>7,956.97</b>	<b>4,811.52</b>
Exceptional Items	31	5,040.96	4,780.00
<b>Profit before tax</b>		<b>2,916.01</b>	<b>31.52</b>
Current tax		3,304.01	2,093.79
Deferred tax		(1,548.38)	(68.42)
<b>Income tax expenses</b>	26	<b>1,755.63</b>	<b>2,025.37</b>
<b>Profit/(Loss) for the year [A]</b>		<b>1,160.38</b>	<b>(1,993.85)</b>
<b>Other comprehensive income</b>			
Items that will not be reclassified to profit or loss			
i) Remeasurement of employee defined benefit obligation		(124.91)	(40.13)
Income tax effect		43.22	13.89
ii) Fair value in the value of investments		(696.87)	-
Income tax effect		72.48	-
<b>Other comprehensive income [B]</b>		<b>(706.08)</b>	<b>(26.24)</b>
<b>Total comprehensive income for the year [A] + [B]</b>		<b>1,866.46</b>	<b>(1,967.61)</b>
<b>Earning per equity share</b>			
Equity shares of face value ₹ 5 each (2017: ₹ 5 each)	28		
Basic (₹)		1.37	(2.39)
Diluted (₹)		1.37	(2.39)
The accompanying Notes 1 to 41 are an integral part of the financial statements.			

In terms of our report of even date

**For S R B C & CO LLP**

ICAI Firm Reg. No. 324982E / E300003  
Chartered Accountants

**Vijay Maniar**

Partner  
Membership No. 36738

Mumbai: 27 April 2018

For and on Behalf of the Board of Directors

**C.L. Raheja**

Chairman  
DIN: 00027979

**Vijay Jain**

Customer Care Associate &  
Dy. Chief Financial Officer

Mumbai: 27 April 2018

**Ravi Raheja**

Director  
DIN: 00028044

**Govind S. Shrikhande**

Customer Care Associate &  
Managing Director  
DIN: 00029419

**Bharat Sanghavi**

Customer Care Associate &  
Company Secretary

# CASH FLOWS

for the year ended 31 March 2018

(All amounts in ₹ Lacs)

	For the period ended 31 March 2018	For the year ended 31 March 2017
<b>Operating activities</b>		
<b>Net profit after exceptional item and before tax</b>	2,916.01	31.52
<b>Adjustments to reconcile profit before tax to net cashflow</b>		
Depreciation and amortisation	11,192.54	11,552.61
Allowance for doubtful debts / advances	240.65	308.00
Share-based payment expense	10.63	65.22
Impairment / loss on sale of investment (Refer note 31)	5,040.96	4,780.00
Finance costs	3,616.12	5,845.01
Loss on sale of property, plant and equipment	54.13	1.49
Refundable deposit considered in measurement of minimum lease payments	796.30	959.36
Interest (time value) recognised on interest free lease deposit	(666.71)	(780.33)
Interest income	(865.09)	(2,054.54)
<b>Operating profit before working capital changes</b>	<b>22,335.54</b>	<b>20,708.34</b>
<b>Working capital adjustment:</b>		
Decrease in inventories	2,434.07	3,310.61
Increase in trade receivables	(797.80)	(1,207.36)
(Increase) / Decrease in Financial assets (others)	(11,724.16)	461.78
Decrease / (Increase) in Lease deposits-net	2,165.28	(986.61)
Increase in Short term provisions	77.53	134.14
Increase / (Decrease) in Trade payables and other current liabilities	21,259.03	(4,434.80)
<b>Cash generated from operations</b>	<b>35,749.49</b>	<b>17,986.10</b>
Income taxes paid (net of refunds)	(3,562.32)	(2,372.07)
<b>Net cash from operating activities (A)</b>	<b>32,187.17</b>	<b>15,614.03</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(11,828.42)	(10,850.40)
Proceeds from disposal of property, plant and equipment	35.43	218.17
Loans given to subsidiaries Companies	(11,900.00)	(6,719.00)
Loans repaid by subsidiaries Companies including interest	21,319.00	11,800.00
Investment in subsidiaries	(1,530.12)	(5,023.33)
Net Proceeds from sale of investments in subsidiary (Refer Note 31)	5,224.62	-
Proceeds from sale of investment in Joint ventures (Refer Note 31)	2,870.40	-
Other investments in mutual funds	(2,003.55)	-
Finance Income (Interest received)	1,034.73	2,037.52
<b>Net cash used in investing activities (B)</b>	<b>3,222.09</b>	<b>(8,537.04)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of equity shares (Refer Note 13.6)	222.79	1.58
Securities premium on issue of share capital	17,918.50	92.89
Dividend and dividend tax paid	(753.81)	-
Proceeds from long term borrowings	-	5,000.00
Repayment of long term borrowings	(29,317.53)	(12,247.62)
Short term borrowings (net)	(11,302.25)	1,975.71
Finance costs paid	(3,781.87)	(5,811.22)
<b>Net cash from / (used in) financing activities (C)</b>	<b>(27,014.17)</b>	<b>(10,988.66)</b>
<b>Net (Decrease) / Increase in cash and cash equivalents (A) + (B) + (C)</b>	<b>8,395.09</b>	<b>(3,911.67)</b>
Cash and cash equivalents as at beginning of the year	(8,698.58)	(4,786.91)
Cash and cash equivalents as at the end of the year	(303.49)	(8,698.58)
	<b>8,395.09</b>	<b>(3,911.67)</b>

(All amounts in ₹ Lacs)

	For the period ended 31 March 2018	For the year ended 31 March 2017
<b>Note (i)</b>		
<b>Components of cash and cash equivalents</b>		
Cash and Cash Equivalents as at March 31, 2018 (Note 11)	457.63	295.03
Add: Bank overdraft / Cash credit	(761.12)	(8,993.61)
<b>Total cash and cash equivalents</b>	<b>(303.49)</b>	<b>(8,698.58)</b>
<b>Note (ii)</b>		
Reconciliation between the opening and closing balances for liabilities arising from financing activities		
Particulars	Long - term borrowings	Interest accrued
<b>March 31, 2017</b>		
Cash flow	37,294.31	165.88
Non-Cash Changes	(29,317.53)	(3,781.87)
Foreign exchange movement	-	-
Classified as current maturity	4,000.00	-
Accrual for the period	-	3,616.12
<b>March 31, 2018</b>	<b>3,976.77</b>	<b>0.13</b>
The accompanying Notes 1 to 41 are an integral part of the financial statements.		

In terms of our report of even date

**For S R B C & CO LLP**

 ICAI Firm Reg. No. 324982E / E300003  
Chartered Accountants

**Vijay Maniar**

 Partner  
Membership No. 36738

Mumbai: 27 April 2018

For and on Behalf of the Board of Directors

**C.L. Raheja**

 Chairman  
DIN: 00027979

**Vijay Jain**

 Customer Care Associate &  
Dy. Chief Financial Officer

Mumbai: 27 April 2018

**Ravi Raheja**

 Director  
DIN: 00028044

**Govind S. Shrikhande**

 Customer Care Associate &  
Managing Director  
DIN: 00029419

**Bharat Sanghavi**

 Customer Care Associate &  
Company Secretary

# STATEMENT OF CHANGES IN EQUITY

for the period ended 31 March 2018

a. Equity share capital	No. of shares	(₹ in lacs)
Equity shares of ₹ 5/- each issued, subscribed and fully paid-up		
<b>Balance as on 31 March 2016</b>	<b>83,461,946</b>	<b>4,173.10</b>
Issue of equity shares under employee share option plan (note 35)	42,798	2.14
<b>Balance as on 31 March 2017</b>	<b>83,504,744</b>	<b>4,175.24</b>
Issue of equity shares under employee share option plan (note 35)	60,020	3.00
Issued on preferential basis (Refer Note 13.6)	4,395,925	219.79
<b>Balance as on 31 March 2018</b>	<b>87,960,689</b>	<b>4,398.03</b>

## b. Other equity

Particulars:	Securities premium account	General reserve	Retained earnings	Share Options outstanding account	Share application money pending allotment	Total
<b>Balance as on 31 March 2016</b>	47,400.23	1,909.19	24,097.74	255.12	28.75	73,691.03
Loss for the year	-	-	(1,993.85)	-	-	(1,993.85)
Other comprehensive income for the year, net of income tax	-	-	26.24	-	-	26.24
<b>Total comprehensive income for the year</b>	-	-	<b>(1,967.61)</b>	-	-	<b>(1,967.61)</b>
Recognition of share based payments *	-	-	112.79	(28.17)	-	84.62
Received on issue of shares	121.08	-	-	-	-	121.08
Share allotted	-	-	-	-	(28.75)	(28.75)
<b>Balance as on 31 March 2017</b>	<b>47,521.31</b>	<b>1,909.19</b>	<b>22,242.92</b>	<b>226.95</b>	-	<b>71,900.37</b>
Profit for the year	-	-	1,160.38	-	-	1,160.38
Other comprehensive income for the year, net of income tax	-	-	(706.08)	-	-	(706.08)
<b>Total comprehensive income for the year</b>	-	-	<b>1,866.46</b>	-	-	<b>1,866.46</b>
Recognition of share based payments *	-	-	172.52	(165.45)	-	7.07
Payment of dividends on equity shares	-	-	(626.31)	-	-	(626.31)
Payment of tax on dividends on equity shares	-	-	(127.50)	-	-	(127.50)
Received on issue of shares	17,918.50	-	-	-	-	17,918.50
<b>Balance as on 31 March 2018</b>	<b>65,439.81</b>	<b>1,909.19</b>	<b>23,528.09</b>	<b>61.50</b>	-	<b>90,938.59</b>

\* after transfers to retained earnings for options lapsed/exercised.

In terms of our report of even date

**For S R B C & CO LLP**

ICAI Firm Reg. No. 324982E / E300003  
Chartered Accountants

**Vijay Maniar**

Partner  
Membership No. 36738

Mumbai: 27 April 2018

For and on Behalf of the Board of Directors

**C.L. Raheja**

Chairman  
DIN: 00027979

**Ravi Raheja**

Director  
DIN: 00028044

**Govind S. Shrikhande**

Customer Care Associate &  
Managing Director  
DIN: 00029419

**Vijay Jain**

Customer Care Associate &  
Dy. Chief Financial Officer

**Bharat Sanghavi**

Customer Care Associate &  
Company Secretary

Mumbai: 27 April 2018

# NOTES

to the financial statements for the year ended 31 March 2018

## 1. GENERAL BACKGROUND

Shoppers Stop Limited ('SSL' or 'the Company') is a Company limited by shares and is domiciled in India. The Company was incorporated on 16 June 1997. The Company's registered office is at Umang Tower, 5th Floor, Mindspace, Off Link Road, Malad (West) Mumbai - 400 064, Maharashtra, India.

The Company is engaged in the business of retailing a variety of household and consumer products through departmental stores. At 31 March 2018, the Company operated through 83 such departmental stores located in different cities of India.

The financial statements were approved for issue by the board of directors on 27 April 2018.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation and presentation

**2.1.1 Statement of Compliance with Indian Accounting Standards (Ind ASs):** The standalone financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Companies Act, 2013 'the Act'.

The financial statements are presented in Indian Rupees (₹) and all values are rounded to the nearest lakhs, except where otherwise indicated.

**2.1.2 These financial statements have been prepared on historical cost basis, except for certain assets and liabilities that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.**

#### Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, (regardless of whether that price is directly observable or estimated using another valuation technique). In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability, if market participants would take those characteristics into account when pricing the asset or liability, at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 or value in use in Ind AS 36.

### 2.2 Summary of significant accounting policies

The Company presents assets and liabilities in the balance sheet based on current / non-current classification. An asset is treated as current when it is

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading

# NOTES

to the financial statements for the year ended 31 March 2018

- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

## 2.3 Revenue recognition

**2.3.1** Revenue is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

**2.3.2 Retail sale of Merchandise:** Revenue from Retail sales is measured at the fair value of the consideration received. Revenue is reduced for discounts and rebates, and, value added tax, sales tax and Goods and Service Tax (GST).

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.

Where the Company is the principal in the transaction the Sales are recorded at their gross values. Where the Company is effectively the agent in the transaction the cost of the merchandise is disclosed as a deduction from the gross value. (Refer Note 20)

Point award schemes: The fair value of the consideration on sale of goods that result in award credits for customers, under the Company's point award schemes, is allocated between the goods supplied and the award credits granted. The consideration allocated to the award credits is measured by reference to fair value from the standpoint of the holder and is

recognised as revenue on redemption and / or expected redemption after breakage.

**2.3.3 Gift vouchers:** The amount collected on sale of a gift voucher is recognised as a liability and transferred to revenue (sales) when redeemed or to revenue (other retail operating revenue) on expiry.

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

**2.3.5 Dividend and Interest income:** Dividend income from investments is recognised when the Company's right to receive payment has been established. Interest income is accrued on time basis, by reference to the principal outstanding and at the effective interest rate applicable.

## 2.4 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories comprise of all cost of purchase and other related costs incurred in bringing the inventories to their present location and condition. Costs of inventories are determined on a weighted average cost basis. Net realisable value represents the estimated selling price for inventories less all estimated costs necessary to make the sale. Provision is made for obsolete/ slow moving inventories.

## 2.5 Property, Plant and Equipment and Intangible Assets

**2.5.1** Property, Plant and Equipment and Intangible Assets are stated at cost less accumulated depreciation or amortisation and accumulated impairment losses. Cost comprises of all cost of purchase, construction and other related costs incurred in bringing the assets to their present location and condition.

**2.5.2** Depreciation / amortisation is recognised on a straight-line basis over the estimated useful lives of respective assets as under:

# NOTES

to the financial statements for the year ended 31 March 2018

Property, Plant and Equipment:	Useful Life as Prescribed by Schedule II of the Companies Act, 2013 (In Years)	Estimated Useful Life (In Years)
Air conditioning and other equipment	5	5 to 17
Furniture, fixtures and other fittings	10	5 to 10
Computer Equipment (other than desktops and laptops)	6	5 to 6
Desktops and laptops	3	3
Leasehold Improvements	On lease term	5 to 17
Office Equipment	5	2 to 6
Vehicles	8	8
<b>Intangible assets:</b>		
Computer Software		6
Trademark and Patents	10	10

Useful life of assets different from prescribed in Schedule II has been estimated by management supported by technical assessment.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period and the effect of any changes in estimate is accounted for prospectively.

**2.5.3 Impairment losses:** At the end of each reporting period, the Company reviews the carrying amounts of the assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication of impairment loss exists, the recoverable amount, (i.e. higher of fair value less costs of disposal and value in use) of the asset is estimated, or, when it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is estimated. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount and an impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

**2.5.4 Deemed cost on transition to Ind AS:** The Company has elected to continue with the carrying value of all of its Property, Plant and Equipment and Intangible Assets as of 1 April 2015 (transition date) measured as per the previous GAAP, and use that carrying value as its deemed cost as of the transition date.

## 2.6 Financial Instruments

### Classification:

The Company classifies its financial assets in the following measurement categories: - Those to be measured subsequently at fair value (either through other comprehensive income, or through the Statement of Profit and Loss), and those measured at amortised cost. The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in the Statement of Profit and Loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Company reclassifies debt investments when and only when its business model for managing those assets changes.

### Measurement:

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through the Statement of Profit and Loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets

# NOTES

to the financial statements for the year ended 31 March 2018

carried at fair value through the Statement of Profit and Loss are expensed in the Statement of Profit and Loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

## **Debt instruments:**

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

## **Amortised cost:**

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in the Statement of Profit and Loss when the asset is derecognised or impaired. Interest income from these financial assets is included in other income using the effective interest rate method.

## **Fair value through other comprehensive income (FVOCI):**

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in the Statement of Profit and Loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the Statement of Profit and Loss and recognised in other income/expense. Interest income from these financial assets is included in other income using the effective interest rate method.

## **Fair value through profit and loss:**

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through Statement of Profit and Loss. A gain or loss on a debt investment that is subsequently measured at fair value through Statement of Profit and

Loss and is not part of a hedging relationship is recognised in the Statement of Profit and Loss and presented net in the Statement of Profit and Loss in the period in which it arises. Interest income from these financial assets is included in other income.

## **Equity instruments:**

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to the Statement of Profit and Loss. Dividends from such investments are recognised in the Statement of Profit and Loss as other income when the Company's right to receive payments is established. Changes in the fair value of financial assets at fair value through the Statement of Profit and Loss are recognised in other income / other expenses in the Statement of Profit and Loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

## **Impairment of financial assets:**

The Company assesses on a forward-looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

## **Derecognition of financial assets:**

A financial asset is derecognised only when -the Company has transferred the rights to receive cash flows from the financial asset or retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients. Where the Company has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of the financial asset. In such cases, the financial asset is derecognised. Where the Company has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised. Where the Company has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial

# NOTES

to the financial statements for the year ended 31 March 2018

asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

## Offsetting financial instruments:

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default insolvency or bankruptcy of the Company or the counterparty.

**2.6.1 Investments in subsidiaries and joint ventures:** The Company has elected to account for its equity investments in subsidiaries and joint ventures under Ind AS 27 on Separate Financial Statements, at cost. At the end of each reporting period the Company assesses whether there are indicators of diminution in the value of its investments and provides for impairment loss, where necessary.

**2.6.2 Financial liabilities** are initially measured at fair value. Transaction costs that are directly attributable to the issue of financial liabilities are deducted from the fair value of the financial liabilities on initial recognition. After initial recognition, all financial liabilities (other than financial guarantee contracts and derivative instruments – see below) are subsequently measured at amortised cost using the effective interest method. The Company has not designated any financial liability as FVTPL.

**2.6.3 Financial guarantee contracts:** The Company on a case to case basis elects to account for financial guarantee contracts as a financial instrument or as an insurance contract, as specified in Ind AS 109 on Financial Instruments and Ind AS 104 on Insurance Contracts. The Company has regarded all its financial guarantee contracts as insurance contracts. At the end of each reporting period the Company performs a liability adequacy test, (i.e. it assesses the likelihood of a pay-out based on current undiscounted estimates of

future cash flows), and any deficiency is recognised in profit or loss.

**2.6.4 Derivative instruments:** The Company enters into foreign exchange forward contracts to manage its exposure to foreign exchange rate risks. These contracts are initially recognised at fair value and subsequently, at the end of each reporting period, re-measured at their fair values on reporting date. The resulting gain or loss is recognised in profit or loss in the same line as the movement in the hedged exchange rate.

## 2.7 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Current and deferred tax are recognised in profit or loss except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

**2.7.1 Current tax:** The tax currently payable is based on the estimated taxable profit for the year and is calculated using applicable tax rates and tax laws that have been enacted or substantively enacted.

### 2.7.2 Deferred tax:

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

# NOTES

to the financial statements for the year ended 31 March 2018

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

## 2.8 Employee benefits

**2.8.1 Defined Contribution Plan:** The Company makes defined contribution to Government Employee Provident Fund, Government Employee Pension Fund, Employee Deposit Linked Insurance and ESI, which are recognised in the statement of profit and loss on accrual basis. The Company recognises contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service. The Company has no obligation, other than the contribution payable to the provident fund.

**2.8.2 Retirement benefit costs and termination benefits:** Payments to defined benefit plans are recognised as expense when employees have rendered service entitling them to the contributions.

The Company determines the present value of the defined benefit obligation and fair value of plan assets and recognises the net liability or asset in the balance sheet. The net liability or asset represents the deficit or surplus in the Company's defined benefit plans. (The surplus is limited to the present value of economic benefits

available in the form of refunds from the plans or reductions in future contributions to the plans).

The present value of the obligation is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each year.

Defined benefit costs are composed of:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- Re-measurement

The first two components are recognised in profit or loss. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected in the balance sheet and a charge or credit, (as the case may be), is recognised in other comprehensive income. Re-measurement recognised in other comprehensive income is reflected in retained earnings. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

The retirement benefit liability or asset recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. The surplus is limited to the present value of economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

**2.8.3 Short-term benefits:** A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and other short-term benefits in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

**Other long-term benefits:** Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future

# NOTES

to the financial statements for the year ended 31 March 2018

cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

## 2.9 Share based payment arrangements:

Equity-settled share-based payments to employees of the Company and employees of subsidiary companies are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 35. The fair value determined at the grant date of the equity-settled share-based payments to employees of the Company is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity at the end of year. At the end of each year, the Company revisits its estimate of the number of equity instruments expected to vest and recognises any impact in profit or loss, such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

## 2.10 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to 1 April 2015, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Where the Company is the lessor:

Operating lease payments are recognised in profit or loss on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit or the lease payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

Where the Company is the Lessor:

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in the property, plant and equipment. Lease income on an operating lease is recognised in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognised as an expense in the statement of profit and loss.

## 2.11 Foreign Currency transactions

The Company's financial statements are presented in INR which is also its functional currency. Transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences arising on settlement or translation of monetary items are recognised in the profit or loss.

## 2.12 Borrowing Costs

Borrowing Cost includes interest and amortisation of ancillary costs incurred in connection with the arrangement of borrowings.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, as defined in Ind AS 23 are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

## 2.13 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

# NOTES

to the financial statements for the year ended 31 March 2018

When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

## 2.14 Cash and cash equivalents

Cash and Cash Equivalents in the balance sheet and for the purpose of cash flow statement comprise cash in hand and cash at bank including fixed deposit with original maturity period of three months and short-term highly liquid investments with an original maturity of three months or less net of outstanding bank over drafts as they are considered an integral part of the Company's cash management.

## 2.15 Cash dividend and non-cash distribution to equity holders

The Company recognises a liability to make cash or non-cash distributions to equity holders of the company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognised directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the statement of profit and loss.

## 2.16 Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

## 2.A CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements requires management to make Judgements, estimates and assumptions about the reported amounts of assets and liabilities, and income and expenses that are not readily apparent from other sources. Such judgements, estimates and associated assumptions are evaluated based on historical experience and various other factors, including estimation of the effects of uncertain future events, which are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and estimations that have been made by the management in the process of applying the Company's accounting policies and that have the most significant effect on the amount recognised in the financial statements and/or key sources of estimation uncertainty that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

### Impairment of equity investment in a subsidiary Company

The accumulated losses of a subsidiary Company viz. Crossword Bookstores Ltd. ('Crossword'), have eroded its net worth. Crossword is taking ongoing steps to revamp its business operations, including store right sizing and brand positioning.

Based on its future business plans and strategic growth projections, the Company has determined that no impairment is required at this stage. Further, the Company has historically also given guarantees to banks for loans taken by Crossword. Till date, the Company has had no cash outflows against such guarantees and therefore no provision has been considered necessary.

### Income Tax

As stated in Note 26, tax expense is calculated using applicable tax rates and tax laws that have been enacted or substantively enacted. In arriving at taxable profit and tax bases of assets and liabilities the Company adjudges taxability of amounts in accordance with tax enactments, case law and opinions of tax counsel, as relevant. Where differences arise on tax assessment,

# NOTES

to the financial statements for the year ended 31 March 2018

these are booked in the period in which they are agreed or on final closure of assessment.

## Useful lives of property, plant and equipment and, intangible assets

The Company reviews the estimated useful lives of property, plant and equipment and intangible assets at the end of each reporting period. During financial years ended 31 March 2018, there were no changes in useful lives of property plant and equipment and intangible assets other than those resulting from store closures / shifting of premises.

The Company at the end of each reporting period, based on external and internal sources of information, assesses indicators and mitigating factors of whether a store (cash generating unit) may have suffered an impairment loss. If it is determined that an impairment loss has been suffered, it is recognised in profit or loss.

## Point award schemes

Customer award credits having a predetermined life are granted to customers when they make purchases. The fair value of the consideration on sale of goods resulting in such award credits is allocated between the goods supplied and the award credits granted. The consideration allocated to the award credits is measured by reference to fair value from the standpoint of the holder and revenue is deferred. The Company at the end of each reporting period estimates the number of points redeemed and that it expects will be further redeemed, based on

empirical data of redemption / lapses, and revenue is accordingly recognised.

## Service tax on renting of immovable properties given for commercial use

As stated in Note 30, the Company has challenged the retrospective levy of service tax on renting of immovable properties given for commercial use and pending the final disposal of the matter, which is presently before the Supreme Court, the Company continues not to provide for the retrospective levy.

## Inventories

An inventory provision is recognised for cases where the realisable value is estimated to be lower than the inventory carrying value. The inventory provision is estimated taking into account various factors, including prevailing sales prices of inventory item, the seasonality of the item's sales profile and losses associated with obsolete/slow-moving inventory items.

## Employee Benefits

Provision for employee benefits in the nature of gratuity and unpaid leave balance is estimated on actuarial basis using a number of assumptions which include assumptions for discount rate, future salary increases, mortality rates, attrition rates for employees, return on planned assets etc. Any changes in these assumptions will impact the carrying amount of these provisions. Key assumptions are disclosed in Note 36.

# NOTES

to the financial statements for the year ended 31 March 2018

	(All amounts in ₹ Lacs)									
	Leasehold improvements	Air conditioning and other equipments	Furniture, fixtures and other fittings	Office Equipments	Computers	Vehicles	Total PPE	Trademarks	Software	Total Intangible assets
<b>Property, Plant and Equipment and Intangible Assets</b>										
<b>Cost</b>										
As at 31 March 2016	21,027.84	20,695.38	19,072.33	914.14	3,955.16	65.96	65,730.81	106.96	5,811.91	5,918.87
Additions	1,799.63	2,756.50	2,830.71	531.22	1,919.67	-	9,837.73	-	2,320.10	2,320.10
Disposal	(1,051.42)	(926.03)	(545.89)	(14.08)	(18.45)	-	(2,555.87)	-	(0.28)	(0.28)
As at 31 March 2017	21,776.05	22,525.85	21,357.15	1,431.28	5,856.38	65.96	73,012.67	106.96	8,131.73	8,238.69
Additions	2,857.98	2,671.68	3,412.75	311.45	1,047.69	-	10,301.55	14.93	2,210.97	2,225.90
Disposal	(73.46)	(315.49)	(428.68)	(6.60)	(133.45)	-	(957.67)	-	-	-
As at 31 March 2018	24,560.57	24,882.04	24,341.22	1,736.13	6,770.62	65.96	82,356.55	121.89	10,342.70	10,464.59
<b>Depreciation and Amortisation</b>										
As at 31 March 2016	(1,770.35)	(1,655.56)	(2,682.86)	(217.65)	(1,164.20)	(6.01)	(7,496.63)	(26.02)	(980.14)	(1,006.16)
Depreciation and amortisation expense for the year (Refer note iii)	(2,385.45)	(2,533.97)	(3,670.41)	(331.39)	(1,003.98)	(8.24)	(9,933.44)	(21.68)	(1,597.49)	(1,619.17)
Disposal	999.44	845.24	462.68	13.13	15.78	-	2,336.27	-	-	-
As at 31 March 2017	(3,156.36)	(3,344.29)	(5,890.59)	(535.91)	(2,152.40)	(14.25)	(15,093.80)	(47.70)	(2,577.63)	(2,625.33)
Depreciation and amortisation expense for the year (Refer note iii)	(2,396.11)	(2,443.61)	(3,218.26)	(291.39)	(1,166.56)	(8.24)	(9,524.18)	(17.00)	(1,651.36)	(1,668.36)
Disposal	54.73	295.60	378.81	5.76	133.21	-	868.11	-	-	-
As at 31 March 2018	(5,497.74)	(5,492.30)	(8,730.04)	(821.54)	(3,185.75)	(22.49)	(23,749.87)	(64.70)	(4,228.99)	(4,293.69)
<b>Net Book Value</b>										
As at 31 March 2017	18,619.69	19,181.56	15,466.56	895.37	3,703.98	51.71	57,918.87	59.26	5,554.11	5,613.36
As at 31 March 2018	19,062.84	19,389.74	15,611.18	914.59	3,584.87	43.47	58,606.69	57.19	6,113.72	6,170.91

## Notes:

- Movable assets have been pledged to secure borrowings of the Company (Refer Note 15).
- Intangible assets includes mainly computer softwares where the remaining useful life ranging from 1 year to 6 years.
- Depreciation for the year includes accelerated amounts aggregating to ₹ 1,640.73 Lacs (2017: ₹ 2,251.00 Lacs) on account of change in estimate of useful lives of property, plant & equipment resulting from store closures/shifting premises.
- During the year, the Company has capitalised the following expenses to cost of Property, plant and equipment/Capital work-in-progress

	As at 31 March 2018	As at 31 March 2017
Employee Costs	306.85	327.11
Travelling	43.34	31.12
Consultancy	351.03	408.55
Miscellaneous expenditure	56.96	43.01
<b>Total</b>	<b>758.18</b>	<b>809.79</b>

# NOTES

to the financial statements for the year ended 31 March 2018

(All amounts in ₹ Lacs)

	Capital work in progress	Intangible assets under development
<b>3. Capital work-in-progress and Intangible assets under development</b>		
<b>Cost</b>		
As at 31 March 2016	2,781.81	14.34
Additions	8,637.74	2,508.40
Capitalisation	(10,164.63)	(2,089.67)
As at 31 March 2017	1,254.92	433.07
Additions	9,629.23	1,879.20
Capitalisation	(9,350.01)	(2,030.97)
<b>As at 31 March 2018</b>	<b>1,534.14</b>	<b>281.30</b>

(All amounts in ₹ Lacs)

	As at 31 March 2018	As at 31 March 2017
<b>4. Investments - Non-Current</b>		
<b>a) (Unquoted at cost unless otherwise stated)</b>		
<b>Investments in equity instruments</b>		
<b>i) In subsidiary companies</b>		
Shoppers' Stop Services (India) Limited		
50,000 (2017: 50,000) Equity Shares of ₹ 10/- each Fully Paid	5.00	5.00
Less: Impairment in value	(5.00)	(5.00)
	-	-
Upasna Trading Limited		
5,000 (2017: 5,000) Equity Shares of ₹ 100/- each Fully Paid	5.00	5.00
Less: Impairment in value	(5.00)	(5.00)
	-	-
Shoppers' Stop.com (India) Limited		
50,000 (2017: 50,000) Equity shares of ₹ 10/- each Fully Paid	5.00	5.00
Less: Impairment in value	(5.00)	(5.00)
	-	-
Gateway Multichannel Retail (India) Limited		
50,000 (2017: 50,000) Equity shares of ₹ 10/- each Fully Paid	5.00	5.00
Less: Impairment in value	(5.00)	(5.00)
	-	-
Crossword Bookstores Limited		
1,35,62,500 (2017: 1,35,62,500) Equity shares of ₹ 10/- each Fully Paid	3,505.93	3,505.93
Hypercity Retail (India) Limited		
Nil (2017: 7,37,58,511) Equity Shares of ₹ 10/- each Fully Paid	-	37,779.83
Less: Impairment in value (refer note 31)	-	(3,600.00)
	-	34,179.83
<b>ii) In Joint Ventures</b>		
Timezone Entertainment Private Limited		
Nil (2017: 244,46,247) Equity Shares of ₹ 10/- each Fully Paid (Refer Note 31)	-	2,444.62
Less: Impairment in value	-	-
	-	2,444.62
Nuance Group (India) Private Limited		
Nil (2017: 414,10,000) Equity Shares of ₹ 10/- each Fully Paid (Refer Note 31)	-	4,141.00
Less: Impairment in value	-	(3,561.00)
	-	580.00
<b>iii) Other investments</b>		
<b>(At fair value through Profit and Loss)</b>		
Stargaze Properties Private Limited		
1,000 (2017: 1,000) equity shares of ₹ 10/- each Fully paid	0.10	0.10

# NOTES

to the financial statements for the year ended 31 March 2018

(All amounts in ₹ Lacs)		
	As at 31 March 2018	As at 31 March 2017
Retailers Association of India		
10,000 (2017:10,000) equity shares of ₹ 10/- each Fully paid	1.00	1.00
Retailers Association's Skill Council of India	0.50	0.50
500 (2017: 500) equity shares of ₹ 100/- each Fully paid		
Nuance Group Fashion & Luxury Duty Free Private Limited	-	0.05
Nil (2017: 500) equity shares of ₹ 10/- each Fully paid		
Aesthetic Realtors Private Limited		
66 (2017: 66) Equity Shares of ₹ 10/- each Fully Paid	0.01	0.01
Less: Impairment in value	(0.01)	(0.01)
	(0.00)	(0.00)
<b>iv) Deemed equity investments in:*</b>		
Hypercity Retail (India) Limited	-	79.53
Crossword Bookstores Limited	9.12	9.02
* Being share options to employees of subsidiary companies		
<b>Total (A)</b>	<b>3,516.65</b>	<b>40,800.58</b>
<b>b) Quoted (fair value through Other Comprehensive Income)</b>		
<b>Investments in equity instruments</b>		
Future Retail Limited		
47,56,823 (2017: Nil) equity shares of ₹ 2/- each Fully paid, Refer Note 31	26,241.01	-
<b>Total (B)</b>	<b>26,241.01</b>	<b>-</b>
<b>Total (A) + (B)</b>	<b>29,757.66</b>	<b>40,800.58</b>
<b>4. Investments - Current</b>		
<b>Quoted (At fair value through Profit and Loss)</b>		
<b>Investments in mutual funds</b>		
L & T Mutual Fund	600.97	-
25,220 (2017: Nil) units in Liquid fund - Direct Growth Plan		
ICICI Prudential Mutual Fund	600.73	-
2,49,970 (2017: Nil) units in Money market fund - Direct Growth Plan		
JM Financial Mutual Fund High Liquidity fund - Direct - Growth	200.35	-
42,115 (2017: Nil) units in High Liquidity fund - Direct Growth Plan		
Axis Mutual Fund	601.14	-
31,187 (2017: Nil) units in Liquid fund - Direct Growth plan		
<b>Total</b>	<b>2,003.55</b>	<b>-</b>
Aggregate value of quoted investment	28,244.56	-
Aggregate value of unquoted investment	3,516.65	40,800.58
Aggregate amount of impairment in value of investments	20.00	7,181.00

(All amounts in ₹ Lacs)		
	As at 31 March 2018	As at 31 March 2017
<b>5. Loans</b>		
<b>Non-current (Unsecured)</b>		
Loans to subsidiary companies (Refer note 38)		
- Considered good	766.26	10,348.59
- Considered doubtful	2,329.10	2,329.10
	3,095.36	12,677.69
Less: Allowance for doubtful loans	2,329.10	2,329.10
	<b>766.26</b>	<b>10,348.59</b>

**5.1** The above loans are given for general corporate and business purposes. They are interest bearing and repayable on demand. The loans are carried at amortised cost.

**5.2** These financial assets have been pledged to secured borrowings of the Company (Refer note 15).

# NOTES

to the financial statements for the year ended 31 March 2018

		(All amounts in ₹ Lacs)	
		As at 31 March 2018	As at 31 March 2017
<b>6. Other Financial Assets</b>			
(unsecured)			
<b>Non-current</b>			
Premises and other deposits			
- Considered good		11,312.50	12,985.47
- Considered doubtful		357.38	337.38
		11,669.88	13,322.85
Less: Allowance for doubtful deposits		357.38	337.38
		11,312.50	12,985.47
Other Bank Balance			
- Bank deposits more than 12 months maturity from balance sheet date		114.09	-
		<b>11,426.59</b>	<b>12,985.47</b>
<b>Current</b>			
Advances for goods and rendering of services			
- Considered good		-	3,322.95
- Considered doubtful		-	731.76
		-	4,054.71
Less: Allowance for doubtful advances		-	731.76
		-	3,322.95
Advances to employees		53.87	247.24
Advances to subsidiary companies (refer note 38)		4.23	228.95
Premises and other deposits (unsecured, considered good)		154.39	-
Other receivables			
- Considered good		331.56	-
- Considered doubtful		344.94	-
		676.50	-
Less: Allowance for doubtful advances		344.94	-
		331.56	-
		<b>544.05</b>	<b>3,799.14</b>

6.1 These are carried at amortised cost.

6.2 These have been pledged to secure borrowings of the Company (Refer note 15).

		(All amounts in ₹ Lacs)	
		As at 31 March 2018	As at 31 March 2017
<b>7. Deferred tax assets / Liabilities (net)</b>			
Deferred tax assets		1,987.77	1,168.29
Deferred tax liabilities		(10.17)	(739.07)
		<b>1,977.60</b>	<b>429.22</b>

# NOTES

to the financial statements for the year ended 31 March 2018

	Balance Sheet		Statement of Profit and Loss	
	As at March 31, 2018	As at March 31, 2017	Year ended March 31, 2018	Year ended March 31, 2017
<b>Defferred tax assets / (liabilities) relates to the following:</b>				
<b>Deferred tax Liabilities</b>				
Property, plant and equipment & Intangible assets	(10.17)	(739.07)	(728.90)	(31.15)
				-
<b>Deferred tax Assets</b>				
Provision for doubtful debts / advances	437.22	344.21	(93.00)	114.88
Provision for expenses	372.41	145.04	(227.39)	13.07
Employee benefits	358.40	397.17	38.77	144.00
Deferred Revenue on point reward schemes	64.30	151.90	87.61	(234.34)
Lease Deposits	176.48	129.97	(46.51)	61.96
MTM on Future Retail Ltd Shares	72.47	-	(72.47)	-
Short-Term Capital Loss	506.49	-	(506.49)	-
<b>Net deferred tax assets / (liabilities)</b>	<b>1,977.60</b>	<b>429.22</b>	<b>(1,548.38)</b>	<b>68.42</b>

(All amounts in ₹ Lacs)		
	As at 31 March 2018	As at 31 March 2017
<b>8. Other Assets</b>		
(Unsecured, considered good)		
<b>Non-current</b>		
Capital Advances	930.14	660.66
Service tax deposited under protest (Note 30)	3,541.34	3,541.34
Advance Income tax (Net of provision)	1,144.84	877.33
Prepaid Expenses	3,899.89	3,089.70
	<b>9,516.21</b>	<b>8,169.03</b>
<b>Current</b>		
Recoverables – Statutory dues	10,349.49	1,174.29
Advance for Goods & Services		
- Considered good	3,584.12	1,289.34
- Considered doubtful	309.69	-
	3,893.81	1,289.34
Less: Allowance for doubtful advances	309.69	-
	3,584.12	1,289.34
Prepaid Expenses	1,710.02	-
Other assets		
- Considered good	285.53	-
- Considered doubtful	236.00	-
	521.53	-
Less: Allowance for doubtful assets	236.00	-
	285.53	-
	<b>15,929.16</b>	<b>2,463.63</b>

(All amounts in ₹ Lacs)		
	As at 31 March 2018	As at 31 March 2017
<b>9. Inventories</b>		
(At lower of cost and Net realisable value)		
Stock-in-trade: Retail merchandise	<b>32,842.43</b>	<b>35,276.50</b>

9.1 Inventories have been pledged as security for borrowings. (Refer note 15)

9.2 The mode of valuation of inventories has been stated in Note 2.4.

# NOTES

to the financial statements for the year ended 31 March 2018

	(All amounts in ₹ Lacs)	
	As at 31 March 2018	As at 31 March 2017
<b>10. Trade receivables – current</b>		
(Unsecured)		
Considered good	4,372.44	3,574.66
Considered doubtful	30.47	30.47
	4,402.91	3,605.13
	(30.47)	(30.47)
<b>Less: Impairment allowance for doubtful debts</b>	<b>4,372.44</b>	<b>3,574.66</b>

10.1 Trade receivables are carried at amortised cost.

10.2 These financial assets have been pledged to secure borrowings of the Company (Refer note 15).

10.3 No trade or other receivables are due from directors or other officials of the Company either severally or jointly with any other persons.

10.4 For terms and conditions relating to related party receivables, Refer Note No. 38.

10.5 Trade receivables are non-interest bearing and are generally on terms of 30 to 120 days.

	(All amounts in ₹ Lacs)	
	As at 31 March 2018	As at 31 March 2017
<b>11. Cash and cash equivalents</b>		
Balance with banks in current accounts	69.57	82.81
Cash on hand	388.06	212.22
<b>Less: Impairment allowance for doubtful debts</b>	<b>457.63</b>	<b>295.03</b>

11.1 These financial assets have been pledged to secure borrowings (Refer note 15).

11.2 Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

11.3 For the purpose of Statement of cash flow, Cash and cash equivalents comprise the followings :

	(All amounts in ₹ Lacs)	
	As at 31 March 2018	As at 31 March 2017
Balance with banks in current accounts	69.57	82.81
Cash on hand	388.06	212.22
	457.63	295.03
<b>Less : Bank overdraft / Cash credit (Refer Note 15)</b>	<b>(761.12)</b>	<b>(8,993.61)</b>
	<b>(303.49)</b>	<b>(8,698.58)</b>

	(All amounts in ₹ Lacs)	
	As at 31 March 2018	As at 31 March 2017
<b>12. Other bank balances</b>		
Margin money accounts (under lien against bank guarantee)	65.18	207.29
Earmarked accounts (for unpaid dividend)	0.38	0.38
	<b>65.57</b>	<b>207.67</b>

	(All amounts in ₹ Lacs)	
	As at 31 March 2018	As at 31 March 2017
<b>13. Share capital</b>		
<b>13.1 Authorised</b>		
200,000,000 equity shares of ₹ 5/- each	<b>10,000.00</b>	<b>10,000.00</b>
<b>13.2 Issued, subscribed and fully paid-up shares</b>		
87,960,689 (2017: 83,504,744) equity shares of ₹ 5/- each fully paid-up	4,398.03	4,175.24
	<b>4,398.03</b>	<b>4,175.24</b>

# NOTES

to the financial statements for the year ended 31 March 2018

Particulars:	31 March 2018		31 March 2017	
	Numbers	₹ Lacs	Numbers	₹ Lacs
<b>13.3 Reconciliation of number of equity shares:</b>				
<b>Balance at the beginning of the year</b>	835,04,744	4,175.24	834,61,946	4,173.10
Issued during the year (Refer Note 13.6)	44,55,945	222.79	42,798	2.14
<b>Balance at the end of the year</b>	<b>879,60,689</b>	<b>4,398.03</b>	<b>835,04,744</b>	<b>4,175.24</b>

Name of the Shareholder	As at 31 March 2018		As at 31 March 2017	
	Shares held (Nos)	Shares held (%)	Shares held (Nos)	Shares held (%)
<b>13.4 Details of shareholders holding more than 5% shares as at 31 March:</b>				
Palm Shelter Estate Development LLP	11,813,300	13.43%	11,813,300	14.15%
Anbee Construction LLP	10,386,401	11.81%	10,386,401	12.44%
Cape Trading LLP	10,386,401	11.81%	10,386,401	12.44%
Reliance Capital Trustee Co. Ltd. A/C Reliance Equity Opportunities Fund	6,346,491	7.22%	6,225,905	7.46%
Raghukool Estate Development LLP	5,593,300	6.36%	5,593,300	6.70%
Capstan Trading LLP	5,459,768	6.21%	5,459,768	6.54%
Casa Maria Properties LLP	5,253,300	5.97%	5,253,300	6.29%

**13.5** 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.

**13.6** The Board of Directors and the shareholders of the Company at their meetings held on 23 September 2017 and 18 October 2017 respectively have approved issue of 43,95,925 equity shares of ₹ 5 each at an issue price of ₹ 407.78 per equity share to Amazon.com NV Investment Holdings LLC, on a preferential basis. On 12 January 2018, the Company has allotted these equity shares, which are pari passu in all respect.

The Company has issued and allotted 60,020 number of shares under Share options schemes to certain employees- Refer Note 35.

	(All amounts in ₹ Lacs)	
	As at 31 March 2018	As at 31 March 2017
<b>14. Other equity</b>		
Securities premium reserve	65,439.81	47,521.31
General reserves	1,909.19	1,909.19
Retained earnings	23,528.09	22,242.92
Share options outstanding account	61.50	226.95
	<b>90,938.59</b>	<b>71,900.37</b>

For addition and deductions under each of the above heads see Statement of changes in equity.

## 14.1 Securities premium reserve

Securities premium reserve is used to record the premium received on issue of shares. The securities premium can be utilised only in accordance with the provisions of the Companies Act 2013.

## 14.2 General reserve

The General Reserve is mainly created/built by the Company from time to time by transferring the profits from retained earnings. This reserve may be utilised mainly to declare dividend as permitted under the Companies Act 2013.

## 14.3 Share options outstanding account

Share options outstanding account relates to share options granted by the Company to certain employees under share option plan. Further information about share based payments to employees is set out in Note 35.

# NOTES

to the financial statements for the year ended 31 March 2018

(All amounts in ₹ Lacs)

	As at 31 March 2018	As at 31 March 2017
<b>15. Borrowings</b>		
<b>Non-current</b>		
Term Loans (Secured) from banks	7,976.77	37,294.31
Less: Current maturities (Refer note 17)	4,000.00	16,297.63
	<b>3,976.77</b>	<b>20,996.68</b>

**15.1** 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 1 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.

## 15.2 Terms of the Facilities:-

13.2 Terms of the Facilities:-			Loan Balance	
Name of the Bank	Rate of Interest	Repayment Schedule	31 March 2018	31 March 2017
<b>Non-current borrowings</b>				
HDFC Bank	Nil (2017: 10.40%)	12 quarterly equal installments from 10 January 2015.	-	1,249.70
HDFC Bank	Nil (2017: 10.40%)	14 equal quarterly installments from 01 June 2015.	-	1,070.60
HDFC Bank	Nil (2017: 9.50%)	12 equal quarterly installments from 30 June 2017	-	4,993.56
ICICI Bank	Nil (2017: 9.70%)	15 equal quarterly installments from 01 September 2014.	-	1,332.69
ICICI Bank	Nil (2017: 9.70%)	12 equal quarterly installments from 01 December 2015.	-	5,788.06
IDBI Bank	9.45% (2017: 9.95%)	10 equal quarterly installments from 09 December 2017.	7,976.77	9,992.48
Kotak Mahindra Bank	Nil (2017: 10.40%)	12 equal quarterly installments from 08 December 2015	-	2,500.00
Kotak Mahindra Bank	Nil (2017: 9.75%)	Repayable on 30 September 2017.	-	2,000.00
Kotak Mahindra Bank	Nil (2017:9.25%)	Repayable in 12 equal quarterly installments from 03 December 2017	-	4,992.22
Abu Dhabi Commercial Bank	Nil (2017: 10.25%)	12 equal quarterly installments from 10 September 2016	-	3,375.00
<b>Total Non-current borrowings</b>			<b>7,976.77</b>	<b>37,294.31</b>
<b>Current maturities of long-term borrowings</b>				
HDFC Bank	Nil (2017: 10.40)	12 quarterly equal installements from 10 January 2015.	-	1,250.01
HDFC Bank	Nil (2017: 10.40%)	14 equal quarterly installments from 01 June 2015.	-	714.29
HDFC Bank	Nil (2017: 9.50%)	12 equal quarterly installments from 30 June 2017	-	1,666.67
ICICI Bank	Nil (2017: 9.70%)	15 equal quarterly installments from 01 September 2014.	-	1,333.33
ICICI Bank	Nil (2017: 9.70%)	12 equal quarterly installments from 01 December 2015.	-	3,333.34
IDBI Bank	9.45% (2017: 9.95%)	10 equal quarterly installments from 09 December 2017.	4,000.00	2,000.00
Kotak Mahindra Bank	Nil (2017: 10.40%)	12 equal quarterly installments from 08 December 2015	-	1,666.66
Kotak Mahindra Bank	Nil (2017: 9.75%)	Repayable on 30 September 2017.	-	2,000.00
Kotak Mahindra Bank	Nil (2017:9.25%)	Repayable in 12 equal quarterly installments from 03 December 2017	-	833.33
Abu Dhabi Commercial Bank	Nil (2017: 10.25%)	12 equal quarterly installments from 10 September 2016	-	1,500.00
<b>Total Current borrowings</b>			<b>4,000.00</b>	<b>16,297.63</b>

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## 15.3 Borrowings are carried at amortised cost.

(All amounts in ₹ Lacs)		
	As at 31 March 2018	As at 31 March 2017
<b>15A. Current</b>		
<b>From banks</b>		
- Secured	761.12	15,295.86
- Unsecured	-	5,000.00
	<b>761.12</b>	<b>20,295.86</b>

**15A.1** Secured 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 loan 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.

## 15A.2 Terms of the Facilities:-

15A-2 Terms of the Facilities:-			Loan Balance	
Name of the Bank	Rate of Interest	Repayment Schedule	31 March 2018	31 March 2017
<b>Secured:</b>				
Axis Bank	9.25% (2017: 9.15%)	On demand	234.14	1,051.12
Axis Bank (Working Capital Demand Loan)	Nil (2017: 8.45%)	Maturity on 05 May 2017	-	1,500.00
Axis Bank (Line of Credit)	Nil(2017: 8.40%)	Nil, For 2017, Maturity on 08 May 2017 & 10 May 2017	-	4,000.00
ICICI Bank (Cash Credit)	9.25% (2017: 9.25%)	On demand	1.15	2,085.79
IDBI Bank (Cash Credit)	10.25% (2017: 10.50%)	On demand	153.05	467.07
IDBI Bank (Vendor Financing)	Nil (2017: 9.50%)	On Maturity	-	802.25
Kotak Mahindra Bank Ltd. (Cash Credit)	9.00% (2017: 9.95%)	On demand	146.47	5,389.63
HDFC Bank Ltd. (Cash Credit)	10.55% (2017: Nil)	On demand	13.30	-
Yes Bank	10.75% (2017:Nil)	On demand	0.80	-
IDFC Bank	9.05% (2017: Nil)	On demand	212.21	-
			<b>761.12</b>	<b>15,295.86</b>
<b>Unsecured</b>				
ICICI Bank (One Time STL)	Nil (2017: 8.40%)	Nil, For 2017, Maturity on 07 June 2017	-	5,000.00
Unsecured			-	<b>5,000.00</b>

(All amounts in ₹ Lacs)		
	As at 31 March 2018	As at 31 March 2017
<b>16. Trade payables</b>		
- Total outstanding dues of micro enterprises and small enterprises	460.17	579.62
- Total outstanding dues of creditors other than micro enterprises and small enterprises	48,401.06	32,439.66
	<b>48,861.23</b>	<b>33,019.28</b>

**16.1** 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.

# NOTES

to the financial statements for the year ended 31 March 2018

		(All amounts in ₹ Lacs)	
		As at 31 March 2018	As at 31 March 2017
<b>17. Other financial liabilities</b>			
<b>Other financial liabilities measured at amortised cost</b>			
Current maturities of long term borrowings		4,000.00	16,297.63
Interest accrued but not due on borrowings		0.13	165.88
Unpaid dividends		0.38	0.38
Creditors for capital expenditure		2,313.17	1,217.19
Accrued payroll		1,478.82	1,836.32
Security deposits		98.15	100.32
Related parties payables (Refer Note 38)		140.34	109.85
		<b>8,030.99</b>	<b>19,727.57</b>
		(All amounts in ₹ Lacs)	
		As at 31 March 2018	As at 31 March 2017
<b>18. Provisions</b>			
Provision for employee benefits:			
Gratuity		193.22	200.82
Leave encashment		601.18	516.04
		<b>794.40</b>	<b>716.86</b>
		(All amounts in ₹ Lacs)	
		As at 31 March 2018	As at 31 March 2017
<b>19. Other current liabilities</b>			
Statutory liabilities		7,695.12	2,305.15
Award schemes and gift vouchers		10,760.22	10,432.73
Others		35.72	-
		<b>18,491.06</b>	<b>12,737.88</b>

# NOTES

to the financial statements for the year ended 31 March 2018

(All amounts in ₹ Lacs)		
	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>20. Revenue from operations</b>		
<b>Retail Sale of Merchandise</b>		
Own merchandise - Gross of tax	387,316.73	367,500.86
Concessionaire / Consignment merchandise - Gross of tax	26,259.14	32,595.04
	413,575.87	400,095.90
Less: Goods & Service tax / Value added tax	41,985.29	19,073.24
Less: Cost of concessionaire / consignment merchandise	17,497.26	21,838.13
	<b>354,093.32</b>	<b>359,184.53</b>
<b>Other Retail operating revenue</b>		
Facility management fees	2,578.98	2,617.58
Gift vouchers lapsed	1,721.92	1,765.52
Income from store displays and sponsorship	54.69	162.35
Direct marketing	700.00	830.80
Other	-	243.47
	5,055.59	5,619.72
	<b>359,148.91</b>	<b>364,804.25</b>

(All amounts in ₹ Lacs)		
	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>20.1 Gross volume of retail business comprises:-</b>	387,316.73	367,500.86
Own merchandise	26,259.14	32,595.04
Concessionaire / Consignment merchandise	5,055.59	5,619.72
Other Retail operating revenue	<b>418,631.46</b>	<b>405,715.62</b>

(All amounts in ₹ Lacs)		
	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>21 Other income</b>		
<b>Interest on financial assets:</b>		
Inter-corporate deposit to subsidiary companies (Refer Note 38)	719.60	1,998.92
On mutual fund investment	76.17	-
Bank deposits	69.32	55.62
lease deposits measured at amortised cost	666.71	780.33
Miscellaneous income	70.23	122.11
	<b>1,602.03</b>	<b>2,956.98</b>

(All amounts in ₹ Lacs)		
	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>22a. Purchase of Stock-in-trade</b>		
Retail Merchandise		
Apparels	129,823.99	131,200.02
Non-apparels	89,081.76	94,226.79
(A)	<b>218,905.75</b>	<b>225,426.81</b>
<b>22b.Changes in inventories of stock in trade</b>		
Opening inventory	35,276.50	38,587.11
Closing inventory	32,842.43	35,276.50
Decrease	(B) <b>2,434.07</b>	<b>3,310.61</b>
22c.Cost of inventories recognised as an expenses*	(A)+(B) 221,339.82	228,737.42
* Includes write-downs / offs (net) of inventory to net realisable value on account of old season stock and shrinkages arising from stock count.	1,264.33	1,577.83

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to the financial statements for the year ended 31 March 2018

(All amounts in ₹ Lacs)

	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>23. Employee costs</b>		
Salaries and Wages	27,272.68	24,991.31
Contribution to provident and other funds (Refer note 36)	1,881.63	1,698.71
Share-based payments cost *	10.63	65.22
Staff welfare expenses	969.83	595.13
	<b>30,134.77</b>	<b>27,350.37</b>

\* Measured at fair value.

For details of share options granted by the Company to the certain employees, Refer Note 35.

(All amounts in ₹ Lacs)

	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>24. Finance costs</b>		
Interest on borrowings	3,551.46	5,758.24
Bank charges	64.66	86.77
	<b>3,616.12</b>	<b>5,845.01</b>

(All amounts in ₹ Lacs)

	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>25. Other expenses</b>		
Lease rent and hire charges (Note 27.1)	35,973.06	34,797.41
Business conducting fees	1,441.11	1,442.62
Rates and taxes	2,605.70	8,482.65
Repairs and maintenance		
- Buildings	8,339.19	7,992.48
- Others	1,007.63	1,222.12
Legal and professional fees (Note 27.2)	1,107.26	738.67
Housekeeping charges	1,798.05	1,703.96
Security charges	2,743.04	2,803.05
Computer expenses	2,492.69	2,596.46
Conveyance and travelling expenses	2,158.20	1,682.74
Electricity charges	9,168.52	9,354.67
Advertisement and publicity	5,554.09	5,788.54
Sales promotion	4,184.97	3,249.50
Charges on credit card transactions	2,656.78	2,558.27
Allowances for bad and doubtful financial assets*	240.65	308.00
Loss on sale of property, plant and equipment (net)	54.13	1.49
Foreign exchange gain / loss (net)	(16.27)	48.61
Corporate Social Responsibility expenses	84.08	74.32
Miscellaneous expenses	4,917.83	4,618.74
	<b>86,510.72</b>	<b>89,464.30</b>

\*excludes exceptional items

# NOTES

to the financial statements for the year ended 31 March 2018

	(All amounts in ₹ Lacs)	
	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>26. Income tax expense recognised in profit or loss</b>		
<b>Current income tax:</b>	3,897.31	2,641.88
Current income tax charge	(593.29)	(548.09)
Adjustments in respect of current income tax of previous year	3,304.01	2,093.79
<b>Total</b>		
<b>Deferred tax:</b>	(1,548.38)	(594.34)
In respect of current year	-	525.92
In respect of prior years	(1,548.38)	(68.42)
<b>Total</b>		
<b>Income tax expense reported in the statement of profit and loss</b>	<b>1,755.63</b>	<b>2,025.37</b>

OCI Section - Deferred tax related to items recognised in OCI during in the year:

	For the year ended 31 March 2018	For the year ended 31 March 2017
Net loss / (gain) on remeasurements of defined benefit plans	43.22	13.89
Net (gain) / loss on revaluation of cash flow hedges	-	-
Unrealised (gain) / loss on MTM - FRL	72.48	-
<b>Income tax expense charged to OCI</b>	<b>115.70</b>	<b>13.89</b>

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31 March 2017 and 31 March 2018:

	For the year ended 31 March 2018	For the year ended 31 March 2017
Profit before tax (Before exceptional item)	7,956.97	4,811.52
Income tax expense calculated at 34.608 %	2,753.75	1,665.17
Effect of expenses that are not deductible in determining taxable profit	161.20	382.38
Adjustments in respect of current income tax of previous year	(593.30)	-
Others	(566.02)	(22.17)
<b>Income tax expense recognised in profit or loss</b>	<b>1,755.63</b>	<b>2,025.37</b>

	(All amounts in ₹ Lacs)	
	As at 31 March 2018	As at 31 March 2017
<b>27.1. Leases</b>		
<b>Operating lease commitment as lessee</b>		
Expenses recognised in the statement of profit and loss		
a) Minimum lease payments	11,487.10	12,236.85
b) Contingent rent	24,485.96	21,526.63
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:		
Within one year	5,740.86	4,911.46
After one year but not more than five years	7,353.04	4,928.26
More than five years	-	-
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.		
<b>27.2 Payments to Auditors (excluding taxes):</b>		

# NOTES

to the financial statements for the year ended 31 March 2018

(All amounts in ₹ Lacs)		
	As at 31 March 2018	As at 31 March 2017
i) Audit fees	53.00	50.00
ii) Other matters	11.46	22.37
iii) Out of pocket expenses	2.26	0.90
	<b>66.72</b>	<b>73.27</b>
<b>27.3</b> Expenditure related to corporate social responsibility as per Section 135 of the Companies Act, 2013 read with schedule VIII thereof ₹ 84.16 Lacs (2017: ₹ 74.32 Lacs)		
a) Gross amount required to be spent by the Company is ₹ 84.16 Lacs (2017 ₹ 74.32 lacs)		
b) Details of amount spent are as under:		
Construction/acquisition of an asset	-	-
On purpose other than above - Livelihood creation - For the persons with disabilities (Employment linked training)	64.08	74.32
c) Ensuring environmental sustainability (Swachh Bharat)	20.08	
<b>Total</b>	<b>84.16</b>	<b>74.32</b>
d) Details of expenditure paid to related party, in relation to CSR expenditure. Refer Note 38		

## 28. Earning Per Equity Share

Basic EPS amounts are calculated by dividing the profit / (loss) for the year attributable to equity holders of the Company by weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit / (loss) attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

The following reflects the income and share data used in the basic and diluted EPS computations:

	As at 31 March 2018	As at 31 March 2017
(a) Profit / (Loss) attributable to equity share holders (₹ In lacs)	1,160.38	(1,993.85)
(b) Weighted Number of equity shares outstanding during the year	84,476,182	83,497,550
(c) Weighted Number of equity shares outstanding during the year after adjustment for dilution	84,491,999	83,497,550
(d) Nominal value per share (₹)	5	5
(e) EPS:		
Basic (₹)	1.37	(2.39)
Diluted (₹)	1.37	(2.39)
<b>Weighted Average number of Equity shares for basic EPS</b>	<b>84,476,182</b>	<b>83,497,550</b>
Effect of dilution:		
Share options	15,817	-*
Weighted average number of Equity shares adjusted for the effect of dilution	84,491,999	83,497,550

\* Anti dilutive

# NOTES

to the financial statements for the year ended 31 March 2018

		(All amounts in ₹ Lacs)	
		As at 31 March 2018	As at 31 March 2017
<b>29. Contingent liabilities and commitments:</b>			
<b>i) Contingent liabilities</b>			
a) Claims against the Company not acknowledged as debts, comprising of:			
Income tax claims disputed by the Company relating to disallowances aggregating		240.00	1,036.41
Indirect tax claims disputed by the Company relating to issues of applicability and classification aggregating			
- Service Tax other than on Rent		1,120.42	1,120.42
- Service Tax on Rent (Refer Note 30)		1,659.56	1,659.56
- VAT		5.79	8.23
- Customs Duty		42.61	42.60
Third party claims arising from disputes relating to contracts aggregating		-	236.74
b) Other matters		25.00	25.00
Note: Future cash outflows in respect of (a) above are determinable only on receipt of judgements / decisions pending with various forums / authorities.			
c) Bank Guarantees		538.89	538.26
<b>ii) Commitments</b>			
a) Estimated amount of contracts remaining to be executed on capital account and not provided for		2,206.80	3,290.56
b) Corporate guarantee given to bank jointly and severally:			
- With joint venture partner for loans taken by Joint venture entity		-	2,325.00
- With the promoter group Company for loans taken by Crossword Bookstores Ltd. ₹ 2,340.00 Lacs (2017: Hypercity Retail (India) Ltd. ₹ 31,583.00 Lacs and Crossword Bookstores Ltd. ₹ 1,800.00 Lacs)		2,340.00	33,383.00

## 30. Service tax

Pursuant to levy of service tax on renting of immovable properties given for commercial use, retrospectively with effect from 1 June 2007, the Company has, based on a legal advice, and 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 ₹ 1,659.56 lacs for the period 1 June, 2007 to 31 March, 2010.

## 31. Exceptional Items:

- During the year, In terms of the Share Purchase Agreement executed with Future Retail Limited and approval accorded by the members through postal ballot, the Company disposed of 77,158,778 equity shares of ₹ 10/- each constituting 51.09% of the share capital of Hypercity Retail (India) Ltd.; its material subsidiary to Future Retail Limited on 30 November 2017. Accordingly, Hypercity ceases to be subsidiary of the Company. The Company was allotted 4,756,823 equity shares of ₹ 2/- each at an issue price of ₹ 537/- per equity share by Future Retail Limited and received cash consideration in terms of the aforesaid Share Purchase Agreement. Accordingly, the Company has recorded a net loss of ₹ 4,886.75 lacs in the current financial year which has been disclosed as an exceptional item. (31 March 2017 impairment loss of ₹ 3,600 lacs).
- During the year, the Company has disposed off its 40% shareholding in Nuance Group (India) Pvt. Ltd (NGIPL) to The Nuance Group AG, Switzerland, at a consideration of ₹ 600 lacs on 6 October 2017. With the disposal of this shareholding, the Shareholders Agreement executed with them, stands terminated and accordingly, NGIPL ceases to be an associate Company of the Company. Accordingly, the Company has recorded a net gain of ₹ 20 lacs in the current financial year which has been disclosed as an exceptional item. (31 March 2017 impairment of ₹ 1,180 lacs).
- During the year, the Company has disposed off its 48.42% shareholding in Timezone Entertainment Private Ltd. (TEPL) to Timezone West Asia Pte. Ltd., at a consideration of ₹ 2,270.40 lacs on 15 February 2018. With the disposal of this shareholding, the joint venture agreement executed in this regard, stands terminated and accordingly, TEPL ceases to be an associate Company of the Company. Accordingly, the Company has recorded a net loss of ₹ 174.21 lacs in the current financial year which has been disclosed as an exceptional item.

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to the financial statements for the year ended 31 March 2018

## 32. Segment Reporting

The Company is primarily engaged in the business of retail trade through retail and departmental store facilities, which in the terms of Ind AS 108 on 'Operating Segments', constitutes a single reporting segment.

- i) The Company operates in a single geographical environment i.e. in India.
- ii) No single customer contributed 10% or more to Company's revenue.

## 33. Dividends

The Board of Directors has recommended dividend of ₹ 0.75 per share of ₹ 5 each for the financial year 2017-18. The payment is subject to the approval of members at the annual general meeting.

## 34. Derivatives/Forward Foreign Exchange Contracts

- 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.

It is the policy of the Company to enter into forward foreign exchange contracts to cover specific foreign currency payments and receipts. The Company also enters into forward foreign exchange contracts to manage the risk associated with anticipated sales and purchase transactions out of 6 months within 40% to 50% of the exposure generated.

Adjustments are made to the initial carrying amounts of non-financial hedged items when the anticipated sale or purchase transaction takes place.

The following are the outstanding Forward Exchange Contracts entered into by the Company as at 31 March 2018.

Particulars	31 March 2018			31 March 2017		
Number of Contracts	1	1	1	1	1	2
Type	Buy	Buy	Buy	Buy	Buy	Buy
Foreign currency (in lacs)	0.27 EURO	0.06 GBP	1.86 USD	0.04 AED	0.37 GBP	2.59 USD
INR Equivalent (in lacs)	22.20	5.77	121.43	0.64	29.81	168.71

- 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.

## 35. Share-Based Payments

The expense recognised for employee services received during the year is shown in the following table:

	Year ended 31 March 2018	Year ended 31 March 2017
Expense arising on Employee Stock Option Scheme	10.63	65.22
<b>Total expense arising from share-based payment transactions</b>	<b>10.63</b>	<b>65.22</b>

### 35.1 Employee share option plan of the Company

The Company has a share option scheme for certain employees of the Company and its subsidiaries. In accordance with the terms of the share option scheme, as approved by shareholders at a previous general meeting, employees with a pre-defined grade and having more than five years of service may be granted options to purchase equity shares. Each share option converts into one equity share of the Company on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised within four years from the date of grant, as per vesting schedule. The share options vests based on a pre-determined vesting schedule from the date of grant.

The fair value of the share options is estimated at the grant date using a binomial option pricing model, taking into account the terms and conditions upon which the share options are granted. However, the above performance condition is only considered in determining the number of instruments that will ultimately vest.

The Contractual term of each option granted is three years. There are no cash settlement alternatives. The Company does not have a past practice of cash settlement for these share options.

# NOTES

to the financial statements for the year ended 31 March 2018

The following share-based payment arrangements were in existence during the current and prior years:

Options series	Number	Grant date	Expiry date	Exercise Price (₹)	Fair value at grant date (₹)
Granted on 9 June 2012	200,000	09.06.2,012	09.06.2,015	297.00	115.70
Granted on 28 August 2013	200,000	28.08.2,013	28.08.2,016	344.00	124.00
Granted on 29 April 2014	160,675	29.04.2,014	29.04.2,017	362.00	123.21
Granted on 31 July 2015	3,275	31.07.2,015	31.07.2,018	404.00	124.35

All options vested based on the pre determined vesting schedule (i.e. three years) from the date of grant and expire after 12 months from the last date of vesting schedule, six months from the date of retirement or twelve months after the resignation of the employee, whichever is the earlier.

## 35.2 Fair value of share options granted in the year

There are no new grants during the F.Y. 2017-18.

## 35.3 Movements in share options during the year

Number of Employee Stock Option Outstanding:	Number of Options 31 March 2018	Weighted average exercise price	Number of Options 31 March 2017	Weighted average exercise price
Outstanding at the beginning of the year	211,124	353.61	340,975	339.62
Granted during the year	-	-	-	-
Lapsed/Cancelled during the year	101,185	-	98,298	-
Exercised during the year	60,020	345.99	31,553	299.35
Surrendered during the year	-	-	-	-
Outstanding at the end of the year	49,919	363.07	211,124	353.61

Of the above outstanding share options, 49,919 (2017: 1,69,757) shares are exercisable at the end of the respective reporting periods.

Details of year wise grant and exercise:

Year / (date of Grant)	Options granted (net of lapsed)	Exercised till 31.03.2016	Exercised in 2016-17	Exercised till 31.03.2017	Outstanding 31.03.2017	Exercised in 2017-18	Outstanding 31.03.2018
2009-10 (29.04.2009)	958,740	958,740	-	958,740	-	-	-
2009-10 (24.03.2010)	358,200	358,200	-	358,200	-	-	-
2011-12 (29.04.2011)	124,100	124,100	-	124,100	-	-	-
2012-13 (09.06.2012)	101,807	71,829	29,978	101,807	-	-	-
2013-14 (28.08.2013)	42,512	27,054	1,575	28,629	106,042	13,883	-
2014-15 (29.04.2014)	104,586	10,494	-	10,494	101,807	44,173	49,919
2015-16 (31.07.2015)	1,964	-	-	-	3,275	1,964	-
			<b>31,553</b>	<b>1,581,970</b>	<b>211,124</b>	<b>60,020</b>	<b>49,919</b>

## 35.4 Share options exercise during the year

The following share options were exercised during the year

Options series	Number Exercised	Exercise date	Weighted Average Share price at exercise date (₹)
Granted on 28 August 2013	13,883	17.09.2017	344
Granted on 29 April 2014	3,938	17.09.2017	362
	4,887	26.10.2017	362
	20,159	30.11.2017	362
	5,571	31.01.2018	362
	9,618	19.03.2018	362
Granted on 31 July 2015	1,964	31.01.2018	404

35.5 The weighted average contractual life of the options outstanding is 3.08 years.

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## 36. Employee Benefits

### 36.1 Defined contribution plans

The Company operates defined contribution plan (Provident fund) for all qualifying employees of the Company. The employees of the Company are members of a retirement contribution plan operated by the government. The Company is required to contribute a specified percentage of payroll cost to the retirement contribution scheme to fund the benefits. The only obligation of the Company with respect to the plan is to make the specified contributions.

The Company's contribution to Provident Fund aggregating ₹ 1,158.15 Lacs (2017: ₹ 1,111.81 Lacs) has been recognised in the Statement of Profit and Loss under the head Employee Benefits Expense. Information about the contributions to defined contribution plans for key managerial personnel is disclosed in note 38.

### 36.2 Defined benefit plan

The Company sponsors funded defined benefit (Gratuity) plan for qualifying employees, covered under the Payment of Gratuity Act, 1972. The defined benefit plan is administered by a third-party insurer (Life Insurance Corporation of India). This third-party insurer is responsible for the investment policy with regard to the assets of the plan.

Under the plan, the employees are entitled to a lump-sum amounting to 15 days' final basic salary for each year of completed service payable at the time of retirement/resignation provided the employee has completed 5 years of continuous service.

#### a) The principal actuarial risks to which the Company is exposed are investment risk, interest rate risk, salary risk and longevity risk.

Investment risk	The probability or likelihood of occurrence of losses relative to the expected return on any particular investment.
Interest risk	The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability.
Longevity risk	The Company has used certain mortality and attrition assumptions in the valuation of the liability. The Company is exposed to the risk of actual experience turning out to be worse compared to the assumption.
Salary Risk	The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

#### b) The principal assumptions used for the purposes of the actuarial valuations were as follows:

Particulars	As at 31 March 2018	As at 31 March 2017
Discount rate	7.40% p.a.	7.15% p.a.
Expected rate of salary increase	4.00% p.a.	4.00% p.a.
Average Longevity at retirement age for current beneficiaries of the plan (years)	Indian Assured Lives Mortality 2006-08	
<b>Rate of employee turnover</b>		
Upto 5 Year	34.00% p.a.	11.00% p.a.
Above 5 Year	11.00% p.a.	11.00% p.a.

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**c) Amount recognised in statement of profit and loss in respect of these defined benefit plan.**

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Current service cost	252.28	221.26
Net interest cost	14.35	11.91
<b>Components of defined benefits costs recognised in profit or loss.</b>	<b>266.63</b>	<b>233.17</b>
Remeasurements on the net defined benefit liability:		
- Return on plan assets, excluding amount included in interest expense/ (income)	(16.14)	(14.63)
- Actuarial (gain) / loss from change in demographic assumptions	(107.12)	-
- Actuarial (gain) / loss from change in financial assumptions	(22.44)	44.46
- Actuarial (gain) / loss from change in experience adjustments	20.79	(69.96)
<b>Total amount recognised in other comprehensive income</b>	<b>(124.91)</b>	<b>(40.13)</b>
<b>Total</b>	<b>141.72</b>	<b>193.04</b>

**d) The amount included in the balance sheet arising from Company's obligation in respect of its defined benefit plan is as follows:**

Particulars	As at 31 March, 2018	As at 31 March, 2017
Present value of funded defined benefit obligation	1,343.48	1,341.11
Fair value of plan assets	1,150.26	1,140.29
<b>Net asset arising from defined benefit obligation</b>	<b>193.22</b>	<b>200.82</b>

**e) Movement in the present value of the defined benefit obligation are as follows:**

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Present value of obligations as at beginning of the year	1,341.10	1,208.01
Current service cost	252.28	221.26
Interest cost	95.82	92.95
Remeasurements (gains) / losses:		
- Actuarial (gain) / loss from change in demographic assumptions	(107.12)	-
- Actuarial (gain) / loss from change in financial assumptions	(22.44)	44.46
- Actuarial (gain) / loss from change in experience adjustments	20.79	(69.96)
Benefits paid	(236.95)	(155.64)
<b>Closing defined benefit obligation</b>	<b>1,343.48</b>	<b>1,341.10</b>

**f) Movement in the fair value of the plan assets are as follows.**

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Opening fair value of plan assets	1,140.29	1,053.23
Interest income	81.47	81.04
Remeasurement (gains) / losses:		
- Return on plan assets, excluding amount included in net interest expense	16.14	14.63
Contributions from the employer	149.31	147.03
Benefits paid / transferred	(236.95)	(155.64)
<b>Closing fair value of plan assets</b>	<b>1,150.26</b>	<b>1,140.29</b>

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- g) Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase, attrition rate and mortality. The sensitivity analysis below have been determined based on reasonable possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is as follows:

Particulars	31 March 2018	31 March 2017
Defined benefit obligation (base)	1,343.48	1,341.11

Particulars	31 March 2018		31 March 2017	
	Decrease	Increase	Decrease	Increase
Discount rate (- / +1%)	1,425.08	1,270.61	1,429.68	1,262.23
% change compared to base due to sensitivity	6.10%	-5.40%	6.60%	-5.90%
Salary growth rate (- / +1%)	1,267.67	1,427.05	1,259.23	1,431.61
% change compared to base due to sensitivity	-5.60%	6.20%	-6.10%	-6.70%
Attrition rate (- / +50%)	1,277.24	1,355.65	1,244.52	1,379.02
% change compared to base due to sensitivity	-4.90%	0.90%	-7.20%	-2.80%
Mortality rate (- / +10%)	1,343.02	1,343.93	1,340.69	1,341.53
% change compared to base due to sensitivity	0.00%	0.00%	0.00%	0.00%

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation asset recognised in the balance sheet.

There is no change in the method of valuation for the prior periods in preparing the sensitivity analysis. For change in assumptions refer to note 36.2b above.

## h) Asset liability matching strategies:

The Company has purchased insurance policy, which is basically a year-on-year cash accumulation plan in which the interest rate is declared on yearly basis and is guaranteed for a period of one year. The insurance Company, as part of the policy rules, makes payment of all gratuity outgoes happening during the year (subject to sufficiency of funds under the policy). The policy, thus, mitigates the liquidity risk. However, being a cash accumulation plan, the duration of assets is shorter compared to the duration of liabilities. Thus, the Company is exposed to movement in interest rate (in particular, the significant fall in interest rates, which should result in a increase in liability without corresponding increase in the asset)."

## i) Effect of plan on entity's future cash flows.

- Every year, the insurance Company carries out a funding valuation based on the latest employee data provided by the Company. Any deficit in the assets arising as a result of such valuation is funded by the Company.
- The Company expects to contribute ₹ 380.03 lacs to its gratuity plan for the next year.
- Weighted average duration of the defined benefit obligation is 6 years (based on discounted cashflows).

Expected cash flows over the next (valued on undiscounted basis):	₹ In lacs
1 year	295.41
2 to 5 years	632.02
6 to 10 years	545.64
More than 10 years	814.29

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## 37. Subsidiaries and Joint Ventures.

### 37.1 Details of the Company's subsidiaries at the end of the reporting period are as follows:

Sr. No.	Name of subsidiary	Principal activity	Place of incorporate and operation	Proportion of ownership interest and voting rights held	
				As at 31 March 2018	As at 31 March 2017
1	Hypercity Retail (India) Limited (Refer Note 31)	Retailing a variety of household and consumer products (including food, groceries, fashion and other general merchandise) through departmental stores	India	-	51.04%
2	Crossword Bookstores Limited	Retailing in books and other allied items through departmental stores operated by self or by franchisees	India	100%	100%
3	Shoppers' Stop Services (India) Limited	Services	India	100%	100%
4	Upasna Trading Limited	Supervising distribution and logistics operations	India	100%	100%
5	Shoppers' Stop.com (India) Limited	Services	India	100%	100%
6	Gateway Multichannel Retail (India) Limited	Catalogue retailing	India	100%	100%

**37.2** The Company has given corporate guarantee to banks for loans taken by subsidiaries – Refer Note 29 (ii) (b).

### 37.3 Interest In Joint Ventures:

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

Name	Principal activity	Place of incorporate and operation	Proportion of ownership interest and voting rights held	
			As at 31 March 2018	As at 31 March 2017
Nuance Group (India) Private Limited (Refer Note 31)	Airport retailing	India	-	50.00%
Timezone Entertainment Private Limited (Refer Note 31)	Entertainment	India	-	48.42%

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## 38. Related Party Disclosures

Names of related parties and description of relationship:

(a) Subsidiaries	Hypercity Retail (India) Limited (upto 30 November 2017) Crossword Bookstores Limited Gateway Multi Channel Retail (India) Limited. Upasna Trading Limited. Shoppers Stop Services (India) Limited. Shoppers Stop.com (India) Limited.
(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 Abanti Sankaranarayanan Gareth Thomas (upto 26 October 2017) Manish Chokhani Chief Executive Officer Rajiv Suri (w.e.f 09 January 2018) Chief Financial Officer Sanjay Chakravarti (upto 22 December 2017) Company Secretary Bharat Sanghavi
(c) Promoter directors	C.L. Raheja, Ravi C. Raheja, Neel C. Raheja
(d) Entities in which director is director	Ivory Properties and Hotels Private Limited*, K. Raheja Corp. Private Limited*, K. Raheja Private Limited*, Inorbit Malls (India) Private Limited*, Avacado Properties and Trading India Private Limited*, Chalet Hotels Private Limited*, Trion Properties Private Limited*, Magna Warehousing & Distribution Private Limited*, Retailers Association of India
(e) Entities in which other directors are directors / trustees	Sanghavi Associates Ltd., Ttrain Foundation; Trust for Retailers & Retail Association of India
(f) Joint Ventures	Nuance Group (India) Private Limited (upto 06 October 2017) Timezone Entertainment Private Limited. (upto 15 February 2018)

Following are the transactions with related parties

Nature	Subsidiaries	Entities in which the directors are directors/ trustees (refer d and e above)	Joint Ventures	Key Management Personnel	Total
<b>Trading transactions</b>					
<b>Purchase of Merchandise</b>	<b>14.75</b>	-	-	-	<b>14.75</b>
Crossword Bookstores Limited	3.11	-	-	-	-
Hypercity Retail (India) Limited	11.64	-	-	-	-
	(29.26)	-	-	-	(29.26)
<b>Loan to related parties</b>					
<b>Loan Given</b>	<b>11,900.00</b>	-	-	-	<b>11,900.00</b>
Hypercity Retail (India) Limited	11,900.00	-	-	-	-
	(6,719.00)	-	-	-	(6,719.00)

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Nature	Subsidiaries	Entities in which the directors/ trustees (refer d and e above)	Joint Ventures	Key Management Personnel	Total
<b>Recovery of Loan</b>	<b>21,319.00</b>	-	-	-	<b>21,319.00</b>
Hypercity Retail (India) Limited	21,319.00	-	-	-	-
Gateway Multi Channel Retail (India) Limited	-	-	-	-	-
	(11,800.00)	-	-	-	(11,800.00)
<b>Compensation to key management personnel</b>					
<b>Remuneration to managing director</b>	-	-	-	<b>499.16</b>	<b>499.16</b>
Short-term benefits	-	-	-	480.71	480.71
Post employment benefits	-	-	-	18.45	18.45
Share based payments	-	-	-	-	-
	-	-	-	(453.92)	(453.92)
<b>Remuneration to Company Secretary</b>				<b>43.63</b>	<b>43.63</b>
Short term benefits	-	-	-	42.31	
Post employment benefits	-	-	-	0.46	
Share based payments	-	-	-	0.86	
				(68.23)	(68.23)
<b>Remuneration to Chief Executive Officer</b>				<b>100.22</b>	<b>100.22</b>
Short term benefits	-	-	-	100.22	
Post employment benefits	-	-	-	-	
Share based payments	-	-	-	-	
				(267.43)	(267.43)
<b>Remuneration to Chief Financial Officer</b>				<b>100.65</b>	<b>100.65</b>
Short term benefits	-	-	-	100.65	
Post employment benefits	-	-	-	-	
Share based payments	-	-	-	-	
	-	-	-	(104.72)	(104.72)
<b>Other related party transactions</b>					
<b>Purchase of Assets</b>	<b>10.39</b>	-	-	-	<b>10.39</b>
Hypercity Retail (India) Limited	0.90	-	-	-	-
Crossword Bookstores Ltd	9.49	-	-	-	-
	-	-	-	-	-
<b>Payment of conducting fees/ Lease Rent/ Common Area Maintenance Charges</b>	<b>74.14</b>	<b>6,318.50</b>	-	-	<b>6,392.64</b>
Ivory Properties and Hotels Private Limited*	-	1,716.44	-	-	-
Inorbit Malls (India) Private Limited*	-	3,098.49	-	-	-
Hypercity Retail (India) Limited	74.14	-	-	-	-
Chalet Hotels Private Limited*		143.79			
Genext Hardware and Parks Private Limited*		172.55			
Trion Properties Private Limited*	-	975.83	-	-	-
	(83.64)	(6,331.68)			(6,415.32)

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Nature	Subsidiaries	Entities in which the directors are directors/ trustees (refer d and e above)	Joint Ventures	Key Management Personnel	Total
<b>Expenses Paid</b>	-	<b>95.14</b>	-	<b>0.95</b>	<b>96.09</b>
B. S. Nagesh	-	-	-	0.95	-
K. Raheja Corp. Pvt. Ltd.*	-	1.63	-	-	-
Juhu Beach Resorts Limited*	-	0.10	-	-	-
JW Marriott Sahar Mumbai unit of Chalet Hotels Pvt. Ltd.*	-	5.14	-	-	-
Retailers Association of India	-	5.51	-	-	-
Sanghavi Associates Ltd.	-	10.06	-	-	-
Trrain Circle Pvt. Ltd.	-	0.77	-	-	-
CSR - Trust for Retailers & Retail Association of India	-	64.00	-	-	-
Inorbit Malls (India) Private Limited*	-	7.94	-	-	-
	(21.84)	(83.75)		(1.25)	(106.84)
<b>Share based payment costs</b>					-
Hypercity Retail (India) Limited	-	-	-	-	-
Crossword Bookstores Limited	-	-	-	-	-
	(19.40)	-	-	-	(19.40)
<b>SOH Expenses Paid</b>	-	-	-	-	-
Hypercity Retail (India) Limited	-	-	-	-	-
	(40.30)	-	-	-	(40.30)
<b>Interest Received</b>	<b>719.60</b>	-	-	-	<b>719.60</b>
Crossword Bookstores Limited	88.12	-	-	-	-
Hypercity Retail (India) Limited	631.48	-	-	-	-
	(1,998.93)	-	-	-	(1,998.93)
<b>Deposits Paid</b>	-	<b>71.03</b>	-	-	<b>71.03</b>
Inorbit Malls (India) Private Limited*	-	49.64	-	-	-
Trion Properties Private Limited*	-	0.88	-	-	-
Genext Hardware and Parks Private Limited*	-	20.52	-	-	-
	-	(50.70)	-	-	(50.70)
<b>Reimbursement of Expenses paid</b>	<b>38.72</b>	<b>683.13</b>	-	-	<b>721.86</b>
Inorbit Malls (India) Private Limited*	-	527.38	-	-	-
Crossword Bookstores Limited	21.36	-	-	-	-
Hypercity Retail (India) Limited	17.37	-	-	-	-
Trion Properties Private Limited*	-	155.75	-	-	-
	(66.72)	(94.19)	-	-	(160.91)
<b>Expenses recovered</b>	<b>334.86</b>	-	-	-	<b>334.86</b>
Hypercity Retail (India) Limited	6.34	-	-	-	-
Crossword Bookstores Limited	328.62	-	-	-	-
	(521.83)	-	-	-	(521.83)
<b>Investments made</b>	-	-	-	-	-
Hypercity Retail (India) Limited - Preference Shares	-	-	-	-	-
Timezone Entertainment Pvt. Ltd.	-	-	-	-	-
	(5,023.28)	-	-	-	(5,023.28)

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Nature	Subsidiaries	Entities in which the directors/ trustees (referred and e above)	Joint Ventures	Key Management Personnel	Total
<b>Deposit received back</b>	-	<b>197.18</b>	-	-	<b>197.18</b>
Trion Properties Private Limited*	-	197.18			
	(116.72)	-	-	-	(116.72)
<b>Transfer of Loyalty Points</b>	<b>35.44</b>	-	-	-	<b>35.44</b>
Hypercity Retail (India) Limited	35.44	-	-	-	
	-	-	-	-	-
<b>Receipt of Loyalty points</b>	<b>20.61</b>	-	-	-	<b>20.61</b>
Hypercity Retail (India) Limited	20.61	-	-	-	
	-	-	-	-	-
<b>Sharing of Group Loyalty Data (Income)</b>	-	-	-	-	-
Crossword Bookstores Limited	-	-	-	-	-
Hypercity Retail (India) Limited	-	-	-	-	-
	(8.60)				(8.60)
<b>Sharing of Group Loyalty Data (Expenses)</b>	-	-	-	-	-
Crossword Bookstores Limited	-	-	-	-	-
Hypercity Retail (India) Limited	-	-	-	-	-
	(2.66)	-	-	-	(2.66)
<b>Commission and Sitting fees to Non-Executive Directors</b>					
Chandru L. Raheja				3.50	
Ravi Raheja				4.60	
Neel Raheja				3.50	
B.S. Nagesh				6.50	
Nitin Sanghavi				8.10	
Deepak Ghaisas				9.70	
Nirvik Singh				3.50	
Abanti Sankaranarayanan				3.50	
Gareth Thomas				1.00	
Manish Chokhani				6.70	
	-	-	-	(48.80)	(48.80)

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<b>Balance outstanding at the year end</b>		
<b>Payable</b>		
Upasna Trading Limited	109.37	
	(109.85)	Cr.
<b>Receivables</b>		
Shoppers Stop Services (India) Limited	1.51	
	(1.48)	Dr.
Shoppers Stop.Com (India) Limited	2.72	
	(2.69)	Dr.
Hypercity Retail (India) Limited	63.58	
	(9,653.23)	Dr.
Ivory Properties and Hotels Private Limited*	1,010.52	
	(963.47)	Dr.
Inorbit Malls (India) Private Limited*	846.31	
	(769.99)	Dr.
Genext Hardware and Parks Private Limited*	179.55	
	-	Dr.
Gateway Multi Channel Retail (India) Limited	2,329.10	#
	(2,329.10)	Dr.
# All the amount is provided for in the books		
Timezone Entertainment Private Limited	-	
	-	Dr.
Trion Properties Private Limited*	285.96	
	(454.16)	Dr.
Crossword Bookstores Limited	744.74	
	(1,000.08)	Dr.

The Company has given corporate guarantee to banks for loans taken by subsidiaries – Refer Note 29(ii)(b)

The figure in bracket pertain to previous year.

\* These parties are not related to Shoppers Stop Ltd. per Ind AS 24 definition. These parties have been reported on the basis of their classification as related party under the Companies Act 2013.

## Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2018, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2017: ₹ Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

## 39. Financial Instruments

### A. Capital risk management

The Company's objectives when managing capital are to safeguard continuity as a going concern, provide appropriate return to shareholders and maintain a cost efficient capital structure. The Company determines the amount of capital required on the basis of an annual budget and a five year plan, including, for working capital, capital investment in stores, technology, and strategic investment in subsidiary companies. The Company's funding requirements are met through internal accruals and a combination of both long-term and short-term borrowings. Majorly Company raise long term loan for it's CAPEX requirement and based on the working capital requirement utilise the working capital loans.

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The Company monitors capital on the basis of total debt to total equity on a periodic basis. The following table summarises the capital of the Company:

Capital	As at 31 March 2018 ₹ in lacs	As at 31 March 2017 ₹ in lacs
Long term borrowings (including current maturities)	7,976.77	37,294.31
Short term borrowings	761.12	20,295.86
<b>Total debt</b>	<b>8,737.89</b>	<b>57,590.17</b>
Equity share capital	4,398.03	4,175.24
Other equity	90,938.59	71,900.37
<b>Total equity</b>	<b>95,336.62</b>	<b>76,075.61</b>
Debt Equity Ratio	0.09	0.76

The Company's objective is to keep the debt equity ratio below 1 which it has achieved in both these years.

## B. Financial risk management

A wide range of risks may affect the Company's business and operational / financial performance. The risks that could have significant influence on the Company are market risk, credit risk and liquidity risk. The Company's Board of Directors reviews the short term and long term budgets and sets out policies for managing these risks and monitors suitable actions taken by management to minimise potential adverse effects of such risks on the Company's operational and financial performance.

### (a) Market risk:

Market Risk is the risk that changes in market place could affect the future cash flows to the Company. The market risk for the Company arises primarily from product price risk, interest rate risk and, to some extent, foreign currency risk.

Product price risk: In a potentially inflationary economy, the Company expects periodical price increases across its retail product lines. Product price increases which are not in line with the levels of customers' discretionary spends, may affect the business / retail sales volumes. In such a scenario, the risk is managed by offering judicious product discounts to retail customers to sustain volumes. The Company negotiates with its vendors for purchase price rebates such that the rebates substantially absorb the product discounts offered to the retail customers. This helps the Company protect itself from significant product margin losses. This mechanism also works in case of a downturn in the retail sector, although overall volumes would get affected.

Interest risk: The Company is exposed to interest rate risk primarily due to borrowings having floating interest rates. The Company uses available working capital limits for

availing short-term working capital demand loans with interest rates negotiated from time to time so that the Company has an effective mix of fixed and variable rate borrowings. Interest rate sensitivity analysis shows that an increase / decrease of fifty basis points in floating interest rates would result in decrease / increase in the Company's profit before tax by approximately ₹ 188 lacs (2017: ₹ 283 lacs).

**Currency risk:** The Company's significant transactions are in Indian Rupees and therefore there is minimal foreign currency risk. Generally, the Company fully covers the foreign currency risk for transactions in foreign currency which are primarily for import of merchandise, by entering into forward cover contracts to hedge foreign currency exposure. Also Refer Note 34 for the forward cover contracts outstanding at the end of the reporting period.

### (b) Credit risk:

Credit risk is a risk that the counterparty will default on its contractual obligation resulting in financial loss to the Company. The credit risk for the Company primarily arises from credit exposures to trade receivables (mainly institutional customers), deposits with landlords for store properties taken on leases and other receivables including balances with banks.

Trade and other receivables: The Company's retail business is predominantly on 'cash and carry' basis which is largely through credit card collections. The credit risk on such collections is minimal, since they are primarily owned by customers' card issuing banks. The Company has adopted a policy of dealing with only credit worthy counterparties in case of institutional customers and the credit risk exposure for institutional

# NOTES

to the financial statements for the year ended 31 March 2018

customers is managed by the Company by credit worthiness checks. The Company also carries credit risk on lease deposits with landlords for store properties taken on leases, for which agreements are signed and property possessions timely taken for store operations. The risk relating to refunds after store shut down is managed through successful negotiations or appropriate legal actions, where necessary.

The Company's experience of delinquencies and customer disputes have been minimal. Further, Trade and other receivables consist of a large number of customers, across geographies, hence, the Company is not exposed to concentration risks.

## (c) Liquidity Risk:

	Less than 1 year	Between 1 and 5 years	Carrying amounts
<b>At 31 March 2017</b>	₹ in lacs	₹ in lacs	₹ in lacs
Borrowings (long term and short term)	36,593.49	20,996.68	57,590.17
Interest payable	165.88		165.88
Trade payables and other accruals	33,019.28		33,019.28
<b>At 31 March 2018</b>			
Borrowings (long term and short term)	4761.12	3976.77	8,737.89
Interest payable	0.13		0.13
Trade payables and other accruals	48,861.23		48,861.23

In respect of financial guarantee contracts, no amounts are recognised based on the results of the liability adequacy test for likely deficiency / defaults by the entities on whose behalf the Company has given

Liquidity risk is a risk that the Company may not be able to meet its financial obligations on a timely basis through its cash and cash equivalents, and funds available by way of committed credit facilities from banks.

Management manages the liquidity risk by monitoring rolling cash flow forecasts and maturity profiles of financial assets and liabilities. This monitoring includes financial ratios and takes into account the accessibility of cash and cash equivalents and additional undrawn financing facilities.

The table below summarises the maturity profile (remaining period of contractual maturity at the balance sheet date) of the Company's financial liabilities based on contractual undiscounted cash flows.

guarantees, grounded on the Company's actual experience.

The Company has access to following financing facilities which were undrawn as at the end of reporting periods mentioned.

Undrawn financing facility	As at 31 March 2018 ₹ in lacs	As at 31 March 2017 ₹ in lacs
<b>Secured Working Capital Facilities</b>		
Amount Used	464.14	14,688.58
Amount Unused	31,735.86	12,511.42
<b>Total</b>	<b>32,200.00</b>	<b>27,200.00</b>
<b>Unsecured Working Capital Facilities</b>		
Amount Used	-	5,802.25
Amount Unused	2,500.00	3,697.75
<b>Total</b>	<b>2,500.00</b>	<b>9,500.00</b>

# NOTES

to the financial statements for the year ended 31 March 2018

## C. Fair Value Measurements

### (i) Financial assets and liabilities that are measured at amortised cost:

	As at 31 March 2018 ₹ in lacs	As at 31 March 2017 ₹ in lacs
<b>Financial Assets (amortised cost):</b>		
Loans to subsidiary companies	766.26	10,348.59
Trade receivables	4,372.44	3,574.66
Cash & Cash equivalents	457.63	295.03
Other bank balances	65.57	207.67
Other financial assets	11,970.64	16,784.61
- Premises and other deposits	11,426.59	12,985.47
- Others	544.05	3,799.14
<b>Financial Liabilities (amortised cost):</b>		
Borrowings – long term	3,976.77	20,996.68
Borrowings – short term	4,761.12	36,593.49
Trade payables	48,861.23	33,019.28
Other financial liabilities	4,030.99	3429.94

The fair values of the above financial assets and liabilities approximate their carrying amounts.

### (ii) Financial assets and liabilities that are measured at fair value on a recurring basis as at the end of each reporting period:

Financial assets / Financial liabilities	Fair value as at		Fair value hierarchy
	31 March 2018	31 March 2017	
<b>Fair Value through Profit and Loss</b>			
Forward foreign currency contracts	Assets ₹ 0.39 lacs	Liabilities ₹ 0.26 lacs	Level 2
Investment in Mutual Funds	Assets ₹ 2,003.55 lacs	Nil	Level 1
<b>Fair Value through OCI</b>			
Investment in Future Retail Limited	Assets ₹ 26,241.01lacs	Nil	Level 1

Valuation technique and key input used: Fair value is determined using discounted future cash flows which are estimated based on forward exchange rates at the end of the reporting period, discounted at a rate that reflects the credit risk of the Company.

The fair values of the quoted instruments (Investment in Mutual funds and Future Retail Limited) are based on the price quotations at the reporting date.

## 40. STANDARDS ISSUED BUT NOT YET EFFECTIVE

IND-AS 115 was notified on 28 March 2018 and is effective for the Company in the first quarter of fiscal 2019. The Company has established an implementation team to implement IND-AS 115 related to the recognition of revenue from contracts with customers and it continues to evaluate the changes to accounting system and processes and additional disclosure requirements that may be necessary. A reliable estimates of the quantitative impact of IND-AS 115 on the financial statements will only be possible once the implementation project has been completed.

## 41. The previous year figures have been audited by an audit firm other than S R B C & Co LLP. The previous year's figures have been regrouped / reclassified wherever necessary.

In terms of our report of even date

**For S R B C & CO LLP**  
ICAI Firm Reg. No. 324982E / E300003  
Chartered Accountants

**Vijay Maniar**  
Partner  
Membership No. 36738

Mumbai: 27 April 2018

For and on Behalf of the Board of Directors

**C.L. Raheja**  
Chairman  
DIN: 00027979

**Ravi Raheja**  
Director  
DIN: 00028044

**Govind S. Shrikhande**  
Customer Care Associate &  
Managing Director  
DIN: 00029419

**Vijay Jain**  
Customer Care Associate &  
Dy. Chief Financial Officer

Mumbai: 27 April 2018

**Bharat Sanghavi**  
Customer Care Associate &  
Company Secretary

# STATEMENT PURSUANT TO SECTION 129(3)

of the Companies Act, 2013

## PART A : SUBSIDIARIES

Annexure  
(All amounts in ₹ lacs)

Sr. No.	Name of Subsidiary Company	Reporting Currency	Share Capital	Reserves	Total Assets *	Total Liabilities **	Investments	Turnover/ Total Income	Profit / (Loss) Before Taxation	Provision for Taxation	Profit / (Loss) After Taxation	Proposed Dividend including Dividend distribution tax	% of shareholding	Country
1	Crossword Bookstores Limited	INR	1,356.25	(1,367.56)	5,955.53	5,966.84	-	10,665.65	(503.19)	-	(503.19)	-	100%	India
2	Upasna Trading Limited	INR	5.00	13.41	161.62	143.38	-	-	(0.67)	-	(0.67)	-	100%	India
3	Gateway Multi Channel Retail (India) Limited	INR	5.00	(4,507.58)	30.15	4,532.73	-	0.33	(0.44)	-	(0.44)	-	100%	India
4	Shoppers Stop Services (India) Limited	INR	5.00	1.95	8.67	1.73	-	0.07	(0.33)	-	(0.33)	-	100%	India
5	Shoppers Stop.com (India) Limited	INR	5.00	(3.98)	3.95	2.93	-	0.32	(0.01)	-	(0.01)	-	100%	India
6	Hypercity Retail (India) Limited ***	INR	15,103.03	(17,055.69)	48,630.87	50,583.53	-	75,776.04	(6,081.90)	-	(6,081.90)	-	-	India

\* Total Assets = Non Current Assets + Current Assets

\*\* Total Liabilities = Non Current Liabilities + Current Liabilities

\*\*\* Hypercity cease to be subsidiary w.e.f 1 December 2017.

## PART B : JOINT VENTURES

Annexure  
(All amounts in ₹ lacs)

Name of the Joint Ventures	Nuance Group (India) Pvt. Ltd.*	Entertainment Private Limited*	Timezone
Latest audited Balance Sheet Date *	31 March 2018	31 March 2018	31 March 2018
Share of Joint Ventures held on the year end *	(31 March 2017)	(31 March 2017)	(31 March 2017)
No. of equity shares (Face value of ₹10/- each fully paid *)	(50.00%)	(48.42%)	(48.42%)
Amount of Investments in Joint Ventures (₹ in Lacs)	Nil	Nil	Nil
Networth attributable to shareholding as per latest audited Balance Sheet	(41410000.00)	(24446247.00)	(24446247.00)
1. Considered in consolidation (₹ in Lacs) Profit for the year (Refer Note below) Loss for F.Y.2016-17	(580.00)	(2444.62)	(2444.62)
2. Not considered in consolidation	(1862.72)	(983.02)	(983.02)
Figures in bracket pertains to previous year	5.22	137.89	137.89
* The Group has disposed off these joint ventures during the F.Y.2017-18 (Refer Note 35(b)(i) of consolidated financial statements)	(344.39)	(282.26)	(282.26)
Note :-	-	-	-

Figures in bracket pertains to previous year

\* The Group has disposed off these joint ventures during the F.Y.2017-18 (Refer Note 35(b)(i) of consolidated financial statements)

Note :-

i. Nuance Group (India) Private Limited financials are consolidated by the Group till 6th October 2017 (Refer Note 35(b)(ii) of consolidated financial statements)

ii. Timezone Entertainment Private Ltd. financials are consolidated by the Group till 15th February, 2018 (Refer Note 35(b)(ii) of consolidated financial statements)

# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF SHOPPERS STOP LIMITED

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Shoppers Stop Limited (hereinafter referred to as 'the Holding Company'), its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group') and its jointly controlled entities, comprising of the consolidated Balance Sheet as at 31 March 2018, the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the consolidated financial statements').

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

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirement of the Companies Act, 2013 ('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 entities in accordance with accounting principles generally accepted in India, including the Companies (Accounting Standards) Rules, 2006 (as amended) specified under Section 133 of the Act, read with the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group and its jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and its jointly controlled entities and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements 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

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. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as 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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal 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 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. 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 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

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 as at 31 March 2018, their consolidated profit, and their consolidated cash flows for the year ended on that date.

### Emphasis of Matter

We draw attention to Note 29 to the consolidated financial statements regarding non provision of retrospective levy of service tax for the period from 01 June 2007 to 31 March 2010 on renting of immovable properties given for commercial use, aggregating to ₹ 2010.90 lacs, pending final disposal of the appeal filed before the Supreme Court.

Our opinion is not qualified in respect of this matter.

#### Other Matter

- (a) The consolidated financial statements of the Company for the year ended 31 March 2017, included in these consolidated financial statements, have been audited by the predecessor auditor who expressed an unmodified opinion on those statements on 5 May 2017.
- (b) The consolidated financial statements include the Company's share of net profit of ₹143.12 for the year ended 31 March 2018, as considered in the consolidated financial statements, in respect of 2 Jointly controlled entities whose financial statements, other financial information have not been audited and whose unaudited financial statements, other unaudited financial information have been furnished to us by the Management. Our opinion, in so far as it relates amounts and disclosures included in respect of these jointly controlled entities, and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid jointly controlled entities, is based solely on such unaudited financial statement and other unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements and other financial information are not material to the Group.

Our above 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 financial statements and other financial information certified by the Management.

#### Report on Other Legal and Regulatory Requirements

As required by Section 143 (3) of the Act, based on our audit and Other matters paragraph above 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 purpose 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 consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
- (c) The consolidated Balance Sheet, consolidated Statement of Profit and Loss, and consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account;

- (d) In our opinion, the aforesaid consolidated financial statements comply with the Companies (Accounting Standards) Rules, 2006 (as amended) specified under Section 133 of the Act, read with the Companies (Accounts) Rules, 2014;

- (e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2018 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies incorporated in India, none of the directors of the Group's companies incorporated in India is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164 (2) of the Act.

With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated financial statements of the Holding Company and its subsidiary companies incorporated in India, refer to our separate report in 'Annexure 1' to this report;

- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group entities – Refer Note 28 to the consolidated financial statements;
  - ii. The Group did not have any material foreseeable losses in long term contracts including derivative contracts during the year ended 31 March 2018.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its subsidiaries incorporated in India.

For **SRBC & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

**Vijay Maniar**

Partner

Membership Number: 36738

Place of Signature: Mumbai

Date: 27 April 2018

# ANNEXURE 1

To the Independent Auditor's Report of even date on the Consolidated Financial Statements of Shoppers Stop Limited

Report on the Internal Financial Controls under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

In conjunction with our audit of the consolidated financial statements of Shoppers Stop Limited as of and for the year ended 31 March 2018, we have audited the internal financial controls over financial reporting of Shoppers Stop Limited (hereinafter referred to as the 'Holding Company') and its subsidiary companies, which are companies incorporated in India, as of that date.

## **Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the Holding Company, its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding 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 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 Act.

## **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these consolidated financial statements 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') and the Standards on Auditing, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under Section 143(10) of the Act, 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 with reference to these consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these consolidated financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding

of internal financial controls over financial reporting with reference to these consolidated financial statements, 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.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these consolidated financial statements.

## **Meaning of Internal Financial Controls Over Financial Reporting with Reference to these Consolidated Financial Statements**

A Company's internal financial control over financial reporting with reference to these consolidated financial statements 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 with reference to these consolidated financial statements 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 with Reference to these Consolidated Financial Statements**

Because of the inherent limitations of internal financial controls over financial reporting with reference to these consolidated financial statements, 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 with reference to these consolidated financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these consolidated financial statements may

become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, the Holding Company, its subsidiary companies which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls over financial reporting with reference to these consolidated financial statements and such internal financial controls over financial reporting with reference to these consolidated financial statements were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the

Holding 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 **SRBC & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

**Vijay Maniar**

Partner

Membership Number: 36738

Place of Signature: Mumbai

Date: 27 April 2018

# CONSOLIDATED BALANCE SHEET

as at 31 March 2018

(All amounts in ₹ Lacs)			
	Note	As at 31 March 2018	As at 31 March 2017
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	59,981.81	75,974.10
Capital work-in-progress	3.1	1,534.17	1,472.33
Goodwill on consolidation	3	965.36	9,764.55
Other intangible assets	3	6,316.71	6,509.47
Intangible assets under development	3.1	281.30	527.59
<b>Financial assets</b>			
i) Investments	4	26,242.61	1,985.85
ii) Trade receivables	5	-	11,000.57
iii) Other financial assets	6	11,956.94	16,319.67
Deferred tax assets (net)	7	1,977.60	429.22
Other non-current assets	8	9,678.12	9,950.72
<b>Total non-current assets</b>		<b>118,934.62</b>	<b>133,934.07</b>
<b>Current assets</b>			
Inventories	9	35,631.57	57,756.19
<b>Financial assets</b>			
(i) Investments	4	2,003.55	-
(ii) Trade receivables	5	4,771.72	5,682.68
(iii) Cash and cash equivalents	10	534.88	547.83
(iv) Bank balances other than (iii) above	11	68.80	213.09
(v) Other financial assets	6	588.82	4,043.91
Other current assets	8	16,227.84	3,467.41
<b>Total current assets</b>		<b>59,827.18</b>	<b>71,711.11</b>
<b>Total assets</b>		<b>178,761.80</b>	<b>205,645.18</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Equity share capital	12	4,398.03	4,175.24
Other equity	13	86,045.96	43,747.64
<b>Equity attributable to owners of the Company</b>		<b>90,443.99</b>	<b>47,922.88</b>
Non-controlling interests		-	521.06
<b>Total equity</b>		<b>90,443.99</b>	<b>48,443.94</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
i) Borrowings	14	4,400.08	37,095.64
Other financial liabilities	15	61.40	-
<b>Total non-current liabilities</b>		<b>4,461.48</b>	<b>37,095.64</b>
<b>Current liabilities</b>			
Financial liabilities			
(i) Borrowings	14.3	3,834.77	25,400.31
(ii) Trade payables	16	51,906.81	49,080.56
(iii) Other financial liabilities	15	8,258.91	30,775.98
Provisions	17	821.82	1,002.72
Other current liabilities	18	19,034.02	13,846.03
<b>Total liabilities</b>		<b>83,856.33</b>	<b>120,105.60</b>
<b>Total equity and liabilities</b>		<b>88,317.81</b>	<b>157,201.24</b>
		<b>178,761.80</b>	<b>205,645.18</b>

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

In terms of our report of even date

**For S R B C & CO LLP**

ICAI Firm Reg. No. 324982E / E300003  
Chartered Accountants

**Vijay Maniar**

Partner  
Membership No. 36738

Mumbai: 27 April 2018

For and on Behalf of the Board of Directors

**C.L. Raheja**

Chairman  
DIN: 00027979

**Ravi Raheja**

Director  
DIN: 00028044

**Govind S. Shrikhande**

Customer Care Associate &  
Managing Director  
DIN: 00029419

**Vijay Jain**

Customer Care Associate &  
Dy. Chief Financial Officer

Mumbai: 27 April 2018

**Bharat Sanghavi**

Customer Care Associate &  
Company Secretary

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended 31 March 2018

(All amounts in ₹ Lacs)

	Note	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>A) Continuing operations</b>			
<b>Income</b>			
Revenue from operations	19	3,69,672.43	3,75,690.34
Other income	20	1,653.10	3,126.86
<b>Total income</b>		<b>371,325.53</b>	<b>378,817.20</b>
<b>Expenses</b>			
Purchase of stock-in-trade	21a	2,24,315.09	2,31,274.10
Changes in inventories of stock-in-trade - (increase)	21b	2,477.91	3,201.22
Employee benefits expense	22	31,566.33	28,726.77
Finance costs	23	3,768.46	5,997.69
Depreciation and amortisation expense	3	11,490.46	11,870.24
Other expenses	24	90,164.22	93,249.75
<b>Total expenses</b>		<b>363,782.47</b>	<b>374,319.77</b>
<b>Profit before exceptional item and tax</b>		<b>7,543.06</b>	<b>4,497.43</b>
Exceptional Items	30	(21,598.69)	1,282.71
<b>Profit before tax</b>		<b>29,141.75</b>	<b>3,214.72</b>
Current tax	25	3,304.01	2,093.82
Deferred tax		(1,548.38)	(68.42)
<b>Income tax expenses</b>		<b>1,755.63</b>	<b>2,025.40</b>
<b>Profit for the year from continuing operations</b>		<b>27,386.12</b>	<b>1,189.32</b>
<b>B) Discontinued operations</b>	33		
Loss from discontinued operations		(6,082.34)	(8,399.75)
Share of Profit / (Loss) in joint ventures		143.12	(626.64)
Tax expenses of discontinued operations / joint ventures		-	-
<b>(Loss) for the year from discontinued operations</b>		<b>(5,939.22)</b>	<b>(9,026.39)</b>
<b>C) Profit / (Loss) for the year (A) + (B)</b>		<b>21,446.90</b>	<b>(7,837.07)</b>
<b>D) Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
i) Remeasurement of employee defined benefit obligation		(123.72)	36.09
Income tax effect		43.22	-
ii) Fair value in the value of investments		(696.87)	-
Income tax effect		72.48	13.89
<b>Other comprehensive income / (Loss) for the year [D]</b>		<b>(704.89)</b>	<b>49.98</b>
<b>Total comprehensive Income / (Loss) for the year [C] + [D]</b>		<b>22,151.79</b>	<b>(7,887.05)</b>
<b>Profit / (loss) for the year attributable to:</b>			
- Owners of the Company		24,421.66	(3,727.95)
- Non-controlling interests		(2,974.76)	(4,109.12)
<b>Other comprehensive income for the year attributable to:</b>			
- Owners of the Company		(704.89)	13.58
- Non-controlling interests		-	36.40
<b>Total comprehensive income for the year attributable to:</b>			
- Owners of the Company		25,126.55	(3,741.53)
- Non-controlling interests		(2,974.76)	(4,145.52)
<b>Earning per equity share (for continuing operations)</b>	27		
Equity shares of face value ₹5/- each (2017: ₹5/- each)			
Basic (₹)		32.42	1.42
Diluted (₹)		32.42	1.42
<b>Earning per equity share (for discontinued operations)</b>	27		
Equity shares of face value ₹5/- each (2017: ₹5/- each)			
Basic (₹)		(3.51)	(5.89)
Diluted (₹)		(3.51)	(5.89)
<b>Earning per equity share (for continuing and discontinuing operations)</b>	27		
Equity shares of face value ₹5/- each (2017: ₹5/- each)			
Basic (₹)		28.91	(4.46)
Diluted (₹)		28.91	(4.46)

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

In terms of our report of even date

**For S R B C & CO LLP**ICAI Firm Reg. No. 324982E / E300003  
Chartered Accountants**Vijay Maniar**Partner  
Membership No. 36738

Mumbai: 27 April 2018

For and on Behalf of the Board of Directors

**C.L. Raheja**Chairman  
DIN: 00027979**Vijay Jain**Customer Care Associate &  
Dy. Chief Financial Officer

Mumbai: 27 April 2018

**Ravi Raheja**Director  
DIN: 00028044**Govind S. Shrikhande**Customer Care Associate &  
Managing Director  
DIN: 00029419**Bharat Sanghavi**Customer Care Associate &  
Company Secretary

# CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 March 2018

(All amounts in ₹ Lacs)

	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>Operating activities</b>		
Profit before tax from continuing operations	29,141.75	3,214.72
(Loss) before tax from discontinued operations	(5,939.22)	(9,026.39)
<b>Net (Loss) / profit after exceptional item and tax</b>	<b>23,202.53</b>	<b>(5,811.67)</b>
<b>Adjustments to reconcile profit before tax to net cashflow</b>		
Depreciation and amortisation	11,490.46	11,870.24
Allowance for doubtful debts / advances	270.65	273.04
Share-based payment expense	10.63	65.22
Finance costs	3,768.46	5,997.69
Loss on sale of property, plant and equipment (net)	52.39	1.49
Refundable deposit considered in measurement of minimum lease payments	821.28	1,244.31
Interest (time value) recognised on interest free lease deposit	(680.87)	(1,027.94)
Interest income	(1,458.08)	(56.74)
Exceptional items	(21,598.69)	1,282.71
<b>Operating Profit before working capital changes</b>	<b>15,878.76</b>	<b>13,838.35</b>
<b>Working capital adjustment:</b>		
Decrease in inventories	22,124.62	163.97
Decrease / (Increase) in trade receivables	1,479.02	(5,099.29)
(Increase) / Decrease in Financial assets (others)	(26,877.51)	1,542.12
(Increase) / Decrease in Other non-current assets	(6,880.50)	46.40
Decrease / (Increase) in Lease deposits-net	5,753.89	(1,322.60)
Increase in Short term provisions	4.22	153.01
Increase / (Decrease) in Trade payables and other current liabilities	21,886.43	(508.32)
<b>Cash generated from operations</b>	<b>33,368.92</b>	<b>8,813.64</b>
Income taxes paid (net of refunds)	(3,562.32)	(2,410.64)
<b>Net cash from operating activities (A)</b>	<b>29,806.60</b>	<b>6,403.00</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(11,458.49)	(11,415.12)
Proceeds from disposal of property, plant and equipment	52.03	272.77
Proceeds from sale of investment in Joint ventures (Refer Note 30)	2,870.43	-
Net Proceeds from sale of investments in subsidiary (Refer Note 30)	5,568.62	-
Other investments in mutual funds	(2,003.55)	-
Interest received	1,464.39	68.57
<b>Net cash used in investing activities (B)</b>	<b>(3,506.57)</b>	<b>(11,073.78)</b>
<b>Financing activities</b>		
Proceeds from issue of equity shares	222.79	1.58
Securities premium on issue of share capital	17,918.50	92.89
Issue of share capital to minority shareholders	1,451.07	4,763.76
Dividend and dividend tax paid	(753.81)	-
Proceeds from long term borrowings	-	17,679.27
Repayment of long term borrowings	(19,426.16)	(19,383.01)
Short term loans (net)	(12,353.97)	1,833.28
Finance costs paid	(4,159.83)	(5,972.27)
<b>Net cash from financing activities (C)</b>	<b>(17,101.41)</b>	<b>(984.50)</b>
<b>Net (Decrease) in cash and cash equivalents (A)+(B)+(C)</b>	<b>9,198.62</b>	<b>(5,655.28)</b>
Cash and cash equivalents as at beginning of the year	(12,498.51)	(6,843.23)
Cash and cash equivalents as at the end of the year	(3,299.89)	(12,498.51)
	<b>9,198.62</b>	<b>(5,655.28)</b>

(All amounts in ₹ Lacs)

	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>Note (i)</b>		
<b>Components of cash and cash equivalents</b>		
Cash and Cash Equivalents as at 31 March 2018 (Note 10)	534.88	547.83
Add: Bank overdraft / Cash credit	(3,834.77)	(13,046.34)
<b>Total cash and cash equivalents</b>	<b>(3,299.89)</b>	<b>(12,498.51)</b>
<b>Note (ii)</b>		
Reconciliation between the opening and closing balances for liabilities arising from financing activities		
Particulars	Long term borrowings	Interest accrued
<b>31 March 2017</b>	63,110.26	397.74
Cash flow	(54,410.15)	(4,159.83)
Non-Cash Changes		
Foreign exchange movement	-	-
Classified as current maturity	4,300.03	-
Accrual for the period	-	3,768.46
<b>31 March 2018</b>	<b>4,400.08</b>	<b>6.37</b>
The accompanying Notes 1 to 41 are an integral part of the financial statements		

In terms of our report of even date

**For S R B C & CO LLP**

ICAI Firm Reg. No. 324982E / E300003

Chartered Accountants

**Vijay Maniar**

Partner

Membership No. 36738

Mumbai: 27 April 2018

For and on Behalf of the Board of Directors

**C.L. Raheja**

Chairman

DIN: 00027979

**Vijay Jain**

Customer Care Associate &amp;

Dy. Chief Financial Officer

Mumbai: 27 April 2018

**Ravi Raheja**

Director

DIN: 00028044

**Govind S. Shrikhande**

Customer Care Associate &amp;

Managing Director

DIN: 00029419

**Bharat Sanghavi**

Customer Care Associate &amp;

Company Secretary

# STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2018

a) Equity share capital	No. of shares	(₹ in lacs)
Equity shares of ₹5/- each issued, subscribed and fully paid-up		
<b>Balance as on 31 March 2016</b>	<b>83,461,946</b>	<b>4,173.10</b>
Issue of equity shares under employee share option plan (note 36)	42,798	2.14
<b>Balance as on 1 April 2017</b>	<b>83,504,744</b>	<b>4,175.24</b>
Issue of equity shares under employee share option plan (Note 36)	60,020	3.00
Issued on preferential basis (Refer Note 12.6)	4,395,925	219.79
<b>Balance as on 31 March 2018</b>	<b>87,960,689</b>	<b>4,398.03</b>

## b) Other equity

Particulars:	Securities Premium Account	General Reserve	Retained earnings	Share Options Outstanding Account	Debenture Redemption Reserve	Share application money pending allotment	Attributable to owners of Company	Non controlling Interests	Total
<b>Balance as on 31 March 2016</b>	<b>47,400.23</b>	<b>1,909.18</b>	<b>(2,676.01)</b>	<b>255.12</b>	<b>420.00</b>	<b>28.75</b>	<b>47,337.27</b>	<b>(122.21)</b>	<b>47,215.06</b>
Loss for the year	-	-	(3,727.97)	-	-	-	(3,727.97)	(4,109.12)	(7,837.09)
Other comprehensive loss for the year, net of income tax	-	-	13.58	-	-	-	13.58	36.40	49.98
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>(3,741.55)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,741.55)</b>	<b>(4,145.52)</b>	<b>(7,887.07)</b>
Recognition of share-based payments *	-	-	112.79	(28.17)	-	-	84.62	-	84.62
Issue of equity shares to Non-controlling interests	-	-	-	-	-	-	-	4,763.76	4,763.76
Change in ownership interests	-	-	(25.03)	-	-	-	(25.03)	25.03	-
Received on issue of shares	121.08	-	-	-	-	-	121.08	-	121.08
Shares allotted	-	-	-	-	-	(28.75)	(28.75)	-	(28.75)
<b>Balance as on 31 March 2017</b>	<b>47,521.31</b>	<b>1,909.18</b>	<b>(6,329.80)</b>	<b>226.95</b>	<b>420.00</b>	<b>-</b>	<b>43,747.64</b>	<b>521.06</b>	<b>44,268.71</b>
Profit for the year	-	-	24,421.66	-	-	-	24,421.66	(2,974.76)	21,446.90
Other comprehensive Profit for the year, net of income tax	-	-	(704.89)	-	-	-	(704.89)	-	(704.89)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>25,126.55</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25,126.55</b>	<b>(2,974.76)</b>	<b>22,151.79</b>
Recognition of share-based payments *	-	-	172.52	(165.45)	-	-	7.07	-	7.07
Issue of equity share to Non controlling interests	-	-	-	-	-	-	-	1451.07	-
Transferred from Debenture redemption reserve	-	420.00	-	-	(420.00)	-	-	-	-
Payment of dividends on equity shares	-	-	(626.31)	-	-	-	(626.31)	-	(626.31)
Payments of tax on dividends on equity shares	-	-	(127.50)	-	-	-	(127.50)	-	(127.50)
Received on issue of shares	17,918.50	-	-	-	-	-	17,918.50	-	17,918.50
Sale of share in subsidiary companies	-	-	-	-	-	-	-	1002.63	1002.63
<b>Balance as on 31 March 2018</b>	<b>65,439.81</b>	<b>2,329.18</b>	<b>18,215.46</b>	<b>61.50</b>	<b>-</b>	<b>-</b>	<b>86,045.96</b>	<b>-</b>	<b>86,045.96</b>

\* after transfers to retained earnings for options lapsed/exercised.

In terms of our report of even date

**For SRBC & CO LLP**

ICAI Firm Reg. No. 324982E / E300003  
Chartered Accountants

**Vijay Maniar**

Partner  
Membership No. 36738

Mumbai: 27 April 2018

For and on Behalf of the Board of Directors

**C.L. Raheja**

Chairman  
DIN: 00027979

**Ravi Raheja**

Director  
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DIN: 00029419

**Vijay Jain**

Customer Care Associate &  
Dy. Chief Financial Officer

**Bharat Sanghavi**

Customer Care Associate &  
Company Secretary

Mumbai: 27 April 2018

# NOTES

to the consolidated financial statements for the year ended 31 March 2018

## 1. GENERAL BACKGROUND

The Company has six subsidiaries which along with the Company constitute 'the Group'. They are primarily engaged in the following activities:

SN	Entity	Business activity
1	Shoppers Stop Limited	Retailing a variety of household and consumer products through departmental stores
2	Hypercity Retail (India) Limited *	Retailing a variety of household and consumer products (including food, groceries, fashion and other general merchandise) through departmental stores
3	Crossword Bookstores Limited	Retailing in books and other allied items through departmental stores operated by self or by franchisees
4	Shoppers' Stop Services (India) Limited	Services
5	Upasna Trading Limited	Supervising distribution and logistics operations
6	Shoppers' Stop.com Services (India) Limited	
7	Gateway Multichannel Retail (India) Limited	Catalogue retailing business (Discontinued operations)

\* Hypercity Retail (India) Limited ceases to be subsidiary with effect from 01 December 2017.

The financial statements were approved for issue by the board of directors on 27 April 2018.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation and presentation

**2.1.1 Statement of Compliance with Indian Accounting Standards (Ind ASs):** The consolidated financial statements have been prepared in accordance with Indian Accounting Standards (Ind ASs) notified under the Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Companies Act, 2013 'the Act'.

The financial statements are presented in Indian Rupees (₹) and all values are rounded to the nearest lacs, except where otherwise indicated.

**2.1.2** These financial statements have been prepared on historical cost basis, except for certain assets and liabilities that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

#### Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, (regardless of whether that price is directly observable or estimated using another valuation technique). In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability, if market participants would take those characteristics into account when pricing the asset or liability, at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

### 2.2 Consolidation of financial statements

The consolidated financial statements of the Group incorporate the assets, liabilities, equity, income, expenses and cash flows of the Company and its subsidiaries and are presented as those

# NOTES

to the consolidated financial statements for the year ended 31 March 2018

of a single economic entity. The Company has control of the subsidiaries as it has the rights to variable returns from its involvement and has the ability to affect those returns through its power over the subsidiaries.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. The consolidation procedures principally followed are: (a) Like items of assets, liabilities, equity, income, expenses and cash flows of the Company and those of its subsidiaries are combined; (b) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary are eliminated; (c) intragroup assets and liabilities, equity, income, expenses, and cash flows relating to transactions between entities of the Group are eliminated in full.

Goodwill is recognised when a change in the Group's ownership interest, (or otherwise), results in the Group acquiring control over a Company.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners).

Goodwill arising on consolidation is tested for impairment at each reporting date. If the recoverable amount of cash generating unit to which the goodwill is attributed is less than the carrying amount of the unit, an impairment loss is recognised, first to reduce the carrying amount of goodwill (and thereafter to the balance assets of the unit, pro rata to their carrying amounts).

Non-controlling interests are presented in the consolidated balance sheet within equity, separately from the equity of the owners of the Company. Total comprehensive income of subsidiaries is attributed to the owners and to the non-controlling interests, (even if this results in the non-controlling interests having a deficit balance).

## 2.2.1 Investments in joint ventures

The Company's investment in a joint venture is accounted for by the Equity Method. On initial recognition the investment is recorded at cost, and the carrying amount is increased or decreased to recognise the Company's share of profit or loss and other comprehensive income of the joint venture after the date of acquisition. Distributions received from the joint venture reduce the carrying amount of the investment.

The carrying amount of the investment is tested for impairment at each reporting date.

## 2.3 Current versus Non-Current Classification

The Group presents assets and liabilities in the balance sheet based on current / non-current classification. An asset is treated as current when it is

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

## 2.4 Revenue recognition

**2.4.1** Revenue is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably.

### 2.4.2 Retail Sale of Products:

Revenue from Retail sales is measured at the fair value of the consideration received or receivable. Revenue is reduced for discounts and rebates, and, value added tax, sales tax and Goods and Service Tax (GST).

# NOTES

to the consolidated financial statements for the year ended 31 March 2018

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.

Where the Group is the principal in the transaction the Sales are recorded at their gross values. Where the Group is effectively the agent in the transaction the cost of the merchandise is disclosed as a deduction from the gross value. (Refer Note 19)

**Point award schemes:** The fair value of the consideration received or receivable on sale of goods that result in award credits for customers, under the Group's point award schemes, is allocated between the goods supplied and the award credits granted. The consideration allocated to the award credits is measured by reference to their fair value from the standpoint of the holder and is recognised as revenue on redemption and / or expected redemption after breakage.

**Property option revenue:** The Group has acquired the rights to sell flats in a property being constructed by a third party (termed Property Options), which are initially recognised at cost and at each reporting date valued at lower of cost and net realisable value. Sale of option inventory is recognised when there is a transfer of significant risks and rewards in accordance with the terms of the sale contracts. To the extent the transactions contain a significant financing component, it is adjusted from the total consideration using the appropriate discount rate and recognised in profit or loss over the credit period.

**2.4.3 Gift vouchers:** The amount collected on sale of a gift voucher is recognised as a liability and transferred to revenue (sales) when redeemed or to revenue (other retail operating revenue) on expiry.

**2.4.4 Other retail operating revenue:**

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

**2.4.5 Dividend and Interest income**

Dividend income from Investments is recognised when the right to receive the payment has been established. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

**2.5 Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost of inventories comprise of all cost of purchase and other related costs incurred in bringing the inventories to their present location and condition. Costs of inventories are determined on a weighted average cost basis. Net realisable value represents the estimated selling price for inventories less all estimated costs necessary to make the sale. Provision is made for obsolete/ slow moving inventories.

**2.6 Property, plant and equipment and Intangible Assets**

**2.6.1** Property, plant and equipment and Intangible Assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost comprises of all cost of purchase, construction and other related costs incurred in bringing the assets to their present location and condition.

**2.6.2** Depreciation / amortisation is recognised on a straight-line basis over the estimated useful lives of respective assets as under:

Property, Plant and Equipment	Useful Life as Prescribed by Schedule II of the Companies Act, 2013 (In Years)	Estimated Useful Life (In Years)
Air conditioning and other equipment	5	5 to 17
Furniture, fixtures and other fittings	10	5 to 10
Computer Equipment (other than desktops and laptops)	6	5 to 6
Desktops and laptops	3	3
Leasehold Improvements	On lease term	5 to 17
Office Equipment	5	2 to 6
Vehicles	8	8
<b>Intangible assets:</b>		
Computer Software		6
Trademark and Patents	10	10

Useful life of assets different from prescribed in Schedule II has been estimated by management supported by technical assessment.

# NOTES

to the consolidated financial statements for the year ended 31 March 2018

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period and the effect of any changes in estimate is accounted for prospectively.

## 2.6.3 Impairment losses

At the end of each reporting period, the Group reviews the carrying amounts of its property plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount, (i.e. higher of fair value less costs of disposal and value in use) of the asset is estimated, or, when it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is estimated. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

## 2.6.4 Deemed cost on transition to Ind AS

For transition to Ind AS, the Group has elected to continue with the carrying value of all of its property, plant and equipment and intangible assets recognised as of 1 April 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

## 2.7 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease

if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to 1 April 2015, the Group has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Where the Company is the lessee:

Operating lease payments are recognised in profit or loss on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit or the lease payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

Where the Company is the Lessor:

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in the property, plant and equipment. Lease income on an operating lease is recognised in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognised as an expense in the statement of profit and loss.

## 2.8 Financial Instruments

### Classification:

The Group classifies its financial assets in the following measurement categories:- those to be measured subsequently at fair value (either through other comprehensive income, or through the Statement of Profit and Loss), and those measured at amortised cost. The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in the Statement of Profit and Loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Group reclassifies debt investments when and only when its business model for managing those assets changes.

# NOTES

to the consolidated financial statements for the year ended 31 March 2018

## Measurement:

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of financial asset not at fair value through the Statement of Profit and Loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through the Statement of Profit and Loss are expensed in the Statement of Profit and Loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

## Debt instruments:

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

## Amortised cost:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in the Statement of Profit and Loss when the asset is derecognised or impaired. Interest income from these financial assets is included in other income using the effective interest rate method.

## Fair value through other comprehensive income (FVOCI):

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in the Statement of Profit and Loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the Statement of Profit and Loss and recognised in other income / expense. Interest income from these financial assets is included in other income using the effective interest rate method.

## Fair value through profit and loss:

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through Statement of Profit and Loss. A gain or loss on a debt investment that is subsequently measured at fair value through Statement of Profit and Loss and is not part of a hedging relationship is recognised in the Statement of Profit and Loss and presented net in the Statement of Profit and Loss in the period in which it arises. Interest income from these financial assets is included in other income.

## Equity instruments:

The Group subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to the Statement of Profit and Loss. Dividends from such investments are recognised in the Statement of Profit and Loss as other income when the Group's right to receive payments is established. Changes in the fair value of financial assets at fair value through the Statement of Profit and Loss are recognised in other income / other expenses in the Statement of Profit and Loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

## Impairment of financial assets:

The Group assesses on a forward-looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

## Derecognition of financial assets:

A financial asset is derecognised only when the Group has transferred the rights to receive cash flows from the financial asset or retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients. Where the Group has transferred an asset, the Group evaluates whether it has transferred substantially all risks and rewards of the financial asset. In such cases, the financial asset is derecognised. Where the Group has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised. Where the Group has neither transferred a financial asset nor retains substantially all risks and rewards of ownership

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of the financial asset, the financial asset is derecognised if the Group has not retained control of the financial asset. Where the Group retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

## **Offsetting financial instruments:**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default insolvency or bankruptcy of the Group or the counterparty.

**2.8.1** Financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the issue of financial liabilities are deducted from the fair value of the financial liabilities on initial recognition. After initial recognition, all financial liabilities (other than financial guarantee contracts and derivative instruments – see below) are subsequently measured at amortised cost using the effective interest method. The Company has not designated any financial liability as FVTPL.

**2.8.2** Financial guarantee contracts: The Group on a case to case basis elects to account for financial guarantee contracts as a financial instrument or as an insurance contract, as specified in Ind AS 109 on Financial Instruments and Ind AS 104 on Insurance Contracts. The Group has regarded all its financial guarantee contracts as insurance contracts. At the end of each reporting period the Group performs a liability adequacy test, (i.e. it assesses the likelihood of a pay-out based on current undiscounted estimates of future cash flows), and any deficiency is recognised in profit or loss.

**2.8.3** Derivative instruments: The Group enters into foreign exchange forward contracts to manage its exposure to foreign exchange rate risks. These contracts are initially recognised at fair value and subsequently, at the end of each reporting period, re-measured at their fair values on reporting date. The resulting gain or loss is recognised in profit or loss in the same line as the movement in the hedged exchange rate.

## **2.9 Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax. Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

### **2.9.1 Current tax**

The tax currently payable is based on the estimated taxable profit for the year for each entity in the Group and is calculated using applicable tax rates and tax laws that have been enacted or substantively enacted.

### **2.9.2 Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax

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rates (and tax laws) that have been enacted or substantively enacted.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

## 2.10 Employee benefits

**2.10.1 Defined Contribution Plan:** The Group makes defined contribution to Government Employee Provident Fund, Government Employee Pension Fund, Employee Deposit Linked Insurance and ESI, which are recognised in the statement of profit and loss on accrual basis. The Group recognises contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service. The Group has no obligation, other than the contribution payable to the provident fund.

**2.10.2 Retirement benefit costs and termination benefits:** Payments to defined contribution plans are recognised as expense when employees have rendered service entitling them to the contributions.

The Group determines the present value of the defined benefit obligation and fair value of plan assets and recognises the net liability or asset in the balance sheet. The net liability or asset represents the deficit or surplus in the Group's defined benefit plans. (The surplus is limited to the present value of economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans).

The present value of the obligation is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each year.

Defined benefit costs are composed of:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- Re-measurement

The first two components are recognised in profit or loss. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable)

and the return on plan assets (excluding net interest), is reflected in the balance sheet and a charge or credit, (as the case may be), is recognised in other comprehensive income. Re-measurement recognised in other comprehensive income is reflected in retained earnings. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

The retirement benefit liability or asset recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. The surplus is limited to the present value of economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

### 2.10.3 Short term benefits:

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave and other short term benefits in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Other long term benefits: Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

### 2.10.4 Share-based payment arrangements

Equity-settled share-based payments to employees of the Group are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 36. The fair value determined at the grant date of the equity-settled share-based payments to employees of the Group is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each year, the Group revisits its estimate of the number of equity instruments expected to vest and recognises any impact in profit

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or loss, such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

## 2.11 Foreign currency transactions

The Group's financial statements are presented in INR which is also its functional currency. Transactions in currencies other than the Group's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences arising on settlement or translation of monetary items are recognised in the profit or loss.

## 2.12 Borrowing costs

Borrowing Cost includes interest and amortisation of ancillary costs incurred in connection with the arrangement of borrowings.

Borrowing costs directly attributable to the acquisition or construction of assets that necessarily take a substantial period of time to get ready for their intended use or sale (qualifying assets), are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

## 2.13 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

## 2.14 Cash and cash equivalents

Cash and cash equivalents in the balance sheet and for the purpose of cash flow statement comprises cash in hand and cash at bank including fixed deposit with original maturity period of three months and short term highly liquid investments with an original maturity of three months or less

net of outstanding bank over drafts as they are considered an integral part of the Group's cash management.

## 2.15 Cash dividend and non-cash distribution to equity holders

The Group recognises a liability to make cash or non-cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognised directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the statement of profit and loss.

## 2.16 Earnings per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

## 2.A Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions about the reported amounts of assets and liabilities, and, income and expenses that are not readily apparent from other sources. Such judgements, estimates and associated assumptions are evaluated based on historical experience and various other factors, including estimation of the effects of uncertain future events, which are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are

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recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and estimations that have been made by the management in the process of applying the Group's accounting policies and that have the most significant effect on the amount recognised in the financial statements and / or key sources of estimation uncertainty that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

## Income Tax

As stated in Note 25, tax expense is calculated using applicable tax rates and tax laws that have been enacted or substantively enacted. In arriving at taxable profit and tax bases of assets and liabilities the Group adjudges taxability of amounts in accordance with tax enactments, case law and opinions of tax counsel, as relevant. Where differences arise on tax assessment, these are booked in the period in which they are agreed or on final closure of assessment.

## Useful lives of property, plant and equipment and intangible assets

The Group reviews the estimated useful lives of property, plant and equipment and intangible assets at the end of each reporting period. During financial years ended 31 March 2017, 2016 and 2015 there were no changes in useful lives of property plant and equipment and intangible assets other than those resulting from store closures / shifting of premises.

The Group at the end of each reporting period, based on external and internal sources of information, assesses indicators and mitigating factors of whether a store (cash generating unit) may have suffered an impairment loss. If it is determined that an impairment loss has been suffered, it is recognised in profit or loss.

## Point award schemes

Customer award credits having a predetermined life are granted to customers when they make purchases. The fair value of the consideration on sale of goods resulting in such award credits is allocated between the goods supplied and the award credits granted. The consideration allocated to the award credits is measured by reference to fair value from the standpoint of the holder and revenue is deferred. The Group at the end of each reporting period estimates the number of points redeemed and that it expects will be further redeemed, based on empirical data of redemption / lapses, and revenue is accordingly recognised.

## Service tax on renting of immovable properties given for commercial use

As stated in Note 29, the Group has challenged the retrospective levy of service tax on renting of immovable properties given for commercial use and pending the final disposal of the matter, which is presently before the Supreme Court, the Group continues not to provide for the retrospective levy.

## Inventories

An inventory provision is recognised for cases where the realisable value is estimated to be lower than the inventory carrying value. The inventory provision is estimated taking into account various factors, including prevailing sales prices of inventory item, the seasonality of the item's sales profile and losses associated with obsolete / slow-moving inventory items.

## Employee Benefits

Provision for employee benefits in the nature of gratuity and unpaid leave balance is estimated on actuarial basis using a number of assumptions which include assumptions for discount rate, future salary increases, mortality rates, attrition rates for employees, return on planned assets etc. Any changes in these assumptions will impact the carrying amount of these provisions. Key assumptions are disclosed in Note 31.

## Property Options Receivable

In evaluating the allowance for credit loss against Property Options Receivable, the Group assesses the risk or probability that the cash flows that are due in accordance with the contract may not be received. The expected cashflows are recognised with considering a variety of relevant factors, including the age and past due detail of the receivable, credit enhancements (guarantee's) that are integral to the contractual terms and confirmed by third parties.

## Impairment of Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve.

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However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the

cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods. Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash generating unit retained.

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(All amounts in ₹ Lacs)											
	Leasehold improvements	Air conditioning and other equipments	Furniture, fixtures and other fittings	Office Equipments	Computers	Vehicles	Total PPE	Trademarks	Software	Goodwill	Total Intangible assets
3. Property, Plant and Equipment and Intangible Assets											
Cost or deemed cost											
As at 1 April 2016	25,920.74	27,646.41	23,315.04	910.35	4,383.91	22.21	82,198.66	114.53	7,223.85	9,764.55	17,102.93
Additions	2,928.34	4,405.71	3,825.28	638.55	2,652.52	-	14,450.40	4.49	2,525.58	-	2,530.07
Disposal	(2,612.03)	(2,874.06)	(2,657.06)	(127.08)	(714.32)	-	(8,984.55)	(0.09)	(43.68)	-	(43.77)
As at 31 March 2017	26,237.05	29,178.06	24,483.27	1,421.82	6,322.11	22.21	87,664.51	118.93	9,705.75	9,764.55	19,589.23
Additions	3,193.24	3,266.59	3,722.60	360.24	1,349.72	-	11,892.40	14.93	2,627.85	-	2,642.78
Disposal	(6,124.23)	(9,242.28)	(5,578.05)	(304.08)	(2,068.36)	-	(23,317.00)	-	(1,837.55)	(8,799.19)	(10,636.74)
As at 31 March 2018	23,306.06	23,202.37	22,627.82	1,477.98	5,603.47	22.21	76,239.91	133.86	10,496.05	965.36	11,595.27
Accumulated Depreciation											
As at 1 April 2016	(1,801.51)	(1,788.32)	(2,728.14)	(163.63)	(800.07)	37.73	(7,243.94)	(26.02)	(1,337.63)	-	(1,363.65)
Depreciation and amortisation expense for the year (Refer note iii, v)	(2,914.16)	(3,688.07)	(4,714.36)	(388.16)	(1,391.39)	(8.24)	(13,104.38)	(24.09)	(1,971.24)	-	(1,995.33)
Disposal	2,560.23	2,764.60	2,499.49	123.83	709.75	-	8,657.90	0.09	43.68	-	43.77
As at 31 March 2017	(2,155.44)	(2,711.79)	(4,943.01)	(427.96)	(1,481.71)	29.49	(11,690.42)	(50.02)	(3,265.19)	-	(3,315.21)
Depreciation and amortisation expense for the year (Refer note iii)	(2,488.21)	(2,485.61)	(3,322.26)	(298.39)	(1,205.56)	(8.24)	(9,808.26)	(17.00)	(1,665.20)	-	(1,682.20)
Disposal	931.61	1,709.75	1,687.00	94.45	817.77	-	5,240.58	-	684.21	-	684.21
As at 31 March 2018	(3,712.04)	(3,487.65)	(6,578.27)	(631.90)	(1,869.50)	21.25	(16,258.10)	(67.02)	(4,246.18)	-	(4,313.20)
Net Book Value											
As at 31 March 2017	24,081.62	26,466.27	19,540.25	993.86	4,840.41	51.70	75,974.10	68.91	6,440.56	9,764.55	16,274.02
As at 31 March 2018	19,594.02	19,714.72	16,049.55	846.08	3,733.97	43.46	59,981.81	66.84	6,249.87	965.36	7,282.07

**Note:**

- i) Movable assets have been pledged to secure borrowings of the Company (Refer Note 14).
- ii) Intangible assets mainly includes computer softwares where the remaining useful life ranging from 1 year to 6 years.
- iii) Depreciation for the year includes accelerated amounts aggregating to ₹1,712.40 Lacs (2017: ₹2,937.27 Lacs) on account of change in estimate of useful lives of property, plant & equipment resulting from store closures / shifting premises.
- iv) During the Company has capitalised the following expenses to cost of Property, plant and equipment.

	(All amounts in ₹ Lacs)	
	As at 31 March 2018	As at 31 March 2017
Employee Costs	306.85	327.11
Travelling	43.34	31.12
Consultancy	351.03	408.55
Miscellaneous expenditure	56.96	43.01
<b>Total</b>	<b>758.18</b>	<b>809.79</b>

v) FY 2016-17 includes depreciation of discontinued operations amount to ₹2,245.59 lacs

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		(All amounts in ₹ Lacs)	
		Capital work-in-progress	Intangible assets under development
<b>3.1 Capital work-in-progress and Intangible assets under development</b>			
<b>Cost or deemed cost</b>			
As at 31 March 2016		3,212.64	120.73
Additions		8,837.66	2,508.42
Capitalisation		(10,577.97)	(2,101.56)
<b>As at 31 March 2017</b>		<b>1,472.33</b>	<b>527.59</b>
Additions		9,629.20	1,879.20
Capitalisation*		(9,567.36)	(2,125.49)
<b>As at 31 March 2018</b>		<b>1,534.17</b>	<b>281.30</b>

\* Includes Hypercity Retail (India) Ltd. (Refer Note 34)

		(All amounts in ₹ Lacs)	
		As at 31 March 2018	As at 31 March 2017
<b>4. Investments – Non Current</b>			
<b>a) (Unquoted at cost unless otherwise stated)</b>			
<b>Investments in equity instruments</b>			
<b>i) In Joint Ventures</b>			
Nuance Group (India) Private Limited, Refer Note 35(b)(i)		-	1,862.71
Nil (2017: 414,10,000) Equity Shares of ₹ 10/- each Fully Paid			
Less: Impairment in the value		-	1,282.71
		-	580.00
Timezone Entertainment Private Limited, Refer Note 35(b)(i)		-	1,404.20
Nil (2017: 244,46,247) Equity Shares of ₹ 10/- each Fully Paid			
		-	1,404.20
<b>ii) Other investments</b>			
<b>(At fair value through Profit and Loss)</b>			
Stargaze Properties Private Limited		0.10	0.10
1,000 (2017: 1,000) equity shares of ₹ 10/- each Fully paid			
Retailers Association of India		1.00	1.00
10,000 (2017:10,000) equity shares of ₹ 10/- each Fully paid			
Aesthetic Realtors Private Limited			
66 (2017: 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		0.50	0.50
500 (2017: 500) equity shares of ₹ 100/- each Fully paid			
Nuance Group Fashion & Luxury Duty Free Private Limited		-	0.05
Nil (2017: 500) equity shares of ₹10/- each Fully paid			
<b>Total (A)</b>		<b>1.60</b>	<b>1,985.85</b>
<b>Aggregate amount of impairment in value of unquoted equity investments</b>		<b>0.01</b>	<b>1,282.72</b>
<b>b) Quoted (fair value through Other Comprehensive Income)</b>			
<b>Investments in equity instruments</b>			
Future Retail Limited, Refer Note 35(a)			
47,56,823 (2017: Nil) equity shares of ₹ 2/- each Fully paid, Refer Note 30		26,241.01	-
<b>Total (B)</b>		<b>26,241.01</b>	<b>-</b>
<b>Aggregate amount of impairment in value of quoted equity investments</b>		<b>-</b>	<b>-</b>
<b>Total (A) + (B)</b>		<b>26,242.61</b>	<b>1,985.85</b>

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		(All amounts in ₹ Lacs)	
		As at 31 March 2018	As at 31 March 2017
<b>4. Investments – Current</b>			
<b>Quoted (At fair value through Profit and Loss)</b>			
<b>Investments in mutual funds</b>			
<b>Quoted</b>			
L & T Mutual Fund		600.97	-
25,220 (2017: Nil) units in Liquid fund – Direct Growth Plan			
ICICI Prudential Mutual Fund		600.73	-
2,49,970 (2017: Nil) units in Money market fund – Direct Growth Plan			
JM Financial Mutual Fund High Liquidity fund – Direct - Growth		200.35	-
42,115 (2017: Nil) units in High Liquidity fund – Direct Growth Plan			
Axis Mutual Fund		601.50	-
31,187 (2017: Nil) units in Liquid fund – Direct Growth plan			
<b>Total</b>		<b>2,003.55</b>	<b>-</b>
<b>Aggregate value of quoted investment</b>		<b>26,241.01</b>	<b>-</b>
<b>Aggregate value of unquoted investment</b>		<b>2,005.15</b>	<b>1,985.85</b>
<b>Aggregate amount of impairment in value of investments</b>		<b>0.01</b>	<b>1,282.72</b>

		(All amounts in ₹ Lacs)	
		As at 31 March 2018	As at 31 March 2017
<b>5. Trade receivables</b>			
(Secured, considered good)			
<b>Non-current</b>			
Receivables – property option sold*		-	11,000.57
		-	<b>11,000.57</b>
<b>Current</b>			
(Unsecured)			
Considered good		4,771.73	5,682.70
Considered doubtful		60.46	150.64
		4,832.19	5,833.34
Less: Impairment allowance for doubtful debts		60.47	150.64
		<b>4,771.72</b>	<b>5,682.68</b>

\* Guaranteed under contract by a Company of the promoter shareholder group with further assurance from a promoter / director.

5.1 Trade receivables are stated at amortised cost.

5.2 These financial assets have been pledged to secure borrowings of the Company (See Note 14).

5.3 No trade or other receivables are due from directors or other office of the Company either severally or jointly with any other persons.

5.4 For terms and conditions relating to related party receivables, Refer Note No. 32.

5.5 Trade receivables are non interest bearing and are generally on terms of 30 to 120 days.

		(All amounts in ₹ Lacs)	
		As at 31 March 2018	As at 31 March 2017
<b>6. Other Financial Assets</b>			
(unsecured)			
<b>Non-current</b>			
Premises and other deposits			
- Considered good		11,842.85	16,319.67
- Considered doubtful		357.38	395.35
		12,200.23	16,715.02
Less: Allowance for doubtful deposits		357.38	395.35
		<b>11,842.85</b>	<b>16,319.67</b>
<b>Other Bank Balance</b>			
- Bank deposits more than 12 months maturity from balance sheet date		114.09	-
		<b>11,956.94</b>	<b>16,319.67</b>

# NOTES

to the consolidated financial statements for the year ended 31 March 2018

(All amounts in ₹ Lacs)		
	As at 31 March 2018	As at 31 March 2017
<b>Current</b>		
Advances for goods and rendering of services to be received:		
- Considered good	-	3,722.42
- Considered doubtful	-	795.90
	-	4,518.32
Less: Provision for doubtful advances	-	795.90
	-	3,722.42
Advances to employees	108.99	321.49
Premises and other deposits	154.39	-
Other Receivables		
- Considered good	325.44	-
- Considered doubtful	344.94	-
	670.38	-
Less: Provision for doubtful advances	344.94	-
	325.44	-
	<b>588.82</b>	<b>4,043.91</b>

6.1 These are carried at amortised cost.

6.2 These financial assets have been pledged to secure borrowings of the Company (Refer Note 14).

(All amounts in ₹ Lacs)		
	As at 31 March 2018	As at 31 March 2017
<b>7. Deferred tax assets / Liabilities (net)</b>		
Deferred tax assets	1,987.77	1,168.29
Deferred tax liabilities	(10.17)	(739.07)
	<b>1,977.60</b>	<b>429.22</b>

	Balance Sheet		Statement of Profit and Loss	
	As at 31 March 2018	As at 31 March 2017	Year ended 31 March 2018	Year ended 31 March 2017
<b>7.1 Defferred tax assets / (liabilities) in relation to:</b>				
<b>Deferred tax Liabilities</b>				
Property, plant and equipment & Intangible assets	(10.17)	(739.07)	(728.90)	(31.15)
<b>Deferred tax Assets</b>				
Provision for doubtful debts / advances	437.22	344.21	(93.00)	114.88
Provision for expenses	372.41	145.04	(227.39)	13.07
Employee benefits	358.40	397.17	38.77	144.00
Deferred Revenue on point reward schemes	64.30	151.90	87.61	(234.34)
Lease Deposits	176.48	129.97	(46.51)	61.96
MTM on Future Retail Ltd. Shares	72.47	-	(72.47)	-
Short Term Capital Loss	506.49	-	(506.49)	-
<b>Net deferred tax assets / (liabilities)</b>	<b>1,977.60</b>	<b>429.22</b>	<b>(1,548.38)</b>	<b>68.42</b>
Deferred tax (liabilities)/assets in relation to certain subsidiaries:				
Property, plant and equipment & Intangible assets	124.00	(467.22)	-	142.56
Unused tax losses#	869.00	467.22	-	(142.56)
Employee benefits	11.00	-	-	-
Defferred tax assets/ (liabilities) (net)##	1,004.00	-	-	-

#To the extent of deferred tax liability on Property, plant and requirement & intangibles assets

## In the absence of convincing evidence, the Company has not recognized deferred tax assets (DTA) on timing differences arising on the above mentioned items.

# NOTES

to the consolidated financial statements for the year ended 31 March 2018

	Balance Sheet	
	As at 31 March 2018	As at 31 March 2017
<b>7.2 Unrecognised deductible temporary differences in respect of certain subsidiaries</b>		
Unused tax losses	869.00	21,015.20

	(All amounts in ₹ Lacs)	
	As at 31 March 2018	As at 31 March 2017
<b>8. Other Assets</b>		
(Unsecured, considered good)		
<b>Non-current</b>		
Capital Advances	930.78	843.98
Service tax deposited under protest (Note 29)	3,635.03	4,251.23
Advance income tax (net of provision)	1,210.52	1,139.78
Prepaid Expenses	3,898.04	3,715.73
Other receivables	3.75	-
	<b>9,678.12</b>	<b>9,950.72</b>
<b>Current</b>		
Recoverables – Statutory dues	10,508.43	1,448.96
Advance for Goods & Services	-	-
- Considered good	3,723.86	2,018.45
- Considered doubtful	309.69	-
	4,033.55	2,018.45
Less: Allowance for doubtful advances	309.69	-
	3,723.86	2,018.45
Prepaid Expenses	1,710.00	-
Other assets		
- Considered good	285.55	-
- Considered doubtful	236.00	-
	521.55	-
Less: Allowance for doubtful assets	236.00	-
	285.55	-
	<b>16,227.84</b>	<b>3,467.41</b>

	(All amounts in ₹ Lacs)	
	As at 31 March 2018	As at 31 March 2017
<b>9. Inventories</b>		
(At lower of cost and Net realisable value)		
Stock-in-trade: Retail merchandise	35,631.57	51,471.07
Property options	-	6,285.12
	<b>35,631.57</b>	<b>57,756.19</b>

**9.1** Inventories have been pledged as security for borrowings. (Refer Note 14)

**9.2** The mode of valuation of inventories has been stated in Note 2.5.

	(All amounts in ₹ Lacs)	
	As at 31 March 2018	As at 31 March 2017
<b>9.3 Stock in trade</b>		
Continuing operations	35,631.57	38,109.48
Discontinuing options**	-	19,646.71
	<b>35,631.57</b>	<b>57,756.19</b>

\*\* includes property options

# NOTES

to the consolidated financial statements for the year ended 31 March 2018

		(All amounts in ₹ Lacs)	
		As at 31 March 2018	As at 31 March 2017
<b>10. Cash and cash equivalents</b>			
Balance with banks In			
- Current accounts		120.74	201.31
- Deposit accounts		5.22	5.01
Cash on hand		408.92	341.51
		<b>534.88</b>	<b>547.83</b>

**10.1** These financial assets have been pledged to secure borrowings of the Company (See Note 14).

**10.2** Short term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short term deposit rates.

**10.3** For the purpose of Statement of cash flow, Cash and cash equivalents comprise the followings:

	As at 31 March 2018	As at 31 March 2017
Balance with banks In	120.74	201.31
- Current accounts	5.22	5.01
- Deposit accounts	408.92	341.51
Cash on hand	534.88	547.83
	(3,834.77)	(13,046.34)
Less: Bank overdraft / Cash credit (Refer Note 14.3)	<b>(3,299.89)</b>	<b>(12,498.51)</b>

		(All amounts in ₹ Lacs)	
		As at 31 March 2018	As at 31 March 2017
<b>11. Other bank balances</b>			
Margin money account (under lien against bank guarantee)		68.42	212.71
Earmarked accounts (for unpaid dividend)		0.38	0.38
		<b>68.80</b>	<b>213.09</b>

		(All amounts in ₹ Lacs)	
		As at 31 March 2018	As at 31 March 2017
<b>12. Share capital</b>			
<b>12.1 Authorised</b>			
200,000,000 equity shares of ₹ 5/- each		<b>10,000.00</b>	<b>10,000.00</b>
<b>12.2 Issued, subscribed and fully paid-up shares</b>			
87,960,689 (31.3.2017: 83,504,744) equity shares of ₹ 5/- each fully paid-up		4,398.03	4,175.24
		<b>4,398.03</b>	<b>4,175.24</b>

**12.3 Reconciliation of number of equity shares:**

Particulars:	31 March 2018		31 March 2017	
	Numbers	₹ Lacs	Numbers	₹ Lacs
<b>Balance at the beginning of the year</b>	83,504,744	4,175.24	83,461,946	4,173.10
Issued during the year (Refer Note 12.6)	4,455,945	222.79	42,798	2.14
<b>Balance at the end of the year</b>	<b>87,960,689</b>	<b>4,398.03</b>	<b>83,504,744</b>	<b>4,175.24</b>

# NOTES

to the consolidated financial statements for the year ended 31 March 2018

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

Name of the Shareholder	As at 31 March 2018		As at 31 March 2017	
	Shares held (Nos)	Shares held (%)	Shares held (Nos)	Shares held (%)
Palm Shelter Estate Development LLP	11,813,300	13.43%	11,813,300	14.15%
Anbee Construction LLP	10,386,401	11.81%	10,386,401	12.44%
Cape Trading LLP	10,386,401	11.81%	10,386,401	12.44%
Reliance Capital Trustee Co. Ltd. A/C Reliance Equity Opportunities Fund	6,346,491	7.22%	6,225,905	7.46%
Raghukool Estate Development LLP	5,593,300	6.36%	5,593,300	6.70%
Capstan Trading LLP	5,459,768	6.21%	5,459,768	6.54%
Casa Maria Properties LLP	5,253,300	5.98%	5,253,300	6.29%

**12.5** 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.

**12.6** The Board of Directors and the shareholders of the Company at their meetings held on 23 September 2017 and 18 October 2017 respectively have approved issue of 43,95,925 equity shares of ₹5 each at an issue price of ₹ 407.78 per equity share to Amazon.com NV Investment Holdings LLC, on a preferential basis. On 12 January, 2018, the Company has allotted these equity shares, which are *pari passu* in all respect.

The Company has issued and allotted shares under Share options schemes to certain employees-Refer Note 36

	(All amounts in ₹ Lacs)	
	As at 31 March 2018	As at 31 March 2017
<b>13. Other equity</b>		
Securities Premium Account	65,439.81	47,521.31
General Reserves	2,329.18	1,909.18
Retained earnings	18,215.47	(6,329.80)
Debenture Redemption Reserve	-	420.00
Share options outstanding account	61.50	226.95
	<b>86,045.96</b>	<b>43,747.64</b>

For addition and deductions under each of the above heads refer Statement of changes in equity.

### 13.1 Securities premium account

Securities premium account is used to record the premium received on issue of shares. The securities premium can be utilised only in accordance with the provisions of the Companies Act, 2013.

### 13.2 General reserve

The General Reserve is used from time to time to transfer profits from Retained earnings for appropriate purposes. As the General Reserve is created by a transfer from one component of equity to another and is not an item of Other comprehensive income, items included in the General Reserve will not be reclassified subsequently to Profit or Loss.

### 13.3 Share options outstanding account

The above reserve relates to Share options granted by the Company to its employees under its employee share option plan. Further information about share based payments to employees is set out in note 36.

### 13.4 Debenture Redemption Reserve

2017: Hypercity had issued Non-convertible debentures. Accordingly, the Companies (Share Capital and Debentures) Rules, 2014 (as amended), require the Company to create Debenture Redemption Reserve (DRR) out of profits of the Company available for payment of dividend. DRR is required to be created @ 25% of the value of Debentures over the life of the Debentures.

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		(All amounts in ₹ Lacs)	
		As at 31 March 2018	As at 31 March 2017
<b>14. Borrowings</b>			
<b>Non-current</b>			
Non-Convertible Debentures (secured)		-	5,000.00
Term loans (Secured) from banks		8,700.11	55,610.26
Less: Current maturities (Note 15)		4,300.03	26,014.62
		4,400.08	34,595.64
Unsecured Loan from Banks		-	2,500.00
		<b>4,400.08</b>	<b>37,095.64</b>

These are carried at amortised cost.

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

Term loans availed by Crossword Bookstores Ltd. amounting to ₹423 Lacs (2017: ₹ 483 Lacs) have corporate guarantees, joint and several, given by the Company and promoter group.

Term loans are availed by Hypercity Retail (India) Ltd. amounting to ₹ 8,115.62 Lacs in previous year 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 of Hypercity are secured by first *pari passu* charge on movable fixed assets to the extent of 0.80 times of the issue amount, first *pari passu* charge on current assets to the extent of 0.20 times of the issue amount and second *pari passu* charge escrow account for card receivables.

## 14.2 Terms of the Facilities:-

Name of the Bank	Rate of Interest	Repayment Schedule	31 March 2018	31 March 2017
<b>Non Current Borrowings</b>				
HDFC Bank	Nil (2017: 10.40%)	12 quarterly equal instalments from 10 January 2015.	-	1,249.70
HDFC Bank	Nil (2017: 10.40%)	14 equal quarterly instalments from 01 June 2015.	-	1,070.60
HDFC Bank	Nil (2017: 9.50%)	12 equal quarterly instalments from 30 June 2017	-	4,993.56
ICICI Bank	Nil (2017: 9.70%)	15 equal quarterly instalments from 01 September 2014.	-	1,332.69
ICICI Bank	Nil (2017: 9.70%)	12 equal quarterly instalments from 1 December 2015.	-	5,788.06
IDBI Bank	9.45% (2017: 9.95%)	10 equal quarterly instalments from 09 December 2017.	7,976.77	9,992.48
Kotak Mahindra Bank	Nil (2017: 10.40%)	12 equal quarterly instalments from 8 December 2015	-	2,500.00
Kotak Mahindra Bank	Nil (2017: 9.75%)	Repayable on 30 September 2017.	-	2,000.00
Kotak Mahindra Bank	Nil (2017: 9.25%)	Repayable in 12 equal quarterly instalments from 03 December 2017	-	4,992.22
Abu Dhabi Commercial Bank	Nil (2017: 10.25%)	12 equal quarterly instalments from 10 September 2016	-	3,375.00
Kotak Mahindra Bank Limited	Nil (2017: 11.95%)	04 equal quarterly instalments from 26 June 2017 to 26 March 2018.	-	1,100.00
- Term loan				
Kotak Mahindra Bank Limited	Nil (2017: 10.50%)	8 equal quarterly instalments from 03 June 2017 to 03 March 2019.	-	2,497.33
- Working capital term loan				
ICICI Bank Limited	Nil (2017: 12.07%)	5 equal quarterly instalments from 09 June 2017 to 09 June 2018.	-	2,081.02
- Term loan				
ICICI Bank Limited	Nil (2017: 10.85%)	12 equal quarterly instalments from 22 March 2018 to 22 December 2020.	-	2,493.47
- Term loan-II				

# NOTES

to the consolidated financial statements for the year ended 31 March 2018

Name of the Bank	Rate of Interest	Repayment Schedule	31 March 2018	31 March 2017
<b>Non Current Borrowings</b>				
ICICI Bank Limited - Term loan-III	Nil (2017: 10.30%)	10 equal quarterly installment from 08 March 2018, of ₹150 lacs till 08 June 2020	-	1,495.53
ICICI Bank Limited - Term loan-IV	Nil (2017: 10.05%)	10 equal quarterly installment from 08 March 2018, of ₹150 lacs till 08 June 2020	-	1,494.68
ICICI Bank Limited - Term loan-V	Nil (2017: 9.40%)	10 equal quarterly installment from 31 December 2018, of ₹700 lacs till 31 March 2021.	-	6,985.01
Yes Bank Limited - Term loan-II	Nil (2017: 10.50%)	Bullet repayment repayable on 24 April 2018.	-	2,000.00
Non Convertible Debentures	Nil (2017: 11.60%)	Bullet repayment repayable on 19 September 2017.	-	4,993.91
Kotak Mahindra Bank	10.20% (Previous year: 11.05%)	12 equally quarterly Instalments from 1 August, 2016 to 31 May 2019	208.34	375.00
Kotak Mahindra Bank	9.80% (Previous year: Nil)	Repayable in 12 Equated quarterly Instalments from February, 2018 to November 2020	275.00	300.00
Kotak Mahindra Bank	10%	Repayable in 36 Equated quarterly Instalments from November, 2018 to October 2021.	240.00	-
<b>Total Non-current borrowings</b>			<b>8,700.11</b>	<b>63,110.26</b>
<b>Current maturities of long-term borrowings</b>				
HDFC Bank	Nil (2017: 10.40%)	12 quarterly equal instalments from 10 January 2015.	-	1,250.01
HDFC Bank	Nil (2017: 10.40%)	14 equal quarterly instalments from 1 June 2015.	-	714.29
HDFC Bank	Nil (2017: 9.50%)	12 equal quarterly instalments from 30 June 2017.	-	1,666.67
ICICI Bank	Nil (2017: 9.70%)	15 equal quarterly instalments from 01 September 2014.	-	1,333.33
ICICI Bank	Nil (2017: 9.70%)	12 equal quarterly instalments from 01 December 2015.	-	3,333.34
IDBI Bank	9.45% (2017: 9.95%)	10 equal quarterly instalments from 09 December 2017.	4,000.00	2,000.00
Kotak Mahindra Bank	Nil (2017: 10.40%)	12 equal quarterly instalments from 08 December 2015	-	1,666.66
Kotak Mahindra Bank	Nil (2017: 9.75%)	Repayable on 30 September 2017.	-	2,000.00
Kotak Mahindra Bank	Nil (2017: 9.25%)	Repayable in 12 equal quarterly instalments from 03 December 2017	-	833.33
Abu Dhabi Commercial Bank	Nil (2017: 10.25%)	12 equal quarterly instalments from 10 September 2016	-	1,500.00
Kotak Mahindra Bank	10.20% (Previous year: 11.05%)	12 equal quarterly Instalments from 01 August, 2016 to 31 May 2019	166.68	166.67
Kotak Mahindra Bank	9.80% (Previous year: Nil)	Repayable in 12 equal quarterly Instalments from Feb, 2018 to November 2020	100.00	25.00
Kotak Mahindra Bank	10% (Previous year: Nil)	Repayable in 36 equal quarterly Instalments from Nov, 2018 to October 2021.	33.35	-
Kotak Mahindra Bank Limited - Term loan	Nil (2017: 11.95%)	4 equal quarterly instalments from 26 June 2017 to 26 March 2018.	-	1,100.00
Kotak Mahindra Bank Limited - Working capital term loan (unsecured)	Nil (2017: 10.50%)	8 equal quarterly instalments from 03 June 2017 to 03 March 2019.	-	1,250.00
ICICI Bank Limited - Term loan	Nil (2017: 12.07%)	5 equal quarterly instalments from 09 June 2017 to 09 June 2018.	-	1,667.00
ICICI Bank Limited - Term loan-II	Nil (2017: 10.85%)	12 equal quarterly instalments from 22 March 2018 to 22 December 2020.	-	214.41

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to the consolidated financial statements for the year ended 31 March 2018

Name of the Bank	Rate of Interest	Repayment Schedule	31 March 2018	31 March 2017
<b>Non Current Borrowings</b>				
ICICI Bank Limited - Term loan-III	Nil (2017: 10.30%)	10 equal quarterly installment from 08 March 2018, of ₹150 lacs till 08 June 2020	-	150.00
ICICI Bank Limited - Term loan-IV	Nil (2017: 10.05%)	10 equal quarterly installment from 08 March 2018, of ₹150 lacs till 08 June 2020	-	150.00
Non-Convertible Debentures	Nil (2017: 11.60%)	Bullet repayment repayable on 19 September 2017.	-	4,993.91
<b>Total Current borrowings</b>			<b>4,300.03</b>	<b>26,014.62</b>

(All amounts in ₹ Lacs)

	As at 31 March 2018	As at 31 March 2017
<b>14.3 Current</b>		
<b>From banks</b>		
- Secured	1,633.11	20,348.59
- Unsecured	-	5,000.00
Bill discounting	-	51.72
<b>From Others</b>		
- Unsecured	2,201.66	-
	<b>3,834.77</b>	<b>25,400.31</b>

**14.4** 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. Loans amounting to ₹ 872 Lacs (2017: ₹ 3,826.21 Lacs) are further secured by corporate guarantees, joint and several, given by the Company and promoter group.

## 14.5 Terms of the Facilities:-

			Loan Balance	
Name of the Bank	Rate of Interest	Repayment Schedule	31 March 2018	31 March 2017
<b>Secured:</b>				
Axis Bank	9.25% (2017: 9.15%)	On demand	234.14	1,051.12
Axis Bank (Working Capital Demand Loan)	Nil (2017: 8.45%)	Maturity on 05 May 17	-	1,500.00
Axis Bank (Line of Credit)	Nil (2017: 8.40%)	Maturity on 08 May 17 & 10 May 17	-	4,000.00
ICICI Bank (Cash Credit)	9.25% (2017: 9.25%)	On demand	1.15	2,085.79
IDBI Bank (Cash Credit)	10.25% (2017: 10.50%)	On demand	153.05	467.07
IDBI Bank (Vendor Financing)	Nil (2017: 9.50%)	On Maturity	-	802.25
Kotak Mahindra Bank Ltd. (Cash Credit)	9.00% (2017: 9.95%,)	On demand	146.47	5,389.63
Kotak Mahindra Bank Ltd. (Cash Credit)	10.20% (2017: 10.20%)	On demand	872.00	905.41
IDBI Bank Limited – Working Capital Demand Loan	Nil (2017: 10.55%)	Within 30 days	-	1,000.00
IDBI Bank Limited – Cash Credit	Nil (2017: 11.50%)	On demand	-	2179.68
IDBI Bank Limited – Bill Discounting	Nil (2017: 10.50%)	Within 90 days	-	51.72
ICICI Bank Limited – Overdraft	Nil (2017: 10.90%)	On demand	-	967.64
HDFC Bank Ltd. (Cash Credit)	10.55% (2017: Nil)	On demand	13.30	-
Yes Bank	10.75% (2017: Nil)	On demand	0.79	-
IDFC Bank	9.05% (2017: Nil)	On demand	212.21	-
			<b>1,633.11</b>	<b>20,400.31</b>

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			Loan Balance	
Name of the Bank	Rate of Interest	Repayment Schedule	31 March 2018	31 March 2017
<b>Unsecured</b>				
<b>From banks</b>				
ICICI Bank (One Time STL) Unsecured	Nil (2017: 8.40%)	Maturity on 07 June 2017, For 2016 Nil, For 2015 Nil.	-	5,000.00
<b>From other parties</b>				
Hypercity Retail (India) Limited	10.75% (2017: Nil)	On demand	2,201.66	-
			<b>2,201.66</b>	<b>5,000.00</b>

	(All amounts in ₹ Lacs)	
	As at 31 March 2018	As at 31 March 2017
<b>15. Other financial liabilities – Non current</b>		
Security deposits	61.40	-
	<b>61.40</b>	<b>-</b>

	(All amounts in ₹ Lacs)	
	As at 31 March 2018	As at 31 March 2017
<b>15.1 Other financial liabilities – current</b>		
<b>Other financial liabilities measured at amortised cost</b>		
Current maturities of long term borrowings	4,300.03	26,014.62
Interest accrued and not due on borrowings	6.37	397.74
Unpaid dividends	0.38	0.38
Creditors for capital expenditure	2,337.84	1,399.57
Accrued payroll	1,516.14	2,463.49
Security deposits	98.15	500.18
	<b>8,258.91</b>	<b>30,775.98</b>

	(All amounts in ₹ Lacs)	
	As at 31 March 2018	As at 31 March 2017
<b>16. Trade payables</b>		
<b>Retail Merchandise:</b>		
- Total outstanding dues of micro enterprises and small enterprises	460.18	713.88
- Total outstanding dues of creditors other than micro enterprises and small enterprises	51,446.63	47,994.40
<b>Property options:</b>		
- Total outstanding dues of creditors other than micro enterprises and small enterprises	-	372.28
	<b>51,906.81</b>	<b>49,080.56</b>

16.1 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.

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to the consolidated financial statements for the year ended 31 March 2018

		(All amounts in ₹ Lacs)	
		As at 31 March 2018	As at 31 March 2017
<b>17. Provisions - current</b>			
Provision for employee benefits:			
Gratuity		193.22	298.83
Leave Encashment		628.60	703.89
		<b>821.82</b>	<b>1,002.72</b>

		(All amounts in ₹ Lacs)	
		As at 31 March 2018	As at 31 March 2017
<b>18. Other current liabilities</b>			
Statutory liabilities		7,798.27	2,656.90
Advance from customers		135.74	98.15
Award schemes and gift vouchers		10,973.86	11,090.98
Others		126.15	-
		<b>19,034.02</b>	<b>13,846.03</b>

		(All amounts in ₹ Lacs)	
		For the year ended 31 March 2018	For the year ended 31 March 2017
<b>19. Revenue from operations</b>			
<b>Retail Sale of Merchandise</b>			
Own merchandise - Gross of tax		397,242.81	377,746.02
Concessionaire / Consignment merchandise - Gross of tax		26,259.14	32,595.04
		423,501.95	410,341.06
Less: Goods & Service tax / Value added tax		42,536.57	19,451.70
Less: Cost of concessionaire / consignment merchandise		17,497.26	21,838.13
		<b>363,468.12</b>	<b>369,051.23</b>
<b>Other Retail operating revenue</b>			
Facility management fees		2,578.98	2,617.58
Income from store displays and sponsorship		631.69	650.42
Gift Vouchers lapsed		1,721.92	1,765.52
Direct marketing		1,059.72	1,188.69
Income from franchisees		212.00	173.43
Other		-	243.47
		<b>6,204.31</b>	<b>6,639.11</b>
		<b>369,672.43</b>	<b>375,690.34</b>

		(All amounts in ₹ Lacs)	
		For the year ended 31 March 2018	For the year ended 31 March 2017
<b>19.1 The gross retail volume of business and operations comprise:-</b>			
Own merchandise		397,242.81	377,746.02
Concessionaire / Consignment merchandise		26,259.14	32,595.04
Other Retail operating revenue		6,204.31	6,639.11
		<b>429,706.26</b>	<b>416,980.17</b>

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	(All amounts in ₹ Lacs)	
	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>20. Other income</b>		
<b>Interest on financial assets:</b>		
On lease deposits measured at amortised cost	1,388.52	2,698.16
Bank deposits	69.56	55.62
On income tax refund	-	1.12
Miscellaneous income	193.28	371.03
Profit on sale of fixed assets	1.74	0.93
	<b>1,653.10</b>	<b>3,126.86</b>

	(All amounts in ₹ Lacs)	
	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>21a. Purchase of Stock-in-trade</b>		
Retail Merchandise	224,315.09	231,274.10
	<b>224,315.09</b>	<b>231,274.10</b>
<b>21b. Changes in inventories of stock-in-trade</b>		
Opening inventory		
- Retail merchandise	38,109.48	41,310.69
Closing inventory		
- Retail merchandise	35,631.57	38,109.47
(Increase)	<b>2,477.91</b>	<b>3,201.22</b>
<b>21c. Cost of inventories recognised as an expenses*</b>	<b>226,793.00</b>	<b>234,475.32</b>
	1,264.33	1,577.83

	(All amounts in ₹ Lacs)	
	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>22. Employee Benefits Expense</b>		
Salaries, allowance and bonus	28,582.86	26,250.11
Contribution to Provident and other funds (Refer Note 31)	1,969.05	1,776.27
Share-based payments to employees*	10.63	65.22
Staff welfare expenses	1,003.79	635.17
	<b>31,566.33</b>	<b>28,726.77</b>

\* Measured at fair value

**22.1** For details of share options granted by the Company to the certain employees, Refer Note 36.

	(All amounts in ₹ Lacs)	
	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>23. Finance costs</b>		
Interest on borrowings	3,700.00	5,799.64
Bank charges	68.46	198.05
	<b>3,768.46</b>	<b>5,997.69</b>

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to the consolidated financial statements for the year ended 31 March 2018

	(All amounts in ₹ Lacs)	
	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>24. Other expenses</b>		
Lease rent and hire Charges (Note 26)	37,655.89	36,418.54
Business conducting fees	1,441.11	1,442.62
Rates and taxes	2,928.55	8,655.11
Repairs and maintenance		
- Buildings	8,633.26	8,314.70
- Plant and machinery	3.63	-
- Others	1,024.13	1,263.73
Legal and professional fees	1,168.06	792.72
Housekeeping charges	1,914.40	1,810.96
Security charges	2,861.18	2,902.40
Computer expenses	2,582.43	2,685.98
Conveyance and travelling expenses	2,268.90	1,798.39
Electricity charges	9,443.95	9,612.65
Advertisement and publicity	5,725.15	6,192.85
Sales promotion	4,248.36	3,272.37
Charges on credit card transactions	2,715.05	2,621.86
Allowances for bad and doubtful financial assets*	270.65	273.04
Loss on Sale of Fixed Assets (net)	54.13	1.49
Foreign exchange loss (net)	(16.27)	48.61
Corporate Social Responsibility Expenses (Note 24.1)	84.08	74.32
Miscellaneous expenses	5,157.58	5,067.41
	<b>90,164.22</b>	<b>93,249.75</b>

\*excludes exceptional items

**24.1** Expenditure related to Corporate Social Responsibility as per Section 135 of the Companies Act, 2013 read with Schedule VIII thereof ₹ 84.16 Lacs (2017: ₹ 74.32 Lacs)

a. Gross amount required to be spent by the Company towards Corporate Social Responsibility is ₹84.16 Lacs (2017: ₹ 74.32 Lacs)

b. Details of amount spent are as under:-

Particulars	F.Y.2017-18	F.Y.2016-17
Construction / acquisition of an asset	-	-
On purpose other than above – Livelihood creation –	64.08	74.32
For the persons with disabilities (Employment linked training)		
Ensuring environmental sustainability (Swachh Bharat)	20.08	-
<b>Total</b>	<b>84.16</b>	<b>74.32</b>

c. Details of expenditure paid to a related party, in relation to CSR expenditure Refer Note 31.

	(All amounts in ₹ Lacs)	
	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>25. Income tax expense recognised in profit or loss</b>		
<b>Current income tax:</b>		
Current income tax charge	3,897.31	2,641.91
Adjustments in respect of current income tax of previous year	(593.30)	(548.09)
<b>Total</b>	<b>3,304.01</b>	<b>2,093.82</b>
<b>Deferred tax:</b>		
In respect of current year	(1,548.38)	(594.34)
In respect of prior years	-	525.92
<b>Total</b>	<b>(1,548.38)</b>	<b>(68.42)</b>
<b>Income tax expense reported in the statement of profit and loss</b>	<b>1,755.63</b>	<b>2,025.40</b>

# NOTES

to the consolidated financial statements for the year ended 31 March 2018

OCI Section - Deferred tax related to items recognised in OCI during in the year:

	For the year ended 31 March 2018	For the year ended 31 March 2017
Net loss / (gain) on remeasurements of defined benefit plans	43.22	13.89
Net (gain) / loss on revaluation of cash flow hedges	-	-
Unrealised (gain) / loss on MTM - FRL	72.48	-
<b>Income tax expense charged to OCI</b>	<b>115.70</b>	<b>13.89</b>

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31 March 2017 and 31 March 2018:

	For the year ended 31 March 2018	For the year ended 31 March 2017
Profit before tax (before exceptional item)	1,603.83	(4,528.96)
Income tax expense calculated at 34.608%	555.05	(1,567.38)
Effect of expenses that are not deductible in determining taxable profit	161.20	382.37
Effect of unused tax losses for the year not recognised as deferred tax assets	2,198.68	3,233.77
Adjustments in respect of current income tax of previous year	(593.30)	-
Others	(566.00)	(23.36)
<b>Income tax expense recognised in profit or loss</b>	<b>1,755.63</b>	<b>2,025.40</b>

(All amounts in ₹ Lacs)

	As at 31 March 2018	As at 31 March 2017
<b>26. Leasing Transactions</b>		
<b>Operating lease commitment as lessee</b>		
Expenses recognised in the statement of profit and loss		
a) Minimum lease payments	12,647.21	14,755.78
b) Contingent rent	25,008.68	21,662.67
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	5,785.19	4,964.26
Later than one year and not later than five years	7,353.04	4,928.26
Later than five years	-	-
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.		

## 27. Earning Per Equity Share

Calculated as follows:

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the Company by weighed average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

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The following reflects the income and share data used in the basic and diluted EPS computations:

	As at 31 March 2018	As at 31 March 2017
(a) Profit attributable to equity share holders from continuing operations (₹ in lacs)	27,386.12	1,189.32
(b) Loss attributable to equity share holders from discontinued operations (₹ in lacs)	(2,964.46)	(4,917.27)
(c) Profit / (Loss) attributable to equity share holders (₹ in lacs)	24,421.66	(3,727.95)
(d) Weighted Number of equity shares outstanding during the year	84,476,168	83,497,550
(e) Weighted Number of equity shares outstanding during the year after adjustment for dilution	84,491,999	83,497,550
(f) Nominal value per share (₹)	5.00	5.00
(g) Earning per Share		
Continuing operations		
Basic (₹)	32.42	1.42
Diluted (₹)	32.42	1.42
Discontinued operations		
Basic (₹)	(3.51)	(5.89)
Diluted (₹)	(3.51)	(5.89)
Continuing and Discontinued operations		
Basic (₹)	28.91	(4.46)
Diluted (₹)	28.91	(4.46)
Weighted Average number of Equity shares for basic EPS	84,476,168	83,497,550
Effect of dilution: *		
Share options	15,831	-
Weighted average number of Equity shares adjusted for the effect of dilution	84,491,999	83,497,550

\* Anti dilutive

		(All amounts in ₹ Lacs)	
		As at 31 March 2018	As at 31 March 2017
<b>28. Contingent liabilities and commitments:</b>			
<b>i) Contingent liabilities</b>			
a)	Claims against the Company not acknowledged as debts comprise of:		
	Income tax claims disputed by the Company relating to disallowances aggregating	240.00	1,036.41
	Indirect tax claims disputed by the Company relating to issues of applicability and classification aggregating		
	- Service Tax other than on Rent	1,120.42	1,120.42
	- Service Tax on Rent (Refer Note 29)	2,010.90	2,010.90
	- VAT	6.67	8.23
	- Customs Duty	42.61	42.60
	Third party claims arising from disputes relating to contracts aggregating	-	1,085.18
b)	Other matters	25.00	25.00
c)	Bank Guarantees	554.80	-
	Note: Future cash outflows in respect of (a) above are determinable only on receipt of judgements / decisions pending with various forums / authorities.		
<b>ii) Commitments</b>			
a)	Estimated amount of contracts remaining to be executed on capital account and not provided for	2,220.75	3,970.08
b)	Commitments towards Property options	-	1,068.75
c)	Corporate guarantee given to banks jointly and severally:		
	- with joint venture partner for loans taken by Joint venture entity (Nuanice Group (India) Pvt. Ltd.)	-	2,325.00
	- with the promoter group Company for loans taken by Subsidiaries, Crossword Bookstores Ltd. (2017: Hypercity Retail (India) Ltd. ₹ 31,583.00 Lacs and Crossword Bookstores Ltd. ₹ 1,800.00 Lacs)	2,340.00	33,383.00

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to the consolidated financial statements for the year ended 31 March 2018

## 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 01 June 2007 to 31 March, 2010, (fully paid under protest).

## 30. Exceptional Items:

- i) During the year, in terms of the Share Purchase Agreement executed with Future Retail Limited and approval accorded by the members through postal ballot, the Company disposed of 77,158,778 equity shares of ₹ 10/- each constituting 51.09% of the share capital of Hypercity Retail (India) Ltd.; its material subsidiary to Future Retail Limited on November 30, 2017. Accordingly, Hypercity ceases to be subsidiary of the Company. The Company was allotted 4,756,823 equity shares of ₹2/- each at an issue price of ₹ 537/- per equity share by Future Retail Limited and received cash consideration in terms of the aforesaid Share Purchase Agreement. Accordingly, the Company has recorded a net gain of ₹20,856.36 lacs in the current financial year which has been disclosed as an exceptional item. (31 March 2017: Nil Lacs)
- ii) During the year, the Company has disposed of its 40% shareholding in Nuance Group (India) Pvt. Ltd. (NGIPL) to The Nuance Group AG, Switzerland, at a consideration of ₹ 600 lacs on October 6, 2017. With the disposal of this shareholding, the Shareholders Agreement executed with them, stands terminated and accordingly, NGIPL ceases to be an associate Company of the Company. Accordingly, the Company has recorded a net gain of ₹14 lacs in the current financial year which has been disclosed as an exceptional item. (31 March 2017 impairment of ₹1282.71 lacs)
- iii) During the year, the Company has disposed off its 48.42% shareholding in Timezone Entertainment Private Ltd. (TEPL) to Timezone West Asia Pte. Ltd., at a consideration of ₹2,270.40 lacs on February 15, 2018. With the disposal of this shareholding, the joint venture agreement executed in this regard, stands terminated and accordingly, TEPL ceases to be an associate Company of the Company. Accordingly, the Company has recorded a net gain of ₹728.33 lacs in the current financial year which has been disclosed as an exceptional item.
- iv) Loss up to the date of sale of the above investments have been disclosed under discontinued operations in current financial year.

## 31. Employee Benefits

### 31.1 Defined contribution plans

The Company operates defined contribution retirement benefit plans for all qualifying employees of the Company. The assets of the plans are held separately from those of the Company in funds maintained with the government PF authorities. Where employees leave the plans prior to full vesting of the contributions, the contributions payable by the Company are reduced by the amount of forfeited contributions.

The Company's contribution to Provident Fund and Superannuation Fund aggregating ₹ 1,215.64 Lacs (2017: ₹1,111.81 Lacs) has been recognised in the Statement of Profit and Loss under the head Employee Benefits Expense.

Information about the contributions to defined contribution plans for key managerial personnel is disclosed in note 32.

### 31.2 Defined benefit plan

The Company sponsors funded defined benefit plan for qualifying employees. The defined benefit plan is administered by a third-party insurer. This third-party insurer is responsible for the investment policy with regard to the assets of the plan.

Under the plan, the employees are entitled to a lump-sum amounting to 15 days' final basic salary for each year of completed service payable at the time of retirement / resignation provided the employee has completed 5 years of continuous service.

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- a) The plan exposes the Company to actuarial risks such as: investment risk, interest rate risk, salary risk and longevity risk.

Investment risk	The probability or likelihood of occurrence of losses relative to the expected return on any particular investment.
Interest risk	The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability.
Longevity risk	The Company has used certain mortality and attrition assumptions in the valuation of the liability. The Company is exposed to the risk of actual experience turning out to be worse compared to the assumption.
Salary Risk	The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

- b) The principal assumptions used for the purposes of the actuarial valuations were as follows.

Particulars	As at March 31, 2018	As at 31 March 2017
Discount rate	7.30%-7.40% p.a.	6.85%-7.50%p.a.
Expected rate of salary increase	4.00% p.a. For Crossword :4.00% p.a. for first 3 years and 3% thereafter	4.00%-5.00%p.a.
Average Longevity at retirement age for current beneficiaries of the plan (years)	Indian Assured Lives Mortality 2006-08	
<b>Rate of employee turnover</b>		
Upto 5 Year	34.00% p.a. - 43.00% p.a.	11.00% p.a.
Above 5 Year	11.00% p.a. - 12.00%p.a.	11.00% p.a.

- c) Amount recognised in statement of profit and loss in respect of these defined benefit plan

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Current service cost	260.74	253.79
Net interest cost	14.57	14.36
<b>Components of defined benefits costs recognised in profit or loss.</b>	<b>275.31</b>	<b>268.15</b>
Remeasurements on the net defined benefit liability:		
- Return on plan assets, excluding amount included in interest expense/ (income)	(16.14)	(10.44)
- Actuarial (gain)/loss from change in demographic assumptions	(99.57)	3.24
- Actuarial (gain)/loss from change in financial assumptions	(20.98)	56.69
- Actuarial (gain)/loss from change in experience adjustments	10.58	(13.40)
<b>Total amount recognised in other comprehensive income</b>	<b>(126.11)</b>	<b>36.09</b>
<b>Total</b>	<b>149.20</b>	<b>304.24</b>

- d) The amount included in the balance sheet arising from Company's obligation in respect of its benefit benefit plan is as follows:

Particulars	As at 31 March 2018	As at 31 March 2017
Present value of funded defined benefit obligation	1,398.38	1,577.53
Fair value of plan assets	1,218.76	1,278.70
<b>Net asset arising from defined benefit obligation</b>	<b>179.62</b>	<b>298.83</b>

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**e) Movement in the present value of the defined benefit obligation are as follows:**

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Opening defined benefit obligation	1,577.53	1,377.39
Current service cost	260.74	253.79
Interest cost	99.29	104.85
Remeasurements (gains) / losses:	-	-
- Actuarial (gain) / loss from change in demographic assumptions	(99.57)	3.24
- Actuarial (gain) / loss from change in financial assumptions	(20.98)	56.69
- Actuarial (gain) / loss from change in experience adjustments	10.58	(13.40)
Movement on A/c of subsidiaries	(190.16)	-
Benefits paid	(239.04)	(205.04)
<b>Closing defined benefit obligation</b>	<b>1,398.38</b>	<b>1,577.53</b>

**f) Movement in the fair value of the plan assets are as follows.**

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Opening fair value of plan assets	1,278.70	1,179.27
Interest income	81.47	90.49
Remeasurement (gains) / losses:	-	-
- Return on plan assets, excluding amount included in net interest expense	19.38	10.44
Contributions from the employer	173.39	203.54
Movement on A/c of subsidiaries	(95.13)	-
Benefits paid/transferred	(239.05)	(205.04)
<b>Closing fair value of plan assets</b>	<b>1,218.76</b>	<b>1,278.70</b>

- g)** Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase, attrition rate and mortality. The sensitivity analysis below have been determined based on reasonable possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is as follows:

Particulars	31 March 2018		31 March 2017	
Defined benefit obligation (base)	1,398.39		1,577.53	

Particulars	31 March 2018		31 March 2017	
	Decrease	Increase	Decrease	Increase
Discount rate (- / +1%)	1,483.25	1,322.61	1,698.03	1,472.30
% change compared to base due to sensitivity	12.00%	-10.70%	20.36%	-17.22%
Salary growth rate (- / +1%)	1,319.52	1,485.31	1,468.93	1,699.94
% change compared to base due to sensitivity	-11.20%	12.30%	-17.70%	7.18%
Attrition rate (- / +50%)	1,328.01	1,412.06	1,462.97	1,604.78
% change compared to base due to sensitivity	-12.40%	3.60%	-14.10%	-10.46%
Mortality rate (- / +10%)	1,397.90	1,398.86	1,577.17	1,577.88
% change compared to base due to sensitivity	0.00%	0.00%	0.08%	-0.08%

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation asset recognised in the balance sheet.

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There is no change in the method of valuation for the prior periods in preparing the sensitivity analysis. For change in assumptions refer to note 30.2b above.

## h) Asset liability matching strategies:

The Company has purchased insurance policy, which is basically a year-on-year cash accumulation plan in which the interest rate is declared on yearly basis and is guaranteed for a period of one year. The insurance Company, as part of the policy rules, makes payment of all gratuity outgoes happening during the year (subject to sufficiency of funds under the policy). The policy, thus, mitigates the liquidity risk. However, being a cash accumulation plan, the duration of assets is shorter compared to the duration of liabilities. Thus, the Company is exposed to movement in interest rate (in particular, the significant fall in interest rates, which should result in a increase in liability without corresponding increase in the asset).

## i) Effect of plan on entity's future cash flows

- Every year, the insurance Company carries out a funding valuation based on the latest employee data provided by the Company. Any deficit in the assets arising as a result of such valuation is funded by the Company.
- The Company expects to contribute ₹380.03 lacs to its gratuity plan for the next year.
- Weighted average duration of the defined benefit obligation is ranging in between 4.21- 6 years (based on discounted cashflows).

Expected cash flows over the next (valued on undiscounted basis):	₹ in lacs
1 year	304.39
2 to 5 years	661.45
6 to 10 years	569.45
More than 10 years	842.65

## 32. Related Party Disclosures

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

(a)	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 (upto October 26, 2017) Manish Chokhani Amisha Prabhu Rajiv Suri (w.e.f January 09, 2018) Sanjay Chakravarti (upto December 22, 2017) Bharat Sanghavi
(b)	Promoter directors	C.L. Raheja, Ravi C. Raheja, Neel C. Raheja	
(c)	Entities in which a director is a director	Ivory Properties and Hotels Private Limited*, K. Raheja Corp. Private Limited*, Juhu Beach Resorts Ltd.* K. Raheja Private Limited*, Inorbit Malls (India) Private Limited*, Avacado Properties and Trading India Private Limited*, Trion Properties Private Limited*, Retailers Association of India*, Sanghavi Associates Ltd., Trust for Retailers & Retailers Associates of India, Trrain Foundation. JW Marriott Sahar Mumbai unit of Chalet Hotels Pvt. Ltd*., Genext Hardware Parks Private Ltd.*	

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Note 35 provides the information about the group's structure including the details of the subsidiaries. The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

Nature	Entities in which a director is a director (refer (c) above)	Related Parties of Joint Ventures	Key Management Personnel	Total
<b>Trading transactions</b>				
<b>Sale of merchandise</b>	-	-	-	-
Inorbit Malls (India) Private Limited*	-			
K. Raheja Corp. Pvt. Ltd.	-			
Trust for Retailers & Retail Associates of India	-			
	(11.06)	-	-	(11.06)
<b>Purchase of Property Options</b>	-			-
K. Raheja Private Limited	-			
	(2,022.08)			(2,022.08)
<b>Compensation to key management personnel</b>				
<b>Remuneration to managing director</b>			<b>499.16</b>	<b>499.16</b>
Short term benefits			480.71	
Post employment benefits			18.45	
			(455.92)	(455.92)
<b>Remuneration to Company Secretary</b>			<b>43.63</b>	
Short term benefits			42.31	
Post employment benefits			0.46	
Share based payments			0.86	
			(68.23)	(68.23)
<b>Remuneration to Chief Executive Officer</b>			<b>100.22</b>	
Short term benefits			100.22	
Post employment benefits			-	
Share based payments			-	
			(267.43)	(267.43)
<b>Remuneration to Chief Financial Officer</b>			100.65	
Short term benefits			100.65	
Post employment benefits			-	
Share based payments			-	
	-	-	(104.72)	(104.72)
<b>Other related party transactions</b>				
<b>Payment of conducting fees / Lease Rent / Common</b>	<b>6,318.50</b>			<b>6,318.50</b>
<b>Area Maintenance Charges</b>				
Ivory Properties and Hotels Private Limited*	1,716.44			
Inorbit Malls (India) Private Limited*	3,098.49			
Chalet Hotels Private Limited*	143.79			
Genext Hardware And Parks Pvt. Ltd.*	172.55			
Trion Properties Private Limited*	975.83			
	(8,921.14)			(8,921.14)
<b>Expenses Paid</b>	<b>95.15</b>	-	<b>0.95</b>	<b>96.10</b>
Inorbit Malls (India) Private Limited*	7.94			
Ttrain Circle Pvt. Ltd.	0.77			
Juhu Beach Resorts Limited*	0.10			
JW Marriott Sahar Mumbai unit of Chalet Hotels Pvt. Ltd.*	5.14			
Sanghavi Associates Limited	10.06			
Retailers Association of India	5.51			
CSR- Trust for Retailers & Retail Association of India	64.00			
K. Raheja Corp.Pvt. Ltd.*	1.63			

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Nature	Entities in which a director is a director (refer (c) above)	Related Parties of Joint Ventures	Key Management Personnel	Total
B. S. Nagesh	-		0.95	
	(792.80)		(1.75)	(794.55)
<b>Deposits Paid</b>	<b>71.04</b>			<b>71.04</b>
Inorbit Malls (India) Private Limited*	49.64			
Trion Properties Private Limited*	0.88			
Genext Hardware and Parks Private Limited*	20.52			
	(57.00)			(57.00)
<b>Advance Rent</b>	<b>29.47</b>			<b>29.47</b>
Genext Hardware and Parks Private Limited*	28.76			
Avacado Properties and Trading (India) Private Limited*	0.71			
	-			-
<b>Compensation income</b>	-	-	-	-
Trion Properties Private Limited*	-			
	(240.00)	-	-	(240.00)
<b>Deposit Received</b>	-	-	-	-
Avacado Properties and Trading (India) Private Limited*	-			
	(464.10)	-	-	(464.10)
<b>Expenses recovered</b>	-	-	-	-
Inorbit Malls (India) Private Limited*	-			
	(0.35)	-	-	(0.35)
<b>Deposit received Back</b>	<b>197.18</b>			<b>197.18</b>
Trion Properties Private Limited*	197.18			
	-			-
<b>Reimbursement of Expenses</b>	<b>759.77</b>			<b>759.77</b>
Inorbit Malls (India) Private Limited	604.02			
Trion Properties Private Limited	155.75			
	(94.19)			(94.19)
<b>Issue of Equity / Preference Shares</b>	-	-	-	-
	(4,743.17)	-	(20.64)	(4,763.81)
<b>Commission and Sitting fees to non executive Directors</b>			<b>50.83</b>	<b>50.83</b>
Chandru L.Raheja			3.50	
Ravi Raheja			4.60	
Neel Raheja			3.50	
B.S.Nagesh			6.50	
Nitin Sanghavi			8.10	
Deepak Ghaisas			9.70	
Nirvik Singh			3.50	
Ameesha Prabhu			0.18	
Vidya Hariharan			0.05	
Abanti Sankaranarayanan			3.50	
Gareth Thomas			1.00	
Manish Chokhani			6.70	
			(64.60)	(64.60)

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<b>Balance outstanding at the year end</b>	
<b>Receivables</b>	
Ivory Properties and Hotels Private Limited*	1,010.52
	(1,149.91)
Inorbit Malls (India) Private Limited*	846.31
	(1,049.46)
Trion Properties Private Limited *	285.96
	(906.34)
Genext Hardware And Parks Pvt. Ltd.*	179.55
	(24.30)
<b>Payables</b>	
K. Raheja Private Limited*	-
	(372.28)

The Company has given corporate guarantee to banks for loans taken by subsidiaries – Refer Note 28(ii)(c). The figure in bracket pertain to previous year.

\* These parties are not related to Shoppers Stop Ltd. per Ind AS 24 definition. These parties have been reported on the basis of their classification as related party under the Companies Act 2013.

## Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2018, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2017: ₹ Nil ). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

## 33. Segment Reporting

### Information about operating segments:

- The Group is primarily engaged in A) Retail operations i.e. trading of Apparels, Non-apparels such as Cosmetics, Household items, Food products, Books etc. B) Property options which in the terms of IndAS 108 on 'Operating Segments' constitute the reporting segment.
- The Group operates in a single geographical environment i.e. in India.
- No single customer contributed 10% or more to Groups revenue.

	(All amounts in ₹ Lacs)	
	31 March 2018	31 March 2017
<b>33.1</b>		
<b>Segment revenue from external customers</b>		
<b>Continuing Operations</b>		
Retail Operations	369,672.43	375,690.34
Property Options	-	-
	369,672.43	375,690.34
<b>Discontinued Operations</b>		
Retail Operations	73,096.64	109,727.37
Property Options	-	5,596.18
	73,096.64	115,323.55
<b>Total segment revenue from external customers</b>	<b>442,769.07</b>	<b>491,013.89</b>
<b>Segment operating results</b>		
<b>Continuing Operations</b>		
Retail Operations	11,311.51	10,495.12
Property Options	-	-
	11,311.51	10,495.12
<b>Discontinued Operations</b>		
Retail Operations	(2,915.82)	(10,584.97)
Property Options	-	4,296.15
	(2,915.82)	(6,288.82)
<b>Total segment operating results</b>	<b>8,395.69</b>	<b>4,206.30</b>

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(All amounts in ₹ Lacs)		
	31 March 2018	31 March 2017
<b>Interest Expense</b>		
Continuing Operations	3,768.46	5,997.69
Discontinued Operations	3,023.40	2,737.57
	6,791.86	8,735.26
Exceptional Item	(21,598.69)	1,282.71
<b>Profit / (Loss) before tax from continuing operations</b>	<b>29,141.75</b>	<b>3,214.72</b>
<b>Profit / (Loss) before tax from discontinued operations</b>	<b>(5,939.22)</b>	<b>(9,026.39)</b>
<b>Profit / (Loss) before tax</b>	<b>23,202.53</b>	<b>(5,811.67)</b>
Tax expense	(1,755.63)	(2,025.40)
<b>Profit / (Loss) after tax from continuing operations</b>	<b>27,386.12</b>	<b>1,189.31</b>
<b>Profit / (Loss) after tax from discontinued operations</b>	<b>(5,939.22)</b>	<b>(9,026.39)</b>
<b>Profit / (Loss) after tax</b>	<b>21,446.90</b>	<b>(7,837.07)</b>

(All amounts in ₹ Lacs)		
	31 March 2018	31 March 2017
<b>33.2</b>		
<b>Other Information</b>		
Segment depreciation and amortisation		
<b>Continuing Operations</b>	<b>11,490.46</b>	<b>11,870.24</b>
Retail Operations	-	-
Property Options		
<b>Discontinued Operations</b>		
Retail Operations	2,245.59	3,229.47
Property Options	-	-
<b>Total segment depreciation and amortisation</b>	<b>13,736.05</b>	<b>15,099.71</b>
Addition to non-current assets		
<b>Continuing Operations</b>		
Retail Operations	9,678.12	9,950.72
Property Options	-	-
<b>Discontinued Operations</b>		
Retail Operations	-	-
Property Options	-	-
<b>Total segment additions to non-current assets</b>	<b>9,678.12</b>	<b>9,950.72</b>

(All amounts in ₹ Lacs)		
	31 March 2018	31 March 2017
<b>33.3</b>		
Segment Assets		
Retail Operations	178,761.80	184,804.64
Property Options	-	17,285.69
Unallocated	-	3,554.85
<b>Total</b>	<b>178,761.80</b>	<b>205,645.18</b>
Segment Liabilities		
Retail Operations	88,317.80	156,828.97
Property Options	-	372.28
Unallocated	-	-
<b>Total</b>	<b>88,317.80</b>	<b>157,201.25</b>

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## 34. Discontinued 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.

During the year, the Company disposed off 77,158,778 equity shares of ₹ 10/- each constituting 51.09% of the share capital of Hypercity Retail (India) Ltd.; its material subsidiary to Future Retail Limited on November 30, 2017. Accordingly, Hypercity ceases to be subsidiary of the Company. Refer Note 35(a)

Further, during the year the Company has disposed of its 40% and 48.42% shareholding in Nuance Group (India) Ltd. (NGIPL) and Timezone Entertainment Private Limited (TEPL). Accordingly, NGIPL and TEPL ceases to be joint ventures of the Company. Refer Note 35(b)

### Statement showing the revenue and expenses of discontinued operations:

Particulars	(All amounts in ₹ Lacs)	
	31 March 2018	31 March 2017
Revenue	73,096.64	115,457.32
Other Income	2,602.86	1,287.28
<b>Total Revenue</b>	<b>75,699.50</b>	<b>116,744.60</b>
Operating Expenses	81,781.84	125,144.35
Loss before tax from discontinued operations	(6,082.34)	(8,399.75)
Share of Profit / (Loss) in Joint Ventures	143.12	(626.64)
<b>Loss before tax from discontinued operations</b>	<b>(5,939.22)</b>	<b>(9,026.39)</b>
Income tax	-	-
<b>(Loss) after tax from discontinued operations (attributable to owners of the Company)</b>	<b>(5,939.22)</b>	<b>(9,026.39)</b>

### The major classes of assets and liabilities of discontinued operations is as follows:

Particulars	(All amounts in ₹ Lacs)	
	31 March 2018	31 March 2017
Non-current assets	-	33,187.95
Current assest	-	22,673.73
Non-current liabilities	-	29,526.97
Current liabilities	-	29,692.16
Carrying value of Group's interest in Joint Ventures (Refer Note 34 (b)(ii))	-	1,984.20
Equity attributable to owners of the Company	-	623.60
Non-controlling interests	-	521.06

Particulars	(All amounts in ₹ Lacs)	
	31 March 2018	31 March 2017
Cash flows from discontinued operations*		
Net cash outflows from operating activities	2,383.84	(2,608.03)
Net cash outflows from investing activities	(124.85)	(4,241.60)
Net cash outflows from financing activities	(699.88)	6,725.91
<b>Net cash outflows</b>	<b>1,559.11</b>	<b>(123.72)</b>

\* Hypercity cash flow considered till November 30, 2017.

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## 35. SUBSIDIARIES AND JOINT VENTURE

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

Name of subsidiary	Principal activity	Place of incorporate and operation	(All amounts in ₹ Lacs)	
			Propotion of ownership interest and voting power held by the Group	
			31 March 2018	31 March 2017
HyperCity Retail (India) Limited *	Retailing a variety of household and consumer products (including food, groceries, fashion and other general merchandise) through departmental stores	India	-	51.08%
Crossword Book Stores Limited	Retailing in books and other allied items through departmental stores operated by self or by franchisees	India	100%	100%
Upasna Trading Limited	Supervising distribution and logistics operations	India	100%	100%
Shopper's Stop Services (India) Limited	Services	India	100%	100%
Shopper's Stop.Com (India) Limited	Services	India	100%	100%
Gateway Multichannel Retail (India) Limited	Catalogue retailing	India	100%	100%

\*During the year, In terms of the Share Purchase Agreement executed with Future Retail Limited and approval accorded by the members through postal ballot, the Company disposed of 77,158,778 equity shares of ₹ 10/- each constituting 51.09% of the share capital of Hypercity Retail (India) Ltd.; its material subsidiary to Future Retail Limited on November 30, 2017. Accordingly, Hypercity ceases to be subsidiary of the Company. The Company was allotted 4,756,823 equity shares of ₹2/- each at an issue price of ₹ 537/- per equity share by Future Retail Limited and received cash consideration in terms of the aforesaid Share Purchase Agreement. Accordingly, the Company has recorded a net gain of ₹20,856.36 lacs in the current financial year which has been disclosed as an exceptional item. (31 March 2017 impairment loss of ₹ NIL lacs)

### b) Investment in Joint Ventures

The Company's investment in a joint venture is accounted for by the Equity Method. On initial recognition the investment is recorded at cost, and the carrying amount is increased or decreased to recognise the Company's share of profit or loss and other comprehensive income of the joint venture after the date of acquisition. Distributions received from the joint venture reduce the carrying amount of the investment.

#### i) Details and financial information of material Joint ventures

Details of the Group's Material joint venture at the end of the reporting period is as follows:

Name of the Joint Venture	Principal Activity	Place of Incorporation and Principle place of business	(All amounts in ₹ Lacs)	
			Propotion of ownership interest and voting power held by the Group	
			31 March 2018	31 March 2017
Nuance Group (India) Private Limited *	Airport Retailing	India	-	50.00%
Timezone Entertainment Private Limited **	Entertainment	India	-	48.42%

\*During the year, the Company has disposed of its 40% shareholding in Nuance Group (India) Pvt. Ltd. (NGIPL) to The Nuance Group AG, Switzerland, at a consideration of ₹ 600 lacs on October 6, 2017. With the disposal of this shareholding, the Shareholders Agreement executed with them, stands terminated and accordingly, NGIPL ceases to be an associate Company of the Company. Accordingly, the Company has recorded a net gain of ₹14 lacs in the current financial year which has been disclosed as an exceptional item. (31 March 2017 impairment of ₹1,282.71 lacs)

\*\*During the year, the Company has disposed off its 48.42% shareholding in Timezone Entertainment Private Ltd. (TEPL) to Timezone West Asia Pte. Ltd., at a consideration of ₹2,270 lacs on February 15, 2018. With the disposal of this shareholding, the joint venture agreement executed in this regard, stands terminated and accordingly, TEPL ceases to be an associate Company of the Company. Accordingly, the Company has recorded a net gain of ₹728.33 lacs in the current financial year which has been disclosed as an exceptional item.

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- ii) Summarise financial information in respect of Group's material joint venture is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with the Ind-ASs adjusted by the group equity accounting purposes.

Particulars	31 March 2018		31 March 2017	
	Nuance Group (India) Private Limited	Timezone Entertainment Private Limited	Nuance Group (India) Private Limited	Timezone Entertainment Private Limited
Non-Current Assets	-	-	5,552.05	4,377.54
Current Assets	-	-	3,698.24	537.98
Non-current Liabilities	-	-	2,000.00	806.08
Current Liabilities	-	-	3,524.87	2,079.24
<b>The above amounts of assets and liabilities include the following:</b>				
Cash and cash equivalents	-	-	152.93	101.09
Current financial liabilities (excluding trade payables and provisions)	-	-	1,743.15	1,724.39
Non-Current financial liabilities (excluding trade payables and provisions)	-	-	2,000.00	512.60
<b>Reconciliation of summarised financial information to the carrying amount of interest in joint ventures</b>				
<b>Net Assets of joint ventures</b>	-	-	3,725.43	2,030.20
Proportion of Group's ownership interest in the joint ventures	-	-	50.00%	48.42%
Goodwill	-	-	-	421.98
Other adjustments (please specify)	-	-	-	-
Less: Impairment in value	-	-	1,282.71	-
<b>Carrying amount of the Group's interest in the joint ventures</b>	-	-	580.00	1,404.20

Particulars	31 March 2018		31 March 2017	
	Nuance Group (India) Private Limited	Timezone Entertainment Private Limited	Nuance Group (India) Private Limited	Timezone Entertainment Private Limited
Revenue	8,514.25	5,767.57	15,776.00	5,931.51
Profit / (loss) from continuing operations	13.06	284.78	(682.97)	(580.11)
Profit / (loss) for the year	13.06	284.78	(682.97)	(580.11)
Other comprehensive income for the year	-	-	(5.80)	(2.81)
Total comprehensive income for the year	13.06	284.78	(688.77)	(582.92)
Dividends received from the joint venture during the year	-	-	-	-
<b>The above profit (loss) for the year include the following:</b>				
Depreciation and amortisation	178.13	832.55	389.27	1,018.67
Interest income	7.71	7.09	304.56	49.83
Interest expense	136.33	97.76	370.60	125.59
Income tax expense (income)	-	-	-	6.28

Notes:-

- i. Nuance Group (India) Private Limited financials are consolidated by the Group till 06 October, 2017.  
ii. Timezone Entertainment Private Ltd. financials are consolidated by the Group till 15 February, 2018.

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## c) Disclosure on Non-controlling Interests

### i Non-controlling Interests

Particulars	(All amounts in ₹ Lacs)	
	Year ended 31 March 2018	Year ended 31 March 2017
Balance at the beginning of the year	521.06	(122.21)
Share of profit/(loss) for the year	(2,974.76)	(4,145.52)
Contribution during the year	1,451.07	4,788.79
Sale of Interest in subsidiary - Hypercity	1,002.63	-
Balance at the end of the year	-	<b>521.06</b>

### ii Details of non-wholly owned subsidiaries that have material non-controlling interests

- a. The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	(All amounts in ₹ Lacs)					
		Proportion of ownership interests and voting rights held by non-controlling interests		Profit/(Loss) allocated to controlling interests		Accumulated non- controlling interests	
		31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Hypercity Retail (India) Limited	India	-	51.08%	-	48.92%	-	521.06

- b. Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations:

Particulars	As at 31 March 2018	As at 31 March 2017
Non-current assets	-	33,158.09
Current asset	-	22,673.32
Non-current liabilities	-	25,034.62
Current liabilities	-	29,652.13
Equity attributable to owners of the Company	-	623.60
Non-controlling interests	-	521.06

c. Particulars	As at 31 March 2018	As at 31 March 2017
Revenue	75,776.04	116,744.27
Expenses	81,857.94	125,143.49
<b>Profit/(Loss) for the year</b>	<b>(6,081.90)</b>	<b>(8,399.22)</b>
Profit/(Loss) attributable to owners of the Company	(3,107.14)	(4,290.10)
Profit/(Loss) attributable to non-controlling interests	(2,974.76)	(4,109.12)
<b>Profit/(Loss) for the year</b>	<b>(6,081.90)</b>	<b>(8,399.22)</b>
Other comprehensive income attributable to owners of the Company	-	(38.00)
Other comprehensive income attributable to non-controlling interests	-	(36.40)
<b>Other comprehensive income for the period</b>	<b>-</b>	<b>(74.40)</b>
Total comprehensive income attributable to owners of the Company	(3,107.14)	(4,328.10)
Total comprehensive income attributable to non-controlling interests	(2,974.76)	(4,145.52)
<b>Total comprehensive income for the year</b>	<b>(6,081.90)</b>	<b>(8,473.62)</b>
Net cash inflow/(outflow) from operating activities	2,384.34	(1,282.81)
Net cash inflow/(outflow) from investing activities	(125.18)	(2,067.93)
Net cash inflow/(outflow) from financing activities	(699.88)	3,290.31
<b>Net cash inflow/(outflow)</b>	<b>1,559.28</b>	<b>(60.43)</b>

\* Hypercity consolidated from April 1, 2017 till November 30, 2017.

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## 36 Share based payments

The expense recognised for employee services received during the year is show in the following table:

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Expense arising on Employee Stock Option Scheme	10.63	65.22
Total expense arising from share-based payment transactions	<b>10.63</b>	<b>65.22</b>

### 36.1 Employee share option plan of the Group

The Company has a share option scheme for certain employees of the Company and its subsidiaries. In accordance with the terms of the share option scheme, as approved by shareholders at a previous general meeting, employees with a pre-defined grade and having more than five years of service may be granted options to purchase equity shares. Each share option converts into one equity share of the Company on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised within four years from the date of grant, as per vesting schedule. The share options vests based on a pre-determined vesting schedule from the date of grant.

The fair value of the share options is estimated at the grant date using a binomial option pricing model, taking into account the terms and conditions upon which the share options are granted. However, the above performance condition is only considered in determining the number of instruments that will ultimately vest.

The Contractual term of each option granted is three years. There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these share options.

The following share-based payment arrangements were in existence during the current and prior years:

Option series	Number	Grant date	Expiry date	Exercise Price (₹)	Fair value at grant date (₹)
Granted on June 9, 2012	200,000	09.06.2012	09.06.2015	297.00	115.70
Granted on August 28, 2013	200,000	28.08.2013	28.08.2016	344.00	124.00
Granted on April 29, 2014	160,675	29.04.2014	29.04.2017	362.00	123.21
Granted on July 31, 2015	3,275	31.07.2015	31.07.2018	404.00	124.35

All options vested based on the pre determined vesting schedule (i.e. three years) from the date of grant and expire after 12 months from the last date of vesting schedule, six months from the date of retirement or twelve months after the resignation of the employee, whichever is the earlier.

### 36.2 Fair value of share options granted in the year

There are no new grants during the F.Y. 2017-18.

### 36.3 Movements in share options during the year

Number of Employee Stock Option Outstanding:	Number of Options	Weighted average exercise price	Number of Options	Weighted average exercise price
	31 March 2018		31 March 2017	
Outstanding at the beginning of the year	211,124	353.61	340,975	339.62
Granted during the year	-	-	-	-
Lapsed / Cancelled during the year	101,185	-	98,298	-
Exercised during the year	60,020	345.99	31,553	297.93
Surrendered during the year	-	-	-	-
Outstanding at the end of the year	<b>49,919</b>	<b>363.07</b>	<b>211,124</b>	<b>353.61</b>

Of the above outstanding share options, ₹ 49,919 (2017: ₹ 1,69,757) shares are exercisable at the end of the respective reporting periods.

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Details of yearwise grant and exercise:

Year / (date of Grant)	Options granted (net of lapsed)	Exercised till 31.3.2016	Exercised in 2016-17	Exercised till 31.3.2017	Outstanding 31.3.2017	Exercised in 2017-18	Outstanding 31.3.2018
2009-10 (29.04.2009)	958,740	958,740	-	958,740	-	-	-
2009-10 (24.03.2010)	358,200	358,200	-	358,200	-	-	-
2011-12 (29.04.2011)	124,100	124,100	-	124,100	-	-	-
2012-13 (09.06.2012)	101,807	71,829	29,978	101,807	-	-	-
2013-14 (28.08.2013)	42,512	27,054	1,575	28,629	106,042	13,883	-
2014-15 (29.04.2014)	104,586	10,494	-	10,494	101,807	44,173	49,919
2014-15 (05.11.2014)	-	-	-	-	-	-	-
2015-16 (31.07.2015)	1,964	-	-	-	3,275	1,964	-
			<b>31,553</b>	<b>1,581,970</b>	<b>211,124</b>	<b>60,020</b>	<b>49,919</b>

## 36.4 Share options exercise during the year

The following share options were exercised during the year

Option series	Number Exercised	Exercise date	Weighted Average Share price at exercise date (₹)
Granted on August 28, 2013	13,883	17.09.2017	344
Granted on April 29, 2014	3,938	17.09.2017	362
	4,887	26.10.2017	362
	20,159	30.11.2017	362
	5,571	31.01.2018	362
	9,618	19.03.2018	362
Granted on July 31, 2015	1,964	31.01.2018	404

## 36.5 The weighted average contractual life of the options outstanding is 3.08 years.

## 37. Derivatives / Forward foreign exchange contracts

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

It is the policy of the Group to enter into forward foreign exchange contracts to cover specific foreign currency payments and receipts. The Group also enters into forward foreign exchange contracts to manage the risk associated with anticipated sales and purchase transactions out of 6 months within 40% to 50% of the exposure generated.

Adjustments are made to the initial carrying amounts of non-financial hedged items when the anticipated sale or purchase transaction takes place.

The following are the outstanding Forward Exchange Contracts entered into by the Group as at 31 March 2018.

Particulars	31 March 2018			31 March 2017			
Number of Contracts	1	1	1	1	1	3	1
Type	Buy	Buy	Buy	Buy	Buy	Buy	Buy
Foreign currency (in lacs)	0.27 EURO	0.06 GBP	1.86 USD	0.04 AED	0.37 GBP	3.33 USD	0.82 EURO
INR Equivalent (in lacs)	22.20	5.77	121.43	0.64	29.81	217.10	57.04

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to the consolidated financial statements for the year ended 31 March 2018

## 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.

## 38. Financial Instruments

### A. Capital risk management

The Group's objectives when managing capital are to safeguard continuity as a going concern, provide appropriate return to shareholders and maintain a cost efficient capital structure. The Group determines the amount of capital required for respective companies on the basis of an annual budget and a five year plan, including, for working capital, capital investment in stores, technology. The Group's funding requirements are met through internal accruals and a combination of both long-term and short-term borrowings. Majorly Group raise long term loan for its CAPEX requirement and based on the working capital requirement utilise the working capital loans.

The Group monitors capital on the basis of consolidated total debt to consolidated total equity on a periodic basis. The following table summarise the capital of the Group:

Capital	As at 31 March 2018 ₹ in lacs	As at 31 March 2017 ₹ in lacs
Long term borrowings (including current maturities)	8,700.11	63,110.26
Short term borrowings	3,834.77	25,400.31
<b>Total debt</b>	<b>12,534.88</b>	<b>88,510.57</b>
Equity share capital	4,398.03	4,175.24
Other equity (including Non-Controlling Interests, less goodwill on consolidation)	85,080.60	34,504.15
<b>Total Equity</b>	<b>89,478.63</b>	<b>38,679.39</b>
Debt to Total Equity Ratio	0.14	2.29

The Group's objective is to keep the debt to total equity ratio of the holding Company on consolidated basis below 1 which it has achieved in current year.

### B. Financial risk management

A wide range of risks may affect the Group's business and operational / financial performance. The risks that could have significant influence on the Group are market risk, credit risk and liquidity risk. The Board of Directors of respective Companies reviews and sets out policies for managing these risks and monitors suitable actions taken by management to minimise potential adverse effects of such risks on the Group's operational and financial performance.

#### (a) Market risk:

Market Risk is the risk that changes in market place could affect the future cash flows to the Group. The market risk for the Group arises primarily from product price risk, interest rate risk and, to some extent, foreign currency risk.

**Product price risk:** In a potentially inflationary economy, the Group expects periodical price increases across its retail product lines. Product price increases which are not in line with the levels of customers' discretionary spends, may affect the business/retail sales volumes. In such a scenario, the risk is managed by offering judicious product discounts to retail customers to sustain volumes. The Group negotiates with its vendors for purchase price rebates such that the rebates substantially absorb the product discounts offered to the retail customers. This helps the Group protect itself from significant product margin losses. This mechanism also works in case of a downturn in the retail sector, although overall volumes would get affected.

**Interest risk:** The Group is exposed to interest rate risk primarily due to borrowings having floating interest rates. The Group uses available working capital limits for availing short term working capital demand loans with interest rates negotiated from time to time so that the Group has an effective mix of fixed and variable rate borrowings. Interest rate sensitivity analysis shows that an increase / decrease of fifty basis points in floating interest rates would result in decrease / increase in the Group's profit before tax by approximately ₹188 lacs (2017: ₹ 297 lacs).

# NOTES

to the consolidated financial statements for the year ended 31 March 2018

**Currency risk:** The Group's significant transactions are in Indian Rupees and therefore there is minimal foreign currency risk. Generally, the Group fully covers the foreign currency risk for transactions in foreign currency which are primarily for import of merchandise, by entering into forward foreign exchange contracts. Also Refer Note 37 for the forward foreign currency contracts outstanding at the end of the reporting period.

## (b) Credit risk:

Credit risk is a risk that the counterparty will default on its contractual obligation resulting in financial loss to the Group. The credit risk for the Group primarily arises from credit exposures to trade receivables (mainly institutional customers), deposits with landlords for store properties taken on leases and other receivables including balances with banks.

**Trade and other receivables:** The Group's retail business is predominantly on 'cash and carry' basis which is largely through credit card collections. The credit risk on such collections is minimal, since they are primarily owned by customers' card issuing banks. The Group has adopted a policy of dealing with only credit worthy counterparties in case of institutional customers and the credit risk exposure for institutional customers is managed by the Group by credit worthiness checks. The Group also carries credit risk on lease deposits with landlords for store properties taken on leases, for which agreements are signed and property possessions timely taken for store operations. The risk relating to refunds after store shut down is managed through successful negotiations or appropriate legal actions, where necessary.

The Group's experience of delinquencies and customer disputes have been minimal. Further, Trade and other receivables consist of a large number of customers, across geographies, hence, the Group is not exposed to concentration risks.

**Property options receivable:** The Group considers a variety of relevant factors like age, past due details and credit enhancements (guarantees) in assessing credit risk from property options receivable. The property option receivables are guaranteed under contract by a Company of the promoter shareholder group with further assurance from a promoter director.

## (c) Liquidity Risk:

Liquidity risk is a risk that the Group may not be able to meet its financial obligations on a timely basis through its cash and cash equivalents, and funds available by way of committed credit facilities from banks.

Management manages the liquidity risk by monitoring rolling cash flow forecasts and maturity profiles of financial assets and liabilities. This monitoring includes financial ratios and takes into account the accessibility of cash and cash equivalents and additional undrawn financing facilities.

The table below summarises the maturity profile (remaining period of contractual maturity at the balance sheet date) of the Group's financial liabilities based on contractual undiscounted cash flows.

	Less than 1 year	Between 1 and 5 years	Carrying amounts
<b>At 31 March 2017</b>	₹ in lacs	₹ in lacs	₹ in lacs
Borrowings (long term and short term)	51,414.93	37,095.64	88,510.57
Interest payable	397.74	-	397.74
Trade payables and other accruals	49,080.56	-	49,080.56
<b>At 31 March 2018</b>			
Borrowings (long term and short term)	8,134.80	4,400.08	12,534.88
Interest payable	6.37	-	6.37
Trade payables and other accruals	51,906.81	-	51,906.81

In respect of financial guarantee contracts, no amounts are recognised based on the results of the liability adequacy test for likely deficiency / defaults by the entities on whose behalf the Group has given guarantees, grounded on the Group's actual experience.

# NOTES

to the consolidated financial statements for the year ended 31 March 2018

The Group has access to following financing facilities which were undrawn as at the end of reporting periods mentioned.

Undrawn financing facility	As at 31 March 2018 ₹ in lacs	As at 31 March 2017 ₹ in lacs
Amount Used	1,328.14	18,520.58
Amount Unused	32,071.86	14,679.42
<b>Total</b>	<b>33,400.00</b>	<b>33,200.00</b>
Amount Used	-	5,854.25
Amount Unused	2,500.00	5,645.75
<b>Total</b>	<b>2,500.00</b>	<b>11,500.00</b>

## C. Fair Value Measurements

### (i) Financial assets and liabilities that are measured at amortised cost:

	As at 31 March 2018 ₹ in lacs	As at 31 March 2017 ₹ in lacs
<b>Financial Assets (amortised cost):</b>		
Trade receivables	4,771.72	5,682.68
Cash & Cash equivalents	534.88	547.83
Other bank balances	68.80	213.09
Other financial assets	12,545.76	20,363.58
- Premises and other deposits	11,956.94	16,319.67
- Others	588.82	4,043.91
<b>Financial Liabilities (amortised cost):</b>		
Borrowings - long term	4,400.08	37,095.64
Borrowings - short term	3,834.77	25,400.31
Trade payables	51,906.81	49,080.56
Other financial liabilities	8,320.31	30,775.98

The fair values of the above financial assets and liabilities approximate their carrying amounts

### (ii) Financial assets and liabilities that are measured at fair value on a recurring basis as at the end of each reporting period:

Financial assets / Financial liabilities	Fair value as at		Fair value hierarchy
	31 March 2018	31 March 2017	
<b>Fair Value through Profit and Loss</b>			
Forward foreign currency contracts	Assets ₹ 0.39 lacs	Liabilities ₹ 0.26 lacs	Level 2
Investment in Mutual Funds	Assets ₹ 2,003.55 lacs	Nil	Level 1
<b>Fair Value through OCI</b>			
Investment in Future Retail Limited	Assets ₹ 26,241.01 lacs	Nil	Level 1

Valuation technique and key input used: Fair value is determined using discounted future cash flows which are estimated based on forward exchange rates at the end of the reporting period, discounted at a rate that reflects the credit risk of the Group.

# NOTES

to the consolidated financial statements for the year ended 31 March 2018

## 39. 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.

### FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

Particulars	Net assets, i.e. total assets minus total liabilities		Share of profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount (₹ in lacs.)	As % of consolidated profit or loss	Amount (₹ in lacs.)	As % of consolidated profit or loss	Amount (₹ in lacs.)	As % of consolidated profit or loss	Amount (₹ in lacs.)
Holding Company								
Shoppers Stop Limited	101%	91,115.98	129%	27,715.62	100%	(704.89)	128%	28,420.51
Subsidiaries (Indian)								
HyperCity Retail (India) Limited	0%	-	-28%	(6,081.90)	0%	-	-27%	(6,081.90)
Crossword Book Stores Limited	2%	1,574.72	-2%	(328.26)	0%	-	-1%	(328.26)
Upasna Trading Limited	0%	(87.97)	0%	(0.50)	0%	-	0%	(0.50)
Shopper's Stop Services (India) Limited	0%	8.60	0%	(0.35)	0%	-	0%	(0.35)
Shopper's Stop.Com (India) Limited	0%	3.67	0%	(0.35)	0%	-	0%	(0.35)
Gateway Multichannel Retail (India) Limited	-2%	(2,171.03)	0%	(0.44)	0%	-	0%	(0.44)
Non controlling interest	0%	-	0%	-	0%	-	0%	-
<b>Joint Ventures (as per Equity method)</b>								
Nuance Group (India) Private Limited	0%	-	0%	5.22	0%	-	0%	5.22
Timezone Entertainment Private Limited	0%	-	1%	137.90	0%	-	1%	137.90

### FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

Particulars	Net assets, i.e. total assets minus total liabilities		Share of profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount (₹ In lacs.)	As % of consolidated profit or loss	Amount (₹ In lacs.)	As % of consolidated profit or loss	Amount (₹ In lacs.)	As % of consolidated profit or loss	Amount (₹ In lacs.)
Holding Company								
Shoppers Stop Limited	72%	34,551.32	3%	(228.25)	27%	(13.58)	3%	(241.83)
Subsidiaries (Indian)								
HyperCity Retail (India) Limited	22%	10,726.97	33%	(2,576.07)	0%	-	33%	(2,576.07)
Crossword Book Stores Limited	2%	1,172.84	4%	(294.47)	0%	-	4%	(294.47)
Upasna Trading Limited	0%	(31.19)	0%	(0.77)	0%	-	0%	(0.77)
Shopper's Stop Services (India) Limited	0%	7.43	0%	(0.61)	0%	-	0%	(0.61)
Shopper's Stop.Com (India) Limited	0%	4.03	0%	(0.63)	0%	-	0%	(0.63)

# NOTES

to the consolidated financial statements for the year ended 31 March 2018

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

Particulars	Net assets, i.e. total assets minus total liabilities		Share of profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount (₹ In lacs.)	As % of consolidated profit or loss	Amount (₹ In lacs.)	As % of consolidated profit or loss	Amount (₹ In lacs.)	As % of consolidated profit or loss	Amount (₹ In lacs.)
Gateway Multichannel Retail (India) Limited	0%	28.34	0%	(0.53)	0%	-	0%	(0.53)
Non controlling interest	-1%	(521.06)	52%	(4,109.12)	73%	(36.40)	53%	(4,145.52)
Joint Ventures (as per Equity method)								
Nuance Group (India) Private Limited	1%	580.00	4%	(344.38)	0%	-	4%	(344.38)
Timezone Entertainment Private Limited	3%	1,404.21	4%	(282.26)	0%	-	4%	(282.26)

### 40. Standards issued but not yet effective

IND-AS 115 was notified on 28 March 2018 and is effective for the Company in the first quarter of fiscal 2019. the Company has established an implementation team to implement IND-AS 115 related to the recognition of revenue from contracts with customers and it continues to evaluate the changes to accounting system and processes and additional disclosure requirements that may be necessary. A reliable estimates of the quantitative impact of IND-AS 115 on the financial statements will only be possible once the implementation project has been completed.

41. The previous year figures have been audited by an audit firm other than S R B C & Co LLP. The previous year's figures have been regrouped / reclassified wherever necessary.

In terms of our report of even date

**For S R B C & CO LLP**

ICAI Firm Reg. No. 324982E / E300003  
Chartered Accountants

**Vijay Maniar**

Partner  
Membership No. 36738

Mumbai: 27 April 2018

For and on Behalf of the Board of Directors

**C.L. Raheja**

Chairman  
DIN: 00027979

**Ravi Raheja**

Director  
DIN: 00028044

**Govind S. Shrikhande**

Customer Care Associate &  
Managing Director  
DIN: 00029419

**Vijay Jain**

Customer Care Associate &  
Dy. Chief Financial Officer

**Bharat Sanghavi**

Customer Care Associate &  
Company Secretary

Mumbai: 27 April 2018

**STATEMENT UNDER SECTION 197 OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014.**

**1. THE RATIO OF THE REMUNERATION OF EACH DIRECTOR TO THE MEDIAN REMUNERATION OF THE EMPLOYEES OF THE COMPANY FOR THE FINANCIAL YEAR 2017-18 :**

Name of Directors	Designation	Ratio of Remuneration of each Director to median remuneration	Remuneration (₹)
Mr. Chandru L. Raheja	Chairman	1.50:1	350,000
Mr. Ravi C. Raheja	Non-executive Director	1.97:1	460,000
Mr. Neel C. Raheja	Non-executive Director	1.50:1	350,000
Prof. Nitin Sanghavi	Non-executive and Independent Director	3.47:1	810,000
Mr. Deepak Ghaisas	Non-executive and Independent Director	4.16:1	970,000
Mr. Nirvik Singh	Non-executive and Independent Director	1.50:1	350,000
Ms. Abanti Sankaranarayanan	Non-executive and Independent Director	1.50:1	350,000
Mr. Manish Chokhani	Non-executive and Independent Director	2.87:1	670,000
Mr. Gareth Thomas	Non-executive and Independent Director	0.43:1	100,000
Mr. B. S. Nagesh	Non-executive Director	2.78:1	650,000
Mr. Govind Shrikhande	Managing Director	205.96:1	48,071,220

**Notes:**

1. The remuneration of Non-Executive Directors consists of sitting fees & payment of Commission, wherever applicable.
2. The median remuneration of the Company for all its employees is ₹ 233,397 for the financial year 2017-18.

**2. THE PERCENTAGE INCREASE IN REMUNERATION OF EACH DIRECTOR, CHIEF FINANCIAL OFFICER, CHIEF EXECUTIVE OFFICER, COMPANY SECRETARY IN THE FINANCIAL YEAR 2017-18 AS COMPARED TO FINANCIAL YEAR 2016-17:**

Name of Directors and KMPs	Designation	% increase / decrease in Remuneration
Mr. Chandru L. Raheja	Chairman	75.00%
Mr. Ravi C. Raheja	Non-executive Director	27.78%
Mr. Neel C. Raheja	Non-executive Director	75.00%
Prof. Nitin Sanghavi	Non-executive and Independent Director	22.73%
Mr. Deepak Ghaisas	Non-executive and Independent Director	-3.00%
Mr. Nirvik Singh	Non-executive and Independent Director	-22.22%
Ms. Abanti Sankaranarayanan	Non-executive and Independent Director	-22.22%
Mr. Manish Chokhani	Non-executive and Independent Director	9.84%
Mr. Gareth Thomas	Non-executive and Independent Director (upto 26.10.2017)	-77.78%

Name of Directors and KMPs	Designation	% increase / decrease in Remuneration
Mr. B. S. Nagesh	Non-executive Director	30.00%
Mr. Govind Shrikhande	Managing Director	6.00%
Mr. Salil Nair	Chief Executive Officer (upto 31.05.2017)	N.A.
Mr. Sanjay Chakravarti	Chief Financial Officer (upto 22.12.2017)	6.50%
Mr. Bharat Sanghavi	Company Secretary	6.50%
Mr. Rajiv Suri	Chief Executive Officer (w.e.f. 09.01.2018)	N.A.

**Notes:**

1. The variation in percentage of remuneration of non-executive directors is on account of receipt of sitting fees, during the year under review, vis a vis the preceding financial year.
2. Mr. Salil Nair, Chief Executive Officer of the Company had resigned from the services of the Company with effect from May 31, 2017. The Board has appointed Mr. Rajiv Suri as Chief Executive Officer of the Company w.e.f. January 09, 2018. Hence percentage increase/decrease cannot be computed in this regard.

**3. THE PERCENTAGE INCREASE IN THE MEDIAN REMUNERATION OF EMPLOYEES IN THE FINANCIAL YEAR 2017-18:**

The percentage increase in the median remuneration of all employees in the financial year was 7.75%.

**4. THE NUMBER OF PERMANENT EMPLOYEES ON THE ROLLS OF COMPANY AS ON MARCH 31, 2018:**

The number of permanent employees on the rolls of Company as on March 31, 2018 were 7,480 CCAs.

**5. 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 7.75 %. The average percentage increase in salaries for managerial personnel was 5%. The bench mark for salary increase was done based on the compensation survey conducted by the Company.

**6. It is affirmed that the remuneration paid to the directors, key managerial personnel and members of senior management team is as per the Appointment and Remuneration of Directors and Senior Management Policy of the Company.**

**STATEMENT UNDER SECTION 197 OF THE COMPANIES ACT, 2013 READ WITH RULE 5(2) & (3) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014, AS AMENDED, FOR THE YEAR ENDED MARCH 31, 2018.**

Sr. No.	Name & Qualification of Employees	Age (Years)	Designation	Date of Commencement of Employment	Gross Remuneration (₹)	Experience (Years)	Last Employment held and designation therein
1	Mr. Govind Shrikhande B.Tech, MBA	57	Customer Care Associate & Managing Director	03-04-01	48,071,220	34	Bombay Dyeing & Manufacturing Co. Ltd. Vice President - Retail Division
2	Mr. Amin Kassam B.Sc	62	Customer Care Associate & Chief of Retail Operations	04-01-17	16,403,145	41	Reliance Trends Ltd. - Chief Operating Officer
3	Mr. Gopal Asthana B.E, CFA	46	Customer Care Associate & Head - Buying & Merchandising	28-01-98	12,462,257	21	H R Johnson Ltd. - Project Engineer
4	Mr. BVM Rao B.Com, MSW	56	Customer Care Associate & Head - Human Resources	08-05-08	9,303,912	28	Food Express Stores Vice President - Hypermarket & Ops
5	Mr. Devadas C B.Com	54	Customer Care Associate & Head - Supply chain	01-12-97	8,303,971	31	Ivory Property & Hotel Pvt. Ltd. Assistant Manager - Distribution
6	Mr. Satish Sharma B.Arch, MBA	49	Customer Care Associate & Head of Store Planning	21-03-07	7,048,938	25	ITC Limited Manager - Project
7	Mr. Sachin Oswal B.E (Electronics), M.S.E.E	38	Customer Care Associate & Head - Omni Channel Retail	08-01-15	6,861,450	16	Infibeam.com (Infibeam Incorporation Ltd) Chief Operating Officer
8	Mr. Anil Shankar Arasavilli B.A., Diploma in RDBMS (Oracle)	46	Customer Care Associate & Head - Solutions & Technology	24-05-99	6,794,386	20	Sterling Resorts Senior Executive - Systems
9	Mr. Shamsundar Kamat B.E , MMS	46	Customer Care Associate & Regional Controller	15-03-99	6,312,839	22	Ion Exchange (I)Ltd Senior Executive
10	Mr. Vikram Chitnis B. Textile, Diploma in L.T.M	53	Customer Care Associate & Sr. Trading Manager	23-10-02	6,139,109	28	Euro Fibre India General Manager - Marketing

# EMPLOYED FOR PART OF THE FINANCIAL YEAR WITH AN AVERAGE SALARY ABOVE ₹ 8.5 LAC PER MONTH

Sr. No.	Name & Qualification of Employees	Age (Years)	Designation	Date of Commencement of Employment	Gross Remuneration (₹)	Experience (Years)	Last Employment held and designation therein
1	Mr. Salil Nair B.Sc, M.Sc	53	Customer Care Associate & Chief Executive Officer	01-12-97	15,567,998	30	Ivory Property & Hotel Pvt. Ltd. Senior Manager - Operations
2	Mr. Sanjay Chakravarti B.Com, C.A	48	Customer Care Associate & Chief Financial Officer	17-10-05	10,366,338	25	Trinity Computer Processing India Pvt. Ltd. Sr. Manager - US Accounting
3	Ms. Shilpa Gulatee B.A, Fashion Designing	48	Customer Care Associate & Head-Private Brand	31-08-15	4,543,886	23	Jabong.com (Jade E Services Pvt. Ltd.) VP - Private Brands
4	Mr. Rajiv Suri B.Com, PGD - Sales & Marketing Mgmt, PGD - Business Mgmt, Strategic Retail Mgmt	55	Customer Care Associate & Chief Executive Officer	09-01-18	10,021,884	33	Majid Al Futtaim, Dubai, UAE Chief Executive Officer

## Notes:

1. The Gross remuneration includes salary, bonus, various allowances, performance linked incentives, 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 Company's Rules.

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