

# SHOPPERS STOP



2016-17  
ANNUAL REPORT

# Contents



## **Corporate Overview** **1-28**

2	Introducing Shoppers Stop Ltd.
5	Geographical Presence
6	Shoppers Stop
8	Chairman's Statement
10	Managing Director's Message
12	Brand Transformation
14	Talent Transformation
16	Tech Transformation
18	Supply Chain Transformation
20	Board of Directors
22	Marketing & Communication Initiatives
24	People Initiatives
26	Corporate Social Responsibility
27	Corporate Information
28	Financial Highlights & Key Ratios

## **Statutory Reports** **30-96**

30	Management Discussion & Analysis
42	Director's Report
72	Business Responsibility Report
81	Corporate Governance Report

## **Financial Statements** **98-212**

98	Standalone Financial Statements
151	Consolidated Financial Statements

### **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.

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# TRANSFORMATION

After 25 years of stupendous growth, we are accelerating our transformation like never before.

We have strengthened our brand identity by bolstering our distinctive brand experience, developing world-class private brands, partnering with new global fashion brands, launching a fresh brand campaign, and creating multiple experiential events.

We have expanded our talent to catalyze our transformation story. We continue to invest in our people and develop their skills in order to create a future-ready workforce.

We have actively embraced and leveraged smart technologies to help us tread new frontiers in online retail, customer relationship management, and smart warehouse management systems.

We have enhanced our supply chain in keeping with global benchmarks to ensure our operations always remain agile.

This Annual Report encapsulates our journey of transformation and the measures we have undertaken across the facets of brand, talent, technology and supply chain to create an unparalleled shopping experience.

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# Introducing Shoppers Stop Ltd.

Shoppers Stop Ltd. is a professionally managed and systems driven organization promoted by the K Raheja Corp Group (Chandru L Raheja Group).

**E**stablished in 1991, Shoppers Stop Ltd. was instrumental in sparking the retail revolution in the country. As pioneers of modern retail in India, the Company has introduced multiple retail formats that have been hugely successful.

From national to international fashion brands, home décor to childcare, books to groceries, Shoppers Stop Ltd. is phenomenally well-differentiated and has grown to be an intrinsic part of every household in India.



In FY 17 Shoppers Stop

## LAUNCHED 7 NEW STORES

taking the store count to 80 across 38 cities in India.

## 4.7 MILLION LOYAL CUSTOMERS

### Shoppers Stop

Shoppers Stop is India's foremost fashion retailer offering leading international and national brands across apparel, accessories, fragrances, cosmetics, home décor and footwear. The retail store offers more than 400 of the finest brands such as CK Jeans, Tommy Hilfiger, Gas, United Colors of Benetton, French Connection, Vero Moda, Jack & Jones, Guess, etc. as well as popular private brands Kashish, Stop, Haute Curry, Life, and Vettorio Fratini.

**HomeStop**

HomeStop is a premium home concept store that offers an enormous variety of products across all categories in the home segment including home adornments, bed and bath, kitchen appliances and accessories, home storage, and much more aimed at transforming homes. As of FY17, HomeStop has 16 stores across 11 cities in India.

**Online**

www.shoppersstop.com has had an exponential growth trajectory with more than 50% growth in Q4FY17. The shopping website has more than 50,000 products across different categories and sub-categories to choose from and offers the benefit of seamless transactions.

**Beauty Formats**

Shoppers Stop has been instrumental in bringing the world's foremost beauty, skincare and cosmetic brands to India including Estée Lauder, M.A.C, Bobbi Brown and Clinique, amongst many others.

## 'EWORDS' A MONTHLY NEWSLETTER

with reviews of new books,  
bestseller lists, information  
about in-store events  
and much more is sent  
to registered members of  
Crossword every month.

**HyperCITY**

HyperCITY continues to redefine the hypermarket shopping experience for customers across the nation. Last year, HyperCITY added 3 new stores taking its store count to 19. It has 1.3 million loyal members.

**Crossword**

Crossword, with its wide portfolio of books, movies, music, toys and stationery, is the definitive place and space for those who seek information, knowledge or just the pleasure of reading. It has 88 stores across the country and over 6.5 lakh loyal customers.

**Joint Ventures**

**Airport Retailing:** In association with The Nuance Group AG, Switzerland, Shopper Stop operates a duty free store at the International airport in Bengaluru.

**TimeZone Entertainment:**

Shoppers Stop Ltd. has 48.42% stake in TimeZone Entertainment Private Limited and currently has 25 operational doors.

ESTÉE  
LAUDER HAS  
**7 STORES**

ACROSS  
BENGALURU,  
MUMBAI,  
CHENNAI, DELHI,  
KOLKATA AND  
GURGAON.

M.A.C HAS GROWN TO  
**40 STORES**  
WITH 4 NEW STORES  
LAUNCHED IN FY17.

BOBBI BROWN HAS  
**7 STORES**  
ACROSS DELHI,  
GURGAON, NOIDA,  
MUMBAI AND PUNE.

CLINIQUE ADDED  
**2 NEW  
STORES**  
IN FY17 AND NOW  
HAS A TOTAL OF  
**27 IN  
INDIA.**





# Geographical Presence



# Shoppers Stop

The company's flagship business of department stores has become one of India's leading and most respected fashion retailers.

**W**e studied vision statements of the top companies in the world and felt the need to carve out a new vision statement that clearly explains our focus, our strategy and impact measurement.

## VISION STATEMENT

“To be an inspirational and trusted brand, transforming customers' lives through fashion and a delightful shopping experience every time.”

Our vision impacts all our key stakeholders and has a distinct connotation for each.

### **For Customer Care Associates**

A great place to work where associates feel respected and inspired to contribute their best.

### **For Customers**

Shoppers Stop aspires to be the customer's favourite shopping destination. A brand the customer can trust.

### **For Partners**

Shoppers Stop will be a great partner to work with: transparent, responsive and committed to growth.

### **For Shareholders**

Shoppers Stop will be a shareholders' delight, delivering consistent value.

### **For Society**

Shoppers Stop will be respected for being highly ethical, innovative and responsible.





## I.G.D.S

Shoppers Stop is the only Indian member of the coveted 'Intercontinental Group of Department Stores' which has many of the world's biggest departmental stores among its members.



## VALUES

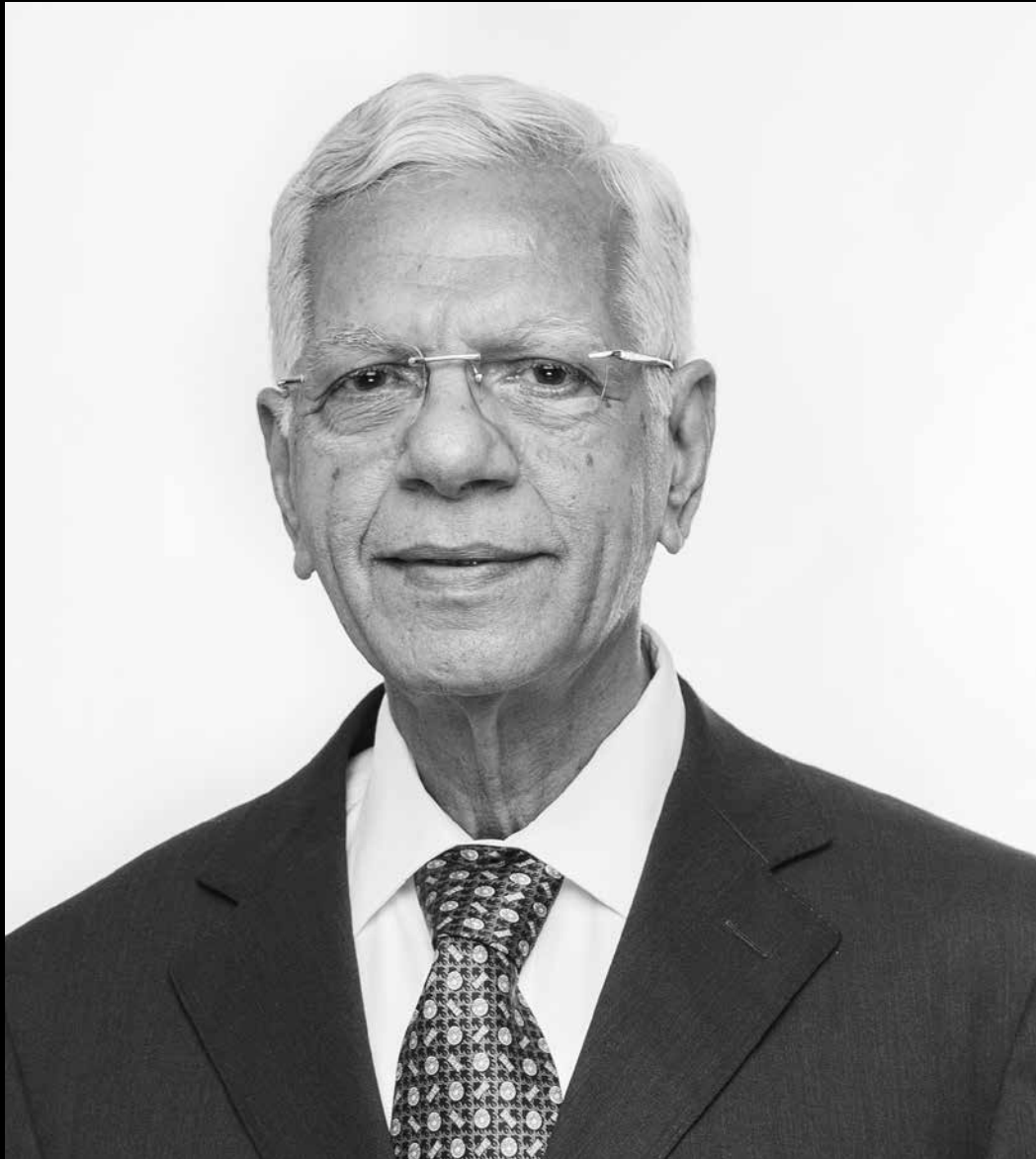
- 1. Excellence**  
We will have an environment that encourages development and excellence
- 2. Openness**  
The obligation to dissent and an environment conducive to openness
- 3. Care**  
We will have a willingness to apologize and forgive
- 4. Integrity**  
We will be fair and not take what is not ours
- 5. Innovative**  
We will have an environment of innovation and growth
- 6. Socially responsible**  
We will respect our customers' rights and be socially responsible

## MISSION 2020

- Invest in Omni-channel to achieve 10% share of sales in 3 years
- Increase share of private and exclusive brands
- Deliver higher profitability and free cash flow
- Leverage Loyalty Program and Social media

# Chairman's Statement

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## INDIAN ECONOMY

The last year witnessed two important policy developments in India, the passage of the GST bill in the Parliament in order to bring in more transparency in the tax administration and withdrawal of legal tender of high value currency notes (₹ 500 and ₹ 1,000) i.e. demonetisation, with an intention to curb black money and running of a parallel economy & the introduction of new ₹ 500 and ₹ 2,000 currency notes. With a moderate start in 2016, the economic momentum recovered towards the middle of the year. However, while the growth momentum was temporarily impacted with demonetisation, the Indian economy appears to be recovering and will continue as one of the fastest growing economies of the world. The above two actions also support the growth of organised retail industry.

## YOUR COMPANY'S PERFORMANCE

In the current year the Company has seen a softer growth of 9%. However, our focus on growth and opportunities thereof has continued unabated. The Company has launched 7 Shoppers Stop departmental stores i.e. one store each at Goa, Noida, Panvel, Pune, Bengaluru, New Delhi and Ranchi during the year under review. Further, the Company has closed 2 stores with a focus to optimise profitability. We are very positive about the times to come, as we have a slew of exciting actions to bring the Romance back to Retail. We will also see our investments

in Omni-channel, digitization of stores and our e-commerce push starting to bear fruit in the coming years.

Two years ago, your Company had launched a project named 'Mission 2020' with an objective to create the next generation Shoppers Stop that can successfully navigate across Channels and establish us as our customers' most preferred brand & retail destination and to make Private Brands visible like 'National/International Brands'. Your Company under this project is reviewing the brands within the stores from the lens of 'Fashionability'. The objective is to align brands within the store to match the consumers' fashion and style expectations.

Your Company has launched a program called 'Personal Shopper' with an objective to provide a great shopping experience to customers, by attaching an in-store expert, accompanying customers during their visit, attending to all their requirements in turn leading to increased customer satisfaction and sales.

E-commerce is probably creating the biggest revolution in the retail industry, and this trend would continue in the years to come. The Company has embarked on its Omni-channel journey as E-commerce is expanding steadily in the country. Omni-channel initiatives of the Company will continue to be a key pillar of its growth strategy.

During the year under review, the Company continued to expand its membership base by adding new members to its First Citizen Loyalty Program. The program now has

# 4.7 million

First Citizen Loyalty Program members

# 75%

Contribution to Company's sales

a total First Citizen base of over 4.7 million members and today it is one of the largest loyalty programs across sectors and has contributed to 75% of your Company's sales. Your Company also launched Group Loyalty Program across all formats so that customers can now earn and redeem points across all formats.

I wish to thank our Board members, our Shareholders and our other stakeholders for their contribution and support over the years. With the strong backing of customers, shareholders, customer care associates and vendor partners, your Company is confident that it will go from strength to strength in the future and continue to be one of the major players in the field of Indian modern retail.

**Chandru L. Raheja**  
Chairman

# Managing Director's Message

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**Dear Shareholders,**

**I**t's my pleasure to present to you our FY17 Annual Report. In the last financial year, your Company registered a 9% sales growth while operating profit (EBIDTA) stood at ₹ 201.84 crores.

FY17 was an inflection point in our journey of transformation. We launched a slew of new initiatives and reinforced our existing strengths to ensure that our customers always enjoy a delightful experience with Shoppers Stop.

Firstly, our omni-channel strategy continued to be a focal point in the year gone by. Through deployment of the hybris software, we enhanced the customer's ease of navigation and experience on our website and mobile app. Through technologies such as Warehouse Management System (WMS), Enterprise Service Bus (ESB), Master Data Management (MDM) and Order Management System (OMS), we are now able to have a one-view of customer, one-view of order and one-view of inventory. This allows us to provide our customers with a contextual, targeted, personalized and integrated shopping experience.

With all these systems in place, our omni-channel architecture will be complete. Our objective is to drive 10% of overall sales from digital touch-points and we aim to become fully omni-channel by the second quarter of FY18.

# 9%

Growth in sales

As part of the roadmap ahead, we will introduce new features such as 'Click & Collect', 'Ship from Store', 'Endless Aisles, and much more.

Secondly, we introduced multiple initiatives to reinforce our strong connect with the customer. Our Shoppers Stop First Citizen Loyalty Program enables us to extract and understand our customers' preferences and aspirations. Consequently, we have been able to design specific programs and offers tailor-made to meet those desires.

Shoppers Stop introduced a first-of-its-kind Personal Shopper program that provides customers with the option to have personalized assistance and services during their shopping. The Personal Shopper is a well-trained advisor with expertise in latest fashion trends and a complete understanding of the store and brands. This is a complimentary service and is available in 60 stores across the country.

Thirdly, to extend our brand visibility and create shareable moments, we organized on-ground events such as creating the 'World's Largest Cricket Bat' in Bengaluru which was signed by Mithali Raj the Captain of the Indian Women's Cricket Team.

Our Customer Care Associates are core to delivering the best experience to our customers. We empower our associates with requisite training and professional growth paths to ensure they remain happy and motivated to always go that extra mile.

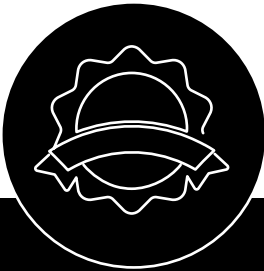
As an organisation, we rely on our brand strength and customer trust. We stand as a reflection of the latest trends in the industry, and maintain our aspirational value. Our investments in new technologies help us sharpen our customer-centricity. And, our transformation is consistently aimed at delighting our customers every time they click on or walk in the aisles of Shoppers Stop.

**Govind S. Shrikhande**  
Managing Director

Our distinct brand personality and strong assortment give us a unique edge. The consistent enhancements in our offerings make our journey exciting and transformative. Our brand epitomizes the romance in retail and is synonymous with the joy of shopping.

Our wide spectrum of fashionable private and exclusive brands is our most significant differentiator. Step into a Shoppers Stop store and you will be awestruck by the depth and range of our brands that are crafted with care and are in line with customers' evolving aspirations. Moreover,

we continue to up the ante by partnering with leading global brands, renowned celebrities and distinguished fashion designers to offer customers an unmatched shopping experience. We continue to weave brand-magic through numerous experiential events, promotions and campaigns that are designed to delight our customers.



# Our BRAND

Personifies Our Transformation



### Iconic Private Brands

**STOP, Life,  
Kashish, Haute  
Curry and  
Vettorio Fratini.**

### Exclusive Brands

Virat Kohli's breakaway youth  
fashion brand

**WROGN**

Designer Rocky Star's

**RS BY  
ROCKY STAR.**

Kriti Sanon's women's line

**MS. TAKEN**

Spanish fashion brand

**DESIGUAL**

### New additions in FY17:

A women's fashion brand  
by Dolly Sidhwani, Bhavana  
Pandey & Nandita Mahtani

**LOVE  
GENERATION**

**AÉROPOSTALE**

# TALENT

is The Soul of Our Transformation



Our associates  
are our  
true brand  
ambassadors.  
We focus on  
sharpening  
their skills  
so that they are  
well-equipped  
to propel our  
transformation  
forward.





# UPSKILLING

at different levels

Category	Training Program
Front-end Customer Care Associates	Baby Kangaroo
Mid-management	<b>F.L.E.X</b> First Line Executive Xcellence <b>P.O.E.M</b> Pursuit of Excellence in Management
Career succession	<b>L.E.A.P</b> Learn, Excel, Achieve & Perform <b>L.E.A.D</b> Leadership Excellence Accreditation Development Program

## Service-orientation

We designate every employee across the organization as a Customer Care Associate (CCA) implying that we are first and foremost dedicated to serving our customers.

## Open Door Policy

We believe in transparency and open conversation. There are no cabins or closed cubicles as we follow an open-floor plan. Employees across the ranks have unfettered access to each other.

## Innovation Round the Clock

We encourage our people to share ideas and suggestions that may benefit the organization and its future roadmap. The best ideas are recognised and awarded. This practice has proven to be highly effective and impactful on the bottom-line.

## Rewards Galore

We have instituted several awards and special events to acknowledge the contribution of our people. These include the Golden Mirror Awards, the Hadh Se Aagey Awards, Gift Cards and Goodie Bag distribution, Retail Employees Day, Values and Smiley Cards, Legacy Awards, among others.

## Campus Guru Challenge

We maintain close relationships with top B-schools and other institutions in the country to tap into fresh perspectives and new ideas. As a part of the Campus Guru Challenge, students from leading colleges are invited to compete on important business-linked case studies and present their recommendations to a panel of retail stalwarts. Our aim is to be a 'desired employer' for students and build a talent pipeline for the future.

# INDOOR

Drives Our Transformation



Technological disruptions are causing sweeping change across businesses. Your Company is in step with the winds of change. Our technological advancements and the digitization of our stores are in line with our omni-channel vision.



# WE HAVE ALREADY EMBARKED ON OUR OMNI- CHANNEL STRATEGY.

During the year under review, we upgraded our mobile app which has already crossed 1 million downloads.

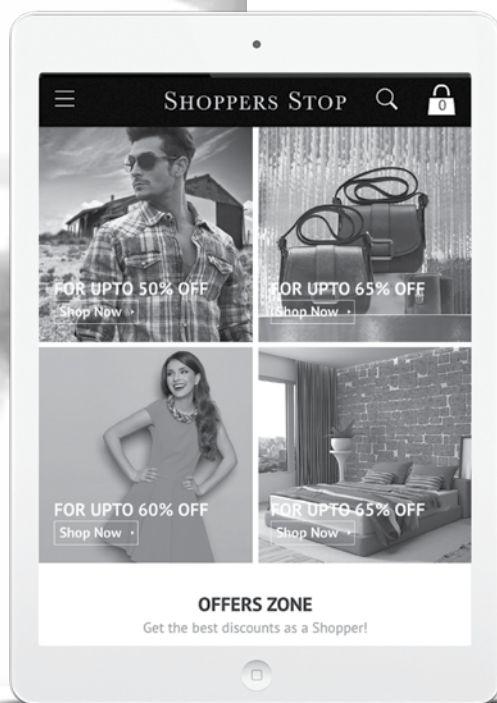
**I**t is imperative that our customers receive a uniform brand experience irrespective of the shopping channel they choose.

We collaborated with Riversand for robust data management solutions to best achieve this objective.

Master Data Management (MDM) solutions from Riversand help consolidate, manage and govern products, customers and reference data across the business.

We partnered with Cisco to implement Cisco Wireless Solution across 80 Shoppers Stop stores in India to accelerate the digitization of our stores.

The level at which the inventory of our products is managed is unprecedented and demands meticulous management. We partnered with JDA Software Group to implement JDA® Warehouse Management across our 4 regional warehouses. Shoppers Stop now has a powerful warehousing solution that meets the current and future demands of the competitive and varied distribution environment.





## AGILE OPERATIONS

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**100%**  
DELIVERIES ARE  
PROCESSED AND  
TRANSFERRED

to the stores within 24 hours to ensure  
seamless and quick replenishment.





**A robust supply chain is key to our transformation. We have undertaken multiple initiatives to make our supply chain more efficient and responsive.**

Our best in breed Warehouse Management Solution has in-built functionalities to perform collaborative SCM operations with all our partners. Most importantly, using this application we can now work 24 x 7.

We shifted our new suppliers' registration process from manual, paper-based process to internet based work flows. This has twin benefits: the process is quicker and all commercial, supply chain, tax and legal related information is made available at a single source.

We also re-engineered our PICS (Perpetual Inventory Count System) by deploying RF scanners. The result was zero downtime in receipt / put-away and picking operations.

We have implemented Category-wise Stacking and Optimization of Distribution Centre (DC) space using Multi-Tiered Racking in our stocking premises. This helps to rationalise our storage space.



# A Robust SUPPLY CHAIN

is Integral to Our Transformation

# Board of Directors



**Mr. C. L. Raheja**  
*Chairman and Non-Executive Director*

Mr. C. 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. Ravi C. Raheja**  
*Non-Executive Director*

Mr. Ravi C. Raheja, 45, an MBA from London Business School, has 23 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 is an active contributor to the industry, serving as the Chairman of Green Building Council (Mumbai Chapter) and member of the World Economic Forum.



**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 Program from Harvard Business School. Over the last 23 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 HyperCity.



**Mr. B. S. Nagesh**  
*Customer Care Associate,  
Vice Chairman and Non-Executive Director*

Mr. B.S. Nagesh, 58, 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 5 years it has created livelihood for more than 3,500 disabled youth and skilled more than 20,000 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.



**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.



**Mr. Manish Chokhani**  
*Independent and Non - Executive Director*

A CA and MBA from the London Business School, Mr. Manish Chokhani, 50, 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, 53, is a marketing communications veteran and has been in the business for over 28 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 2000 professionals across 22 countries in 27 cities. Mr. Singh is a Graduate from St. Xavier's College, Kolkata.



**Mr. Gareth Thomas**

*Independent and Non-Executive Director*

Gareth Thomas, 60, 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.



**Prof. Nitin J. Sanghavi**

*Independent and Non-Executive Director*

Prof. Nitin J. Sanghavi, 68, is a Professor of Retail Marketing and Strategy at Manchester Business School. He brings to our Board immense wisdom as an educator and experience in retailing of over 32 years. He holds a Masters and PhD from The University of Manchester. He also acts as a strategic advisor to the boards of many blue-chip retail organizations in UK, USA, Europe, Middle East and India. He has also been advisor to the British Council and Commonwealth Secretariat and Special Advisor to the World Bank on Retailing.



**Mr. Deepak Ghaisas**

*Independent and Non-Executive Director*

Mr. Deepak Ghaisas, 59, is a qualified Chartered Accountant, Cost Accountant and Company Secretary. He leads strategy development, visioning and conceptualization 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.



**Mr. Govind Shrikhande**

*Customer Care Associate  
& Managing Director*

Mr. Govind Shrikhande, 56, is the Managing Director of the Company. Mr. Shrikhande has been with the Company for more than sixteen 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.

# Marketing & Communication Initiatives

With increased competition and density of players, it is imperative that the very construct of the retail experience be rethought, communicated and delivered in an innovative way.

**W**e are transforming the way the customer interacts and connects with us by using innovative campaigns, engaging events and thoughtful services. With this, we want to make sure that our customers get the best shopping experience.

## Democratising Fashion

This year, we revived the Designer of the Year Awards. The objective of this property is to find the best fashion design talent in the country. It was an 8-month long exercise which culminated in a star-studded grand finale. There were over 700 applications from leading fashion colleges in the

country and 13 students were shortlisted to exhibit their designs across categories. The winners will receive an unparalleled opportunity to retail their range at select Shoppers Stop outlets. Our brand transformation is propelled further through such initiatives that funnel in fresh thoughts and new designs.

## First Citizen Loyalty Program

Since its inception in 1994, the program has grown to more than 4.7 million loyal members who contribute to over 75% of sales. Today, it is one of the most successful customer relationship and loyalty programs in the industry.

The objective of the First Citizen Loyalty Program is to ensure customer delight and enhance customer satisfaction. To that effect, we routinely analyse the proprietary First Citizen data to help plan targeted offers and communications.

In FY17, we were able to generate incremental revenue of Rs. 291 crore through the effective use of such data.





### Social Media

Shoppers Stop was one of the first Indian retailers to recognise and leverage the potential of digital and social media to engage with customers. Today, it has a strong social media network with more than 9.7 million fans on its Facebook page (the largest among Indian retailers), 140k followers on its Twitter and 2 million views on its YouTube channel.

### A New Brand Campaign

With the intent to start a fresh conversation with customers, we created an impactful brand campaign. During the year, we released a new television commercial and print campaign that celebrates the joy of shopping. The overall campaign is an emotive portrayal of the joy felt while shopping with one's family, friends and loved ones. In line with Shoppers Stop's brand philosophy



'Start Something New', the TVC showcases various instances of how Shoppers Stop enables its customers - across all age-groups - to discover a new side to themselves and each other as well as rediscover their relationships in the aisles of Shoppers Stop.

### Engaging Events

We created the world's largest cricket bat which measures 160 feet in height and 18 feet in width. The bat was signed by Mithali Raj, captain of the Indian Women's Cricket Team and was displayed at Magrath Road Junction, Bengaluru.

### Personal Shopper Program

We introduced a first-of-its-kind Personal Shopper program that provides customers with personalized assistance and services during their shopping. The Personal Shopper Service is complimentary and is available across 60 Shoppers Stop stores.

THREE GENERATIONS WENT SHOPPING. CAME BACK AS ONE.



Come together to discover a new side to yourself and your loved ones. And somewhere in our aisles, come together to start something new.

SHOPPERS STOP  
START SOMETHING NEW

The Personal Shopper is a well-trained advisor with 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. The Personal Shopper helps a customer explore and discover their personal style by guiding them on various aspects such as the perfect fit, the right style for specific occasions, etc.

# People Initiatives

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In the highly competitive retail industry, our hiring, training and talent-retention processes are par excellence and are designed to make us the Employer of Choice.

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## Hiring

Potential candidates are assessed on aspects such as their cultural fit, their functional capabilities and their career goals. We place prime importance on discussing and matching the organisation's mission, vision and values with all new hires. We also have a very strong referral policy that contributes to nearly 60% of overall hiring.

## Communication

We believe that to best empower our talent, we must openly communicate with them. Therefore, we created our in-house intranet platform named 'Spandhan' through which the senior management and HR personnel regularly communicate with teams across the country. Associates have easy access to HR information, company announcements and learning materials all on the click of a button.

Our 'Re-Tale' magazine is a quarterly publication that highlights key initiatives, future plans and recognizes out-performers.

As a part of our daily standard business operating procedures, the senior management interacts with employees through forums like Town Halls and Meet & Greet sessions.

Cross-functional collaboration is encouraged through initiatives like

the Idea Management Portal that enables all our associates to propose new ideas or changes to existing processes. The best ideas are recognized, rewarded and quickly implemented.



### **Employee Engagement and Grievance Redressal**

Shoppers Stop is an equal employment opportunity company and is committed to creating a healthy working environment that enables employees to work without fear of prejudice, gender bias and sexual harassment. We believe that all employees have the right to be treated with dignity.

We conduct Associate Satisfaction Index surveys in order to gather feedback from our employees on numerous issues. Based on the survey findings, we design improvements and changes in our work environment.

Through 'Bindas Bol', our front-end staff are encouraged to freely share their complaints, concerns, feedback and suggestions on how the company can improve its processes.

### **Whistle Blower Policy**

We have also instituted a policy that enables our associates to bring to the fore issues that are against the company's code of conduct, values,

ethics, or policies. A special e-mail id and hot-line number are available for the same.

### **Prevention of Sexual Harassment Committee**

In adherence to the industry regulation, we have created a Prevention of Sexual Harassment Committee that addresses concerns and takes swift action against any sexual or work-related harassments.

There are also external experts on this committee who look into these issues and offer guidance to the management to arrive at resolutions.

# RANKED 25

on the Best Workplaces in Asia 2015 list by Great Place to Work®.



# Corporate Social Responsibility

We believe our position as India's leading fashion retailer can be sustained only if we continue to demonstrate our sound corporate citizenship. In this regard, we have identified two key causes – 'Skilling the Disabled' and 'Inclusiveness of Persons with Disabilities' as our core CSR objectives.

## ENHANCING EMPLOYABILITY OF PERSONS WITH DISABILITIES

The initiative aims to train persons with disabilities and provide them employment opportunities in the retail industry. Targeting the youth in this category (aged 18-35 years), we have created succinct modules to impart quality training on Indian sign language, life skills, as well as computer, retail and soft skills. The project has been implemented through PANKH – Wings of Destiny, an initiative by TRRAIN (Trust for Retailers & Retail Associates of India) and Youth 4 Jobs Foundation.



## A TOTAL OF 663

persons with disabilities (PWDs) have been trained and provided livelihood.

An amount of

## RS. 74 LACS

was spent towards CSR initiatives during FY17.

## 23% OF THE TOTAL TRAINEES WERE WOMEN

50% of the trainees have orthopaedic disabilities, 46% have hearing and speech disabilities and 4% have low vision and other disabilities. More than 80% of the people with disabilities trained under this program come from underprivileged backgrounds with incomes less than Rs.50,000/- per annum.



# Corporate Information

## Board of Directors

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

## 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

Deloitte Haskins & Sells LLP

## Audit Committee

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

## Internal Auditors

KPMG

## Nomination and Remuneration & Corporate Governance Committee

Nirvik Singh	– Chairman
Neel C. Raheja	– Member
Nitin Sanghavi	– Member

## 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)

## Stakeholders Relationship Committee

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

## Bankers

Axis Bank Limited  
IDBI Bank Limited  
ICICI Bank Limited  
Kotak Mahindra Bank Limited  
HDFC Bank Limited  
Bank of India  
Yes Bank Limited  
Abu Dhabi Commercial Bank Limited

## Corporate Social Responsibility Committee

Abanti Sankaranarayanan	– Chairperson
Ravi C. Raheja	– Member
Gareth Thomas	– Member
Govind Shrikhande	– Member

## Management Team

Govind Shrikhande  
Amin Kassam  
Sanjay Chakravarti  
Gopal Asthana  
Sachin Oswal  
BVM Rao  
Anil Shankar  
Devadas Nair  
Sumit Puri  
Anuradha Bose

## Company Secretary

Bharat Sanghavi

## Solicitors

Wadia Ghandy & Co.

# Financial Highlights & Key Ratios

(All amounts in ₹ Lacs)					
Profitability Statement	2016-17	2015-16	2014-15	2013-14	2012-13
No of Stores	156	153	145	137	104
<b>Income</b>					
Gross Retail Sales	400,096	371,545	340,613	305,215	256,050
Less: Value Added Tax	19,073	17,969	16,095	14,582	12,074
Gross Retail Sales (Net of taxes)	381,023	353,577	324,517	290,633	243,977
Other Operating & Miscellaneous Income	6,552	7,451	4,501	3,326	3,241
	<b>387,574</b>	<b>361,028</b>	<b>329,018</b>	<b>293,959</b>	<b>247,218</b>
<b>Expenditures</b>					
Cost of goods sold	250,576	231,245	207,806	188,096	159,065
Employee costs	27,350	24,552	22,703	20,445	16,106
Operating and administrative expenses	89,464	83,583	79,351	70,017	58,973
	<b>367,390</b>	<b>339,380</b>	<b>309,860</b>	<b>278,557</b>	<b>234,145</b>
<b>EBIDTA</b>	20,184	21,648	19,158	15,402	13,073
Interest and finance charges	3,820	3,786	3,621	2,886	1,899
Depreciation	11,553	9,856	8,581	6,178	5,075
Profit Before Tax before exceptional items	4,812	8,006	6,956	6,338	6,100
Exceptional Items	4,780	2,381	-	67	74
Profit Before Tax after exceptional items	32	5,625	6,956	6,271	6,026
Profit After tax	(1,994)	2,288	4,074	3,700	3,917
<b>Balance Sheet items</b>					
Share Capital	4,175	4,173	4,168	4,161	4,149
Reserve & Surplus	71,900	73,691	72,360	68,706	65,233
Loan Funds	57,590	58,983	51,839	45,131	32,934
Deferred Tax ( Liability ) / Assets	429	361	(956)	(996)	(625)
Capital Employed	133,237	136,487	129,323	118,994	102,941
Fixed Assets	65,220	65,943	61,056	58,090	48,336
Net Working Capital	792	(1,444)	(1,605)	(3,734)	(1,545)
<b>Profit &amp; Loss Ratios</b>					
Sales (Chain level growth)	7.7%	9.1%	11.6%	19.2%	17.0%
Sales (Like to Like growth)	3.1%	8.5%	5.0%	10.2%	7.4%
Gross Profit Margin	32.6%	32.9%	34.3%	33.6%	33.2%
Operating Expenses Ratio	29.2%	29.1%	30.0%	29.6%	29.3%
Operating Margin (EBIDTA) (Before exceptional item)	5.0%	5.8%	5.6%	5.0%	5.1%
PBT Margin before exceptional item	1.2%	2.2%	2.0%	2.1%	2.4%
PAT Margin	-0.5%	0.6%	1.2%	1.2%	1.5%
Interest Coverage	4.75	4.84	4.49	4.45	5.77
<b>Balance Sheet Ratios</b>					
Debtors No. of Days	2	2	3	3	3
Creditors No. of Days	78	78	88	82	90
Stock Turnover Ratio	2.4	2.1	2.1	2.4	2.5
Current Ratio	0.9	0.8	0.9	0.9	1.0
Assets Turnover Ratio	3.0	2.8	2.8	2.8	2.7
Debt Equity Ratio	0.8	0.8	0.7	0.6	0.5
<b>Return to Investors</b>					
Return on Networth	11.2%	15.3%	14.2%	13.0%	11.8%
Return on Capital Employed	6.4%	8.9%	8.5%	8.3%	8.2%
Book Value Per Share (in Rs.)	91.19	93.33	92.44	88.02	83.81
<b>EPS</b>					
Basic	(2.39)	3.0	4.9	4.5	4.7
Diluted	(2.39)	3.0	4.9	4.4	4.7
Cash EPS	11.46	14.56	15.29	11.93	10.86
Dividend Per Share	0.75	0.75	0.75	0.75	0.75

Note 1 :- Number of stores includes the Shoppers Stop Department stores and Speciality Stores (viz HomeStop, Mothercare, Crossword Bookstores, Arcelia, M.A.C, Clinique, Estee Lauder & Airport Business).

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

Note 3:- Figures pertaining to current and previous year have been stated as per Ind AS requirement and not comparable with earlier years to that extent.

(Source - Company MIS)



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Statutory  
Reports  
30-96

— STATUTORY REPORTS —

# Management Discussion And Analysis

for the year ended 31 March 2017

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## INDIAN RETAIL.

The Indian Retail Industry has emerged as one of the most dynamic and fast paced industries. Retail sector revenues are estimated to be ~ 25% of India's Gross Domestic Product. Indian Retail market is expected to double to USD 1 trillion by 2020 from USD 600 billion in 2015 driven by Income growth, urbanization and attitudinal shifts. Indian Retail as a Global player occupies a strong position on account of low economic risk and high market potential.

## E-TAILING.

The Indian Online retail industry is set to grow at a robust pace and by 2020 the online shoppers will jump to 600 million shoppers. By 2020 around One third shoppers will be "High Value Customers" and this segment will account for two thirds of the total spend. E tailing will be 30% of organized sales by 2020. The E tailing industry will become USD 45-50 billion by 2020 as suggested by various studies.

## MODERN RETAIL

Modern Retail in India is expected to double in size in next three years to around USD 160 billion largely driven by Omni-Channel retailing. Penetration of modern retail is expected to see a substantial rise from the current 11% to 14% in next three years. Initiatives like Foreign Direct Investment (FDI) retail policy and state level retail policies where government is taking up the role of a facilitator to create an environment conducive to the retail business has helped further the cause.

## MODERN RETAIL – CHALLENGES AHEAD.

Retailers need to be updated and informed about the tastes of Indian Consumers and their Consumption pattern. Retail needs to provide merchandise that the Consumer likes. It is critical for retailers to define a viable transformation agenda to stay relevant and win in the market place. Efficient supply chain, efficient merchandise positioning according to the catchments, delivering an in-



store experience consistent with brand, ensuring optimum merchandise value in relation to its price, effective allocation of space, running localized and digital campaigns effectively, investment in capabilities required to win with e-commerce and providing a strong value proposition and maintaining a flexible cost and viability model which would help modern retail to grow consistently and combat digital disruption.

## S.W.O.T. ANALYSIS

### Strengths:

- **First Citizens:** Our Loyalty Programme "First Citizens Club" has continued to be one of the main strengths of our business. We crossed the 4.7 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 9.7 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 6 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 frontend 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 480,000 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 Omnichannel distribution network, 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 80 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.

### Risks and Concerns:

- **Execution:** We believe the key risk to our growth is execution risk. The Company has a strong execution team and we believe it has the capability to execute varied retail formats.
- **Employee retention:** The Company believes that employee satisfaction and retention is of prime importance. The demand for experienced personnel in modern retail will only increase in the near term and long term. Your Company believes that this problem will persist until the industry reaches a steady growth phase.

- Pressure on retail lease rentals: Rent is one of the largest components in a retail business' fixed costs, and the case is no different for the Company. The permission of 100% FDI in single brand retail is also one of the reasons for increased demand for prominent catchments in key malls consequently resulting in to higher rentals. Power cost and service tax is also a matter of concern as they put substantial pressure on profits.
- Internet usage: India's Internet user base is currently third largest in the world. India's internet population will grow to 750M users in 2020 from 400M users in 2015. This, coupled with the improvement in telecom infrastructure, improved network connectivity across the country, ubiquitous availability of smartphones and rising consumer confidence in online retail is driving the growth of e-commerce in the country. With a significant number of Indian consumers turning Internet users, and eventually, online shoppers, selling through the online channel is set to redefine retail. The Company in order to counter the impact of loss in business due to online e-commerce sales, has designed a two pronged strategy which includes, Omni-channel approach to driving sales with the emphasis on seamless and engaging customer experience and plans to sell products and brands online via tie up with leading online e-commerce portals.
- Development of New Technologies: E-commerce Platforms being adopted by Brands themselves or by B2C & B2B Applications; as well as the obsolescence of older technologies could have a significant impact on the performance of the Company. The Company will be making focused and substantial investments to embrace new technologies and infrastructure for the Omni channel, which is a combination of physical store and online site.
- Vendor Production Capacity: The Company's expansion plans combined with renewed vigour on the e-commerce retail segment & possible new entrants in the brick & mortar segment of retail, these factors may trigger a constraint in terms of vendors reaching their production/supply capacity. The Company is looking at establishing new sources within and outside India, to mitigate the problem.
- Investee Companies: The Company has invested in other entities and lower than expected returns from

these entities will have an impact on the cash flows and consolidated results of the company.

- Economic Slowdown: Economic slowdowns have a direct impact on consumption. Retail being the end service provider of consumption in the supply / Value chain, is bound to face difficulties in an environment of economic slowdown. The Company continuously looks at stepping up the marketing activities and strong cost control to protect the company's profitability.

### Opportunities:

- Geographical reach: Your Company continues to increase its Pan-India footprint. The Company's strategy to increase the number of departmental stores, and therefore improve city wise penetration in new cities, increase market share in existing cities through additional new stores in those cities, and new stores in tier II cities, remains unchanged. Over the last Six years the Company's retail space has increased from 2.3 million square feet for the year ended 31st March, 2011 to 4.2 million square feet for the year ended 31st March, 2017 which is an impressive increase of 83%.
- Format diversification and expansion: Your Company, in its constant endeavor to capture wallet share, has diversified into multiple formats viz, HomeStop which retails hard and soft furnishing, M.A.C, Bobbi Brown, Estee Lauder & Clinique which retail high end makeup & skin care products, Mother Care which retails infant and kids merchandise and airport retailing, by tying up with The Nuance Group AG of Switzerland. The Company has also made a successful foray into internet retailing through its e-retailing portal. The Company continues to expand these formats successfully and will maintain a focus on them.
- Private & Exclusive Brands: The Private Brand Business is at a new phase of growth – the journey has started from being just fashion Labels to becoming National Brands with high customer traction and Brand recall. The first step has been to move to a Brand lead vertical and give each brand its own DNA and Brand identity. The financial growth has been mapped season-over-season so as to increase the share of Private Brand contribution to the Chain. The Product, Trend mapping, Visual merchandising, in-store Presentation, Brand building, discounting and phasing strategy is being worked upon at a category level so as to bring a diverse and unique assortment and experience

for the consumer. Through Brand building and engagement of loyalty customers we are pushing for analytics driven sales and are also working closely with Marketing to increase footfall and get more new customers to the store.

- **Omni channel:** Shoppers Stop embarked on a 3 Year omni-channel journey in 2015, to tap into the exponential e-commerce growth in India. The Company has plans for focused investments in technology & operations set-up over the next few years to provide seamless shopping experiences through online and by digitally transforming our stores continuing to drive profitable revenue growth. As part of the Year 1 phase in 2015, we re-launched our website and introduced brand new mobile apps in both Android PlayStore & iOS AppStore based on the SAP Hybris platform. Over the last year your Company has accomplished the rollout of a CRM (Microsoft Dynamics) and a WMS (JDA) to build a unified customer service and a supply chain & operations with global inventory view. This year we have initiated the final leg of the technology rollout involving Riversand Master Data Management (MDM), IBM Sterling Order Management System and an integration layer involving Tibco's Enterprise Service Bus (ESB) to enable customer journeys such as Click N Collect, Endless Aisle & Ship From Store. Your Company believes more consumers across the country will embrace Shoppers Stop through its digital shopping channels due to the convenience of shopping our full assortment at best prices across channels viz. stores, mobile, website with the added advantage of being able to return, exchange anytime, anywhere.

#### Threats:

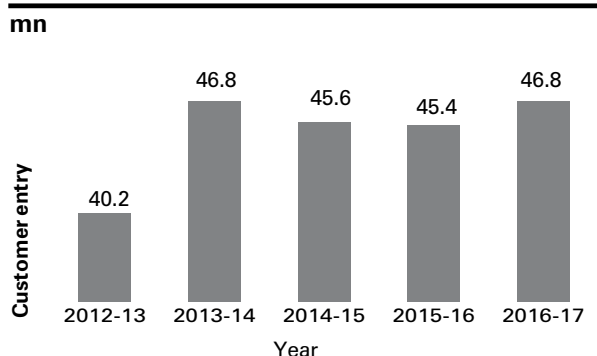
- **Economic slowdown:** Economic slowdowns have a direct impact on consumption. Retail, being the end service provider of consumption in the supply/ value chain, is bound to face difficulties in an environment of economic slowdown.
- **Threat of new entrants:** With India continuing to be an attractive retail market, the Company expects many new entrants into the sector, thus increasing competition. However, the nationwide footprint, excellent customer service levels, look & feel of the stores, competitive product offerings & capability of its management team to execute the business operations & expansion are the few factors amongst many which would certainly help the Company to retain its market share.

- **Competitive rivalry in the industry:** There is intense rivalry among leading national retailers for new locations and quality real estate. The company believes that it has a robust pipeline of stores for future expansion.
- **Growing competition from online players' price war** among e-tailers for ramping up sales by offering steep discounts, attractive deals and lucky draws on a range of products, has brought disruption to the traditional retail sector.
- **Availability of quality real estate space** at commercially viable cost and at desired locations is a greatest challenge and will impact the growth of the Company.

#### Customer Entry:

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

#### Customer Entry (Departmental Store)

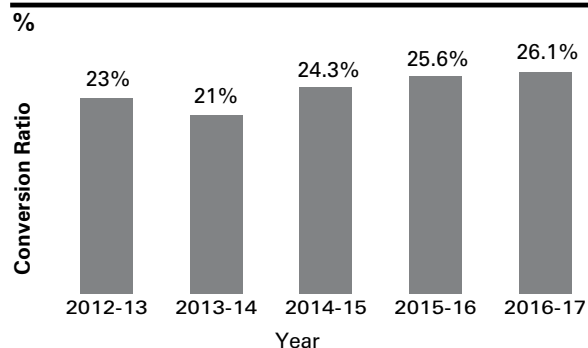


(Source: Company MIS)

#### 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 Department Store

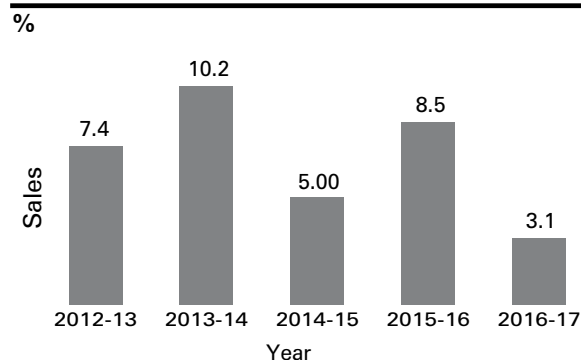


(Source: Company MIS)

### SALES

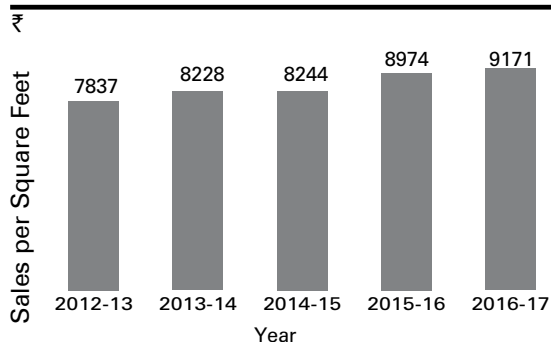
Gross Sales both at chain level and for Like-To-Like stores has grown against last year. The growth was 8.1% in gross retail turnover of Shoppers Stop departmental store business. The sales per sq. has been computed on built-up area.

### Sales (like-to-like growth) Department Store



(Source: Company MIS)

### Sales Per Square Feet Department Store



(Source: Company MIS)

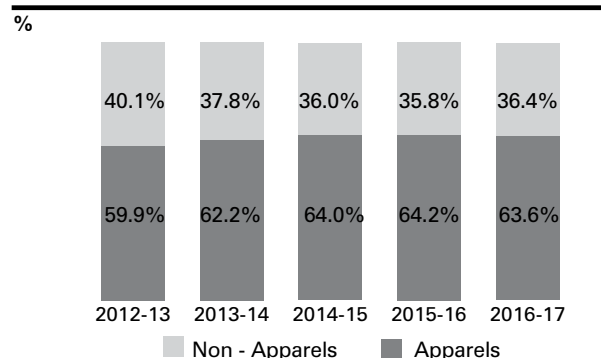
### APPAREL

The Apparel contribution to total sales of the Shoppers stop Departmental store business was 63.6% in 2016-17 as compared to 64.2% in 2015-16.

### 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 36.4% in 2016-17.

### Sales Mix Department Store

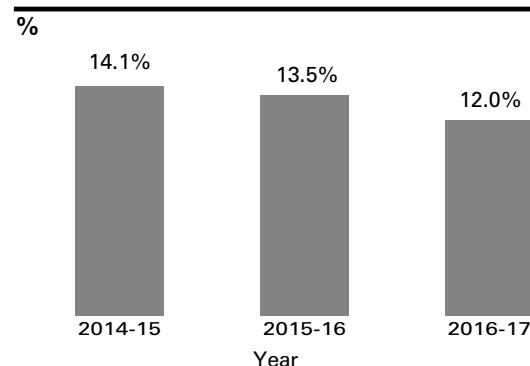


(Source: Company MIS)

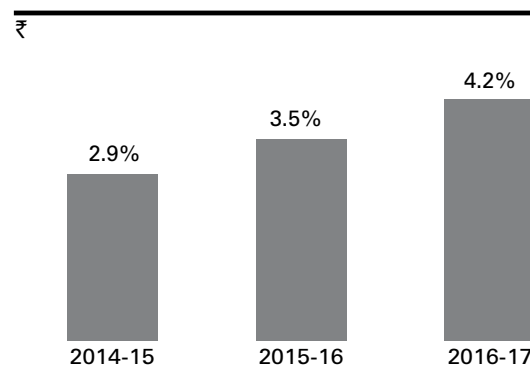
### PRIVATE & EXCLUSIVE BRANDS

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 12.0% of sales as compared to 13.5% 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 4.2% as compared to 3.5% last year. The growth of exclusive brand sales is 30.9%. Exclusive brands include, brands/labels such as Wrogn by Virat Kohli and Desigual, the Spanish fast fashion brand.



**Private Brand Sales Mix**

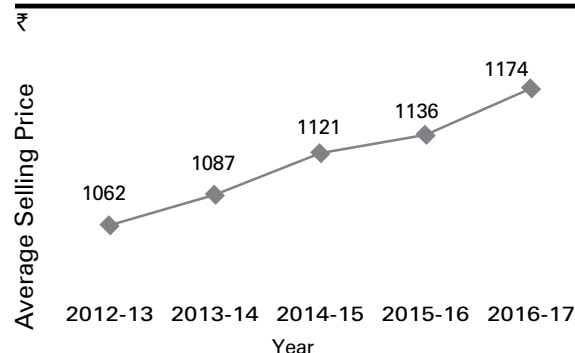
(Source: Company MIS)

**Exclusive Brand Sales Mix**

(Source: Company MIS)

**AVERAGE SELLING PRICE (ASP)**

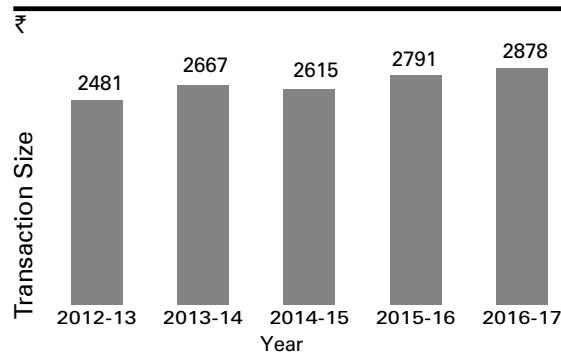
Average Selling Price is the Gross Retail Sales divided by the number of units sold. Tracking ASP helps the retailer to align the offering as per the customer segment as well as improve the productivity of the floor space.

**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 Stores**

(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 optimize inventory levels.

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

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

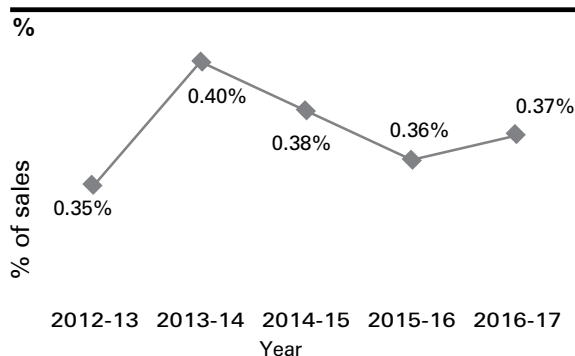
**SUPPLIER RISKS**

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

## SHRINKAGE:

Shrinkage in the retail business is defined as the loss in inventory through a combination of shop lifting, pilferage, and errors in documentation and transaction processing that go unnoticed. We have focus on inventory control. We monitor shrinkage on regular basis and look at various factors that could lead to Shrinkage at stores and distribution centers. 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 0.37% of the Turnover and our endeavor will always be to lower this ratio through proper monitoring and continuously reviewing Inventory management processes and systems.

### Shrinkage (as a % of Sales)

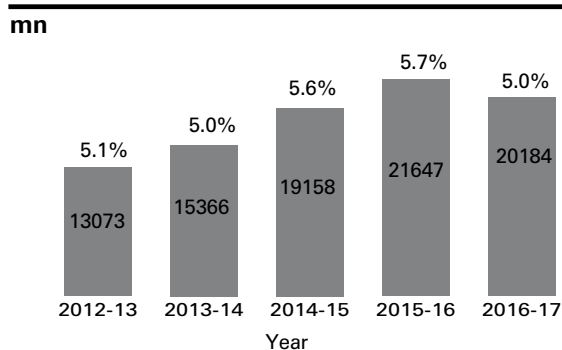


(Source: Company MIS)

## OPERATING PROFIT

Operating Profit (Without exceptional items) has decreased by 6% to ₹ 20184 lacs. The Operating profit (without exceptional items) has decreased during the year to 5.0% from 5.7% as compared to last year.

### EBIDTA



(Source: Company MIS)

## NET INTEREST

Interest cost has increased to ₹ 3820 lacs as against ₹ 3786 lacs.

## PROFIT AFTER TAX

The Company has achieved post tax profit of ₹ 2786 lacs before adjustment for diminution in the value of investment, as against a post-tax profit of ₹ 4669 lacs last year. The post-tax loss of ₹ 1994 lacs is on account of impairment provision carried in books on account of investment in Subsidiary & Joint venture company.

## DIVIDEND

The Board of Directors have recommended a dividend of 15% for the financial year 2016-17 from its reserves.

## INVENTORY

The inventory as at the end of current year is ₹ 35,276.50 lacs as against ₹ 38,587.11 lacs as at the end of the last year. Inventory holding period is 129 days during the current fiscal against 147 days last year. The inventory has been valued at lower of cost or net realizable value.

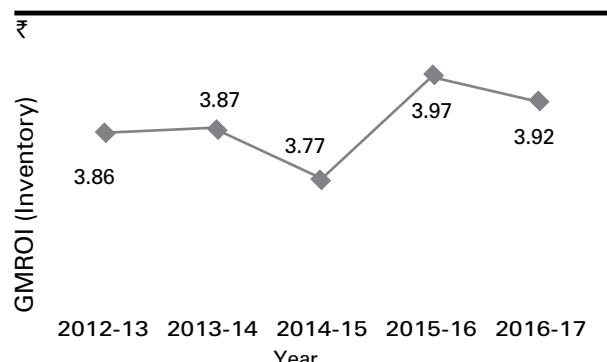
## LIQUIDITY

The cash generated from operations was ₹ 15,695 lacs.

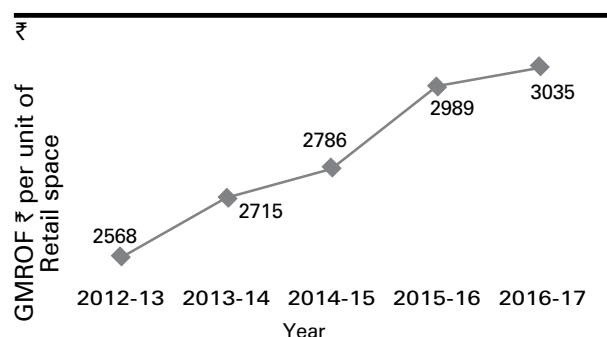
## PRODUCTIVITY / OPERATING EFFICIENCY PARAMETERS

We look at our Gross Margin with reference to our Space, Inventory and Labour to monitor our efficiency with the help of 3 indicators i.e. Gross Margin on Inventory (GMROI), Gross Margin Return on Floor Space (GMROF) and Gross Margin Return on Labour (GMROL).

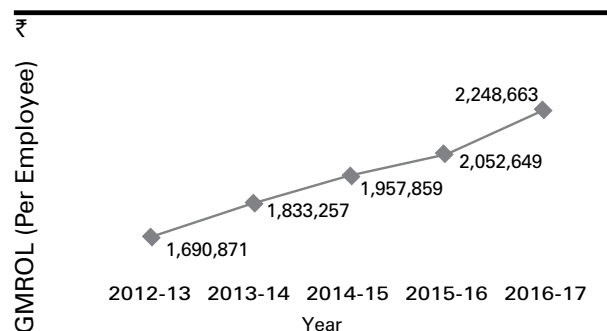
GMROI helps to optimize inventory levels, GMROF helps to maximize the cash margins and GMROL helps to increase labour productivity.

**GMROI (Inventory)**

(Source: Company MIS)

**GMROF**

(Source: Company MIS)

**GMROL (Per Employee)**

(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 organization 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	2012	2013	2014	2015	2016
Scores	4.07	4.31	4.18	4.13	4.17

**PARTNERSHIP FOR PROGRESS**

Partnership for Progress (PFP) is a partner meet which your company conducts annually. During this event, your company gets and gives an opportunity to the top retail partners / 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 best practices in Retail, Brand, Customer, Logistics, etc.

Your company also recognizes the performance of top partners who are awarded the "SHOPPERS STOP PINNACLE AWARDS" during this summit.

This summit is attended by over 100 partners.

**HUMAN RESOURCES:**

- Vision & Values:**

After the successful launch of our redefined Vision and Values across 7 key stores last year, we completed the roll out across all other stores too. This re-affirmed the belief of associates in the Values and Vision of the organization.

- SIP:**

To inculcate "Thought Leadership" and to continue marching ahead despite all the limitations, it's very important that employees continue seeking motivation & inspiration. With this intent, L&D initiated Leadership Talk series under the brand name of "SIP (Systematic Investment in People)". Sessions were conducted with eminent speakers like Dr. Devdutt Pattnaik & Paralympic Medal Winner Ms. Deepa Malik. More than 366 employees attended these sessions. Apart from this, session on Financial Wellness was conducted by Certified Financial Planner, Lokesh Nathany and Lifestyle Wellness session was conducted by Award winner celebrity fitness expert, Leena mogre. These sessions focused on the overall development of employees.

• **Campus Guru**

We continue to provide platforms to identify fresh talent & new ideas. Marking a wonderful bridge between the young talent in India's Top Management Campuses and the organization, Campus Guru 2.0 was conducted with overwhelming response. More than 750 Teams from Top MBA institutes with an average team size of 3 participants, took part in this initiative. 10 Management Institutes were identified to present their ideas of which the top three Institutes were rewarded. The projects & solutions would be initiated in June 17.

• **IGDS**

We continue to inculcate and give our employees, exposure to Best International Retail Practices. Through organizations of Global repute, like IGDS and WGSN, we continue to invest our employees. This year 25 associates consisting of Functional Heads & Unit Heads participated in the Strategic Retail Management (SRM) program conducted in Mumbai.

Also we very proudly hosted a week long IGDS Young High Potential (YHP) program where retail organizations across 13 countries participated and exchanged best practices of their countries. They were also given exposure to the India Retail practices through classroom training and Market visits. 3 employees also participated in this week long Residential program.

More than 120 employees from B & M function have undergone training on Global best Practices in Fashion through WGSN.

• **Personal Safety & Defense**

With an intent of holistic development and engagement, a Personal Safety & Urban Defense program was conducted across regions A total of more than 200 participants attended this initiative.

• **Baby Kangaroo :**

The award Winning Baby Kangaroo Program continues to provide development and growth opportunity to the front end associates and helps them evolve as thorough Department Managers. This year 23 Customer Care Associates went through the 32 days of the exhaustive and effective M.A.S.T. (Managerial and Supervisory Training) program and embarked on their journey of the Department Manager. Learnings were also imparted by a pool of internal and external speakers and trainers.

• **Training hours:**

Training hours 15-16	Training hours 16-17
23050	25386

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

Year	2012	2013	2014	2015	2016
Overall Loyalty index	4.12	4.13	4.21	4.24	4.40

## MARKETING

This year, Shoppers Stop embarked on a digital-first strategy to promote its private brands through an array of exclusive video content featuring the must-have styles and trends of the season. We also partnered with a host of India's leading fashion bloggers to generate brand content to increase visibility and recommendations for our private brands.

Shoppers Stop continued to craft category-specific promotions such as Fashion Fresh for casual wear, Glam Fest for ladies, and Suits & Jackets Fest, 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.

Renowned for being on the forefront of the digital wave, Shoppers Stop upped the ante on customer engagement through innovative Social and Digital Media initiatives. Some of these include Facebook live-streaming of various in-store events, boomerang videos/insta stories on Instagram to engage with consumers, etc. We debuted on Snapchat to garner the attention of the youth and millennials. Shoppers Stop continues to retain its position as the top big box retailer on social media.

## LOYALTY PROGRAMMES

Your Company runs the famed 'First Citizen Loyalty Programme'. The First Citizens programme now has a base of over 4.7 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.

This year, Your Company unified its loyalty programs across its business formats i.e. Shoppers Stop, HyperCITY and Crossword to offer a Group Loyalty Service. The initiative gives an opportunity to loyalty program members of each format to earn and redeem points at every format with a single card, irrespective of whether the member is a registered member of that particular program or not.

This move is aimed at providing a more holistic and convenient shopping experience for our customers across formats.

#### **Co-branded Credit/Debit card Programme with Citibank**

Your Company in association with Citibank continues to offer its First Citizens an option to add on a credit card to their existing loyalty cards. This enables First Citizens to add on a credit line to their purchases. They also have the added advantage of being able to choose from amongst various attractive financing options, cash back schemes, EMI schemes, etc., for buying at your Company's stores.

## **RISK MANAGEMENT AND INTERNAL CONTROL**

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

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

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

The Company has 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 recognizes the work of the auditors as an independent check on the information received from the management on the operations and performance of the company

## TECHNOLOGY INITIATIVES:

In the year 2016-17, your Company has continued to invest in retail front end as well as back end enablement and has taken significant initiatives in the technology adoption in line with the identified technology roadmap towards becoming truly omni-channel retail organization. These endeavors are helping to improve the efficiencies of existing applications and infrastructure and at the same time building newer capabilities. Some of the key initiatives that your Company took during the year are:

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

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

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

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

### **New Mobile Shopping App for improved 24x7 shopping experience**

This year we have extended the online experience onto a full featured Mobile Shopping App in order to enhance the 24x7 shopping experience. This initiative has helped in improving experience of shoppersstop.com by providing customers the options to access via desktop, tablet, smartphones and apps. We continue to endeavor for introducing other features of cross channel integration and fulfilment options to create a personalized and pleasurable shopping experience for customers.

### **HRMS Solution for Associate Enablement**

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

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

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

## CORPORATE GOVERNANCE

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



## — STATUTORY REPORTS —

# Directors' Report

for the year ended March 31, 2017

## Dear Members,

Your Directors present herewith 20th Annual Report on the business and operations of the Company together with the Audited Statements of Accounts for the year ended March 31, 2017.

## 1. FINANCIAL PERFORMANCE

Particulars	(₹ in lacs)	
	Year ended March 31, 2017	Year ended March 31, 2016
<b>Retail Turnover</b>		
Own merchandise – Gross of tax	367,500.86	335,179.31
Concessionaire/ consignment merchandise- Gross of tax	32,595.04	36,365.80
Other Retail operating income	5,619.72	6,356.67
	405,715.62	377,901.78
Less: Value Added Tax	19,073.24	17,968.53
Less: Cost of concessionaire/ consignment merchandise	21,838.13	24,453.12
	364,804.25	335,480.13
Other Income	2,956.98	3,023.83
Total Income	367,761.23	338,503.96
Profit before Depreciation & Tax	16,364.13	17,772.41
Less: Depreciation	11,552.61	9,766.40
Profit before Tax	4,811.52	8,006.01
Exceptional Items	4,780.00	2,381.00
Profit before tax	31.52	5,625.01
Less: Provision for Tax	2,025.37	3,337.01
(Loss)/Profit for the year (A)	(1,993.85)	2,288.00
Other comprehensive income / (loss) (B)	26.24	(56.30)
<b>Total comprehensive income / (loss) for the year (A)+(B)</b>	<b>(1967.61)</b>	<b>2231.70</b>

## 2. PERFORMANCE REVIEW

As on the date of the report, your Company has opened 7 departmental stores i.e. one store each at Goa, Noida, Mumbai – Panvel, Pune, Bengaluru, New Delhi and Ranchi taking its chain of stores to 80 stores (including 6 airport stores) spread across India. Further, the Company also has 16 HomeStop stores.

The revenue of the Company is ₹ 405,715.62 lacs (previous year ₹ 377,901.78 lacs), registering a growth of 7.36 % y-o-y basis. The net loss was ₹ 1,993.85 lacs (previous year profit ₹ 2,288 lacs) and hence no amount is proposed to be carried to reserves.

## 3. DIVIDEND

Even though the Company has incurred a loss during the year under review, your Directors have recommended a dividend of ₹ 0.75 per equity share of ₹ 5 each (previous year ₹ 0.75 per equity share of ₹ 5 each) from its reserves. The payment of dividend is subject to approval of the shareholders at the ensuing Annual General Meeting.

Dividend Distribution Policy: As per Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the top 500 listed companies shall formulate a dividend distribution policy. Accordingly, the policy was adopted to set out the parameters and circumstances that will be



taken into account by the Board in determining the distribution of dividend to its shareholders. The Policy may be accessed 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) The policy is also annexed herewith as **Annexure I**.

#### 4. FINANCE

The Company continues to focus on judicial management of its working capital with various initiatives for bringing down the cost of borrowings. The Company has availed short term secured & unsecured working capital loans & long term secured loans from banks. The costs of these facilities is constantly been reduced through judicial, planned & proactive fund management along with continuous monitoring and negotiations with lenders to garner the benefits accruing from money market changes. Other cost effective financing techniques such as commercial paper, working capital demand loans, vendor bill discounting facility, etc. are also being used to bring down the cost of funds. During the year, the Company has availed ₹ 5,000 lacs long term loans & ₹ 5,000 lacs Short Term Working Capital Loan at competitive rates. It has repaid ₹ 12,247 lacs long term loans on maturity through cash profit proceeds. During the year, the Company has received back net ₹ 5,081 lacs Inter-corporate Deposit from its subsidiary Company Hypercity Retail (India) Ltd. Consequently, during the year, the Company has been able to reduce its Loans from ₹ 58,983 lacs at the beginning of the year to ₹ 57,590 lacs at the end of the financial year.

#### 5. CREDIT RATING

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

1. India Ratings & Research Private Limited (A Fitch Group Company):
  - INDA1 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 Limited has assigned the following credit ratings:
  - CARE A; Negative (Single A; Outlook: Negative) for the long-term bank facilities amounting to ₹ 74,267 lacs and CARE A1 (A One) for the short-term bank facilities amounting to ₹ 2,150 lacs.
  - CARE A1 (A One) for Commercial Paper

Issue/ Short Term Debt Issue amounting to ₹ 10,000 lacs.

- CARE A; Negative (Single A; Outlook: Negative) for Non-Convertible Debenture issue amounting to ₹ 10,000 lacs.

3. CRISIL Limited has assigned CRISIL A1 rating for Commercial Paper of ₹ 10,000 lacs.

#### 6. HIGHLIGHTS OF PERFORMANCE OF SUBSIDIARY & JOINT VENTURE COMPANIES

As on March 31, 2017, your Company has six subsidiary Companies and two joint venture Companies, details whereof are as under:

**Hypercity:** Hypercity Retail (India) Ltd; the subsidiary Company achieved the total revenue (net of taxes) of ₹ 1,10,702.64 lacs (previous year ₹ 91,306.41 lacs), registering a growth of 21.24% y-o-y basis. Hypercity has posted loss of ₹ 8,399.22 lacs (previous year net loss of ₹ 8,714.40 lacs). It is the Company's policy and practice to constantly monitor its investments. In keeping with accounting prudence and conservativeness, the Company has made a provision of ₹ 3,600 lacs in the financial year 2016-17, towards diminution in value of investment in Hypercity.

**Crossword:** Crossword Bookstores Ltd; the wholly owned subsidiary has chain strength of 88 stores across the Country. The revenue of the Company in year under review was ₹ 10,920 lacs vis a vis (previous year ₹ 9,823 lacs). Crossword has posted net loss of ₹ 422 lacs for the year under review, against a net loss of ₹ 320 lacs in the previous year.

**Timezone:** Timezone Entertainment Private Ltd; is engaged in the business of operating Family Entertainment Centers (FEC) under the "Timezone" brand. There are 25 FECs which are set up and operated at leading shopping malls by Timezone. The revenue during the year under review was ₹ 5,931 lacs (previous year ₹ 5,907 lacs), registering a growth of 0.40 % y-o-y basis. Timezone has incurred a loss of ₹ 580 lacs against previous year's loss of ₹ 168 lacs.

**Nuance Group:** The Nuance Group AG and Shoppers Stop Ltd, have formed a Joint Venture called Nuance Group (India) Pvt. Ltd (Nuance), to operate the Duty Free stores at International Airports in India. During the year under review, sales growth on Like to Like basis was 19%, mainly resulting from growth in

passengers vs last year and increase in range in Perfumery, Fashion & Food category. It has incurred loss after tax of ₹ 683 lacs against the previous year's profit of ₹ 687 lacs. The Company has made a provision of ₹ 1,180 lacs, towards diminution in value of investment in Nuance.

The other 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, no company has become or ceased to be a subsidiaries, joint venture entity or associate company.

In accordance with the provisions contained in Section 136(1) 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, pursuant to the said requirement, the Financial Statements of each of the aforesaid subsidiary Companies are available on the Company's website and shall 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, 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) notified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. The Consolidated Financial Statements for the financial year ended March 31, 2017 are the Company's first IND-AS compliant annual Consolidated Financial Statements with comparative figures for the year ended March 31, 2016 also under IND-AS. The date of said transition is April 1, 2015.

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

## 8. EMPLOYEES STOCK OPTION PLAN

During the year under review, the Company has not granted any Employee Stock Options. The Nomination and Remuneration & Corporate Governance Committee of the Company, inter-alia, administers and monitors the Employee Stock Option Scheme in accordance with the SEBI Guidelines.

During the year under review, the Company has allotted 42,798 equity shares of ₹ 5/- each on exercise of vested options by certain employees of the Company and its subsidiary Companies.

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**.

A certificate from Deloitte Haskins & Sells 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. HUMAN RESOURCES

The Company believes strongly in the employees (Customer Care Associates - CCAs) being the true Brand ambassadors and hence continues to re affirm and percolate the Values & Vision of the Company. The Company continues to maintain transparency in communication & strengthen the trust in CCAs. Direct interactions with the Managing Director through forums like town halls are being carried out to do so. Maximizing reach and minimizing efforts and time is now being made possible through infusion of technology in training initiatives. Highly customized training sessions are being conducted to give the customers a delightful experience and help customer transformation through fashion, in line with the Company's Vision statement. Company also focusses on the overall development of the CCAs and not just Professional one and accordingly HR initiatives are being implemented. Through a very transparent assessment mechanism carried out last year, High

Potentials Associates have been identified and a robust program has been designed to develop & nurture them. As on date of the Balance Sheet, the Company had a total of 7,236 CCAs.

## 10. CORPORATE SOCIAL RESPONSIBILITY

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

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**.

## 11. DIRECTORS & KEY MANAGERIAL PERSONNEL

In accordance with the provisions of Section 152 of the Companies Act, 2013, Mr. Ravi C. Raheja (DIN 00028044) Non-Executive & Non-Independent Director of the Company, will retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment at the said meeting. The Board recommends his re-appointment. His brief profile is provided in the Notice convening the ensuing 20th 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.

During the year under review, Mr. Prashant Mehta retired as the Company Secretary of the Company w.e.f. July 31, 2016. The Board has appointed Mr. Bharat Sanghavi as a Company Secretary of the Company w.e.f. August 1, 2016.

Mr. Salil Nair, Chief Executive Officer of the Company tendered his resignation from the services of the Company effective May 31, 2017. The Board of Directors places on record the contribution made by Mr. Salil Nair, during his long association with the Company.

## 12. PERFORMANCE EVALUATION

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.

## 13. FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

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

## 14. REMUNERATION POLICY

The Board of Directors on the recommendation of the Nomination and Remuneration & Corporate Governance Committee has framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The said policy is annexed herewith as **Annexure IV**.

## 15. CHANGE IN REGISTERED OFFICE

The Company has shifted its Registered Office to Umang Tower, 5th Floor, Mindspace, Off. Link Road, Malad (West), Mumbai - 400 064 with effect from April 17, 2017.

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

**Change in Share Capital:** During the year under review, the Company allotted 42,798 equity shares of ₹ 5/- each on exercise of vested stock options by certain employees under the ESOP Scheme. These equity shares forming part of the share capital, ranks pari passu in all respect.

**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 is 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)

All related party transactions that were entered into during the financial year were on arm's length basis and were in ordinary course of business of the Company.

During the year 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. A statement of all such related party transactions is presented before the Audit Committee and the Board on a quarterly basis, specifying the nature and value of these transactions.

**Particulars of loans, guarantees or investments:** The details of loans, guarantees and investments covered under the provisions of Section 186 of the

Companies Act, 2013 are provided in notes no. 5, 29(ii) and 4 of the Standalone Financial Statement.

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

- Details relating to deposits covered under Section 73 of the Companies Act, 2013 read with Companies (Acceptance of Deposits) Rules, 2014.
- Issue of shares (including sweat equity shares) to employees of the Company under any scheme save and except ESOP referred to in this report.
- Issue of equity shares with differential rights as to dividend, voting or otherwise.
- Managing Director of the Company has not received any remuneration or commission from any of the Company's subsidiaries.
- No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.
- 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 and is fully committed to comply with its various provisions. The policy inter-alia provides for protection against sexual harassment of women at workplace and for prevention and redressal of such complaints. During the year under review, there were 8 complaints received and the same has been disposed off.

## 17. RISK MANAGEMENT

The Company has framed a Risk Management Policy to identify and assess the key risk areas, monitor and report the compliance and effectiveness of the same. A Risk Management Committee has been constituted to oversee the risk management process in the Company. The Committee has reviewed the major risks which affect the Company from both the external and the internal environment perspective 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. Based on the detailed review the following key risks inter-alia has been identified:

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

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

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

**Economic Slowdown:** Economic slowdowns have a direct impact on consumption. Retail being the end service provider of consumption in the supply/Value chain, is bound to face difficulties in an environment of economic slowdown. The Company continuously looks at stepping up the marketing activities and strong cost control to protect its profitability.

## 18. INTERNAL FINANCIAL CONTROL

The Company has laid down internal financial control's, through a combination of Entity level controls, Process level controls and IT General controls inter-alia to ensure orderly and efficient

conduct of business, including adherence to the Company's policies and procedures, accuracy and completeness of accounting records and timely preparation and reporting of reliable financial statements/information, safeguarding of assets, prevention and detection of frauds and errors.

The evaluation of these internal financial controls 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 accounts for the year ended March 31, 2017, the applicable Accounting Standards have been followed and the internal financial controls are generally found to be adequate and were operating effectively and that no material weaknesses were noticed.

## 19. WHISTLE BLOWER / VIGIL MECHANISM

The Company has established a Vigil Mechanism and adopted a whistle blower policy for its directors and employees, to report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. The mechanism provides adequate safeguards against victimisation of persons who use this mechanism. The brief detail about this mechanism has also been posted on the website of the Company.

## 20. CORPORATE GOVERNANCE

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

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



## 21. MANAGEMENT'S DISCUSSION AND ANALYSIS

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

## 22. BUSINESS RESPONSIBILITY REPORT

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

## 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: [https://corporate.shoppersstop.com/uploaded\\_files/3cd8391-7d65.pdf](https://corporate.shoppersstop.com/uploaded_files/3cd8391-7d65.pdf)

## 24. AUDITORS

### Statutory Auditors

As per the provisions of Section 139 of Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, your Company's Statutory Auditors, Deloitte Haskins & Sells LLP (Registration no. 117366W/W-100018), Chartered Accountants, Mumbai, hold office till the conclusion of ensuing Annual General Meeting of the Company.

The Audit Committee and Board of Directors recommend appointment of SRBC & Co LLP, (Registration No. 324982E/E300003), Chartered Accountants, as the Statutory Auditors of the Company to hold office for a period of 5 years commencing from conclusion of ensuing Annual General Meeting till the conclusion of 25th Annual General Meeting of the Company, subject to ratification of their appointment by the members at every Annual General Meeting.

Accordingly, a resolution proposing appointment of SRBC & Co LLP, Chartered Accountants as the Statutory Auditors of the Company for a period of 5 consecutive years commencing from conclusion of 20th Annual General Meeting of the Company, forms part of the Notice convening this Annual General Meeting of the Company.

SRBC & Co LLP have confirmed their eligibility and are not disqualified for appointment under the Companies Act, 2013 and the Chartered Accountants Act, 1949 or the Rules and Regulations made thereunder.

The Auditors' Report to the members for the year under review does not contain any qualification, reservation, adverse remark or disclaimer. The Auditor has not reported any matter to the Company required to be disclosed under Section 143(12) of the Companies Act, 2013.

The Board places on record its appreciation for the contribution of Deloitte Haskins & Sells LLP, Chartered Accountants, during their tenure as the Statutory Auditors of your Company.

### Secretarial Audit

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company appointed Mr. V. Sundaram, Company Secretary in Practice to undertake the Secretarial Audit of the Company. The Secretarial Audit Report issued by him, 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 is annexed herewith as **Annexure VII**. The foreign exchange earnings was ₹ 8,995.13 lacs and outgo was ₹ 2,338.36 lacs.

## 26. DEMAT SUSPENSE ACCOUNT UNCLAIMED SHARES

As on date there are 13 shareholders, holding 700 equity shares of ₹ 5/- each (post sub-division) allotted in Initial Public Offering of 2005, lying in the escrow account due to non-availability of their

correct particulars. Despite various reminders to them, by Karvy Computershare Private Limited, our Registrar and Share Transfer Agent, no response has been received. As a result, the said unclaimed shares have been credited to 'Shoppers Stop Ltd - Unclaimed Shares Demat Suspense Account'. 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. Since dividend on these shares are also unclaimed from more than seven years, the Company will take appropriate steps in terms of provisions of IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended.

## 27. PARTICULARS OF EMPLOYEES

In terms of the provisions of Section 197(12) of the Companies Act, 2013, read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, 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 first proviso to Section 136(1) of the Act, the Annual Report excluding the aforesaid information is being sent to the members of the Company. The said information is available for inspection at the registered office of the Company during business hours on working days upto the date of ensuing Annual General Meeting. Any member interested in obtaining such information may write to the Company Secretary and the same will be furnished on request. The Annual Report including the aforesaid information is also available on the Company's website.

## 28. DIRECTORS' RESPONSIBILITY STATEMENT

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

- a. in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- b. appropriate accounting policies have been selected and applied them consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on March 31, 2017 and of the loss of the company for that period;
- 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.

## 29. AWARDS AND ACCOLADES

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

1. Excellence in Manufacturing Supply Chain - Retail at ELSC Leadership Awards.
2. The Images Most Admired Retailer of the Year - Supply Chain Management & Fulfillment at Images Awards.
3. National Energy Conservation Awards 2016, from the Central Ministry of Power, Government of India, for the excellence & initiatives taken towards the energy conservation at stores.
4. Best Use of Social Media to Enhance Loyalty, Best Use of Data Analytics in Predictive Modelling and Best Direct Marketing campaign awards at Customer Loyalty Summit, 2017.

5. VM& SD International Award in the US for our work of the Denim Festival.
6. VM & RD - Best Display for End of Season Sale - July 2016.
7. VM & RD - Best Window Display for Durga Puja - 2015.

### 30. MATERIAL CHANGES

There are no material changes and commitments affecting the financial position of the Company occurred between March 31, 2017 and the date of this report of Board of Directors to you.

### 31. ACKNOWLEDGEMENT

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

Your Directors also place on record their sincere appreciation to all customer care associates of the Company.

The Directors look forward to the long term future with confidence.

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

**Chandru L. Raheja**  
Chairman

May 5, 2017

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### CERTIFICATE OF COMPLIANCE WITH THE CODE OF CONDUCT FOR THE FINANCIAL YEAR 2016-17

I, Govind Shrikhande, Managing Director of the Company, hereby declare that the Company has adopted a Code of Conduct for the Board of Directors and Senior Management of the Company and they have affirmed compliance with the said Code of Conduct.

**For Shoppers Stop Limited**

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

May 5, 2017

## 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 capitalization of every financial year) to formulate a Dividend Distribution Policy.

Shoppers Stop Ltd; being one of the top 500 listed entities as per market capitalization 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 endeavor 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 2016-17.

**B Summary**

Description		ESOP 2008 - 4	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	09.06.2012	28.08.2013	29.04.2014	31.07.2015
4	Options Granted	200,000	200,000	160,675	3,275
5	Vesting Schedule	30% - 09.06.2013 30% - 09.06.2014 40% - 09.06.2015	30% - 28.08.2014 30% - 28.08.2015 40% - 28.08.2016	30% - 29.04.2015 30% - 29.04.2016 40% - 29.04.2017	30% - 31.07.2016 30% - 31.07.2017 40% - 31.07.2018
6	Pricing Formula	The options are granted to eligible employees at the closing price of the Equity Shares of the Company at BSE on the working day immediately preceding the date of grant. The options were granted at an exercise price of ₹ 297/-	The options are granted to eligible employees at the closing price of the Equity Shares of the Company at BSE on the working day immediately preceding the date of grant. The options were granted at an exercise price of ₹ 344/-	The options are granted to eligible employees at the closing price of the Equity Shares of the Company at BSE on the working day immediately preceding the date of grant. The options were granted at an exercise price of ₹ 362/-	The options are granted to eligible employees at the closing price of the Equity Shares of the Company at BSE on the working day immediately preceding the date of grant. The options were granted at an exercise price of ₹ 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	Four years from the date of Grant
8	Source of Shares	Primary	Primary	Primary	Primary
9	Variation in terms of Options	-	-	-	-
10	Method used for Accounting of ESOP	Fair Value Method			
11	Where the Company has calculated the employee compensation cost using the intrinsic value of the stock option, the difference between employee compensation cost so computed and the employee compensation cost that shall have been recognised if it had used the fair value of the option, shall be disclosed. The impact of this difference on profits and on EPS of the Company shall also be disclosed.	The Company is following accounting as per Ind-AS 102 and has followed the fair value method for ESOP accounting.			
12	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with (IND-AS) Earnings Per Share	The diluted EPS of the Company calculated after considering the effect of potential equity shares arising on account of exercise of options is Rs. (2.39) per share.			



13	Weighted average exercise prices and weighted average fair value of the options shall be disclosed separately for options whose exercise price either equals or is less than the market price of the stock	The company has not granted options during the current financial year, under the ESOP scheme.
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**C Options Movement During the year**

		ESOP 2008 - 4	ESOP 2008 - 5	ESOP 2008 - 6	ESOP 2008 - 8
1	Options Outstanding at the beginning of the year	84,166	127,704	125,830	3,275
2	Option Granted during the year	-	-	-	-
3	Options vested during the year	-	50,710	35,451	982
4	Options exercised during the year	29,978	1,575	-	-
5	No. of shares arising as a result of exercise of options during the year	29,978	1,575	-	-
6	Options cancelled & lapsed during the year	54,188	20,087	24,023	-
7	Options Outstanding at the end of the year	-	106,042	101,807	3,275
8	Options exercisable at the end of the year	-	106,042	62,733	982
9	Money realised by exercise of options (in ₹)	8,903,466	541,800	-	-

**D Options granted to Senior Management Personnels**

The company has not granted options during the current financial year under the ESOP scheme.

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

The company has not granted options during the current financial year under the ESOP scheme.

**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 the ESOP scheme.

<b>G</b>	<b>A description of the method and significant assumption used during the year to estimate the fair values of options.</b>	The company has not granted options during the current financial year under the ESOP scheme. 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 Bombay Stock Exchange, over a period prior to the date of grant, corresponding with the expected life of the options has been considered. The expected life is considered as average of the minimum & maximum life of the options. There are no market conditions attached to the grant and vest.
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\* The Equity Share of the Company was sub- divided from face value ₹ 10/- each into two equity shares of ₹ 5/- each w.e.f. January 13, 2011, consequently the options and its related information wherever applicable, has been adjusted.

## ANNEXURE TO THE DIRECTORS' REPORT

## Annexure III

## Annual Report on Corporate Social Responsibility (CSR) activities for the Financial Year 2016-17.

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. Gareth Thomas - Independent Director Mr. BVM Rao - Head: HR as Secretary
3	Average Net Profit of the Company for last 3 financial years	₹ 64.01 crore
4	Prescribed CSR Expenditure (2% of the amount as in item 3 above)	₹ 1.28 crore
5	Details of CSR spent during the financial year: (a) Total Amount to be spent for the financial year; (b) Amount unspent, if any; (c) Manner in which the amount spent during the financial year is detailed below	₹ 1.28 crore ₹ 0.54 crore Livelihood creation for the persons with disabilities - as mentioned hereunder :

(₹ In crore)							
(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: Direct or through implementing agency
I	Livelihood creation for persons with disabilities (Employment linked training)	Retail	Gujarat, Maharashtra, Andhra Pradesh, Karnataka	₹ 0.74	₹ 0.74	Same as mentioned herein	Implementing Agency

6	Reasons for not spending the amount	The Company's CSR initiatives of skilling the physically challenged involved setting the program in a small way to test the ground realities, getting feedback and improvise the model to maximize the benefit to the community. During the year, we had made significant progress in skilling the physically challenged. Due to above reason, the Company's spend was less on the CSR activities. Now we are geared up fully and in a position to scale up and introduce more activities. Going forward we will be in accordance with the prescribed limits.
7	The CSR Committee confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.	

Sd/-  
**Govind Shrikhande**  
 Managing Director

Sd/-  
**Abanti Sankaranarayanan**  
 Chairperson - CSR Committee

## 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 and Clause 49 of the Listing Agreement.

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

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

#### I. Purpose

The human resources of a company are critical to performance of the company. Therefore the Company aims to achieve a balance of experience, expertise and the right skills amongst its Directors and other human resources and to optimize the compensation payable to them in order to drive the Company's performance to maximize 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 maximize stakeholder's value; and
- Assess the performance of the management in meeting those goals and objectives.

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

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

The Committee shall consider the selection, appointment of the Directors and Senior Management and make a recommendation to the Board. The Committee may engage in informal discussions with the members of the Board for the purpose. Alternatively, a member of the Board

may recommend a candidate for a position on the Board or as a part of senior management to the Committee. The Committee shall then assess whether a position exists for the candidate so nominated and shall also evaluate whether the nominated candidate meets the criteria and is suitable for the position.

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

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

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

While any individual person may not necessarily fulfill all criteria, in evaluating and recommending the candidature of a candidate, regard shall be

had to the following criteria, skills and personal attributes:

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

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

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

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

### III. Evaluation of Directors and senior management

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

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

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

The objective of the Company's remuneration policy is to attract, motivate and retain qualified and expert individuals that the company needs in order to achieve its strategic and operational objectives, whilst acknowledging the societal context around remuneration and recognizing 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 summarized 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 31.03.2017**

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

**FORM NO. MGT-9**

#### **I REGISTRATION & OTHER DETAILS:**

i	CIN	L51900MH1997PLC108798
ii	Registration Date	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 (w.e.f. April 17, 2017)	Umang Tower, 5th Floor, Mindspace, Off. Link Road, Malad (West), Mumbai - 400 064. Tel : 022 - 42497000 E-mail: investor@shoppersstop.com Website: www.shoppersstop.com
vi	Whether listed company	Yes
vii	Name, Address & contact details of the 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 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	58%
2	Non Apparels	477	42%

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

**III PARTICULARS OF HOLDING , SUBSIDIARY & ASSOCIATE COMPANIES**

Sr. No.	Name & Address of the Company	CIN	Holding / Subsidiary/ Associate	% of Shares held	Applicable Section
1	Hypercity Retail (India) Ltd. Umang Tower, 2nd Floor, Mindspace, Off. Link Road, Malad (West), Mumbai - 400 064.	U52510MH2004PLC146577	Subsidiary Company	51.08	Section 2(87) of the Companies Act, 2013
2	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
3	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
4	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
5	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
6	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
7	Nuance Group (India) Pvt. Ltd. Umang Tower, 5th Floor, Mindspace, Off. Link Road, Malad (West), Mumbai - 400 064.	U51228MH2006PTC166148	Associate Company	50	Section 2(6) of the Companies Act, 2013
8	Timezone Entertainment Pvt. Ltd. Eureka Towers, 305, B-Wing, 3rd Floor, Mindspace, Link Road, Malad (West), Mumbai - 400 064.	U92199MH2003PTC142597	Associate Company	48.42	Section 2(6) of the Companies Act, 2013

## IV SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAK UP AS % OF TOTAL EQUITY) AS ON MARCH 31, 2017

## (i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (i.e. as on April 1, 2016)			No. of Shares held at the end of the year (i.e. as on March 31, 2017)			% change during the year
	Demat	Physical	Total	Demat	Physical	Total	
<b>A. Promoters</b>							
<b>(1) Indian</b>							
a) Individual/HUF	3,695,000	0	3,695,000	3,695,000	0	3,695,000	4.43 (0.01)
b) Central Government/State Government(s)	0	0	0	0	0	0	0 0.00
c) Bodies Corporates	52,334,674	0	52,334,674	52,334,674	0	52,334,674	62.67 (0.02)
d) Financial Institutions/Banks	0	0	0	0	0	0	0 0.00
e) Others	0	0	0	0	0	0	0 0.00
<b>SUB TOTAL: (A) (1)</b>	<b>56,029,674</b>	<b>0</b>	<b>56,029,674</b>	<b>56,029,674</b>	<b>0</b>	<b>56,029,674</b>	<b>67.13 (0.03)</b>
<b>(2) Foreign</b>							
a) Individuals (NRIs/Foreign Individuals)	0	0	0	0	0	0	0 0.00
b) Bodies Corporate	0	0	0	0	0	0	0 0.00
c) Institutions	0	0	0	0	0	0	0 0.00
d) Others	0	0	0	0	0	0	0 0.00
<b>SUB TOTAL: (A) (2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0 0.00</b>
<b>Total Shareholding of Promoter *</b>	<b>56,029,674</b>	<b>0</b>	<b>56,029,674</b>	<b>56,029,674</b>	<b>0</b>	<b>56,029,674</b>	<b>67.13 (0.03)</b>
<b>(A) = (A)/(1) + (A)/(2)</b>							
<b>B. PUBLIC SHAREHOLDING</b>							
<b>(1) Institutions</b>							
a) Mutual Funds /UTI	10,888,403	0	10,888,403	11,159,066	0	11,159,066	13.36 0.31
b) Financial Institutions /Banks	5,265	0	5,265	2,461	0	2,461	0.00 (0.01)
C) Central Government/State Government(s)	0	0	0	0	0	0	0 0.00
d) Venture Capital Funds	0	0	0	0	0	0	0 0.00
e) Insurance Companies	0	0	0	0	0	0	0 0.00
f) Foreign Institutional Investors/Foreign Portfolio Investors	3,107,293	0	3,107,293	3,466,947	0	3,466,947	4.15 0.43
g) Foreign venture Capital Investors	0	0	0	0	0	0	0 0.00
h) Others	0	0	0	0	0	0	0 0.00
<b>SUB TOTAL (B)(1):</b>	<b>14,000,961</b>	<b>0</b>	<b>14,000,961</b>	<b>14,628,474</b>	<b>0</b>	<b>14,628,474</b>	<b>17.52 0.74</b>

**\* Note:** 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 allotments of equity shares due to exercise of Employee Stock Options by employees of the Company and its subsidiary companies.

## (ii) Share Holding of Promoters as on March 31, 2017

Sr. No.	Shareholders Name *	Shareholding at the beginning of the year (i.e. as on April 1, 2016)				Shareholding at the end of the year (i.e. as on March 31, 2017)				% change in share holding during the year
		No. of shares	% of total shares of the company	No. of shares pledged	% of shares pledged/encumbered to total shares	No. of shares	% of total shares of the company	No. of shares pledged	% of shares pledged/encumbered to total shares	
1	Palm Shelter Estate Development LLP	11,813,300	14.16	0	0.00	11,813,300	14.15	0	0.00	(0.01)
2	Raghukool Estate Development LLP	8,263,300	9.90	0	0.00	5,593,300	6.70	0	0.00	(3.20)
3	Capstan Trading LLP	8,129,768	9.74	0	0.00	5,459,768	6.54	0	0.00	(3.20)
4	Casa Maria Properties LLP	7,913,300	9.48	0	0.00	5,253,300	6.29	0	0.00	(3.19)
5	Anbee Constructions LLP	6,511,762	7.80	0	0.00	10,386,401	12.44	0	0.00	4.64
6	Cape Trading LLP	6,261,040	7.50	0	0.00	10,386,401	12.44	0	0.00	4.94
7	K Raheja Corp Private Limited	3,382,204	4.05	3,382,204	4.05	3,382,204	4.05	3,382,204	4.05	0.00
8	Neel C. Raheja	1,150,000	1.38	1,150,000	1.38	1,150,000	1.38	1,150,000	1.38	0.00
9	Ravi C. Raheja	1,100,000	1.32	1,100,000	1.32	1,100,000	1.32	1,100,000	1.32	0.00
10	Jyoti C. Raheja	747,500	0.90	747,500	0.90	747,500	0.90	747,500	0.90	0.00
11	Chandru L. Raheja	697,500	0.84	697,500	0.84	697,500	0.84	697,500	0.84	0.00
12	Inorbit Malls (India) Private Limited	20,000	0.02	0	0.00	20,000	0.02	0	0.00	0.00
13	Ivory Properties And Hotels Private Limited	20,000	0.02	0	0.00	20,000	0.02	0	0.00	0.00
14	K Raheja Private Limited	20,000	0.02	0	0.00	20,000	0.02	0	0.00	0.00
	<b>Total</b>	<b>56,029,674</b>	<b>67.13</b>	<b>7,077,204</b>	<b>8.48</b>	<b>56,029,674</b>	<b>67.10</b>	<b>7,077,204</b>	<b>8.48</b>	<b>(0.03)</b>

\* Note: 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 allotments of equity shares due to exercise of Employee Stock Options by employees of the Company and its subsidiary companies.



**(iii) Change in Promoters' Shareholding : Inter-Se Transfer of Equity Shares between certain Promoters as mentioned below**

Sr. No.	Particulars*	Shareholding at the beginning of the year (i.e. as on April 1, 2016)		Shareholding at the end of the year (i.e. as on March 31, 2017)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Raghukool Estate Development LLP	8,263,300	9.90	5,593,300	6.70
2	Capstan Trading LLP	8,129,768	9.74	5,459,768	6.54
3	Casa Maria Properties LLP	7,913,300	9.48	5,253,300	6.29
4	Anbee Constructions LLP	6,511,762	7.80	10,386,401	12.44
5	Cape Trading LLP	6,261,040	7.50	10,386,401	12.44
	<b>Total</b>	<b>37,079,170</b>	<b>44.42</b>	<b>37,079,170</b>	<b>44.41</b>

\* **Note:** There is no change in the total number of shares held by the Promoters of the Company, as it was inter-se transfer of equity shares between certain Promoters. However, the percentage of the shareholding has changed during the year due to allotments of equity shares due to exercise of Employee Stock Options by employees of the Company and its subsidiary companies.

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

Sr. No.	Particulars	Shareholding at the beginning of the year (i.e. as on 1 April 2016)		Shareholding at the end of the year (i.e. as on March 31, 2017)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	<b>For Each of the Top 10 Shareholders</b>				
1	Reliance Capital Trustee Company Ltd A/c Reliance Equity Opportunities Fund	6,677,301	8.00	6,225,905	7.46
2	Miraj Marketing Company LLP	1,856,250	2.22	2,305,000	2.76
3	Zodiac Clothing Company Ltd	1,713,750	2.05	1,261,452	1.51
4	LO Funds - Emerging Consumer	1,495,000	1.79	1,340,000	1.60
5	Reliance Capital Trustee Company Ltd A/c Reliance Tax Saver (ELSS) Fund	1,359,000	1.63	1,359,000	1.63
6	Birla Sun Life Trustee Company Pvt Ltd A/c Birla Sunlife Tax Relief 96	1,500,976	1.80	1,994,513	2.39
7	The Master Trust Bank of Japan Ltd	1,122,225	1.34	1,039,591	1.24
8	ICICI Prudential Life Insurance Company Ltd	2,625,416	3.15	3,718,947	4.45
9	Hasham Investment And Trading Company Pvt Ltd	1,250,000	1.50	-	-
10	Reliance Life Insurance Company Ltd	761,903	0.91	-	-
11	Birla Sun Life Trustee Company Pvt Ltd A/c Birla Sun Life Balanced 95 Fund	-	-	785,988	0.94
12	Birla Sun Life Insurance Company Ltd	-	-	782,400	0.94
	<b>Total</b>	<b>20,361,821</b>	<b>24.40</b>	<b>20,812,796</b>	<b>24.92</b>

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

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year (i.e. as on April 1, 2016)		Shareholding at the end of the year (i.e. as on March 31, 2017)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	<b>Name of the Directors and KMP</b>				
1	Mr. Chandru L. Raheja (Chairman)	697,500	0.84	697,500	0.84
2	Mr. Ravi C. Raheja	1,100,000	1.32	1,100,000	1.32
3	Mr. Neel C. Raheja	1,150,000	1.38	1,150,000	1.38
4	Mr. B S Nagesh	567,685	0.68	567,685	0.68
5	Mr. Govind Shrikhande (Managing Director)	287,664	0.35	300,019	0.36
6	Mr. Deepak Ghaisas (holds with his wife as second holder)	7,750	0.01	7,750	0.01
7	Prof. Nitin Sanghavi	-	-	-	-
8	Mr. Nirvik Singh	-	-	-	-
9	Ms. Abanti Sankaranarayanan	-	-	-	-
10	Mr. Manish Chokhani	-	-	-	-
11	Mr. Gareth Thomas	-	-	-	-
12	Mr. Salil Nair (Chief Executive Officer)	147,820	0.18	153,250	0.18
13	Mr. Sanjay Chakravarti (Chief Financial Officer)	2,337	0.00	6,807	0.01
14	Mr. Prashant Mehta (Vice-President - Legal & Company Secretary) upto July 31, 2016	55,084	0.07	N.A.	N.A.
15	Mr. Bharat Sanghavi (Company Secretary) w.e.f. August 1, 2016	N.A.	N.A.	3,093	0.00

## 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	56,483.26	2,500.00	-	58,983.26
ii) Interest due but not paid	139.63	-	-	139.63
iii) Interest accrued but not due	-	-	-	-
<b>Total (i + ii + iii)</b>	<b>56,622.89</b>	<b>2,500.00</b>	<b>-</b>	<b>59,122.89</b>
<b>Change in Indebtedness during the financial year</b>				
Additions	8,297.93	6,500.00	-	14,797.93
Reduction	12,248.00	4,000.00	-	16,248.00
<b>Net Change</b>	<b>(3,950.07)</b>	<b>2,500.00</b>	<b>-</b>	<b>(1,450.07)</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	52,533.19	5,000.00	-	57,533.19
ii) Interest due but not paid	165.88	-	-	165.88
iii) Interest accrued but not due	-	-	-	-
<b>Total (i + ii + iii)</b>	<b>52,699.07</b>	<b>5,000.00</b>	<b>-</b>	<b>57,699.07</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	38,788,712
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	295,966
	(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	7,631,792
	<b>Total (A)</b>	<b>46,716,470</b>
	<b>Ceiling as per the Act</b>	<b>10% of the net profits of the Company</b>

**B. Remuneration to other directors:**

<b>1 Independent Directors</b>		<b>Name of the Directors</b>						(Amount in ₹)
<b>S r . No.</b>	<b>Particulars of Remuneration</b>	<b>Mr. Deepak Ghaisas</b>	<b>Prof. Nitin Sanghavi</b>	<b>Mr. Nirvik Singh</b>	<b>Ms. Abanti Sankaranarayanan</b>	<b>Mr. Manish Chokhani</b>	<b>Mr. Gareth Thomas</b>	<b>Total</b>
(a)	Fee for attending Board / Audit Committee meetings	400,000	360,000	150,000	150,000	310,000	150,000	1,520,000
(b)	Commission	600,000	300,000	300,000	300,000	300,000	300,000	2,100,000
(c )	Others, please specify	-	-	-	-	-	-	-
	<b>Total B (1)</b>	<b>1,000,000</b>	<b>660,000</b>	<b>450,000</b>	<b>450,000</b>	<b>610,000</b>	<b>450,000</b>	<b>3,620,000</b>

<b>2 Other Non Executive Directors</b>		<b>Name of the Directors</b>						(Amount in ₹)
<b>S r . No.</b>	<b>Particulars of Remuneration</b>	<b>Mr. Chandru L. Raheja</b>	<b>Mr. Ravi C. Raheja</b>	<b>Mr. Neel C. Raheja</b>	<b>Mr. B S Nagesh</b>			<b>Total</b>
(a)	Fee for attending Board / Audit Committee meetings	200,000	360,000	200,000	200,000	200,000		960,000
(b)	Commission	-	-	-	-	300,000		300,000
(c )	Others, please specify.	-	-	-	-	-		-
	<b>Total B (2)</b>	<b>200,000</b>	<b>360,000</b>	<b>200,000</b>	<b>200,000</b>	<b>500,000</b>		<b>1,260,000</b>
	<b>Total (B) = (B1+B2)</b>							<b>4,880,000</b>
	<b>Ceiling as per the Act</b>	<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</b>						

**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)	Mr. Sanjay Chakravarti (Chief Financial Officer)	Mr. Prashant Mehta (Company Secretary) (upto July 31, 2016)	Mr. Bharat Sanghavi (Company Secretary) (w.e.f. August 1, 2016)	Total
1	Gross Salary					
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	25,610,105	10,143,644	4,177,338	2,428,194	<b>42,359,281</b>
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	234,304	36,876	55,367	21,083	<b>347,630</b>
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-	-	-
2	Stock Option	177,135	10,553	-	-	<b>187,688</b>
3	Sweat Equity	-	-	-	-	-
4	Commission as % of profit	-	-	-	-	-
5	Others	721,224	281,304	70,659	71,232	<b>1,144,419</b>
	<b>Total</b>	<b>26,742,768</b>	<b>10,472,377</b>	<b>4,303,364</b>	<b>2,520,509</b>	<b>44,039,018</b>

**VII PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES**

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

**ANNEXURE TO THE DIRECTORS' REPORT****Annexure VI****SECRETARIAL AUDIT REPORT****Form No. MR-3**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

For the financial year ended March 31, 2017

To,  
The Members,  
Shoppers Stop Limited  
CIN: L51900MH1997PLC108798

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**"). 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 authorized 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 from April 01, 2016 to March 31, 2017 (the "**Audit Period**") 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 31st March, 2017 according to the provisions of:

- i. The Companies Act, 2013 (the "**Act**") and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 (the "**SCRA**") and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("**SEBI Act**"):
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ;
  - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (**Not applicable to the Company during the Audit Period**);
  - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with the Company;



- g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(Not applicable to the Company during the Audit Period);**
- h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 **(Not applicable to the Company during the Audit Period);**
- i. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

I have relied on the representations made by the Company and its officers for systems and mechanisms formed by the Company and having regard to the existing compliance system prevailing in the Company. I have also relied on the confirmations received from the Company that it has identified and complied with all applicable laws and have also examined relevant documents and records in pursuance thereof on test-check basis.

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

- i. Secretarial Standards (SS-1 and SS-2) issued by The Institute of Company Secretaries of India.

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

I further report that:

- i. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There is no change in the composition of the Board of Directors during the period under review. Further, the changes in the composition of the Key Managerial Personnel that took place during the period under review were carried out in compliance with the provisions of the Act.
- ii. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- iii. All decisions at Board Meetings and Committee Meetings are carried out on the basis of majority as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be. There were no dissenting views by any member of the Board of Directors during the period under review.

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, the Company and its officers have co-operated with me and have produced all the required forms, information, clarifications, returns and other documents as required for the purpose of our Audit.

**V Sundaram**

Date: May 5, 2017  
Place: Mumbai

Practising Company Secretary  
FCS No: 2023 CP No: 3373

## 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 ₹ 74.61 lacs towards PF Incentive.
6. These cumulative efforts were resulted in the saving of 3,941,740 Units (which is equivalent to energy cost saving of ₹ 411 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 first & second prize in "National Energy Conservation Award 2016" conducted by the Bureau of Energy Efficiency under the Central Ministry of Power, for Shoppers Stop Stores at Kalyan, Bhopal & Shyamla (Chennai) among the "Shopping Malls" category.

We have also Received "Certificate of Merit" for Garuda Store - Bangalore towards the energy conservation from the Bureau of Energy Efficiency under the Central Ministry of Power in Energy conservation.

May 5, 2017

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 2016-17 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

**Sanjay Chakravarti**  
Customer Care Associate &  
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 & excellence.
- **Openness** – The obligation to dissent and an environment conducive to openness.
- **Care** – We will have a willingness to apologize 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 “Business Responsibility Report” (BRR) of the Company for the financial year 2016-17 forming part of this Annual Report is as follows:

## 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 (w.e.f. April 17, 2017)	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, 2016 to March 31, 2017
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 80 Shoppers Stop stores (including 6 airport stores) and 16 HomeStop Stores spread across India. Details of store locations are provided in “General Shareholders Information” section of Corporate Governance Report of the Company.
10	Markets served by the Company - Local/State/National/International	National



## SECTION B - FINANCIAL DETAILS OF THE COMPANY

1	Paid up Capital	4,175.24 lacs
2	Total Turnover	405,715.62 lacs
3	Total loss after taxes	(1,993.85) lacs
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	Refer the Annexure III to
5	List of activities in which expenditure in 4 above has been incurred	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>										
	No.	Particulars	Details								
	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: Wellbeing 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>										
	No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
	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 function. 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 and 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>(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)</b>										
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.	-	-	-	-	-	-	✓	-	-

<b>3</b>	<b>Governance related to BR</b>									
(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 the first Business Responsibility Report being published for the Financial Year 2016-17 by the Company. The same will be displayed on the website of the Company <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 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.

- 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 behavior, actual or suspected fraud or violation of the Company's code of conduct. It also provides adequate safeguards against victimization of persons who uses such mechanism.

In order to further strengthen the internal controls for prevention of insider trading in its shares, 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 instills 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. During the year, the Company has received 3 complaints from shareholders, which have been resolved. There were no grievances received under the whistle blower policy of the Company.

## Principle 2: Product Responsibility

At Shoppers Stop "We are responsible for what we sell". All our products are sourced directly from the brands and carry brand warranty and genuineness certificate.

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

The main business of the Company is retailing of branded apparels and non-apparels, accordingly 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):**

(a) **Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?**

(b) **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 procedure for sustainable sourcing of products sold by the Company.

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 both certain raw material and finished goods from small scale industries and small producers including from communities surrounding its place of work. For example we procure certain ladies Indian wear products from suppliers located in Central Mumbai. We provide cash discounting facilities to them so that they are able to manage to their finances without any difficulties. 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.

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. The Company has procedures in place to dispose of e-waste through authorised e-waste vendors.

### Principle 3: Wellbeing of Employees

People development continues to be a key focus in the Company. The Company has framed various policies and processes for the overall wellbeing of the employees and provides a work environment that is free from any discrimination and harassment, promotes health & safety and enhances equal opportunities for men & women.

Every year, the Associate Satisfaction Index Survey is conducted which gives the employees a great chance to speak their mind and guide us in building an environment which compliments our value system. All employees, across levels participate to voice their opinion.

The Company has initiated a special cell under the title 'Spirit of Women' launched on the International Women's day this year. It works as an open forum for all women employees to enhance their working experience at the company. This helps the women in the company to channelize their views to the management in a rational way and choose a career path for more women to take up diverse roles in the company and progress towards equal employment opportunity for all. The Company stands strong against any kind of sexual harassment. On a regular basis the employees are asked to write to the different complaint contacts and POSH (Prevention of Sexual Harassment), the action on the same is taken post detailed review of the case.

The Company organizes a session called as 'Power Talk' where the employees get to meet the Management and the Managing Director, discuss about the innovative changes to make the company more accountable and work towards kaizen system, operational and cross functional process bottle-necks are resolved, if any, and also there is a reflection of company vision and values in an open forum.

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. The company launched a program called INVICTUS, for general safety of all employees. Employees are guided by certified defense experts on personal safety and cautioned about the do's and don'ts during any emergency situation.

The company looks after the general wellbeing of the employees on a regular basis. The Human Resources Team has organized health camps from some of the top institutions like Anjali Mukherjee (complete body profiling and health checkup) and Leena Mogre (session on diet control and general fitness) as a general awareness and health talk with the experts.

The Company organizes various assessments/ training sessions in-house on a regular basis and also sponsors its employees to attend training sessions organized by external professional bodies to facilitate upgradation of skill of employees.

1	Total number of employees	7236												
2	Total number of employees hired on temporary/ contractual/ casual basis	0												
3	Number of permanent women employees	1884												
4	Number of permanent employees with disabilities	The Company does not follow differential recruitment policy based on employees' demographic details and physical abilities. Hence, this number is not tracked.												
5	Do you have an employee association that is recognized by management?	No												
6	What percentage of your permanent employees are members of this recognized employee association?	N.A.												
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.	<table> <tr> <th>Category</th><th>No. of complaints received during the year</th><th>No. of complaints pending as on end of the financial year</th></tr> <tr> <td>Child labour/forced labour/involuntary labour</td><td>0</td><td>0</td></tr> <tr> <td>Sexual Harassment</td><td>8</td><td>0</td></tr> <tr> <td>Discriminatory employment</td><td>0</td><td>0</td></tr> </table>	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	0	0	Sexual Harassment	8	0	Discriminatory employment	0	0
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	0	0												
Sexual Harassment	8	0												
Discriminatory employment	0	0												
8	What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year	70%												

## Principle 4: Responsiveness to Stakeholders

The Company has in place investor grievance redressal system, customer's 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

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.

### 2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized 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.

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. In this respect, the Company has framed an "Energy Management Policy" with the following objectives:

- Maximize energy performance, reduce operating expenses and increase shareholder value by actively and responsibly managing energy consumption.
- Demonstrate commitment to our community and leadership in our industry, by reducing environmental impacts associated with energy use.

The Company have taken many energy initiatives. Your Company have been focusing on areas viz., Solar Energy which will lead to reduction of carbon emissions, idea of Re-Duce, Re-Use & Re-Cycle where by fittings / fixtures from stores that have been closed were redeployed at new locations after minor refurbishment, Eco friendly recyclable material such as GI & Aluminum framework being used in fit-outs instead of wood framework and rainwater harvesting being done at our store at Begumpet - Hyderabad and being reused for flushing and in house usage of store.

The Company has also won prestigious National Energy conservation Awards 2016 from the Central Ministry of Power, Government of India, under the category Shopping Malls For the excellence & initiatives taken towards the energy conservation at our stores and this prestigious energy conservation awards is being won consistently three times in row by the Company.

### 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.

No

### 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.**

NIL

#### 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 Manufacturers 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 non profit organization, 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

modernize 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 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 Corporate Social Responsibility (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.

As a part of CSR activities your Company has focused on the area of Persons with Disabilities with an objectives to enhance employability of Persons With Disabilities youth (18-35 years) by imparting quality training on Indian Sign Language, life skills, computer, retail and soft skills and to facilitate their employment after course completion. The various initiatives are been taken and having the vision to create an environment conducive for the physically challenged to overcome their disabilities and do our best for the society at large.

Associates has spent reasonable time celebrating events at various old age homes and orphanages from time to time.

Blood Donation is an important cause which saves the lives of people who need a blood transfusion due to illness or injury. Hence, one of our CSR activity was aimed at saving precious lives through blood donations. The blood donated was to be given to thalassemia patients free of cost. As a part of this activity, we had also facilitated and motivated our associates to donate blood by giving them a certificate to acknowledge wherein near future if the donor or any of his immediate family members are in need of blood- they can get it by flashing the card.

Justified growth & development across levels has also been at the core of inclusion & equality amongst employees. Keeping this in mind, a series of training that focuses on the overall Personal & Professional development of every employee was initiated under which Leaders from diverse fields were invited to share their expert advice with the employees. Also keeping in the mind the promise of delightful customer experience, we launched the initiative of Personal Shopper. Employees were assessed, trained and groomed to consult customers on fashion & styling through reputed image consulting institutes. Apart from this we continue with our regular development programs like Baby Kangaroo, LEAD, LEAP, etc. In addition to this, launch of RPL (Recognition of Prior Learning) in collaboration with Retailers Association of India (RAI) & NSDC, resulted into assessing & rewarding associates on their skills.

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

The Company have participated in following specified programmers/initiatives/projects in pursuit of our CSR policy:

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 and Youth 4 Jobs Foundation. The initiative aims to train people with disabilities and provide them employment opportunities in retail industry.

A total of 663 People with Disabilities (PWDs) been trained and provided livelihood. 23% (152) of the total trainees were women. 50% of the trainees had orthopedic disability, 46% had hearing and speech disability and remaining 4% have low vision and other disabilities. More than 80% of the people with Disabilities trained under this program come from

an underprivileged backgrounds with annual family income of less than ₹ 50,000/- .

The launch of Personal Shopper program was in association with the Times Group & Image Consulting Business Institute, a pioneer in Image & Fashion Consulting. More than 220 associates were trained. Through RPL, more than 776 associates were trained, certified and rewarded by NSDC through RAI.

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

The Company's CSR initiatives are implemented through internal team as well as in partnership with Non- Governmental Organizations (NGOs). The other 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.

**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 Rs. 74 lacs was spent towards CSR initiatives during the financial year 2016-17. 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 in 50 words, or so.**

Yes, the CSR initiative undertaken by the Company does focus on community participation, empowerment and community development. 80% of the trainees that are certified under the CSR initiative are provided with employment opportunities in the retail industry.

## 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 personalized 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.

As at the end of financial year, of the total complaints received, 1% customer complaints were pending and there were 22 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)

The requisite information as mandated as per the local laws is mentioned on the product label of the Company.

#### 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, in about 50 words or so.

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, the Company regularly conducts the consumer survey. The Company does research and collect feedbacks from customer’s inter-alia through following means:

- Specific advertisement campaigns – feedback/ perception/understanding.
- Brand Track – to monitor health of brand and its perception among core target audience. Pointers are also taken as to how the Company can better the brand experience.
- Net Promoter Score – This is a pilot study being done in 2 markets this year to assess our standing amongst customers at a city and store level. Basis this study, we expect to take store specific actions to improve the customer shopping experience in specific stores or specific cities.
- Catchment mapping & analysis – done at store level with internal resources to understand customer traffic from specific areas of catchment and how to improve traffic from these areas.

# Independent Auditors' Certificate

## To the Members of Shoppers Stop Limited

### INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

1. This Certificate is issued in accordance with the terms of our engagement letter dated September 1, 2016.
2. We, Deloitte Haskins & Sells LLP, Chartered Accountants, the Statutory Auditors of Shoppers Stop Limited ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on March 31, 2017, as stipulated in Regulations 17 to 27 and Clauses (b) to (i) of Regulation 46(2) and Para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

### Managements' Responsibility

3. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

### Auditor's Responsibility

4. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

6. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. 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.

### Opinion

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27 and Clauses (b) to (i) of Regulation 46(2) and Para C and D of Schedule V of the Listing Regulations during the year ended March 31, 2017.
9. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

### For DELOITTE HASKINS AND SELLS LLP

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

**P. B. Pardiwalla**

Place: Mumbai  
Date: May 5, 2017

Partner  
(Membership No. 40005)

# Corporate Governance Report

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## COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

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

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

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

## BOARD OF DIRECTORS

The Board of Directors comprises of Eleven (11) members viz. One (1) Executive Director and Ten (10) Non-Executive Directors including one (1) Woman Director. The Company has a Non-Executive promoter Chairman and the number of independent directors is more than one half of the total number of Directors. The composition of the Board of Directors of the

Company is in compliance with Regulation 17(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "Listing Regulations"). The Independent Directors on the Board are professionals and retail experts, 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 under Schedule II Part A of Regulation 17(7) of the Listing Regulations. The Board of Directors of the Company on a quarterly basis, reviews the compliance reports pertaining to laws applicable to the Company.

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

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

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

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

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

**Notes:**

1. The other Directorships and Chairmanships/Memberships of committees held in foreign companies, private limited companies and companies incorporated u/s 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.

During the year under review, the Board of Directors met four times i.e. on May 3, 2016, July 29, 2016, November 3, 2016 and January 31, 2017. The maximum interval between any two Meetings during this period does not exceed one hundred and twenty days as per provisions of the Companies Act, 2013 and Listing Regulations.

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

### SEPARATE MEETINGS OF THE INDEPENDENT DIRECTORS

As stipulated under the Companies Act, 2013 and the Listing Regulations, a separate meeting of the Independent Directors of the Company was held, without the attendance of Non-Independent Directors and members of the management of the Company.

### FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

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

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



The details of the said programme has been posted on the Company's website at web link: <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 Directors during the year are as under:

Name of Non-Executive Directors	Commission (₹)	*Sitting Fees (₹)	Total (₹)
Mr. Chandru L. Raheja	-	200,000	200,000
Mr. Ravi C. Raheja	-	360,000	360,000
Mr. Neel C. Raheja	-	200,000	200,000
Prof. Nitin Sanghavi	300,000	360,000	660,000
Mr. Deepak Ghaisas	600,000	400,000	1,000,000
Mr. Nirvik Singh	300,000	150,000	450,000
Ms. Abanti Sankaranarayanan	300,000	150,000	450,000
Mr. Manish Chokhani	300,000	310,000	610,000
Mr. Gareth Thomas#	300,000	150,000	450,000
Mr. B. S. Nagesh	300,000	200,000	500,000
<b>Total</b>	<b>24,00,000</b>	<b>2,480,000</b>	<b>4,880,000</b>

\* The sitting fees for attending each Board Meeting is ₹ 50,000/-. The aforesaid sitting fees also include the payment of ₹ 40,000/- made to the members of the Audit Committee for attending each meeting of the Committee.

# An amount of ₹ 3,00,000/- is payable to Mr. Gareth Thomas, for providing training and advisory services to the senior management of the Company.

## CRITERIA FOR PAYMENT OF COMMISSION TO NON-EXECUTIVE DIRECTORS

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

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

Amount in ₹

Salary*	Perquisites	Contribution to Fund	Total
38,788,712	6,150,366	1,777,392	46,716,470

\* Includes performance linked incentive of ₹ 5,513,257/-. 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 - 4	09.06.12	13,750	13,750	297	3 Years	4 years
ESOP 2008 - 5	28.08.13	13,650	8,190	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 the sound knowledge of finance & accounts. The composition of the Committee is in compliance with Regulation 18(1) of the Listing Regulations and the Companies Act, 2013. The Audit Committee invites such of the executives, as it considers appropriate to be present at the meetings of the Committee. The Managing Director, Chief Executive Officer, Chief Financial Officer, Company Secretary, Invitees of the Management Committee of the Company, representatives of the Internal Auditors and Statutory Auditors are also present at the Audit Committee Meetings.

During the year under review, the Committee met five times i.e. on May 2, 2016, June 21, 2016, July 28, 2016, November 2, 2016 and January 30, 2017 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	5
Mr. Ravi C. Raheja	Member	Non-Independent Director	4
Prof. Nitin Sanghavi	Member	Independent Director	4
Mr. Manish Chokhani	Member	Independent Director	4

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:

- 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;
- Recommendation for appointment, remuneration and terms of appointment of auditors i.e. Statutory and Internal auditor of the Company;
- Approval of payment to auditors i.e. Statutory and Internal auditor for any other services rendered by them;
- Reviewing, with the management, the annual financial statements and auditors report thereon before submission to the board for approval, with particular reference to:
  - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013.
  - Changes, if any, in accounting policies and practices and reasons for the same.
  - Major accounting entries involving estimates based on the exercise of judgement by management.
  - Significant adjustments made in the financial statements arising out of audit findings.
  - Compliance with listing and other legal requirements relating to financial statements.
  - Disclosure of any related party transactions.
  - Qualifications in the draft audit report.
- Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of

a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the Company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the Company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing with the management, performance of Statutory & Internal auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with Internal auditors of any significant findings and follow up there on;
15. Reviewing the findings of any internal investigations by the Internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
16. Discussion with Statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the Whistle Blower mechanism;
19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;

20. Carrying out any other function as may be decided by the Board and is mentioned in the terms of reference of the Audit Committee.

## NOMINATION AND REMUNERATION & CORPORATE GOVERNANCE COMMITTEE

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

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

During the year under review, the Committee met four times i.e. on May 3, 2016, July 29, 2016, November 3, 2016 and January 31, 2017.

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

Name of Member	Status	No. of meetings attended
Mr. Nirvik Singh	Chairman	3
Prof. Nitin Sanghavi	Member	4
Mr. Neel C. Raheja	Member	4

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

The Broad terms of reference of the Nomination and Remuneration & Corporate Governance Committee inter-alia are as under:

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

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

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

## REMUNERATION POLICY

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

## STAKEHOLDERS RELATIONSHIP COMMITTEE

The Company has constituted a Stakeholders Relationship Committee in the year 2004. The role, powers and functions of the committee is in accordance with Part D of Schedule II of Regulation 20(4) of the Listing 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 twelve times i.e. on April 19, 2016, May 17, 2016, June 21, 2016, July 5, 2016, August 16, 2016, September 20, 2016, October 18, 2016, November 17, 2016, December 20, 2016, January 16, 2017, February 21, 2017 and March 29, 2017.

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

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

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 and recommends measures for overall improvement in the quality of investor services.

During the year, the Company has received 3 (Three) Communications/grievances, which were attended and resolved to the satisfaction of the Shareholders. No grievances were pending at the year end.

## GENERAL BODY MEETINGS

Details of Annual General Meetings held during last three years:

AGM for Financial Year ended	Date & Time	Special Resolutions passed thereat	Location
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>To approve Material Related Party Transactions under Clause 49 of the Listing Agreement</li> <li>To adopt new Articles of Association of the Company containing regulations in conformity with the Companies Act, 2013</li> <li>To approve offer or invitation to subscribe to Non-Convertible Debentures on private placement</li> </ol>	National Stock Exchange of India Ltd., Exchange Plaza, Dr. R. H. Patil Auditorium, Ground Floor, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051
2013-2014	July 31, 2014 at 3:30 p.m.	No special resolution has been passed.	

## POSTAL BALLOT

During the year under review, the Company has passed the special resolution for re-appointment of Mr. Govind Shrikhande (DIN 00029419) as a Managing Director of the Company for a period of (3) three years w.e.f. July 29, 2016, through postal ballot.

### Voting Pattern and Procedure for Postal Ballot

- The Board of Directors of the Company had appointed Ms. Dhara Solanki, of M/s. V. Sundaram & Co., Practicing Company Secretary, as a Scrutiniser for conducting the voting through Postal Ballot.
- All postal ballot forms received upto September 7, 2016 and e-votes received upto 5.00 p.m. on the said date were considered for scrutiny. Envelopes/e-votes received after this date was not considered for scrutiny.
- The results of the Postal Ballot was announced on September 8, 2016 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
90	72,796,343	97.8845	23	1,573,295	2.1155

The Company proposes to seek approval of members under section 186 of the Companies Act, 2013 by means of a Special Resolution, authorizing the Board to exercise powers up to maximum limit of ₹ 1,135 Crores or upto the limits as prescribed under the said section, whichever is higher.

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.

## 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)

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

## SUBSIDIARY COMPANIES

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

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

The Audit Committee reviews the financial statement & any investment made by the subsidiaries on quarterly basis and Board of Directors of the Company inter-alia, review the annual financial statements of Hypercity Retail (India) Ltd.; and other subsidiaries which are duly consolidated with annual financial statements of the Company.

The Board of Directors of the Company also reviews minutes of the Board Meetings of all subsidiary companies.

## DISCLOSURE FROM SENIOR MANAGEMENT

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

## COMPLIANCE REPORT ON CORPORATE GOVERNANCE

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

## WEBSITE

All the information and disclosures required to be disseminated as per Regulation 46(2) of the Listing Regulations are being posted at Company's website: [www.shoppersstop.com](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 C. Raheja as a Chairman (In case of his unavailability, Mr. Neel C. Raheja to act as a Chairman), Mr. Manish Chokhani – Director, Mr. Govind Shrikhande – Managing Director and Mr. Sanjay Chakravarti – Chief Financial Officer, as Members of the Committee.

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

## DETAILS OF NON-COMPLIANCE ON MATTERS RELATING TO CAPITAL MARKET

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

## CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING PRACTICES

In compliance with the SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company has formulated, adopted and implemented "Shoppers Stop Code of Internal Procedures and Conduct for Regulating, Monitoring and Reporting Trading by Insiders" and "Code of Fair Disclosure of Unpublished Price Sensitive Information" for dealing in the shares of the Company by insiders.

## CODE OF CONDUCT FOR ALL BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL

The Company has adopted the Code of Conduct for all Board members and senior management personnel of the Company. This Code is posted on the website of the Company. All Board members and senior management personnel have confirmed compliance to the Code of Conduct. A declaration signed by the 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 Whistler 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 [https://corporate.shoppersstop.com/uploaded\\_files/ce848df-1585.pdf](https://corporate.shoppersstop.com/uploaded_files/ce848df-1585.pdf)

## COMPLIANCE WITH DISCRETIONARY REQUIREMENTS

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

## MANAGEMENT DISCUSSION AND ANALYSIS

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

## PROCEEDS FROM PUBLIC ISSUES

The Company has not raised any proceeds from public issue, right issue, preferential issues, etc. There are no unutilised issue proceeds thereof.

## MD & CFO CERTIFICATION

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

## MEANS OF COMMUNICATION

- The quarterly results are published within 48 hours of the Board Meeting, 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

- |                                   |  |
|-----------------------------------|--|
| <b>(1) Annual General Meeting</b> |  |
| <b>Date, Time &amp; Venue</b>     | : July 28, 2017 at 3:30 p.m.<br>: Boundary Hall, First Floor, MCA Recreation Centre, RG-2, G-Block, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051. |
| <b>(2) Date of Book Closure</b>   | : July 24, 2017 to July 28, 2017 (Both days inclusive)   |
| <b>(3) Financial Calendar</b>     | : April 1, 2016 to March 31, 2017  |
| <b>(4) Dividend payment date</b>  | : Within 5 days from the date of declaration of dividend   |

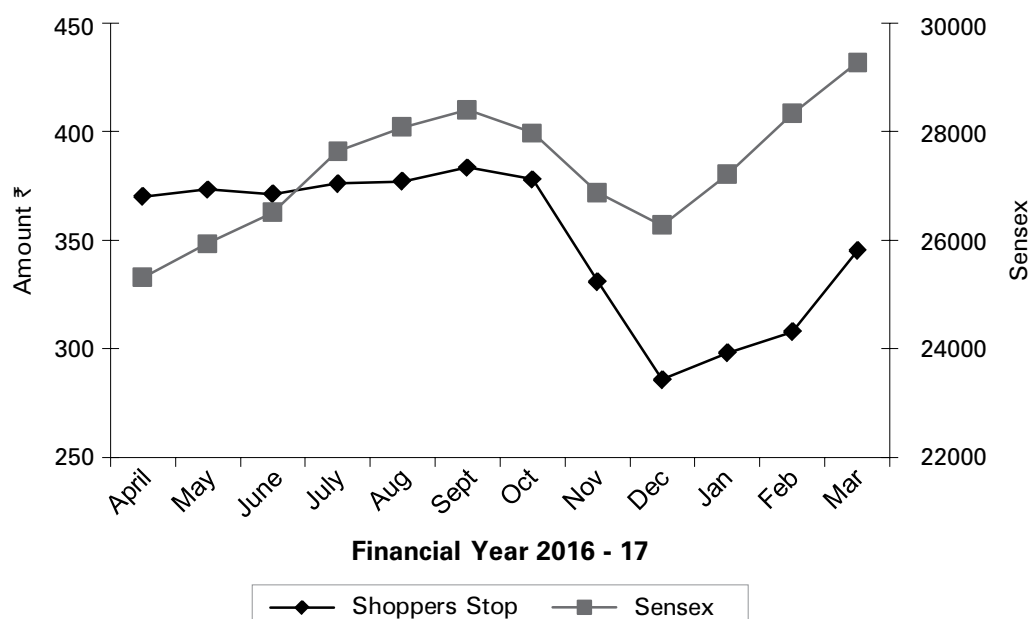
- (5) **Listing on the Stock Exchanges** : 1. BSE Limited  
Phiroze Jeejeebhoy Towers, Dalal Street,  
Mumbai - 400 001.
2. National Stock Exchange of India Ltd.,  
Exchange Plaza, Bandra-Kurla Complex, Bandra (East),  
Mumbai - 400 051.
- The requisite Listing Fees for the Financial Year 2017-18 has been paid to both the above Stock Exchanges where the equity shares of the Company are listed.
- (5) **Stock Code:**  
BSE Limited : 532638  
National Stock Exchange of India Ltd : SHOPERSTOP (Symbol)

(6) **Stock Market Data for the period – April 1, 2016 to March 31, 2017**

Share price performance in comparison on BSE:

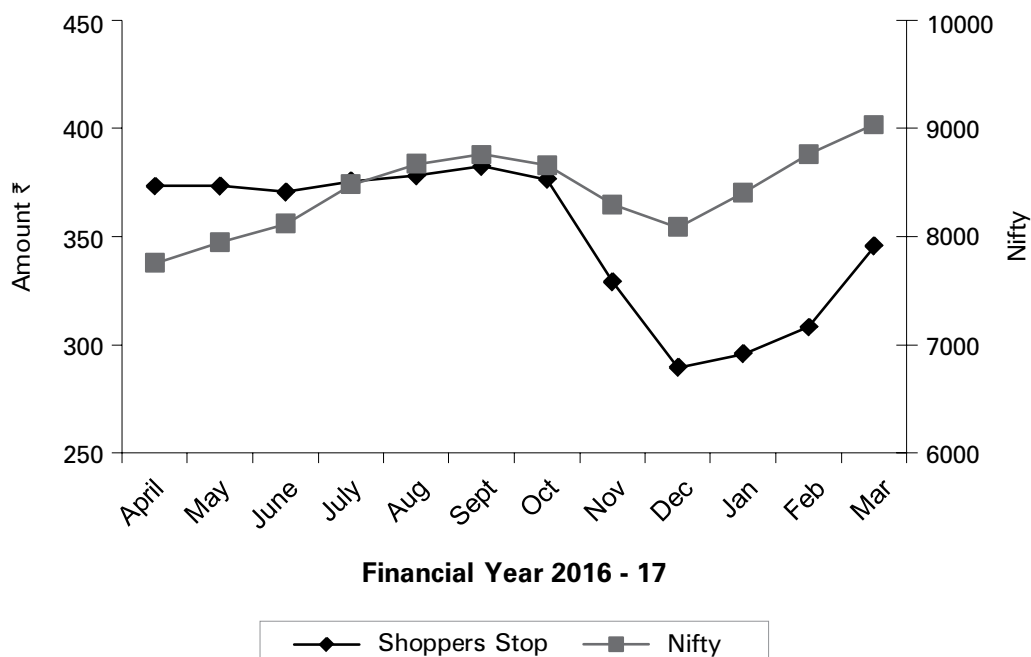
Month (2016-17)	BSE		Sensex		No. of Shares transacted
	High (₹)	Low (₹)	High (₹)	Low (₹)	
April	391.30	349.00	26,100.54	24,523.20	10,415
May	401.10	346.00	26,837.20	25,057.93	230,428
June	394.00	348.65	27,105.41	25,911.33	39,053
July	390.25	362.05	28,240.20	27,034.14	44,898
August	404.15	350.20	28,532.25	27,627.97	140,155
September	406.00	361.35	29,077.28	27,716.78	11,913
October	404.40	352.00	28,477.65	27,488.30	13,191
November	372.05	290.15	28,029.80	25,717.93	359,872
December	306.95	265.00	26,803.76	25,753.74	10,765
January	310.00	286.70	27,980.39	26,447.06	49,687
February	335.00	280.80	29,065.31	27,590.10	214,355
March	374.90	315.55	29,824.62	28,716.21	81,97,528

**SHOPPERS STOP PRICE MOVEMENT CHART – BSE**



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

Month (2016-17)	NSE		Nifty		No. of Shares transacted
	High (₹)	Low (₹)	High (₹)	Low (₹)	
April	393.80	353.15	7,992.00	7,516.85	614,774
May	401.20	345.65	8,213.60	7,678.35	460,724
June	394.00	347.30	8,308.15	7,927.05	535,192
July	390.95	360.30	8,674.70	8,287.55	431,062
August	406.00	350.15	8,819.20	8,518.15	348,239
September	405.00	360.00	8,968.70	8,555.20	176,993
October	406.40	346.50	8,806.95	8,506.15	346,214
November	373.00	284.75	8,669.60	7,916.40	852,049
December	310.85	268.00	8,274.95	7,893.80	238,743
January	308.85	282.65	8,672.70	8,133.80	408,529
February	335.00	281.50	8,982.15	8,537.50	1,696,030
March	376.95	314.00	9,218.40	8,860.10	1,902,789

**SHOPPERS STOP PRICE MOVEMENT CHART – NSE**

**(7) Distribution of Shareholding as on March 31, 2017 and March 31, 2016:**

Shareholding of Nominal Value ₹	As on March 31, 2017				As on March 31, 2016			
	Shareholders		Shareholders		Shareholders		Shareholders	
	Number	% to total	₹	% to total	Number	% to total	₹	% to total
Upto 5000	7,939	96.82	2,826,870	0.68	7,832	97.04	2,799,980	0.67
5001-10000	63	0.77	471,180	0.11	65	0.81	500,380	0.12
10001-20000	58	0.71	846,345	0.20	44	0.54	662,165	0.16
20001-30000	26	0.32	652,310	0.16	23	0.28	558,055	0.13
30001-40000	14	0.17	482,970	0.11	12	0.15	412,350	0.10
40001-50000	12	0.14	549,980	0.13	8	0.10	362,860	0.09
50001-100000	21	0.25	1,703,980	0.41	25	0.31	1,961,190	0.47
100001 and above	67	0.82	409,990,085	98.20	62	0.77	410,052,750	98.26
<b>Total</b>	<b>8,200</b>	<b>100.00</b>	<b>417,523,720</b>	<b>100.00</b>	<b>8,071</b>	<b>100.00</b>	<b>417,309,730</b>	<b>100.00</b>

**SHAREHOLDING PATTERN:**

The categories of shareholdings as on March 31, 2017 and March 31, 2016:

Category	As on March 31, 2017		As on March 31, 2016	
	No. of Shares Held	% to total	No. of Shares Held	% to total
Promoters	56,029,674	67.10	56,029,674	67.13
Mutual Funds	11,159,066	13.36	10,888,403	13.05
Indian Financial Institution & NBFC	142,756	0.17	183,546	0.22
Foreign Institutional & Portfolio Investors	3,466,947	4.15	3,107,293	3.72
Bodies Corporate	9,768,665	11.70	10,699,155	12.82
Indian Public & HUF	2,558,720	3.06	2,489,268	2.99
Banks	0	0.00	1,250	0.00
NRI's	44,110	0.05	37,331	0.04
Clearing Members (Transit)	31,170	0.04	19,526	0.02
Trust	3,03,636	0.36	6,500	0.01
<b>Total</b>	<b>83,504,744</b>	<b>100.00</b>	<b>83,461,946</b>	<b>100.00</b>

**SHAREHOLDING OF BOARD OF DIRECTORS AS ON MARCH 31, 2017:**

Name of Director	Status	No. of Shares
Mr. Chandru L. Raheja	Promoter Director	697,500
Mr. Ravi C. Raheja	Promoter Director	1,100,000
Mr. Neel C. Raheja	Promoter Director	1,150,000
Prof. Nitin Sanghavi	Director	0
Mr. Deepak Ghaisas*	Director	7,750
Ms. Abanti Sankaranarayanan	Director	0
Mr. Nirvik Singh	Director	0
Mr. Manish Chokhani	Director	0
Mr. Gareth Thomas	Director	0
Mr. B. S. Nagesh	Vice Chairman	567,685
Mr. Govind Shrikhande	Managing Director	300,019

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

- (8) **Registrar and 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) 2342 0814
- (9) **Share Transfer System** : The shares of the Company are traded on the Stock Exchanges through the Depository System. The ISIN allotted to the equity shares of ₹ 5/- each of the Company is INE498B01024.  
The requests received by the Company/RTA for dematerialisation/rematerialisation are disposed off expeditiously.
- (10) **Dematerialisation of Shares and Liquidity** : The trading in Company's equity shares is compulsorily in dematerialised mode for all investors. As on date, entire share capital of the Company except 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.

- (11) Outstanding GDRs/ADRs/** : The Company has not issued any ADR or GDR or warrants or any convertible instruments, Warrants or any Convertible which has likely impact on equity share capital.
- (12) Commodity price risk of foreign exchange risk and hedging activities** : The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency exposures relating to the underlying transactions and firm commitments. The Company does not enter into any derivative instruments for trading and speculative purposes.
- (13) Address for correspondence** : Mr. Bharat Sanghavi - Company Secretary  
Umang Tower, 5th Floor, Mindspace, Off. Link Road, Malad (West), Mumbai - 400 064.  
Tel: (022) 4249 7000 Fax: (022) 2880 8877  
E-mail: investor@shoppersstop.com  
Web Address: www.shoppersstop.com

**(14) Store Locations :**

**Western Region**

1. 211-D, S. V. Road, Andheri (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, 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. Pacific Mall, Shankar Seth Road, Pune - 411 037.
14. Opposite Alankar Talkies, Chainsukh Road, Latur - 413 512.
15. HomeStop, R City Mall, LBS Marg, Ghatkopar (West), Mumbai - 400 086.
16. HomeStop, FP No. 216, TP Scheme -1, Vastrapur, Ahmedabad - 380 054.
17. Metro Junction Mall, Shil Road, Kalyan - 421 306.
18. VR Mall, Near Magdalia Chokdi, Dumas Road, Surat - 395 007.
19. Viviana Mall, Eastern Express Highway, Thane - 400 062.
20. Alembic Road, Subhanpura, Vadodara - 390 003.
21. C G Square, C. G. Road, Ahmedabad - 380 009.
22. First floor, Seasons Mall, South Magarpatta City, Pune - 411 028.
23. HomeStop, First floor, Seasons Mall, South Magarpatta City, Pune - 411 028.
24. D Y Patil Mall, 2104/15, E Ward, Kavda Naka, Kolhapur - 416 001.
25. Orion Mall, Near Panvel Bus Depot, Panvel - 410 206.
26. Unit No. GFN03 & GFS10, West End Mall, Aundh, Taluka Haveli, Pune - 411 007.
27. Mall de Goa, 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. Passenger Terminal Building, Bengaluru International Airport, Devanahalli, Bengaluru - 560 300.
11. HomeStop, Raheja Point No. 17/2, Magrath Road, Bengaluru - 560 025.
12. HomeStop, Royal Meenakshi Mall, Bannergetta Road, Bengaluru - 560 076.
13. HomeStop, LEPL Icon, Vijayawada - 520 008.
14. 1st and 2nd Floor, Celebros Shyamala Towers, 136 Acrot Road, Saligramam, Chennai - 600 093.
15. LEPL Icon Mall, Vijayawada - 520 008.
16. OMR, Ground Floor, Gopalan Signature Towers, Opp. RMZ Infinity, Old Madras Road, Bengaluru - 560 096.
17. Mall of Mysore, Indira Nagar Extension, Nazarabad Mohalla, M.G. Road, Mysore - 570 010.
18. HomeStop, Inorbit Mall, Apiic Software Layout, Hitech City, Cyberabad, Hyderabad - 500 081.
19. Inorbit Mall – Whitefield, EPIP Area, Whitefield, Bengaluru - 560 066.
20. E-City Mall, Avinash Road, Coimbatore - 641 004.
21. HomeStop, E-City Mall, Avinash Road, Coimbatore - 641 004.
22. Soul Space Arena, Outer Ring Road, K R Puram Hubli, Bengaluru - 560 037.
23. HomeStop, Phoneix Market City, Velachery, Chennai - 600 042.
24. The Grand Mall, No. 137, Dr. Seetharam Nagar, Velachery, Chennai - 600 042.
25. HomeStop, SJR Padukone Plaza, 18th Main Road, Koramangla, Bengaluru - 560 034.
26. Manjeera, Trinity Mall, Kukatpally, Hyderabad - 500 072.
27. HomeStop, Embassy Paragon, ITPL Main Road, Bengaluru - 560 037.
28. SRK Destiny, VIP Road, Near CBM Compound, Visakhapatnam - 530 016.
29. Forum Fiza Mall, Pandeshwar Road, Mangalore - 575 001.
30. Royal Meenakshi Mall, Ground Floor, Opposite Meenakshi Temple, Bannerghatta Road, Hulimavu, Bengaluru - 560 076.
31. Mangalore International Airport, Domestic Departures, Kenjar, Bajpe, Mangalore - 574 142.
32. Brigade Mall, Banaswadi Main Road, Banaswadi Layout, Maruthi Sevanagar, Bengaluru - 560 033.
33. Orion Mall, Rajajinagar Extension, Malleswaram West, Bangalore - 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. BPK Star Building, Opp. Lig Gurudwara, A.B. Road, Indore - 452 001.
13. HomeStop, 2nd Floor, Fun Republic Mall, Gomti Nagar, Lucknow - 226 010.
14. MBD Neopolis Mall, Civil Lines, BMC Chowk, GT Road, Jalandar - 144 001.
15. World Trade Park, South Block, Malviya Nagar, Jaipur - 302 017.
16. Elante Mall, Industrial Area Phase - 1, Chandigarh - 160 002.
17. OMaxe SRK Mall, Nagala Padi, Agra - 280 002.



18. Jaipur International Airport (Departure - Level 2), Shop No. 201 New Terminal Building T-2, Jaipur - 302 011.
19. HomeStop, Elante Mall, Industrial Area Phase - 1, Chandigarh - 160 002.
20. Gaur Central Mall, Rajnagar, Ghaziabad - 201 002.
21. Pavillion Mall, Old Sessions Court Road, Ludhiana - 141 001.
22. Shopprix Mall, Sports Good Complex, Major Dhyanchand Nagar, Hapur Bye pass, Delhi Meerut Highway, Meerut (UP) - 250 001.
23. Man-Upasna Plaza, C-44, Sardar Patel Marg, C-Scheme, Jaipur, Rajasthan - 302 001.
24. Unity One Jankpuri, Janakpuri West, Next to Janakpuri West Metro Station, New Delhi - 110 058.
25. Logix City Centre Mall, Noida City Centre Metro Station, Noida, Uttar Pradesh – 201 301.
26. 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 Center 2, Rajarhat, New Town, Major Arterial Road, Kolkata - 700 156.
9. Acropolis Mall, Plot No. 1858, Rajdanga Main Road, Kolkata - 700 107.
10. Nucleus Mall, Circular Road, Opp East Jail Road, Ranchi, Jharkhand - 834 001.



2

Financial  
Statements

98-212

# Independent Auditors' Report

## TO THE MEMBERS OF SHOPPERS STOP LIMITED

### Report on the Standalone Financial Statements

We have audited the accompanying Standalone Financial Statements of Shoppers Stop Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2017 and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act"), with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance (including other comprehensive income), cash flows and changes in equity of the Company, in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone 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 financial statements based on our audit.

In conducting 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 financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone 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 financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2017 and its loss, total comprehensive loss, cash flows and the changes in equity for the year ended on that date.

**Emphasis of Matter**

We draw attention to the following matters in the Notes to the standalone financial statements:

- a) Note 30 to the financial statements regarding non-provision of service tax for the period 1 June 2007 to 31 March 2010 on renting of immovable properties given for commercial use, aggregating to ₹ 1,659.56 lacs (2016: ₹ 1,659.56 lacs), pending final disposal of the appeal filed before the Supreme Court, inter alia, challenging the retrospective levy of the service tax. The matter is contingent upon the final outcome of the litigation.
- b) Note 31 to the financial statements regarding the Company's equity investment in Hypercity Retail (India) Limited, a subsidiary company. The Company has recognised an impairment of ₹ 3,600.00 lacs for diminution in value of the investment and has determined that no further impairment is required at this stage for the reasons stated in the note.

Our opinion is not modified in respect of these matters.

**Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, based on our audit we report, to the extent applicable, that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
  - d) In our opinion, the standalone financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
  - e) On the basis of written representations received from the directors as on 31 March 2017 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such

controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements in accordance with the generally accepted accounting practice;
- 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;
- iv. The Company has provided requisite disclosures in the standalone financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8 November 2016 of the Ministry of Finance, during the period from 8 November 2016 to 30 December 2016. Based on audit procedures performed and the representations provided to us by the management, we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management.

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

**For DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

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

**P.B. Pardiwalla**

Partner

(Membership No. 40005)

Mumbai: 5 May 2017



## ANNEXURE “A” TO THE INDEPENDENT AUDITORS’ REPORT

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date on the accounts of Shoppers Stop Limited (“the Company”) for the year ended 31 March 2017)

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

We have audited the internal financial controls over financial reporting of Shoppers Stop Limited (“the Company”) as of 31 March 2017 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 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”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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 Company’s 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, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

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

**P.B. Pardiwalla**

Partner

(Membership No. 40005)

Mumbai: 5 May 2017



## ANNEXURE “B” TO THE INDEPENDENT AUDITORS’ REPORT

(Referred to in paragraph 2 under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date on the accounts of Shoppers Stop Limited (“the Company”) for the year ended 31 March 2017)

- (i) In respect of fixed assets:
  - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
  - b) Some of the fixed assets were physically verified during the year by the management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - c) The Company does not have any immovable properties of freehold or leasehold land and building and hence, reporting under clause (i) (c) of the Order is not applicable.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and as explained to us, no material discrepancies were noticed on physical verification.
- (iii) According to the information and explanations given to us, the Company has granted unsecured loans to companies covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which:
  - a. The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company’s interest.
  - b. There is no schedule of repayment of principal and payment of interest that has been stipulated. The repayment of principal, we are informed is “on demand”. The Company receives interest payments regularly.
- c. Loan given in an earlier year to one party has been fully provided for and no interest has been received.
- (iv) According to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. There are no unclaimed deposits, to which the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 would apply.
- (vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013.
- (vii) According to the information and explanation given to us and the records of the Company examined by us, in respect of statutory dues:
  - a) The Company has generally been regular in depositing undisputed statutory dues including Provident Fund, Employees’ State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities. There were no undisputed amounts payable in respect of the aforesaid dues in arrears as at 31 March 2017 for a period of more than six months from the date they became payable.
  - b) There were no dues of Sales Tax and Duty of Excise, as applicable, which have not been deposited as at 31 March 2017 on account of any dispute with the relevant authorities. The details of dues of Income Tax, Service Tax,

Duty of Customs and Value Added tax which have not been deposited as at 31 March 2017 on account of any disputes are given below:

Name of the Statute	Nature of dues	Period to which the amount relates	Forum where dispute is pending	Amount (₹ in Lacs)*
The Income Tax Act, 1961	Income Tax	2013-14	Appellate Authority – Commissioner level	380.75
Finance Act, 1994	Service Tax	May 2006 to May 2007	Appellate Authority – Tribunal level	775.97
The West Bengal Value Added Tax Act, 2005	Value Added Tax	2010-11	Appellate Authority – Commissioner level	0.39
West Bengal Tax on Entry of Goods into Local Areas Act, 2012	Entry Tax	2013-14	Appellate Authority – Commissioner level	4.76
Tamil Nadu Value Added Tax, Act, 2006	Value Added Tax	2013-14	Appellate Authority – Commissioner level	1.83
The Customs Act, 1962	Duty of Customs	2008 2012	Appellate Authority – Tribunal level Appellate Authority – Tribunal level	5.17 37.44

\*Net of amounts paid

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans to banks. The Company has not taken loans or borrowings from the financial institutions and government and has not issued any debentures.
- (ix) In our opinion and according to the information and explanations given to us, term loans have been applied by the Company during the year for the purposes for which they were raised. The Company has not raised moneys by way of initial public offer or further public offer during the year.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no significant fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company, and hence, reporting under clause (xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us the Company has complied with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures, and hence, reporting under clause (xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with its directors or persons connected with him, and hence, provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) In our opinion and according to information and explanations provided to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

#### For DELOITTE HASKINS & SELLS LLP

Chartered Accountants

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

#### P.B. Pardiwalla

Partner

(Membership No. 40005)

Mumbai: 5 May 2017

# Balance Sheet

as at 31 March 2017

(All amounts in ₹ Lacs)

	Notes	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	3	57,918.87	58,234.18	57,173.37
Capital work-in-progress	3.1	1,254.92	2,781.81	1,386.66
Intangible assets	3	5,613.36	4,913.02	2,457.76
Intangible assets under development	3.1	433.07	14.34	37.96
<b>Financial Assets</b>				
(i) Investments	4	40,800.58	40,540.30	40,690.80
(ii) Loans	5	10,348.59	15,400.74	13,494.28
(iii) Other financial assets	6	12,985.47	11,468.92	10,838.28
Deferred tax assets (net)	7	429.22	360.80	-
Other non-current assets	8	8,169.03	9,575.56	8,594.05
<b>Total non-current assets</b>		<b>137,953.11</b>	<b>143,289.67</b>	<b>134,673.16</b>
<b>Current assets</b>				
Inventories	9	35,276.50	38,587.11	32,961.33
<b>Financial assets</b>				
(i) Trade Receivables	10	3,574.66	2,367.30	2,233.52
(ii) Cash and cash equivalents	11	295.03	335.42	311.59
(iii) Bank balances other than (ii) above	12	207.67	192.80	178.88
(iv) Other financial assets	6	3,799.14	3,683.59	4,216.68
Other current assets	8	2,463.63	2,594.62	4,496.25
<b>Total current assets</b>		<b>45,616.63</b>	<b>47,760.84</b>	<b>44,398.25</b>
<b>Total assets</b>		<b>183,569.74</b>	<b>191,050.51</b>	<b>179,071.41</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity share capital	13	4,175.24	4,173.10	4,168.39
Other equity	14	71,900.37	73,691.03	72,600.42
<b>Total equity</b>		<b>76,075.61</b>	<b>77,864.13</b>	<b>76,768.81</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
<b>Financial liabilities</b>				
Borrowings	15	20,996.68	32,286.77	22,505.52
Deferred tax liabilities (net)	7	-	-	578.55
<b>Total non-current liabilities</b>		<b>20,996.68</b>	<b>32,286.77</b>	<b>23,084.07</b>
<b>Current liabilities</b>				
<b>Financial liabilities</b>				
(i) Borrowings	15A	20,295.86	14,448.87	23,255.26
(ii) Trade payables	16	33,019.27	37,062.55	33,135.44
(iii) Other financial liabilities	17	19,727.57	16,305.41	9,984.61
Provisions	18	716.86	622.86	514.13
Other current liabilities	19	12,737.88	12,459.92	12,329.09
<b>Total current liabilities</b>		<b>86,497.45</b>	<b>80,899.61</b>	<b>79,218.53</b>
<b>Total liabilities</b>		<b>107,494.13</b>	<b>113,186.38</b>	<b>102,302.60</b>
<b>Total equity and liabilities</b>		<b>183,569.74</b>	<b>191,050.51</b>	<b>179,071.41</b>

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

In terms of our attached report of even date

For and on Behalf of the Board of Directors

For Deloitte Haskins & Sells LLP  
Chartered Accountants

C.L.Raheja  
Chairman

Ravi Raheja  
Director

Govind S.Shrikhande  
Customer Care Associate &  
Managing Director

P. B. Pardiwalla  
Partner

Sanjay Chakravarti  
Customer Care Associate &  
Chief Financial Officer

Bharat Sanghavi  
Customer Care Associate &  
Company Secretary

Mumbai : 5 May 2017

Mumbai : 5 May 2017

# Statement of Profit and Loss

for the year ended 31 March 2017

(All amounts in ₹ Lacs)

	Notes	For the year ended 31 March 2017	For the year ended 31 March 2016
<b>INCOME</b>			
Revenue from Operations	20	364,804.25	335,480.13
Other income	21	2,956.98	3,023.83
<b>Total Income</b>		<b>367,761.23</b>	<b>338,503.96</b>
<b>EXPENSES</b>			
Purchase of Stock-in-Trade	22a	225,426.81	212,417.75
Changes in Inventories of stock-in-trade	22b	3,310.61	(5,625.78)
Employee benefits expense	23	27,350.37	24,552.11
Finance costs	24	5,845.01	5,715.29
Depreciation and amortisation expense	3	11,552.61	9,766.40
Other expenses	25	89,464.30	83,672.18
<b>Total expenses</b>		<b>362,949.71</b>	<b>330,497.95</b>
<b>Profit before exceptional item and tax</b>		<b>4,811.52</b>	<b>8,006.01</b>
Exceptional Item - impairment in value of investments	4	4,780.00	2,381.00
<b>Profit before tax</b>		<b>31.52</b>	<b>5,625.01</b>
Tax expense	26		
Current tax		2,093.79	4,276.36
Deferred tax		(68.42)	(939.35)
<b>(Loss) / Profit for the year [A]</b>		<b>(1,993.85)</b>	<b>2,288.00</b>
<b>Other comprehensive income</b>			
Items that will not be reclassified to profit or loss:			
i) Remeasurement of employee defined benefit obligation		40.13	(86.10)
ii) Income tax relating to (i) above		(13.89)	29.80
<b>Total Other Comprehensive Income / (Loss) [B]</b>		<b>26.24</b>	<b>(56.30)</b>
<b>Total Comprehensive Income / (Loss) for the year [A] + [B]</b>		<b>(1,967.61)</b>	<b>2,231.70</b>
<b>Earning per equity share</b>			
Equity shares of face value ₹ 5 each	28		
Basic (₹)		(2.39)	2.74
Diluted (₹)		(2.39)	2.74

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

In terms of our attached report of even date

For Deloitte Haskins & Sells LLP  
Chartered Accountants

P. B. Pardiwalla  
Partner

Mumbai : 5 May 2017

C.L. Raheja  
Chairman

Sanjay Chakravarti  
Customer Care Associate &  
Chief Financial Officer

Mumbai : 5 May 2017

For and on Behalf of the Board of Directors

Ravi Raheja  
Director

Govind S. Shrikhande  
Customer Care Associate &  
Managing Director

Bharat Sanghavi  
Customer Care Associate &  
Company Secretary

# Statement of Cash Flows

for the year ended 31 March 2017

(All amounts in ₹ Lacs)

	For the year ended 31 March 2017	For the year ended 31 March 2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Net profit before exceptional item and tax</b>	<b>4,811.52</b>	<b>8,006.01</b>
<b>Adjustments for:</b>		
Depreciation and amortisation	11,552.61	9,766.40
Allowance for doubtful debts/advances	308.00	89.26
Share based payment cost	65.22	92.18
Finance costs	5,845.01	5,715.29
Loss on sale of property, plant and equipment	1.49	63.37
Refundable deposit considered in measurement of minimum lease payments	959.36	1,089.90
Interest (time value) recognized on interest free lease deposit	(780.33)	(893.46)
Interest income	(2,054.54)	(1,915.07)
<b>Operating profit before working capital changes</b>	<b>20,708.34</b>	<b>22,013.88</b>
<b>Adjustments for:</b>		
Inventories	3,310.61	(5,625.78)
Trade receivables	(1,207.36)	(133.77)
Financial assets (others)	542.78	1,128.59
Lease deposits-net	(986.61)	(691.54)
Short-term provisions	134.14	22.63
Trade payables and other current liabilities	(4,434.81)	3,933.09
<b>Cash generated from operations</b>	<b>18,067.09</b>	<b>20,647.10</b>
Income taxes paid (net of refunds)	(2,372.07)	(4,370.83)
<b>Net cash from operating activities (A)</b>	<b>15,695.02</b>	<b>16,276.27</b>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment	(10,850.40)	(14,343.36)
Proceeds from disposal of property, plant and equipment	218.17	30.69
Loans & advances (to) / repaid by subsidiaries (net)	4,971.16	(1,821.93)
Investment in subsidiaries	(5,023.33)	(2,202.68)
Interest Received	2,066.37	1,908.72
<b>Net cash used in investing activities (B)</b>	<b>(8,618.03)</b>	<b>(16,428.56)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of equity shares	1.58	4.71
Securities premium on issue of share capital	92.89	216.15
Share application money received	-	28.75
Dividend and dividend tax paid	-	(752.54)
Interim Dividend and dividend tax paid	-	(753.44)
Proceeds from long term borrowings	5,000.00	22,028.87
Repayment of long term borrowings	(12,247.62)	(6,047.63)
Short-terms loans (net)	5,846.99	(8,806.39)
Finance costs paid	(5,811.22)	(5,742.36)
<b>Net cash (used in)/from financing activities (C)</b>	<b>(7,117.38)</b>	<b>176.12</b>
<b>Net (Decrease) / Increase in cash and cash equivalents (A) + (B) + (C)</b>	<b>(40.39)</b>	<b>23.83</b>
Cash and cash equivalents as at beginning of the year	335.42	311.59
Cash and cash equivalents as at the end of the year (Note 11)	295.03	335.42
	<b>(40.39)</b>	<b>23.83</b>

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

In terms of our attached report of even date

For and on Behalf of the Board of Directors

For Deloitte Haskins & Sells LLP  
Chartered Accountants

C.L.Raheja  
Chairman

Ravi Raheja  
Director

Govind S.Shrikhande  
Customer Care Associate &  
Managing Director

P. B. Pardiwalla  
Partner

Sanjay Chakravarti  
Customer Care Associate &  
Chief Financial Officer

Bharat Sanghavi  
Customer Care Associate &  
Company Secretary

Mumbai : 5 May 2017

Mumbai : 5 May 2017

# Statement of Changes in Equity

for the year ended 31 March 2017

(All amounts in ₹ Lacs)

**a. EQUITY SHARE CAPITAL**

<b>Balance as on 1 April 2015</b>	<b>4,168.39</b>
Issue of equity shares under employee share option plan (Note 35)	4.71
<b>Balance as on 31 March 2016</b>	<b>4,173.10</b>
Issue of equity shares under employee share option plan (Note 35)	2.14
<b>Balance as on 31 March 2017</b>	<b>4,175.24</b>

**b. OTHER EQUITY**

Particulars:	Securities premium reserve	General reserve	Retained earnings	Share Options outstanding account	Share application money pending allotment	Total
<b>Balance as on 1 April 2015</b>	47,184.08	1,834.17	23,382.05	200.12	-	72,600.42
Profit for the year	-	-	2,288.00	-	-	2,288.00
Other comprehensive income / (loss) for the year, net of income tax	-	-	(56.30)	-	-	(56.30)
<b>Total comprehensive income for the year</b>	-	-	<b>2,231.70</b>	-	-	<b>2,231.70</b>
Recognition of share based payments*	-	-	64.99	55.00	-	119.99
Received on issue of shares	216.15	-	-	-	-	216.15
Received during the year	-	-	-	-	28.75	28.75
Payment of dividends on equity shares	-	-	(1,251.24)	-	-	(1,251.24)
Payments of tax on dividends on equity shares	-	-	(254.74)	-	-	(254.74)
Transfer to General Reserve from retained earnings	-	75.02	(75.02)	-	-	-
<b>Balance as on 31 March 2016</b>	<b>47,400.23</b>	<b>1,909.19</b>	<b>24,097.74</b>	<b>255.12</b>	<b>28.75</b>	<b>73,691.03</b>
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>

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

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

In terms of our attached report of even date

For and on Behalf of the Board of Directors

For Deloitte Haskins & Sells LLP  
Chartered AccountantsC.L.Raheja  
ChairmanRavi Raheja  
DirectorGovind S.Shrikhande  
Customer Care Associate &  
Managing DirectorP. B. Pardiwalla  
PartnerSanjay Chakravarti  
Customer Care Associate &  
Chief Financial OfficerBharat Sanghavi  
Customer Care Associate &  
Company Secretary

Mumbai : 5 May 2017

Mumbai : 5 May 2017



# Notes

to Financial Statements  
for the year ended 31 March 2017

## 1. GENERAL BACKGROUND

Shoppers Stop Limited ('SSL' or 'the Company') was incorporated on 16 June 1997. The Company is engaged in the business of retailing a variety of household and consumer products through departmental stores. At 31 March 2017, the Company operated through 80 such departmental stores located in different cities of India.

The financial statements were approved for issue by the board of directors on 05 May 2017.

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

measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. 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. 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.

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;

## 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 Ind ASs notified under the Companies (Indian Accounting Standards) Rules, 2015 and other accounting principles generally accepted in India. These are the Company's first Ind AS financial statements. The date of transition to Ind AS is 1 April 2015. (Refer Note 2.1.3 below)

Up to the financial year ended 31 March 2016, the Company prepared its financial statements in accordance with the requirements of the previous applicable GAAP, which included Standards notified under the Companies (Accounting Standards) Rules, 2006.

**2.1.2** These financial statements have been prepared on historical cost basis, except for certain assets and liabilities that are

# Notes

## to Financial Statements

### for the year ended 31 March 2017

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- 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

**2.1.3 First-time adoption:** In accordance with Ind AS 101 on First-time adoption of Indian Accounting Standards, the Company's first Ind AS financial statements include, three balance sheets, namely, the opening balance sheet as at 1 April 2015 and balance sheets as at 31 March 2016 and 2017, and, two statements each of profit and loss, cash flows and changes in equity for the years ended 31 March 2016 and 2017 together with related notes. The same accounting policies have been used for all periods presented, except where the Company has made use of exceptions or exemptions allowed under Ind AS 101 in the preparation of the opening Ind AS balance sheet. The balance sheets, statements of profit and loss, statements of cash flows and statements of changes in equity of the prior years presented have been recast in accordance with Ind ASs.

The principal accounting policies adopted by the Company are set out below.

## 2.2 Revenue recognition

**2.2.1** 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.

**2.2.2 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 and sales tax.

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.

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

**2.2.4 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.

**2.2.5 Dividend and Interest income:** Dividend income from investments is recognised when the Company's right to receive

# Notes

## to Financial Statements

### for the year ended 31 March 2017

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payment has been established. Interest income is accrued on time basis, by reference to the principal outstanding and at the effective interest rate applicable.

### 2.3 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.

### 2.4 Property, Plant and Equipment and Intangible Assets

2.4.1 Property, Plant and Equipment and Intangible Assets are stated at cost less accumulated depreciation or amortization 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.

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

Property, Plant and Equipment:	No. of years
Air conditioning and other equipment	5 to 17
Furniture, fixtures and other fittings	5 to 10
Computer Equipment (other than desktop and laptops)	5 to 6
Desktop and laptops	3
Leasehold Improvements	5 to 17
Office Equipment	2 to 5
Vehicles	8
<b>Intangible assets:</b>	
Trademark and Patents	10
Computer Software	6

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.

2.4.3 **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.

2.4.4 **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.

### 2.5 Financial Instruments

Financial instruments comprise of financial assets and financial liabilities. Financial assets primarily comprise of investments in subsidiaries and joint ventures, loans and advances, premises and other deposits, trade receivables and cash and cash equivalents. Financial liabilities primarily comprise of

# Notes

## to Financial Statements

### for the year ended 31 March 2017

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borrowings, trade payables and financial guarantee contracts.

**2.5.1 Financial assets** are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets are added to the fair value of the financial assets on initial recognition. After initial recognition all financial assets (other than investments in subsidiaries and joint ventures, other equity investments and derivative instruments) are subsequently measured at amortised cost using the effective interest method. The Company has not designated any financial asset as Fair Value through Profit or Loss (FVTPL) (except for other equity investments) or Fair Value through Other Comprehensive Income (FVTOCI).

A financial asset is regarded as credit impaired when one or more events that may have a detrimental effect on estimated future cash flows of the asset have occurred. The Company applies the expected credit loss model for recognising impairment loss on financial assets, (i.e. the shortfall between all contractual cash flows that are due and all the cash flows (discounted) that the entity expects to receive).

**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. .

**2.5.2 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.

**2.5.3 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 recognized in profit or loss.

**2.5.4 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.

## 2.6 Income-Tax

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

# Notes

## to Financial Statements

### for the year ended 31 March 2017

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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.

**2.6.1 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.

**2.6.2 Deferred tax:** Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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 in future to allow the 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.

## 2.7 Employee benefits

**2.7.1 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 Company determines the present value of the defined benefit obligation and fair value of plan assets and recognizes 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:

(a) service cost – recognized in profit or loss;

service cost comprises (i) current cost which is the increase in the present value of defined benefit obligations resulting from employee service in the current period, (ii) past service cost which is the increase in the present value of defined benefit obligations resulting from employee service in the prior periods resulting from a plan amendment, and (iii) gain or loss on settlement.

# Notes

## to Financial Statements

### for the year ended 31 March 2017

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- (b) net interest on the net liability or asset - recognized in profit or loss;  
net interest on the net liability or asset is the change during the reporting period that arises from the passage of time.

- (c) remeasurements of the net liability or asset - recognized in other comprehensive income.  
remeasurements of the net liability or asset essentially comprise of actuarial gains and losses (i.e. changes in the present value of defined benefit obligations resulting from experience adjustments and effects of changes in actuarial assumptions), and, return on plan assets (i.e. income derived from plan assets, other than interest included in (b) above and realized or unrealized gains and losses on plan assets).

- 2.7.2 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 Company in respect of services provided by employees up to the reporting date.

- 2.7.3 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 recognizes 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.

Fair valuation of grants on transition to Ind AS: The Company has availed the option to fair value only those grants that vest after the transition date, 1 April 2015.

## 2.8 Properties taken on lease

Properties taken on lease by the Company are in the nature of operating leases as the lease terms do not transfer substantially all risks and rewards incidental to ownership of such properties to the Company. 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.

Interest free lease deposits are remeasured at amortised cost by the effective interest rate method. The difference between the transaction value of the deposit and amortised cost is regarded as prepaid rent and recognised as expense uniformly over the lease period.



# Notes

to Financial Statements  
for the year ended 31 March 2017

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Interest income, measured by the effective interest rate method is accrued.

## 2.9 Foreign Currency transactions

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 and recognised in profit or loss in the period in which they arise.

## 2.10 Borrowing Costs

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.

## 2.11 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. 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.

## 2.12 Cash and cash equivalents

Cash and cash equivalents represent cash on hand, bank balances in current accounts. Bank

balances in earmarked accounts for unpaid dividends and balances held as margin money which are under lien against bank guarantee are classified as bank balances other than cash and cash equivalents.

## 2.A Critical accounting judgments 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 judgments, 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

As stated in Note 31 the accumulated losses

# Notes

## to Financial Statements

### for the year ended 31 March 2017

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of a subsidiary company viz. Hypercity Retail (India) Limited ('Hypercity'), have substantially eroded its net worth. Hypercity is taking ongoing steps to revamp its business operations, including, store right sizing, and brand positioning. An impairment loss of ₹ 3,600 lacs for diminution in the value of the Company's equity investment has been recognised based on the above steps and considering the business valuation by an independent valuer.

Based on its future business plans and strategic growth projections, the Company has determined that no further impairment is required at this stage. Further, the Company has historically also given guarantees to banks for loans taken by Hypercity. 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, 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 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 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

# Notes

to Financial Statements  
for the year ended 31 March 2017

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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 Financial Statements  
for the year ended 31 March 2017

## 3 PROPERTY, PLANT AND EQUIPMENT (PPE) AND Intangible assets

	(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>Cost or deemed cost</b>										
As at 1 April 2015	19,718.99	18,483.14	14,673.30	669.51	3,613.23	15.19	57,173.36	83.83	2,373.93	2,457.76
Additions	1,965.50	2,660.63	4,621.56	250.09	363.68	65.94	9,927.40	23.13	3,438.29	3,461.42
Disposal	(656.65)	(448.39)	(222.53)	(5.46)	(21.75)	(15.17)	(1,369.95)	-	(0.31)	(0.31)
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
<b>Accumulated Depreciation</b>										
As at 1 April 2015										
Depreciation and amortisation expense	(2,414.78)	(2,077.80)	(2,854.87)	(219.97)	(1,185.42)	(7.40)	(8,760.24)	(26.02)	(980.14)	(1,006.16)
(Refer Note iv)										
Eliminated on disposal of assets	644.43	422.24	172.01	2.32	21.22	1.39	1,263.61	-	-	-
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	(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)
(Refer Note iv)										
Eliminated on disposal of assets	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)
<b>Carrying amount</b>										
As at 1 April 2015	19,718.99	18,483.14	14,673.30	669.51	3,613.23	15.19	57,173.36	83.83	2,373.93	2,457.76
Additions	1,965.50	2,660.63	4,621.56	250.09	363.68	65.94	9,927.40	23.13	3,438.29	3,461.42
Disposal	(12.22)	(26.15)	(50.52)	(3.14)	(0.53)	(13.78)	(106.34)	-	-	-
Depreciation and amortisation expense										
(Refer Note iv)	(2,414.78)	(2,077.80)	(2,854.87)	(219.97)	(1,185.42)	(7.40)	(8,760.24)	(26.02)	(980.14)	(1,006.16)
As at 31 March 2016	19,257.49	19,039.82	16,389.47	696.49	2,790.96	59.95	58,234.18	80.94	4,832.08	4,913.02
Additions	1,799.63	2,756.50	2,830.71	531.22	1,919.67	-	9,837.73	-	2,319.80	2,319.80
Disposals	(51.98)	(80.79)	(83.21)	(0.95)	(2.67)	-	(219.60)	-	(0.28)	(0.28)
Depreciation and amortisation expense	(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)
(Refer Note iv)										
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

### Note:

- i) Carrying value of PPE as on 1 April 2015 is considered as deemed cost on transition date, arrived at as per previous GAAP (Refer Note 2.4.4) as follows:

	Tangible asset	Intangible assets	Total
Gross block as on 31 March 2015	90,822.82	6,015.13	96,837.95
Accumulated depreciation as on 31 March 2015	33,649.45	3,557.37	37,206.82
Carrying value as on 31 March 2015	57,173.37	2,457.76	59,631.13
Capital work in progress and Intangible asset under development (Refer Note 3.1)	1,386.66	37.96	1,424.62
	<b>58,560.03</b>	<b>2,495.72</b>	<b>61,055.75</b>

- ii) These assets have been pledged to secure borrowings of the Company (Refer Note 15).  
 iii) Intangible assets includes mainly computer softwares where the remaining useful life ranging from 1 year to 6 years.  
 iv) Depreciation for the year includes accelerated amounts aggregating to ₹ 2,251.00 Lacs (2016: ₹ 1,191.00 Lacs) on account of change in estimate of useful lives of property, plant & equipment resulting from store closures/shifting premises.

# Notes

to Financial Statements  
for the year ended 31 March 2017

## 3.1 Capital work in progress and Intangible assets under development

	(All amounts in ₹ Lacs)	
	Capital work in progress	Intangible assets under development
<b>Cost or deemed cost</b>		
As at 1 April 2015	1,386.66	37.96
Additions	7,428.20	7,001.39
Capitalisation	(6,033.05)	(7,025.01)
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

## 4. INVESTMENTS - NON CURRENT

	(All amounts in ₹ Lacs)		
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
<b>(Unquoted at cost unless otherwise stated)</b>			
<b>Investments in equity instruments</b>			
<b>In subsidiary companies:</b>			
Shoppers' Stop Services (India) Limited			
50,000 Equity Shares of ₹ 10/- each Fully Paid	5.00	5.00	5.00
Less: Impairment in value	(5.00)	(5.00)	(5.00)
	-	-	-
Upasna Trading Limited			
5,000 Equity Shares of ₹ 100/- each Fully Paid	5.00	5.00	5.00
Less: Impairment in value	(5.00)	(5.00)	(5.00)
	-	-	-
Shoppers' Stop.com (India) Limited			
50,000 Equity shares of ₹ 10/- each Fully Paid	5.00	5.00	5.00
Less: Impairment in value	(5.00)	(5.00)	(5.00)
	-	-	-
Gateway Multichannel Retail (India) Limited			
50,000 Equity shares of ₹ 10/- each Fully Paid	5.00	5.00	5.00
Less: Impairment in value	(5.00)	(2.55)	(2.55)
	-	2.45	2.45
Crossword Bookstores Limited			
1,35,62,500 (2016: 1,35,62,500; 2015: 95,62,500) Equity shares of ₹ 10/- each Fully Paid	3,505.93	3,505.93	2,505.93
Hypercity Retail (India) Limited			
7,37,58,511 (2016: 6,37,11,980; 2015: 4,84,500) Equity Shares of ₹ 10/- each Fully Paid	37,779.83	32,756.55	67.61
Less: Impairment in value (refer note 31)	(3,600.00)	-	-
	34,179.83	32,756.55	67.61

# Notes

to Financial Statements  
for the year ended 31 March 2017

	(All amounts in ₹ Lacs)		
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
<b>In Joint Ventures</b>			
Timezone Entertainment Private Limited			
244,46,247 Equity Shares of ₹ 10/- each Fully Paid	2,444.62	2,444.62	2,444.62
Nuance Group (India) Private Limited			
414,10,000 Equity Shares of ₹ 10/- each Fully Paid	4,141.00	4,141.00	4,141.00
Less: Impairment in value	(3,561.00)	(2,381.00)	-
	580.00	1,760.00	4,141.00
<b>Other investments</b>			
<b>(At fair value through profit or loss)</b>			
Stargaze Properties Private Limited			
1,000 equity shares of ₹ 10/- each Fully paid	0.10	0.10	0.10
Retailers Association of India			
10,000 equity shares of ₹ 10/- each Fully paid	1.00	1.00	1.00
Retailers Association's Skill Council of India			
500 equity shares of ₹ 100/- each Fully paid	0.50	0.50	0.50
Nuance Group Fashion & Luxury Duty Free Private Limited			
500 equity shares of ₹ 10/- each Fully paid	0.05	-	-
Aesthetic Realtors Private Limited			
66 Equity Shares of ₹ 10/- each Fully Paid	0.01	0.01	0.01
Less: Impairment in value	(0.01)	(0.01)	-
	(0.00)	(0.00)	0.01
<b>Deemed equity investments in*:</b>			
Hypercity Retail (India) Limited	79.53	62.00	36.77
Crossword Bookstores Limited	9.02	7.15	4.56
* Being share options to employees of subsidiary companies			
<b>Total (A)</b>	<b>40,800.58</b>	<b>40,540.30</b>	<b>9,204.55</b>
Aggregate amount of impairment in value of unquoted equity investments	7,181.01	2,398.56	17.55
<b>Investments in other instruments (in preference shares)</b>			
<b>In Subsidiary Companies</b>			
Crossword Bookstores Limited			
Nil (2016: Nil; 2015: 10,000,000) 6% Cumulative Redeemable Preference Shares of ₹ 10/- each fully paid (The same were converted into equity shares in F.Y.15-16)	-	-	1,000.00
Hypercity Retail (India) Limited			
Nil (2016: Nil; 2015: 131,070,000) 7% Compulsorily Convertible Preference Share of ₹ 10/- each fully paid (The same were converted into equity shares in F.Y.15-16)	-	-	14,182.20
Hypercity Retail (India) Limited			
Nil (2016: Nil; 2015: 163,040,500) 7% Cumulative Redeemable Preference Share of ₹ 10/- each fully paid (The same were converted into equity shares in F.Y.15-16)	-	-	16,304.05
<b>Total (B)</b>	<b>-</b>	<b>-</b>	<b>31,486.25</b>
<b>Aggregate carrying value of unquoted investments (A)+(B)</b>	<b>40,800.58</b>	<b>40,540.30</b>	<b>40,690.80</b>
<b>Aggregate amount of impairment in value of unquoted investments</b>	<b>7,181.01</b>	<b>2,398.56</b>	<b>17.55</b>



# Notes

to Financial Statements  
for the year ended 31 March 2017

## 5. LOANS

(All amounts in ₹ Lacs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
<b>Non-current (Unsecured)</b>			
Loans to subsidiary companies (Refer note 38)			
- Considered good	10,348.59	15,400.74	13,494.28
- Considered doubtful	2,329.10	2,291.00	2,291.00
	12,677.69	17,691.74	15,785.28
Less: Allowance for doubtful loans	2,329.10	2,291.00	2,291.00
	<b>10,348.59</b>	<b>15,400.74</b>	<b>13,494.28</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 secure borrowings of the Company (Refer Note 15)

## 6. OTHER FINANCIAL ASSETS

(All amounts in ₹ Lacs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
(unsecured)			
<b>Non-current</b>			
Premises and other deposits			
- Considered good	12,985.47	11,468.92	10,838.28
- Considered doubtful	337.38	86.99	26.09
	13,322.85	11,555.91	10,864.37
Less : Allowance for doubtful amounts	337.38	86.99	26.09
	<b>12,985.47</b>	<b>11,468.92</b>	<b>10,838.28</b>
<b>Current</b>			
Advances for goods and rendering of services			
- Considered good	3,322.95	3,270.95	3,700.07
- Considered doubtful	731.76	714.71	686.37
	4,054.71	3,985.66	4,386.44
Less : Allowance for doubtful advances	731.76	714.71	686.37
	3,322.95	3,270.95	3,700.07
Advances to employees	247.24	226.58	246.02
Advances to subsidiary companies (refer note 38)	228.95	186.06	270.59
	<b>3,799.14</b>	<b>3,683.59</b>	<b>4,216.68</b>

**6.1** These are carried at amortised cost.

**6.2** These have been pledged to secure borrowings of the Company (Refer Note 15)

# Notes

to Financial Statements  
for the year ended 31 March 2017

## 7. DEFERRED TAX ASSETS / LIABILITIES (NET)

(All amounts in ₹ Lacs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Deferred tax assets	1,168.29	1,068.72	807.49
Deferred tax liabilities	(739.07)	(707.92)	(1,386.04)
	<b>429.22</b>	<b>360.80</b>	<b>(578.55)</b>

### Deferred tax (liabilities)/assets in relation to:

	As at 1 April 2015	Recognised in Profit or Loss	As at 31 March 2016	Recognised in Profit or Loss	As at 31 March 2017
Property, plant and equipment & Intangible assets	(1,386.04)	678.12	(707.92)	(31.15)	(739.07)
Provision for doubtful debts / advances	194.90	34.43	229.33	114.88	344.21
Provision for expenses	77.08	54.89	131.97	13.07	145.04
Employee benefits	202.84	50.33	253.17	144.00	397.17
Deferred Revenue on point reward schemes	332.67	53.57	386.24	(234.34)	151.90
Lease Deposits	-	68.01	68.01	61.96	129.97
Deferred tax assets / (liabilities) (net)	<b>(578.55)</b>	<b>939.35</b>	<b>360.80</b>	<b>68.42</b>	<b>429.22</b>

## 8. OTHER ASSETS

(All amounts in ₹ Lacs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
(Unsecured, considered good)			
<b>Non-current</b>			
Capital Advances	660.66	844.02	976.00
Service tax deposited under protest (Refer Note 30)	3,541.34	3,541.34	3,541.34
Advance income tax (Net of provision)	877.33	612.95	488.71
Others - Prepaid Expenses	3,089.70	4,577.25	3,588.00
	<b>8,169.03</b>	<b>9,575.56</b>	<b>8,594.05</b>
<b>Current</b>			
Recoverables - Statutory dues	1,174.29	785.86	1,155.09
Others - Prepaid Expenses	1,289.34	1,808.76	3,341.16
	<b>2,463.63</b>	<b>2,594.62</b>	<b>4,496.25</b>

## 9. INVENTORIES

(All amounts in ₹ Lacs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
(At lower of cost and net realisable value)			
Stock-in-trade: Retail merchandise	<b>35,276.50</b>	<b>38,587.11</b>	<b>32,961.33</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 2.3

# Notes

## to Financial Statements

### for the year ended 31 March 2017

#### 10. TRADE RECEIVABLES - CURRENT

(All amounts in ₹ Lacs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
(Unsecured)			
Considered good	3,574.66	2,367.30	2,233.52
Considered doubtful	30.47	30.47	30.47
	3,605.13	2,397.77	2,263.99
Less : Allowance for doubtful debts	(30.47)	(30.47)	(30.47)
	<b>3,574.66</b>	<b>2,367.30</b>	<b>2,233.52</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)

#### 11. CASH AND CASH EQUIVALENTS

(All amounts in ₹ Lacs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Balance with banks in current accounts	82.81	21.19	34.89
Cash on hand	212.22	314.23	276.70
	<b>295.03</b>	<b>335.42</b>	<b>311.59</b>

11.1 These financial assets have been pledged to secure borrowings of the Company (Refer Note 15)

11.2 Disclosures of Specified Bank Notes (SBNs) held and transacted during the period from 8 November 2016 to 30 December 2016

	SBNs	Other denomination notes
Closing cash in hand as on 08 November 2016	510.97	27.98
Add : Permitted Receipts	-	9,023.16
	510.97	9,051.14
Less : Permitted Payments	-	135.44
Amounts deposited in Banks	510.97	8,409.19
	510.97	8,544.63
Closing cash in hand as on 30 December 2016	-	506.51

**Explanation:** SBNs have the meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.

#### 12. OTHER BANK BALANCES

(All amounts in ₹ Lacs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Margin money accounts (under lien against bank guarantee)	207.29	192.42	178.42
Earmarked accounts (for unpaid dividend)	0.38	0.38	0.46
	<b>207.67</b>	<b>192.80</b>	<b>178.88</b>

# Notes

to Financial Statements  
for the year ended 31 March 2017

## 13. EQUITY SHARE CAPITAL

(All amounts in ₹ Lacs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
<b>13.1 Authorised</b>			
200,000,000 equity shares of ₹ 5/- each	10,000.00	10,000.00	10,000.00
<b>13.2 Issued, subscribed and fully paid-up shares</b>			
83,504,744 [(2016 : 83,461,946), (2015 : 83,367,805)] equity shares of ₹ 5/- each			
fully paid-up	4,175.24	4,173.10	4,168.39
	<b>4,175.24</b>	<b>4,173.10</b>	<b>4,168.39</b>

## 13.3 Reconciliation of number of equity shares:

Particulars:	31 March 2017		31 March 2016		1 April 2015	
	Numbers	₹ Lacs	Numbers	₹ Lacs	Numbers	₹ Lacs
Balance at the beginning of the year	83,461,946	4,173.10	83,367,805	4,168.39		
Issued during the year *	42,798	2.14	94,141	4.71		
Balance at the end of the year	<b>83,504,744</b>	<b>4,175.24</b>	<b>83,461,946</b>	<b>4,173.10</b>	<b>83,367,805</b>	<b>4,168.39</b>

\* Issued under Share options granted by the Company to certain employees- Refer note 35.

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

Name of the Shareholder	31 March 2017		31 March 2016		1 April 2015	
	Shares held (Nos)	Shares held (%)	Shares held (Nos)	Shares held (%)	Shares held (Nos)	Shares held (%)
Palm Shelter Estate Development LLP	11,813,300	14.15%	11,813,300	14.16%	11,813,300	14.17%
Anbee Construction LLP	10,386,401	12.44%	6,511,762	7.80%	6,511,762	7.81%
Cape Trading LLP	10,386,401	12.44%	6,261,040	7.50%	6,261,040	7.51%
Reliance Capital Trustee Co. Ltd. A/C Reliance Equity Opportunities Fund	6,225,905	7.46%	6,677,301	8.00%	5,209,410	6.25%
Raghukool Estate Development LLP	5,593,300	6.70%	8,263,300	9.90%	8,263,300	9.91%
Capstan Trading LLP	5,459,768	6.54%	8,129,768	9.74%	8,129,768	9.75%
Casa Maria Properties LLP	5,253,300	6.29%	7,913,300	9.48%	7,913,300	9.49%

## 13.5 Other disclosures :

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

# Notes

## to Financial Statements

### for the year ended 31 March 2017

#### 14. OTHER EQUITY

(All amounts in ₹ Lacs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Securities premium reserve	47,521.31	47,400.23	47,184.08
General reserve	1,909.19	1,909.19	1,834.17
Retained earnings	22,242.92	24,097.74	23,382.05
Share options outstanding account	226.95	255.12	200.12
Share application money pending allotment	-	28.75	-
	<b>71,900.37</b>	<b>73,691.03</b>	<b>72,600.42</b>

For addition and deductions under each of the above heads, refer 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 also be utilized as permitted under the Companies Act 2013, like dividend etc.

##### 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.

#### 15. BORROWINGS

(All amounts in ₹ Lacs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
<b>Non-current</b>			
Term Loans (Secured) from banks	37,294.31	44,534.39	28,553.15
Less : Current maturities (Refer Note 17)	16,297.63	12,247.62	6,047.63
	<b>20,996.68</b>	<b>32,286.77</b>	<b>22,505.52</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 1st 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.

# Notes

## to Financial Statements

### for the year ended 31 March 2017

#### 15.2 Terms of the Facilities :-

Name of the Bank	Rate of Interest	Repayment Schedule	Loan Balance		
			31 March 2017	31 March 2016	1 April 2015
HDFC Bank	10.40% (2016 : 10.85%, 2015 : 11.70%)	12 quarterly equal instalments from 10 January 2015.	1,249.70	2,914.70	4,578.47
HDFC Bank	10.40%(2016: 10.85%, 2015 : 11.10%)	14 equal quarterly instalments from 1 June 2015.	1,070.60	1,783.63	2,496.14
HDFC Bank	9.50% (2016 : 9.50%, 2015 : Nil)	12 equal quarterly instalments from 30 June 2017	4,993.56	4,990.00	-
Bank of India	(2016 : 10.70%, 2015 : 11.20%)	Repayable on 13 April 2016.	-	2,499.97	2,497.75
ICICI Bank	9.70% (2016 : 10.60%, 2015 : 12.00%)	15 equal quarterly instalments from 1 September 2014.	1,332.69	2,664.24	3,994.83
ICICI Bank	9.70% (2016 : 10.60%, 2015 : 11.60%)	12 equal quarterly instalments from 1 December 2015.	5,788.06	9,025.00	9,985.96
IDBI Bank	9.95% (2016 : 9.95%, 2015 : Nil)	10 equal quarterly instalments from 9 December 2017.	9,992.48	9,990.18	-
Kotak Mahindra Bank	10.40% (2016 : 10.50%, 2015 : 11%)	12 equal quarterly instalments from 8 December 2015	2,500.00	4,166.67	5,000.00
Kotak Mahindra Bank	9.75% (2016 : 9.75%, 2015 : Nil)	Repayable on 30 September 2017.	2,000.00	2,000.00	-
Kotak Mahindra Bank	9.25% (2016 : Nil, 2015 : Nil)	Repayable in 12 equal quarterly instalments from 3 Dec 2017	4,992.22	-	-
Abu Dhabi Commercial Bank	10.25% (2016 : 10.25%, 2015 : Nil)	12 equal quarterly instalments from 10 September 2016	3,375.00	4,500.00	-

15.3 These are carried at amortised cost.

#### 15A CURRENT

	(All amounts in ₹ Lacs)		
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
<b>From banks</b>			
- Secured	15,295.86	11,948.87	13,757.23
- Unsecured	5,000.00	2,500.00	998.03
Commercial papers (unsecured)	-	-	8,500.00
(maximum amount outstanding during the year ₹ Nil, 2016: ₹ Nil; 2015: ₹ 8,500.00 lacs)			
	<b>20,295.86</b>	<b>14,448.87</b>	<b>23,255.26</b>

**15.A1** 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 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.



# Notes

to Financial Statements  
for the year ended 31 March 2017

## 15.A2 TERMS OF THE FACILITIES:-

Name of the Bank	Rate of Interest	Repayment Schedule	Loan Balance		
			31 March 2017	31 March 2016	1 April 2015
Axis Bank	9.15%(2016 : 10.85%, 2015 : 11.70%)	On demand	1,051.12	1,107.00	1,719.58
Axis Bank (Working Capital Demand Loan)	8.45%(2016 : 10.25%, 2015 : Nil)	Maturity on 05 May 17, For 2016 Maturity on 18 May 16, For 2015, Nil.	1,500.00	1,500.00	-
Axis Bank (Line of Credit)	8.40%(2016 : 10.25%, 2015 : 11.15%)	Maturity on 08 May 17 & 10 May 17, For 2016 Maturity on 11 May 16, For 2015, 09 June 15.	4,000.00	4,000.00	2,000.00
ICICI Bank (Cash Credit)	9.25%(2016 : 10.60%, 2015 : 11.50%)	On demand	2,085.79	2,045.03	272.92
ICICI Bank (Line of Credit of STL) Unsecured	Nil, (2016 : 10.60%, 2015 : Nil)	Nil, For 2016 Maturity on 05 April 2016, For 2015 Nil.	-	2,500.00	-
ICICI Bank (One Time STL) Unsecured	8.40%, (2016 : Nil, 2015 : Nil)	Maturity on 07 June 2017, For 2016 Nil, For 2015 Nil.	5,000.00	-	-
IDBI Bank (Cash Credit)	10.50%(2016 : 10.75%, 2015 : 11.25%)	On demand	467.07	1,014.12	3,867.93
IDBI Bank (Vendor Financing) Unsecured	9.50%, (2016 : 9.75%, 2015 : 10.25%)	On Maturity	802.25	1,326.54	1,496.05
Kotak Mahindra Bank Ltd. (Cash Credit)	9.95%(2016 : 10.75%, 2015 : 11.25%)	On demand	5,389.63	-	2,442.08
HDFC Bank Ltd. (Cash Credit)	10.55%(2016 : 10.60%, 2015 : 12.50%)	On demand	-	821.33	23.74
Bank of India (Cash Credit)	10.90%(2016 : 10.95%, 2015 : 11.45%)	On demand	-	-	1,323.78
Yes Bank Ltd (Cash Credit)	10.75%(2016 : 10.75%, 2015 : 12.25%)	On demand	-	94.25	-
Deutsche Bank (Cash Credit) Unsecured	Nil, (2016 : Nil, 2015 : 11.25%)	On Maturity	-	-	998.03
Commercial Papers (Unsecured)	Nil, (2016 : Nil, 2015 : 10.25% & 9.40%)	On Maturity	-	-	8,500.00
Others	Nil	On demand	-	40.60	611.15

# Notes

to Financial Statements  
for the year ended 31 March 2017

## 16. TRADE PAYABLES

(All amounts in ₹ Lacs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
- Total outstanding dues of micro enterprises and small enterprises	579.62	423.36	479.59
- Total outstanding dues of creditors other than micro enterprises and small enterprises	32,439.66	36,639.19	32,655.85
	<b>33,019.28</b>	<b>37,062.55</b>	<b>33,135.44</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.

## 17. OTHER FINANCIAL LIABILITIES

(All amounts in ₹ Lacs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Current maturities of long term borrowings at amortised cost	16,297.63	12,247.62	6,047.63
Interest accrued but not due on borrowings	165.88	139.63	153.55
Unpaid dividends	0.38	0.38	0.46
Creditors for capital expenditure	1,217.19	1,201.79	929.04
Accrued payroll	1,836.32	2,491.77	2,588.08
Security deposits	100.32	113.54	149.93
Related parties payables	109.85	110.68	115.92
	<b>19,727.57</b>	<b>16,305.41</b>	<b>9,984.61</b>

## 18. PROVISIONS

(All amounts in ₹ Lacs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Provision for employee benefits:			
Gratuity	200.82	154.78	91.25
Leave encashment	516.04	468.08	422.88
	<b>716.86</b>	<b>622.86</b>	<b>514.13</b>

## 19. OTHER CURRENT LIABILITIES

(All amounts in ₹ Lacs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Statutory liabilities	2,305.15	2,195.96	1,866.32
Award schemes and gift vouchers	10,432.73	10,263.96	10,462.77
	<b>12,737.88</b>	<b>12,459.92</b>	<b>12,329.09</b>

# Notes

to Financial Statements  
for the year ended 31 March 2017

## 20. REVENUE FROM OPERATIONS

(All amounts in ₹ Lacs)

	For the year ended 31 March 2017	For the year ended 31 March 2016
<b>Retail Sale of Merchandise</b>		
Own merchandise - Gross of tax	367,500.86	335,179.31
Concessionaire/Consignment merchandise - Gross of tax	32,595.04	36,365.80
	400,095.90	371,545.11
Less: Value added tax	19,073.24	17,968.53
Less: Cost of concessionaire/consignment merchandise	21,838.13	24,453.12
	<b>359,184.53</b>	<b>329,123.46</b>
<b>Other Retail operating revenue</b>		
Facility management fees	2,617.58	2,613.67
Gift vouchers expired	1,765.52	2,492.45
Income from store displays and sponsorship	162.35	81.62
Direct marketing	830.80	1,168.93
Other	243.47	-
	<b>5,619.72</b>	<b>6,356.67</b>
	<b>364,804.25</b>	<b>335,480.13</b>

### 20.1 Gross volume of retail business comprises :-

(All amounts in ₹ Lacs)

	For the year ended 31 March 2017	For the year ended 31 March 2016
Own merchandise	367,500.86	335,179.31
Concessionaire / Consignment merchandise	32,595.04	36,365.80
Other Retail operating revenue	5,619.72	6,356.67
	<b>405,715.62</b>	<b>377,901.78</b>

## 21. OTHER INCOME

(All amounts in ₹ Lacs)

	For the year ended 31 March 2017	For the year ended 31 March 2016
<b>Interest on financial assets :</b>		
Inter-corporate deposit to subsidiary companies (Refer Note 38)	1,998.92	1,896.87
Bank deposits	55.62	18.20
Lease deposits measured at amortised cost	780.33	893.46
Miscellaneous income	122.11	215.30
	<b>2,956.98</b>	<b>3,023.83</b>

### 22a. Purchase of Stock in trade

(All amounts in ₹ Lacs)

	For the year ended 31 March 2017	For the year ended 31 March 2016
Retail Merchandise		
Apparels	131,200.02	119,310.29
Non-apparels	94,226.79	93,107.46
	<b>(A) 225,426.81</b>	<b>212,417.75</b>

# Notes

to Financial Statements  
for the year ended 31 March 2017

**22b. Changes in inventories of stock in trade**

(All amounts in ₹ Lacs)

	For the year ended 31 March 2017	For the year ended 31 March 2016
Opening inventory	38,587.11	32,961.33
Closing inventory	35,276.50	38,587.11
Decrease / (Increase)	<b>(B) 3,310.61</b>	<b>(5,625.78)</b>

(All amounts in ₹ Lacs)

	For the year ended 31 March 2017	For the year ended 31 March 2016
<b>22c. Cost of inventories recognised as an expenses*</b>	<b>(A)+(B) 228,737.42</b>	<b>206,791.97</b>
* Includes write-downs/offers (net) of inventory to net realisable value on account of old season stock and shrinkages.	1,577.83	1,300.41

(All amounts in ₹ Lacs)

	For the year ended 31 March 2017	For the year ended 31 March 2016
<b>23. EMPLOYEE BENEFITS EXPENSES</b>		
Salaries and Wages	24,991.31	22,236.83
Contribution to provident and other funds (Refer note 36)	1,698.71	1,549.12
Share-based payments cost *	65.22	92.17
Staff welfare expenses	595.13	673.99
	<b>27,350.37</b>	<b>24,552.11</b>

\*Measured at fair value.

For details of share options granted by the company to certain employees, Refer Note 35.

**24. FINANCE COSTS**

(All amounts in ₹ Lacs)

	For the year ended 31 March 2017	For the year ended 31 March 2016
Interest on borrowings	5,758.24	5,613.84
Bank charges	86.77	101.45
	<b>5,845.01</b>	<b>5,715.29</b>

# Notes

## to Financial Statements

### for the year ended 31 March 2017

#### 25. OTHER EXPENSES

	(All amounts in ₹ Lacs)	
	For the year ended 31 March 2017	For the year ended 31 March 2016
Lease rent and hire charges (Note 27.1)	34,797.41	31,278.22
Business conducting fees	1,442.62	1,445.50
Repairs and maintenance		
- Buildings	7,992.48	7,306.54
- Others	1,222.12	1,045.12
Service tax input credit expensed	8,293.45	7,230.27
Legal and professional fees (Note 27.2)	738.67	1,396.77
Housekeeping charges	1,703.96	1,647.18
Security charges	2,803.05	2,562.31
Computer expenses	2,596.46	2,085.97
Conveyance and travelling expenses	1,682.74	1,772.96
Electricity charges	9,354.67	9,161.25
Advertisement and publicity	5,788.54	6,075.28
Sales promotion	3,249.50	3,334.70
Charges on credit card transactions	2,558.27	2,334.02
Allowances for bad and doubtful financial assets*	308.00	89.26
Loss on sale of property, plant and equipment (net)	1.49	63.37
Foreign exchange loss (net)	48.61	51.70
Corporate Social Responsibility expenses (Note 27.3)	74.32	73.78
Miscellaneous expenses	4,807.94	4,717.98
	<b>89,464.30</b>	<b>83,672.18</b>

\*excludes exceptional items

#### 26. INCOME TAX EXPENSE RECOGNISED IN PROFIT OR LOSS

	(All amounts in ₹ Lacs)	
	For the year ended 31 March 2017	For the year ended 31 March 2016
<b>Current tax</b>		
In respect of the current year	2,641.88	4,285.74
In respect of prior years*	(548.09)	(9.38)
	<b>2,093.79</b>	<b>4,276.36</b>
<b>Deferred tax</b>		
In respect of the current year	(594.34)	(957.25)
In respect of prior years*	525.92	17.90
	<b>(68.42)</b>	<b>(939.35)</b>
<b>Total</b>	<b>2,025.37</b>	<b>3,337.01</b>

\*Arising from tax law changes

# Notes

## to Financial Statements

### for the year ended 31 March 2017

**26.1 Income tax expense for the year reconciled to the accounting profit :**

	(All amounts in ₹ Lacs)	
	For the year ended 31 March 2017	For the year ended 31 March 2016
Profit before tax from continuing operations (Before exceptional item)	4,811.52	8,006.01
Income tax expense calculated at 34.608 %	1,665.17	2,770.72
Effect of expenses that are not deductible in determining taxable profit	382.38	558.30
Effect on deferred tax balances due to the change in income tax rate from 33.99 % to 34.608%	-	17.37
Others	(22.18)	(9.38)
<b>Income tax expense recognised in profit or loss</b>	<b>2,025.37</b>	<b>3,337.01</b>

**27.1 Leasing Transactions**

	(All amounts in ₹ Lacs)	
	As at 31 March 2017	As at 31 March 2016
a) Operating lease rentals charged to revenue:	12,236.85	12,371.68
b) Variable rentals charged to revenue:	21,526.63	17,715.60
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	4,911.46	5,106.38
Later than one year and not later than five years	4,928.26	4,656.29
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.

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

	(All amounts in ₹ Lacs)	
	As at 31 March 2017	As at 31 March 2016
i) Audit fees	50.00	50.00
ii) Other matters *	22.37	9.18
iii) Out of pocket expenses	0.90	0.08
	<b>73.27</b>	<b>59.26</b>

\* Includes ₹ 1.81 Lacs (previous year ₹ 2.66 Lacs) to an affiliated firm of the auditors covered by a networking arrangement which is registered with the Institute of Chartered Accountants of India.

**27.3 Expenditure related to corporate social responsibility as per Section 135 of the Companies Act, 2013 read with schedule VIII thereof ₹ 74.32 Lacs (2016 : ₹ 73.78 Lacs)**

	(All amounts in ₹ Lacs)	
	As at 31 March 2017	As at 31 March 2016
a) Gross amount required to be spent by the Company is ₹ 128.02 Lacs (2016 ₹ 127.78 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 (2016 : For Youth with/without disability, Disaster relief aid for Chennai Floods)	74.32	73.78
<b>Total</b>	<b>74.32</b>	<b>73.78</b>
c) Details of expenditure paid to related party, in relation to CSR expenditure Refer Note 38		



# Notes

## to Financial Statements

### for the year ended 31 March 2017

#### 28. EARNING PER EQUITY SHARE

(All amounts in ₹ Lacs)

	As at 31 March 2017	As at 31 March 2016
<b>Calculated as follows:</b>		
(a) (Loss) / Profit attributable to equity share holders (₹ In Lacs)	(1,993.85)	2,288.00
(b) Weighted Number of equity shares outstanding during the year	83,497,550	83,426,364
(c) Weighted Number of equity shares outstanding during the year after adjustment for dilution	83,497,550	83,480,844
(d) Nominal value per share (₹)	5	5
(e) EPS:		
Basic (₹)	(2.39)	2.74
Diluted (₹)	(2.39)	2.74
<b>Weighted Average number of Equity shares for basic EPS</b>	<b>83,497,550</b>	<b>83,426,364</b>
Effect of dilution :		
Share options	- *	54,480
<b>Weighted average number of Equity shares adjusted for the effect of dilution</b>	<b>83,497,550</b>	<b>83,480,844</b>

\* Anti dilutive

#### 29. CONTINGENT LIABILITIES AND COMMITMENTS:

(All amounts in ₹ Lacs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
<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	1,036.41	797.87	797.87
Service tax, Sales tax and other Indirect tax claims disputed by the Company relating to issues of applicability and classification aggregating	1,171.25	1,635.05	1,611.88
Third party claims arising from disputes relating to contracts aggregating	236.74	486.52	493.52
b) Other matters	25.00	175.00	175.00
Note: Future cash outflows in respect of (a) & (b) 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	3,290.56	2,419.73	3,069.63
b) Corporate guarantee given to banks jointly and severally:			
- with joint venture partner for loans taken by Joint venture entity	2,325.00	2,325.00	825.00
- with the promoter group company for loans taken by Subsidiaries	33,383.00	31,000.00	23,500.00

# Notes

## to Financial Statements

### for the year ended 31 March 2017

#### 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. EQUITY INVESTMENT IN HYPERCITY RETAIL (INDIA) LIMITED ('HYPERCITY')

The accumulated losses of Hypercity Retail (India) Limited, a subsidiary company, amounting to ₹ 71,177.58 lacs at 31 March 2017 (2016: ₹ 62,703.95 lacs, 2015: ₹ 53,961.56 Lacs) have substantially eroded its net worth. While Hypercity continues to take steps to revamp its business operations, (including store right sizing, and brand positioning), the gestation period to achieve the desired level of turnaround

is taking longer than previously envisaged. Based on a business valuation, after considering the aforesaid, the Company has recognised an impairment of ₹ 3,600 lacs for diminution in value of the investment. Based on its future business plans and strategic growth projections, the Company has determined that no further impairment is required at this stage.

#### 32. SEGMENT REPORTING

The Company is primarily engaged in the business of retail trade through its retail and departmental store facilities, which in the terms of Ind AS 108 on 'Operating Segments', constitute a single reporting segment. The Company operates in a single geographical environment i.e in India

#### 33. DIVIDENDS

The Board of Directors have recommended dividend of ₹ 0.75 per share of ₹ 5 each for the financial year 2016-17 from its retained earnings. The payment is subject to the approval of shareholder in its ensuing annual general meeting.

(All amounts in ₹ Lacs)

#### 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.

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 2017.

Particulars	31 March 2017			31 March 2016			31 March 2015	
Number of Contracts	1	1	2	4	5	2	2	6
Type	Buy	Buy	Buy	Buy	Buy	Buy	Buy	Buy
Foreign currency (in lacs)	0.04 AED	0.37 GBP	2.59 USD	1.61 GBP	4.43 USD	0.32 AED	3.02 GBP	2.33 USD
INR Equivalent (in lacs)	0.64	29.81	168.71	154.73	3.59	0.27	281.28	147.49

- 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

##### 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 (for Hypercity employees, the same is three years) 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 at any time from the date of vesting to the date of their expiry. 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.

# Notes

## to Financial Statements

### for the year ended 31 March 2017

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.

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 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.

#### 35.2 Fair value of share options granted in the year

There are no new grants during the F.Y.2016-17.

#### 35.3 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 2017		31 March 2016	
Outstanding at the beginning of the year	340,975	339.62	504,637	319.40
Granted during the year	-	-	3,275	404.00
Lapsed/Cancelled during the year	98,298	-	61,551	-
Exercised during the year	31,553	299.35	105,386*	236.87
Outstanding at the end of the year	<b>211,124</b>	<b>353.61</b>	<b>340,975</b>	<b>339.62</b>

Of the above outstanding share options, 1,69,757 (2016 : 1,90,450) 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 1.4.2015	Exercised in 2015-16	Exercised till 31.3.2016	Outstanding 31.3.2016	Exercised in 2016-17	Outstanding 31.3.2017
2009-10 (29.04.2009)	958,740	936,740	22,000	958,740	-	-	-
2009-10 (24.03.2010)	358,200	330,000	28,200	358,200	-	-	-
2011-12 (29.04.2011)	124,100	102,242	21,858	124,100	-	-	-
2012-13 (09.06.2012)	101,807	58,386	13,443	71,829	29,978	29,978	-
2013-14 (28.08.2013)	134,671	17,663	9,391	27,054	107,617	1,575	106,042
2014-15 (29.04.2014)	112,301	-	10,494	10,494	101,807	-	101,807
2015-16 (31.07.2015)	3,275	-	-	-	3,275	-	3,275
			<b>105,386*</b>		<b>242,677</b>	<b>31,553</b>	<b>211,124</b>

\* Includes 11245 share options against which equity shares were issued and allotted by the company in FY 2016-17.

# Notes

## to Financial Statements

### for the year ended 31 March 2017

#### 35.4 Share options exercised 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 June 9, 2012	5,381	07-Apr-16	360
	1,110	05-May-16	389
	500	11-May-16	366
	13,751	16-May-16	354
	3,890	31-May-16	356
	5,346	01-Jun-16	351
Granted on August 28, 2013	1,575	01-Jun-16	351

11,245 options exercised in the previous year against which equity shares have been issued in the current year (Refer Note 13)

#### 35.5 New Schemes Launched

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

	2016-17	2015-16
Date of grant	-	31.07.2015
Number of option granted	-	3,275
Contractual life	-	4 years
Vesting Schedule (from the date of grant)		
First Year	-	30%
Second Year	-	30%
Third Year	-	40%
Method of settlement	-	Equity
Estimated Fair Values(Arrived at by applying Binomial Option Pricing Model)	-	124.35
Model inputs (share price at the grant date) ₹	-	404
Exercise Price ₹	-	404
Expected Volatility	-	32.07%
Risk free rate of return	-	7.71%

35.6 The weighted average contractual life of the options outstanding is 3.76 years

#### 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 ₹ 1,111.81 Lacs (2016: ₹ 999.91 Lacs; 2015: ₹ 818.92 Lacs) has been recognised in the Statement of Profit and Loss under the head Employee Benefits Expense.

Information about the contribution 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.

# Notes

## to Financial Statements

### for the year ended 31 March 2017

- 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 2017	As at 31 March 2016	As at 1 April 2015
Discount rate	7.15% p.a.	7.70% p.a.	8.25% p.a.
Expected rate of salary increase	4.00% p.a.	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		
Rate of employee turnover	11.00% p.a.	11.00% p.a.	9.00% 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 2017	For the year ended 31 March 2016	As at 1 April 2015
Current service cost	221.26	194.48	187.25
Net interest cost	11.91	7.55	5.06
<b>Components of defined benefits costs recognised in profit or loss.</b>	<b>233.17</b>	<b>202.03</b>	<b>192.31</b>
Remeasurements on the net defined benefit liability :			
- Return on plan assets, excluding amount included in interest expense/(income)	(14.63)	19.19	(28.12)
- Actuarial (gain)/loss from change in demographic assumptions	-	50.43	(26.30)
- Actuarial (gain)/loss from change in financial assumptions	44.46	37.41	52.09
- Actuarial (gain)/loss from change in experience adjustments	(69.96)	(20.93)	(21.67)
<b>Total amount recognised in other comprehensive income</b>	<b>(40.13)</b>	<b>86.10</b>	<b>(24.00)</b>
<b>Total</b>	<b>193.04</b>	<b>288.13</b>	<b>168.31</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 2017	As at 31 March 2016	As at 1 April 2015
Present value of funded defined benefit obligation	1,341.10	1,208.01	962.02
Fair value of plan assets	1,140.28	1,053.23	870.76
<b>Net asset arising from defined benefit obligation</b>	<b>200.82</b>	<b>154.78</b>	<b>91.26</b>

# Notes

## to Financial Statements

### for the year ended 31 March 2017

**e) Movement in the present value of the defined benefit obligation are as follows:**

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016	As at 1 April 2015
Opening defined benefit obligation	1,208.01	962.02	778.27
Current service cost	221.26	194.48	187.25
Interest cost	92.95	79.59	72.30
Remeasurements (gains)/losses:			
- Actuarial (gain)/loss from change in demographic assumptions	-	50.43	(26.30)
- Actuarial (gain)/loss from change in financial assumptions	44.46	37.41	52.09
- Actuarial (gain)/loss from change in experience adjustments	(69.96)	(20.93)	(21.67)
Benefits paid	(155.64)	(94.98)	(79.92)
<b>Closing defined benefit obligation</b>	<b>1,341.10</b>	<b>1,208.01</b>	<b>962.02</b>

**f) Movement in the fair value of the plan assets are as follows.**

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016	As at 1 April 2015
Opening fair value of plan assets	1,053.23	870.77	723.81
Interest income	81.04	72.04	67.24
Remeasurement (gains)/losses:			
- Return on plan assets, excluding amount included in net interest expense	14.63	(19.19)	28.12
Contributions from the employer	147.03	224.59	131.52
Benefits paid/transferred	(155.64)	(94.98)	(79.92)
<b>Closing fair value of plan assets</b>	<b>1,140.28</b>	<b>1,053.23</b>	<b>870.77</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 2017	31 March 2016	1 April 2015
Defined benefit obligation (base)	1,341.10	1,208.01	962.02

Particulars	31 March 2017		31 March 2016		1 April 2015	
	Decrease	Increase	Decrease	Increase	Decrease	Increase
Discount rate (- / + 1%)	1,429.68	1,262.23	1,276.65	1,146.67	1,024.39	906.77
% change compared to base due to sensitivity	6.60%	-5.90%	5.70%	-5.10%	6.50%	-5.70%
Salary growth rate (- / + 1%)	1,259.23	1,431.61	1,148.56	1,273.41	907.82	1,022.23
% change compared to base due to sensitivity	-6.10%	-6.70%	-4.90%	5.40%	-5.60%	6.3%
Attrition rate (- / + 50%)	1,244.52	1,379.02	1,108.04	1,252.00	865.22	1,012.14
% change compared to base due to sensitivity	-7.20%	-2.80%	-8.30%	3.60%	-10.10%	5.2%
Mortality rate (- / + 10%)	1,340.69	1,341.53	1,207.60	1,208.46	961.53	962.51
% change compared to base due to sensitivity	0.00%	0.00%	0.00%	0.00%	-0.10%	0.10%

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.

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.

# Notes

## to Financial Statements

### for the year ended 31 March 2017

**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**

- a) 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.
- b) The Company expects to contribute ₹ 730.52 lacs to its gratuity plan for the next year.
- c) 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	154.00
2 to 5 years	690.94
6 to 10 years	601.99
More than 10 years	856.56

### 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 incorporation and operation	Proportion of ownership interest and voting rights held		
				As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
1	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%	51.04%	51.00%
2	Crossword Bookstores Limited	Retailing in books and other allied items through departmental stores operated by self or by franchisees	India	100%	100%	100%
3	Shoppers' Stop Services (India) Limited	Services	India	100%	100%	100%
4	Upasna Trading Limited	Supervising distribution and logistics operations	India	100%	100%	100%
5	Shoppers' Stop.com (India) Limited	Services	India	100%	100%	100%
6	Gateway Multichannel Retail (India) Limited	Catalogue retailing	India	100%	100%	100%



# Notes

## to Financial Statements

### for the year ended 31 March 2017

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 jointly controlled entities are as follows:

Name	Principal Activities	Place of incorporation and principal place of business	Proportion of ownership interest/voting rights held by the Group (%)		
			31 March 2017	31 March 2016	1 April 2015
Nuance Group (India) Private Limited	Airport retailing	India	50.00%	50.00%	50.00%
Timezone Entertainment Private Limited	Entertainment	India	48.42%	48.42%	48.42%

#### 38. RELATED PARTY DISCLOSURES

Names of related parties and description of relationship:

- |   |  |   |
|---|--|---|
| (a) Subsidiaries  | Upasana Trading Limited, Shoppers Stop. com (India) Limited, Shoppers Stop Services (India) Limited, Crossword Bookstores Limited. Gateway Multi Channel Retail (India) Limited. Hypercity Retail (India) Limited.   |   |
| (b) Key Management Personnel  | Executive Director:  | Govind Shrikhande   |
|   | Non Executive Directors:   | Chandru L.Raheja<br>Ravi Raheja<br>Neel Raheja<br>B.S.Nagesh<br>Nitin Sanghavi<br>Deepak Ghaisas<br>Nirvik Singh<br>Abanti Sankaranarayanan<br>Gareth Thomas<br>Manish Chokhani |
| (c) Promoter directors having control / significant influence over the company. | C.L. Raheja, Ravi C. Raheja, Neel C. Raheja  |   |
| (d) Entities in which the promoter directors have control/significant influence | Ivory Properties and Hotels Private Limited, K.Raheja Corp. Private Limited.<br><br>K.Raheja Private Limited, Inorbit Malls (India) Private Limited<br>Chalet Hotels Private Limited<br>Trion Properties Private Limited; Magna Warehousing & Distribution Private Limited |   |

# Notes

## to Financial Statements

### for the year ended 31 March 2017

- (e) Entities in which other directors Sanghavi Associates Ltd., TRRAIN have significant influence or are Foundation; Trust for Retailers & Retail directors / trustees Association of India
- (f) Joint Ventures Nuance Group (India) Private Limited  
Timezone Entertainment Private Limited.

Following are the material transactions with related parties

(All amounts in ₹ Lacs)

Nature	Subsidiaries	Entities in which promoters, directors have control/ significant influence (refer d and e above)	Joint Ventures	Key Management Personnel	Total
<b>Trading transactions</b>					
<b>Purchase of merchandise</b>	<b>29.26</b>				<b>29.26</b>
Crossword Bookstores Limited	19.44				
Hypercity Retail (India) Limited	9.82				
	(7.69)				(7.69)
<b>Return of merchandise purchase in earlier years</b>	-				-
Crossword Bookstores Limited	-				
	(11.18)				(11.18)
<b>Loan to related parties</b>					
<b>Loan given</b>	<b>6,719.00</b>				<b>6,719.00</b>
Crossword Bookstores Limited	100.00				
Hypercity Retail (India) Limited	6,619.00				
	(5,700.00)				(5,700.00)
<b>Recovery of loan</b>	<b>11,800.00</b>				<b>11,800.00</b>
Crossword Bookstores Limited	100.00				
Hypercity Retail (India) Limited	11,700.00				
	(3,800.00)				(3,800.00)
<b>Compensation to key management personnel</b>					
<b>Remuneration to managing director</b>				<b>453.92</b>	<b>453.92</b>
Short term benefits				426.52	
Post employment benefits				24.88	
Share based payments				2.52	
				(451.59)	(451.59)
<b>Other related party transactions</b>					
<b>Purchase of assets</b>	-				-
Hypercity Retail (India) Limited	-				
	(24.10)				(24.10)
<b>Sale of assets</b>			-		-
Crossword Bookstores Ltd			-		
		(0.04)			(0.04)
<b>Compensation income</b>		<b>150.00</b>			<b>150.00</b>
Trion Properties Private Limited		150.00			
		(0)			(0)
<b>Payment of conducting fees / lease Rent / common area maintenance charges</b>	<b>83.64</b>	<b>6,331.68</b>			<b>6,415.32</b>
Ivory Properties and Hotels Private Limited	-	1,712.44			
Inorbit Malls (India) Private Limited	-	3,466.04			

# Notes

to Financial Statements  
for the year ended 31 March 2017

(All amounts in ₹ Lacs)

Nature	Subsidiaries	Entities in which promoters, directors have control/ significant influence (refer d and e above)	Joint Ventures	Key Management Personnel	Total
Hypercity Retail (India) Limited	83.64	-			
Trion Properties Private Limited	-	1,121.88			
	(71.30)	(5,755.10)			(5,826.40)
<b>Expenses paid</b>	<b>21.84</b>	<b>83.75</b>		<b>1.25</b>	<b>106.84</b>
B.S.Nagesh				1.25	
K.Raheja Corp.Pvt.Ltd.		0.89			
TRRAIN Foundation		1.38			
Chalet Hotels Pvt Ltd		0.85			
Crossword Bookstores Limited	21.84				
Sanghavi Associates Ltd.		6.62			
Trust for Retailers & Retail Association of India		74.00			
	(12.02)	(54.58)		(0.88)	(67.48)
<b>Share based payment costs</b>	<b>19.40</b>				<b>19.40</b>
Hypercity Retail (India) Limited	17.53				
Crossword Bookstores Limited	1.87				
	(27.82)				(27.82)
<b>SOH expenses paid</b>	<b>40.30</b>				<b>40.30</b>
Hypercity Retail (India) Limited	40.30				
	(71.60)				(71.60)
<b>Interest received</b>	<b>1,998.93</b>				<b>1,998.93</b>
Crossword Bookstores Limited	91.42				
Hypercity Retail (India) Limited	1,907.51				
	(1,896.87)				(1,896.87)
<b>Deposits paid</b>		<b>50.70</b>			<b>50.70</b>
Inorbit Malls (India) Private Limited		50.70			
	(1.00)	(35.11)			(36.11)
<b>Advances for expenses given</b>		-			-
Trust for Retailers & Retail Association of India		-			
		(5.95)			(5.95)
<b>Reimbursement of expenses paid</b>	<b>66.72</b>	<b>94.19</b>			<b>160.91</b>
Crossword Bookstores Limited	1.58				
Hypercity Retail (India) Limited	65.14				
Trion Properties Private Limited	-	94.19			
	(88.68)	(446.89)			(535.57)
<b>Expenses recovered</b>	<b>521.83</b>				<b>521.83</b>
Hypercity Retail (India) Limited	50.03				
Crossword Bookstores Limited	471.80				
	(479.74)				(479.74)
<b>Investments made</b>	<b>5,023.28</b>				<b>5,023.28</b>
Hypercity Retail (India) Limited - Preference Shares	5,023.28				
	(2,202.69)				(2,202.69)
<b>Deposit received back</b>		-			-
Hypercity Retail (India) Limited	-				
	(1.00)				(1.00)
<b>Sharing of group loyalty data (Income)</b>	<b>8.60</b>				<b>8.60</b>

# Notes

to Financial Statements  
for the year ended 31 March 2017

(All amounts in ₹ Lacs)

Nature	Subsidiaries	Entities in which promoters, directors have control/ significant influence (refer d and e above)	Joint Ventures	Key Management Personnel	Total
Crossword Bookstores Limited	3.05				
Hypercity Retail (India) Limited	5.55				
	-				-
<b>Sharing of group loyalty data (Expenses)</b>	<b>2.66</b>				<b>2.66</b>
Crossword Bookstores Limited	0.89				
Hypercity Retail (India) Limited	1.77				
	-				-
<b>Commission and sitting fees to non executive directors</b>				<b>48.80</b>	<b>48.80</b>
Chandru L.Raheja				2.00	
Ravi Raheja				3.60	
Neel Raheja				2.00	
B.S.Nagesh				5.00	
Nitin Sanghavi				6.60	
Deepak Ghaisas				10.00	
Nirvik Singh				4.50	
Abanti Sankaranarayanan				4.50	
Gareth Thomas				4.50	
Manish Chokhani				6.10	
				(49.20)	(49.20)

## Balance outstanding at the year end

### Payable

Upasna Trading Limited	109.85	
	(110.68)	Cr.

### Receivables

Shoppers Stop Services (India) Limited	1.48	
	(0.04)	Dr.
Shoppers Stop.Com (India) Limited	2.69	
	(1.34)	Dr.
Hypercity Retail (India) Limited	9,653.23	
	(14,694.23)	Dr.
Ivory Properties and Hotels Private Limited	963.47	
	(986.91)	Dr.
Inorbit Malls (India) Private Limited	769.99	
	(778.67)	Dr.
Magna Warehousing & Distribution Pvt.Ltd.	-	
	(5.21)	Dr.
Gateway Multi Channel Retail (India) Limited	2,329.10	*
	(2,291.00)	Dr.

\* All the amount is provided for in the books

# Notes

to Financial Statements  
for the year ended 31 March 2017

Trion Properties Private Limited	454.16	
	(460.89)	Dr.
Crossword Bookstores Limited	1,000.08	
	(931.77)	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

## 39. FINANCIAL INSTRUMENTS

### 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.

The Company monitors capital on the basis of total debt to total equity on a periodic basis. The following table summarizes the capital of the Company:

Capital	As at 31 March 2017	As at 31 March 2016
	₹ in Lacs	₹ in Lacs
Long term borrowings (including current maturities)	37,294.31	44,534.39
Short term borrowings	20,295.86	14,448.87
<b>Total debt</b>	<b>57,590.17</b>	<b>58,983.26</b>
Equity share capital	4,175.24	4,173.10
Other equity	71,900.37	73,691.03
<b>Total equity</b>	<b>76,075.61</b>	<b>77,864.13</b>
Debt Equity Ratio	0.76	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 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

# Notes

## to Financial Statements

### for the year ended 31 March 2017

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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 ₹ 283 lacs (2016: ₹ 260 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 foreign exchange contracts. Also Refer Note 34 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 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 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:**

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.

# Notes

to Financial Statements  
for the year ended 31 March 2017

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.

	Less than 1 year	Between 1 and 5 years	Carrying amounts
<b>At 31 March 2016</b>	₹ in Lacs	₹ in Lacs	₹ in Lacs
Borrowings (long term and short term)	26,696.49	32,286.77	58,983.26
Interest payable	139.63		139.63
Trade payables and other accruals	37,062.54		37,062.54
<b>At 31 March 2017</b>			
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	33,019.27		33,019.27

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 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-Mar-17 ₹ in Lacs	As at 31-Mar-16 ₹ in Lacs	As at 1-Apr-15 ₹ in Lacs
<b>Secured Working Capital Facilities</b>			
Amount Used	14,688.58	10,076.89	14,508.71
Amount Unused	12,511.42	14,123.11	9,691.29
<b>Total</b>	<b>27,200.00</b>	<b>24,200.00</b>	<b>24,200.00</b>
<b>Unsecured Working Capital Facilities</b>			
Amount Used	5,802.25	3,826.54	2,494.07
Amount Unused	3,697.75	1,673.46	4,005.93
<b>Total</b>	<b>9,500.00</b>	<b>5,500.00</b>	<b>6,500.00</b>



# Notes

to Financial Statements  
for the year ended 31 March 2017

## C. Fair Value Measurements

- (i) Financial assets and liabilities that are measured at amortised cost:

	As at 31 March 2017 ₹ in Lacs	As at 31 March 2016 ₹ in Lacs	As at 1 April 2015 ₹ in Lacs
<b>Financial Assets (amortised cost):</b>			
Loans to subsidiary companies	10,348.59	15,400.74	13,494.28
Trade receivables	3,574.66	2,367.30	2,233.52
Cash & Cash equivalents	295.03	335.42	311.59
Other bank balances	207.67	192.80	178.88
Other financial assets	16,784.61	15,152.51	15,054.96
- Premises and other deposits	12,985.47	11,468.92	10,838.28
- Others	3,799.14	3,683.59	4,216.68
<b>Financial Liabilities (amortised cost):</b>			
Borrowings - long term	20,996.68	32,286.77	22,505.52
Borrowings - short term	20,295.86	14,448.87	23,255.26
Trade payables	33,019.27	37,062.55	33,135.44
Other financial liabilities	19,727.57	16,305.41	9,984.61

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 2017	31 March 2016	31 March 2015	
Forward foreign currency contracts	Liabilities ₹ 0.26 lacs	Assets ₹ 2.16 lacs Liabilities ₹ 2.28 lacs	Assets ₹ 7.34 lacs Liabilities ₹ 2.32 lacs	Level 2

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.

# Notes

## to Financial Statements

### for the year ended 31 March 2017

#### 40 (i) Reconciliation of total equity

(All amounts in ₹ Lacs)

Particulars	Refer Notes Below	As at 31 March 2016 (end of last period presented under previous GAAP)	As at 01 April 2015 (Date of Transition)
<b>TOTAL EQUITY AS REPORTED UNDER PREVIOUS GAAP</b>		78,542.60	76,528.80
<b>Ind AS Adjustments</b>			
i) Award credits (customer loyalty programme) remeasured at fair value	2	(1,116.04)	(961.25)
ii) Refundable deposit considered in measurement of minimum lease payments	3	(1,089.90)	-
iii) Interest (time value) recognized on interest free lease deposit	3	893.46	-
iv) Share based payments cost measured at fair value	4	69.15	41.33
v) Reversal of Proposed dividend (including dividend distribution tax)	6	-	752.54
vi) Others		36.15	30.19
vii) Tax impact on Ind-AS adjustments		528.71	377.20
<b>Total equity as reported under Ind AS</b>		<b>77,864.13</b>	<b>76,768.81</b>

#### (ii) Reconciliation of total comprehensive income as previously reported under Indian GAAP to IND AS

Particulars	Refer Note Below	Year ended 31 March 2016	
		₹ in Lacs	₹ in Lacs
<b>NET PROFIT AS PER PREVIOUS GAAP</b>			2,517.62
<b>Ind AS Adjustments</b>			
i) Award credits (customer loyalty programme) remeasured at fair value	2	(154.79)	
ii) Refundable deposit considered in measurement of minimum lease payments	3	(1,089.90)	
iii) Interest (time value) recognized on interest free lease deposit	3	893.46	
iv) Share based payment cost measured at fair value	4	(92.18)	
v) Remeasurement of employee defined benefit obligations reclassified to other comprehensive income	5	86.10	
vi) Others		5.96	
vii) Tax impact on Ind-AS adjustments		121.73	
<b>Total Ind-AS adjustment to profit or loss</b>			(229.62)
<b>Profit under Ind AS</b>			2,288.00
Other comprehensive income	5		(56.30)
<b>Total comprehensive income under Ind AS (Net of tax impact)</b>			2,231.70

#### iii) There is no impact of Ind AS adoption on cash flows operating, investing and financial activities.

#### Notes

- Under the previous GAAP, there was no separate record in the financial statements for 'Other Comprehensive Income'. Under Ind AS, specified items of income, expense, gains and losses are presented under Other Comprehensive Income.
- Under the previous GAAP, point award schemes were measured from the standpoint of the grantor, (the Company). On transition to Ind AS, point award schemes are measured at fair value from standpoint

# Notes

to Financial Statements  
for the year ended 31 March 2017

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of the holder. Consequently, the Company has recognised deferred revenue with corresponding adjustment to total equity and / or profit or loss, as applicable.

3. Under the previous GAAP, interest free lease deposits were recorded at their transaction value. On transition to Ind AS, these lease deposits are remeasured at amortised cost using the effective interest rate method. The difference between the transaction value of the deposit and amortised cost is regarded as prepaid rent and recognised as expenses uniformly over the lease period. Interest income, measured by the effective interest rate method is accrued. The effect of these is reflected in total equity and / or profit or loss, as applicable.
4. Under the previous GAAP, equity settled employee share-based payments were recognised using the intrinsic value method. Under Ind AS, the cost of equity settled employee share-based payments is recognised

based on the fair value of the options as on the grant date. The effect of these is reflected in total equity and/ or profit or loss as applicable.

5. Under the previous GAAP, actuarial gains and losses on employee defined benefit obligations were recognised in profit or loss. Under Ind AS, the actuarial gains and losses on re-measurement of net defined benefit obligations are recognised in other comprehensive income. This resulted in a reclassification between profit or loss and other comprehensive income.
6. Under the previous GAAP, proposed dividends were recognised as a provision in the financial statements, even if declared after the balance sheet date. Under Ind AS, dividends are recognised when declared. This results in a timing difference and has been reflected in total equity of the relevant financial years.

# Statement pursuant to Section 129(3)

of the Companies Act, 2013

## PART A - SUBSIDIARIES

### STATEMENT REGARDING SUBSIDIARY COMPANIES F.Y.2016-17

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	(872.47)	6,092.70	5,609.30	-	11,180.77	(421.57)	-	(421.57)	-	100%	India
2	Upasana Trading Limited	INR	5.00	13.91	162.28	143.38	-	-	(0.77)	-	(0.77)	-	100%	India
3	Gateway Multi Channel Retail (India) Limited	INR	5.00	(4,507.12)	30.27	4,532.38	-	0.33	(0.53)	-	(0.53)	-	100%	India
4	Shoppers Stop Services (India) Limited	INR	5.00	2.27	9.09	1.82	-	0.00	(0.59)	0.02	(0.62)	-	100%	India
5	Shoppers Stop.com (India) Limited	INR	5.00	(3.96)	4.00	2.96	-	0.23	(0.39)	(0.01)	(0.39)	-	100%	India
6	Hypercity Retail (India) Limited	INR	14,440.54	(13,295.88)	55,831.41	54,686.75	-	116,744.27	(8,399.22)	-	(8,399.22)	-	51.08%	India

\* Total Assets = Non Current Assets + Current Assets

\*\* Total Liabilities = Non Current Liabilities + Current Liabilities

# Statement pursuant to Section 129(3)

of the Companies Act, 2013

## PART B - JOINT VENTURES

(All amounts in ₹ Lacs)

Name of Joint Ventures	Nuance Group (India) Private Limited	Timezone Entertainment Private Limited
Latest audited Balance Sheet Date	31 March, 2017 (31 March, 2016)	31 March, 2017 (31 March, 2016)
Share of Joint Ventures held on the year end	50% (50%)	48.42% (48.42%)
No. of equity shares (Face value of Rs.10/- each fully paid)	41,410,000 (41,410,000)	24,446,247 (24,446,247)
Amount of Investment in Joint Ventures * (₹ in Lacs)	580.00 (1,760.00)	2,444.62 (2,444.62)
Networth attributable to shareholding as per latest audited Balance Sheet	1,862.72 (2,207.10)	983.02 (1,265.79)
1. Considered in consolidation (₹ in Lacs) Loss for the year (Profit) / Loss for F.Y.2015-16	(344.39) (341.87)	(282.26) 87.88
2. Not considered in consolidation	-	-

Figures in bracket pertains to previous year

\* Net of provision for diminution in the value of investments

# Independent Auditors' 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 ("the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group") and its joint ventures, comprising the Consolidated Balance Sheet as at 31 March 2017, the Consolidated Statement of Profit and Loss including Other comprehensive income, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Equity, for the year then ended, and a summary of the significant accounting policies and other explanatory information ("the consolidated financial statements").

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

The Parent's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and statement of changes in equity of the Group including its Joint ventures in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its joint ventures and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to

fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent, as aforesaid.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. In conducting 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 in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Parent's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Parent'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 other auditors in terms of their reports referred to in sub-paragraphs (a) and (b) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

# Independent Auditors' Report

## Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements of the subsidiaries and a joint venture referred to below in the Other Matters paragraph, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its joint ventures as at 31 March 2017, and their consolidated loss, consolidated total comprehensive loss, consolidated cash flows and consolidated changes in equity 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 service tax for the period 1 June 2007 to 31 March 2010 on renting of immovable properties given for commercial use, aggregating ₹ 2,010.90 Lacs (2016: ₹ 2,010.90 Lacs), pending final disposal of the appeal filed before the Supreme Court, inter-alia, challenging the retrospective levy of the service tax. The matter is contingent upon the final outcome of the litigation.

Our opinion is not modified in respect of this matter.

## Other Matters

(a) We did not audit the financial statements of five subsidiaries, whose financial statements reflect total assets of ₹ 6080.25 Lacs as at 31 March 2017, total revenues of ₹ 11,181.32 Lacs and net cash outflows amounting to ₹ 12.98 Lacs for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss of ₹ 280.90 Lacs the year ended 31 March 2017, as considered in the consolidated financial statements, in respect of a joint venture, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it

relates to the amounts and disclosures included in respect of these subsidiaries and the joint venture, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, and the joint venture is based solely on the reports of the other auditors.

(b) The comparative financial information for the year ended 31 March 2016 and the transition date opening balance sheet as at 1 April 2015 in respect of the aforesaid entities have similarly been audited by other auditors and have been relied upon by us.

Our opinion on the consolidated financial statements above, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of other auditors.

## Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements of subsidiaries and the joint ventures, referred in the 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 purposes of our audit of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books, and the reports of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of



# Independent Auditors' Report

account maintained for the purpose of preparation of the consolidated financial statements.

- (d) In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors of the Parent as on 31 March 2017 taken on record by the Board of Directors of the Parent, and the reports of the statutory auditors of its subsidiaries, and the joint venture, none of the directors of the Group companies, and joint venture companies is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A", which is based on the auditors' reports of the Parent, subsidiaries and joint ventures. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of the Parent, subsidiaries and joint ventures.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group

and the joint ventures in accordance with the generally accepted accounting practice;

- ii. The Group and the joint ventures did not have any material foreseeable losses on long-term contracts including derivative contracts;
- iii. There has been no delay in transferring amounts required to be transferred, to the Investor Education and Protection Fund by the Parent, subsidiaries, and joint ventures;
- iv. The Parent has provided requisite disclosures in the consolidated financial statements as regards the holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8 November 2016 of the Ministry of Finance, during the period from 8 November 2016 to 30 December 2016 of the Group entities as applicable. Based on audit procedures performed and the representations provided to us by the management, we report that the disclosures are in accordance with the relevant books of accounts maintained by those entities for the purpose of preparation of the consolidated financial statements and as produced to us (and other auditors) by the Management of the respective Group entities.

**For DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
Firm's Registration No. 117366W/W-100018

**P.B. Pardiwalla**  
Partner  
(Membership No. 40005)  
Mumbai: 5 May 2017

# Annexure “A”

## To The Independent Auditor’s Report

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

### **REPORT ON THE INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING UNDER CLAUSE (i) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 (“THE ACT”)**

In conjunction with our audit of the consolidated financial statements of Shoppers Stop Limited (“the Parent”) as of and for the year ended 31 March 2017, we have audited the internal financial controls over financial reporting of the Company and its subsidiaries, which includes internal financial controls over financial reporting of its joint ventures, as of that date.

### **MANAGEMENT’S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS**

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

### **AUDITOR’S RESPONSIBILITY**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Parent, subsidiaries and joint ventures based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section

143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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 and the audit evidence obtained by the other auditors of five subsidiaries and a joint venture in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Parent, subsidiaries and joint ventures.

### **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

# Annexure “A”

## To The Independent Auditor’s Report

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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 to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors referred to in the Other Matters paragraph below, the Parent, subsidiaries and joint ventures, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting

were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

### OTHER MATTERS

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to five subsidiaries, and a joint ventures, is based solely on the corresponding reports of the auditors of these companies.

Our opinion is not modified in respect of the above matter.

### For DELOITTE HASKINS & SELLS LLP

Chartered Accountants

Firm’s Registration No. 117366W/W-100018

### P.B. Pardiwalla

Partner

(Membership No. 40005)

Mumbai: 5 May 2017

# Consolidated Balance Sheet

as at 31 March 2017

(All amounts in ₹ Lacs)

	Notes	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, Plant and Equipment	3	75,974.10	74,954.72	74,308.62
Capital work in progress	3.1	1,472.33	3,212.64	2,050.63
Goodwill on consolidation		9,764.55	9,764.55	9,764.55
Intangible Assets	3	6,509.47	5,974.73	3,496.11
Intangible assets under development	3.1	527.59	120.73	173.84
<b>Financial Assets</b>				
i) Investments	4	1,985.85	3,895.66	3,641.71
ii) Trade receivables	5	11,000.57	6,392.87	7,387.42
iii) Other financial assets	6	16,319.67	14,222.82	14,813.21
Deferred tax assets (net)	7	429.22	360.80	-
Other non-current assets	8	9,950.72	11,155.60	10,371.41
<b>Total non-current assets</b>		<b>133,934.07</b>	<b>130,055.12</b>	<b>126,007.50</b>
<b>Current assets</b>				
Inventories	9	57,756.19	57,920.16	49,582.81
<b>Financial assets</b>				
i) Trade Receivables	5	5,682.68	5,186.70	6,267.41
ii) Cash and cash equivalents	10	547.83	724.73	1,319.76
iii) Bank balances other than (ii) above	11	213.09	310.95	414.40
iv) Other financial assets	6	4,043.91	6,751.10	7,506.79
Other current assets	8	3,467.41	2,228.22	2,680.84
<b>Total current assets</b>		<b>71,711.11</b>	<b>73,121.86</b>	<b>67,772.01</b>
<b>Total assets</b>		<b>205,645.18</b>	<b>203,176.98</b>	<b>193,779.51</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity share capital	12	4,175.24	4,173.10	4,168.39
Other equity	13	43,747.64	47,337.27	48,335.37
<b>Equity attributable to owners of the Company</b>		<b>47,922.88</b>	<b>51,510.37</b>	<b>52,503.76</b>
Non-controlling interests		521.06	(122.21)	2,068.51
<b>Total Equity</b>		<b>48,443.94</b>	<b>51,388.16</b>	<b>54,572.27</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
<b>Financial liabilities</b>				
Borrowings	14	37,095.64	45,807.49	35,701.55
Deferred tax liabilities (net)	7	-	-	578.55
<b>Total non-current liabilities</b>		<b>37,095.64</b>	<b>45,807.49</b>	<b>36,280.10</b>
<b>Current liabilities</b>				
<b>Financial liabilities</b>				
i) Borrowings	14.3	25,400.31	18,088.66	28,691.16
ii) Trade payables	15	49,080.56	49,439.49	45,033.88
iii) Other financial liabilities	16	30,775.98	24,051.51	14,911.48
Provisions	17	1,002.72	813.63	697.63
Other current liabilities	18	13,846.03	13,588.04	13,592.99
<b>Total current liabilities</b>		<b>120,105.60</b>	<b>105,981.33</b>	<b>102,927.14</b>
<b>Total liabilities</b>		<b>157,201.24</b>	<b>151,788.82</b>	<b>139,207.24</b>
<b>Total equity and liabilities</b>		<b>205,645.18</b>	<b>203,176.98</b>	<b>193,779.51</b>

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

In terms of our attached report of even date

For and on Behalf of the Board of Directors

For Deloitte Haskins & Sells LLP  
Chartered AccountantsC.L.Raheja  
ChairmanRavi Raheja  
DirectorGovind S.Shrikhande  
Customer Care Associate &  
Managing DirectorP. B. Pardiwalla  
PartnerSanjay Chakravarti  
Customer Care Associate &  
Chief Financial OfficerBharat Sanghavi  
Customer Care Associate &  
Company Secretary

Mumbai : 5 May 2017

Mumbai : 5 May 2017

# Consolidated Statement of Profit and Loss

for the year ended 31 March 2017

		(All amounts in ₹ Lacs)	
	Notes	For the year ended 31 March 2017	For the year ended 31 March 2016
<b>A) CONTINUING OPERATIONS</b>			
<b>Income</b>			
Revenue from operations	19	491,013.89	443,197.95
Other income	20	2,506.30	2,597.23
<b>Total Income</b>		<b>493,520.19</b>	<b>445,795.18</b>
<b>Expenses</b>			
Purchase of stock-in-trade	21a	318,752.54	294,661.31
Changes in Inventories of stock-in-trade	21b	163.98	(8,337.35)
Employee benefits expense	22	38,863.43	33,302.70
Finance costs	23	8,735.26	8,484.73
Depreciation and amortisation expenses	3	15,099.71	12,965.52
Other expenses	24	115,807.08	105,664.31
<b>Total expenses</b>		<b>497,422.00</b>	<b>446,741.22</b>
<b>Loss before share of (loss) / Profit in Joint Ventures, exceptional item and tax</b>		<b>(3,901.81)</b>	<b>(946.04)</b>
Share of (Loss)/Profit in Joint ventures		(626.64)	253.98
<b>Loss before exceptional item and tax</b>		<b>(4,528.45)</b>	<b>(692.06)</b>
Exceptional Item - impairment in value of investment	4	1,282.71	-
<b>Loss before tax</b>		<b>(5,811.16)</b>	<b>(692.06)</b>
Tax expense	25		
- Current tax		2,093.82	4,275.50
- Deferred tax		(68.42)	(939.35)
<b>Loss for the year from continuing operations</b>		<b>(7,836.56)</b>	<b>(4,028.21)</b>
<b>B) Discontinuing operations</b>			
Loss from discontinuing operations	33	(0.53)	(0.72)
<b>C) Loss for the year (A) + (B)</b>		<b>(7,837.09)</b>	<b>(4,028.93)</b>
<b>D) Other comprehensive income</b>			
Items that will not be reclassified to profit or loss :			
i) Remeasurement of employee defined benefit obligation		(36.09)	(117.86)
ii) Income tax relating to (i) above		(13.89)	29.80
<b>Total Other Comprehensive income / (loss)</b>		<b>(49.98)</b>	<b>(88.06)</b>
<b>Total comprehensive income / (loss) for the year [C] + [D]</b>		<b>(7,887.07)</b>	<b>(4,116.99)</b>
<b>Profit / (loss) for the year attributable to:</b>			
- Owners of the Company		(3,727.97)	241.33
- Non-controlling interests		(4,109.12)	(4,270.26)
<b>Other comprehensive income/(loss) (net) for the year attributable to :</b>			
- Owners of the Company		(13.58)	(74.35)
- Non-controlling interests		(36.40)	(13.71)
<b>Total comprehensive income/(loss) for the year attributable to :</b>			
- Owners of the Company		(3,741.55)	166.98
- Non-controlling interests		(4,145.52)	(4,283.97)
<b>Earning per equity share (for continuing operations)</b>	27		
Equity shares of face value ₹5/- each			
Basic (₹)		(4.46)	0.29
Diluted (₹)		(4.46)	0.29
<b>Earning per equity share (for continuing and discontinued operations)</b>	27		
Equity shares of face value ₹5/- each			
Basic (₹)		(4.46)	0.29
Diluted (₹)		(4.46)	0.29

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

In terms of our attached report of even date

For and on Behalf of the Board of Directors

For Deloitte Haskins & Sells LLP  
Chartered Accountants

C.L.Raheja  
Chairman

Ravi Raheja  
Director

Govind S.Shrikhande  
Customer Care Associate &  
Managing Director

P. B. Pardiwalla  
Partner

Sanjay Chakravarti  
Customer Care Associate &  
Chief Financial Officer

Bharat Sanghavi  
Customer Care Associate &  
Company Secretary

Mumbai : 5 May 2017

Mumbai : 5 May 2017

# Consolidated Statement of Cash Flows

for the year ended 31 March 2017

(All amounts in ₹ Lacs)

	For the year ended 31 March 2017	For the year ended 31 March 2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Net loss before exceptional item and tax</b>	<b>(3,902.34)</b>	<b>(946.76)</b>
<b>Adjustments for :</b>		
Depreciation and amortisation	15,099.71	12,965.52
Allowance for doubtful debts/advances	434.52	205.63
Share-based payment expenses	82.75	114.96
Finance costs	8,735.26	8,484.73
Loss on disposal of property, plant and equipment	53.88	93.49
Refundable deposit considered in measurement of minimum lease payments	1,244.31	1,332.00
Interest (time value) recognized on interest free lease deposit	(1,027.94)	(1,090.87)
Financing component of property options revenue	(577.33)	(636.79)
Interest income	(62.83)	(46.24)
<b>Operating Profit before working capital changes</b>	<b>20,079.99</b>	<b>20,475.67</b>
<b>Adjustments for :</b>		
Inventories	163.97	(8,337.36)
Trade receivables	(4,598.98)	2,736.93
Financial assets others	1,457.67	1,146.34
Other non-current assets	46.40	(2,095.11)
Lease deposits-net	(1,322.60)	1,620.37
Short term provisions	153.01	(1.86)
Trade payables and other current liabilities	(525.85)	4,237.09
<b>Cash generated from operations</b>	<b>15,453.61</b>	<b>19,782.09</b>
Income taxes paid (net of refunds)	2,410.64	(4,245.75)
<b>Net cash from operating activities (A)</b>	<b>13,042.97</b>	<b>15,536.34</b>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment	(15,323.60)	(17,297.95)
Proceeds from disposal of property, plant and equipment	272.77	76.57
Interest received	74.66	39.89
<b>Net cash used in investing activities (B)</b>	<b>(14,976.17)</b>	<b>(17,181.49)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of equity shares	1.58	4.71
Securities premium on issue of share capital	92.89	216.15
Share Application money received against options	-	28.75
Issue of share capital to non controlling interest	4,763.76	2,069.27
Dividend and dividend tax paid	-	(752.54)
Interim Dividend and dividend tax paid	-	(753.44)
Proceeds from long-term borrowings	17,679.27	29,112.45
Repayment of long-term borrowings	(19,383.01)	(9,772.97)
Short-term loans (net)	7,311.66	(10,602.50)
Interest costs	(8,709.84)	(8,499.76)
<b>Net cash from financing activities (C)</b>	<b>1,756.31</b>	<b>1,050.12</b>
<b>Net (Decrease) in cash and cash equivalents (A)+(B)+(C)</b>	<b>(176.90)</b>	<b>(595.03)</b>
Cash and cash equivalents as at beginning of the year	724.73	1,319.76
Cash and cash equivalents as at the end of the year	547.83	724.73
	<b>(176.90)</b>	<b>(595.03)</b>

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

In terms of our attached report of even date

For and on Behalf of the Board of Directors

For Deloitte Haskins & Sells LLP  
Chartered Accountants

C.L.Raheja  
Chairman

Ravi Raheja  
Director

Govind S.Shrikhande  
Customer Care Associate &  
Managing Director

P. B. Pardiwalla  
Partner

Sanjay Chakravarti  
Customer Care Associate &  
Chief Financial Officer

Bharat Sanghavi  
Customer Care Associate &  
Company Secretary

Mumbai : 5 May 2017

Mumbai : 5 May 2017

# Statement of Changes in Equity

for the year ended 31st March 2017

(All amounts in ₹ Lacs)

**a. EQUITY SHARE CAPITAL**

<b>Balance as on 1 April 2015</b>	<b>4,168.39</b>
Issue of equity shares under employee share option plan (Note 36)	4.71
<b>Balance as on 31 March 2016</b>	<b>4,173.10</b>
Issue of equity shares under employee share option plan (Note 36)	2.14
<b>Balance as on 31 March 2017</b>	<b>4,175.24</b>

**b. OTHER EQUITY**

Particulars:	Securities premium reserve	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 1 April 2015</b>	47,184.08	1,834.16	(1,302.99)	200.12	420.00	-	48,335.37	2,068.51	50,403.88
Profit / (Loss) for the year	-	-	241.33	-	-	-	241.33	(4,270.26)	(4,028.93)
Other comprehensive income / (Loss) for the year, net of income tax	-	-	(74.35)	-	-	-	(74.35)	(13.71)	(88.06)
<b>Total comprehensive income for the year</b>	-	-	<b>166.98</b>	-	-	-	<b>166.98</b>	<b>(4,283.97)</b>	<b>(4,116.99)</b>
Recognition of share-based payments *	-	-	64.99	55.00	-	-	119.99	-	119.99
Issue of equity shares to Non controlling interests	-	-	-	-	-	-	-	2,069.27	2,069.27
Received on issue of shares	216.15	-	-	-	-	-	216.15	-	216.15
Change in ownership interests	-	-	(23.98)	-	-	-	(23.98)	23.98	-
Received during the year	-	-	-	-	-	28.75	28.75	-	28.75
Payment of dividends on equity shares	-	-	(1,251.24)	-	-	-	(1,251.24)	-	(1,251.24)
Payments of tax on dividends on equity shares	-	-	(254.75)	-	-	-	(254.75)	-	(254.75)
Transfer to General Reserve from retained earnings	-	75.02	(75.02)	-	-	-	-	-	-
<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>(3,741.55)</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
Share 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>43,747.64</b>	<b>521.06</b>	<b>44,268.71</b>

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

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

In terms of our attached report of even date

For and on Behalf of the Board of Directors

For Deloitte Haskins & Sells LLP  
Chartered AccountantsC.L. Raheja  
ChairmanRavi Raheja  
DirectorGovind S. Shrikhande  
Customer Care Associate &  
Managing DirectorP. B. Pardiwalla  
PartnerSanjay Chakravarti  
Customer Care Associate &  
Chief Financial OfficerBharat Sanghavi  
Customer Care Associate &  
Company Secretary

Mumbai : 5 May 2017

Mumbai : 5 May 2017



# Notes

## to Consolidated Financial Statements for the year ended 31st March 2017

### 1. COMPANY 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 (India) Limited	Services
7	Gateway Multichannel Retail (India) Limited	Catalogue retailing business (Discontinued operations)

The financial statements were approved for issue by the board of directors on 5 May 2017.

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

### 2. SIGNIFICANT ACCOUNTING POLICIES

Standards notified under the Companies (Accounting Standards) Rules, 2006.

#### 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 accounting principles generally accepted in India. These are the Group’s first Ind AS financial statements. The date of transition to Ind AS is 1 April 2015 (Refer Note 2.1.3 below).

Up to the financial year ended 31 March 2016, the Group prepared its financial statements in accordance with the requirements of the previous applicable GAAP, which included

2.1.2 These financial statements have been prepared on the 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.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. 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

# Notes

## to Consolidated Financial Statements for the year ended 31st March 2017

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. 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.

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.

**2.1.3 First-time adoption:** In accordance with Ind AS 101 on First-time adoption of Indian Accounting Standards, the Group's first Ind AS financial statements include, three balance sheets, namely, the opening balance sheet as at 1 April 2015 and balance sheets as at 31 March 2016 and 2017, and, two statements each of profit and loss, cash flows and changes in equity for the years ended 31 March 2016 and 2017 together with related notes. The

same accounting policies have been used for all periods presented, except where the Group has made use of exceptions or exemptions allowed under Ind AS 101 in the preparation of the opening Ind AS balance sheet. The balance sheets, statements of profit and loss, statements of cash flows and statements of changes in equity of the prior years presented have been recast in accordance with Ind ASs.

## 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 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

# Notes

## to Consolidated Financial Statements for the year ended 31st March 2017

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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).

### 2.3 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 recognize 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.

#### 2.3.1 Initial investment on transition to Ind AS

When changing from proportionate consolidation under previous GAAP to the equity method, the Group has elected to measure its investment in joint ventures at transition date as the net aggregate of the carrying amounts of assets and liabilities previously proportionately consolidated.

### 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 and sales tax.

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

# Notes

## to Consolidated Financial Statements for the year ended 31st March 2017

are initially recognized 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 recognized in profit or loss over the credit period.

**2.4.3 Gift vouchers:** The amount collected on sale of a gift voucher is recognized 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:**

Revenue from store displays and sponsorships are recognised based on the period for which the products or the sponsors' advertisements are promoted / displayed.

Facility management fees are recognised pro-rata over the period of the contract.

**2.4.5 Interest income**

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 are stated at cost less accumulated depreciation and accumulated impairment losses.

Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses.

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

Property, plant and equipment	No of years.
Air conditioning and other equipment	5 to 17
Furniture, fixtures and other fittings	5 to 10
Computer Equipments (Other than Desktops and Laptops)	5 to 6
Desktops & laptops	3
Leasehold Improvements	5 to 17
Office Equipments	2 to 5
Vehicles	8
Intangible assets	
Trademark and Patents	10
Computer Software	6

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

**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

# Notes

## to Consolidated Financial Statements for the year ended 31st March 2017

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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.

### 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 Properties taken on lease

Properties taken on lease by the Group are in the nature of operating leases as the lease terms do not transfer substantially all risks and rewards incidental to ownership of such properties to the Company.

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.

Interest free lease deposits are remeasured at amortised cost by the effective interest rate method. The difference between the transaction value of the deposit and amortised cost is regarded as prepaid rent and recognised as expense uniformly over the lease period. Interest income, measured by the effective interest rate method is accrued

## 2.8 Financial Instruments

Financial instruments comprise of financial assets and financial liabilities. Financial assets primarily comprise of Investment in joint ventures, loans and advances, premises and other deposits, trade receivables and cash and cash equivalents. Financial liabilities primarily comprise of borrowings and trade payables.

2.8.1 Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets are added to the fair value of the financial assets on initial recognition. All recognised financial assets are subsequently measured at amortised cost using the effective interest method. The Group has not designated any financial asset as Fair Value through Profit or Loss (FVTPL) (except for other equity instruments) or Fair Value through Other Comprehensive Income (FVTOCI).

A financial asset is regarded as credit impaired when one or more events that may have a detrimental effect on estimated future cash flows of the asset have occurred. The Group applies the expected credit loss model for recognising impairment loss on financial assets, (i.e. the shortfall between all contractual cash flows that are due and all the cash flows (discounted) that the entity expects to receive).

2.8.2 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. All recognised financial liabilities (other than derivative instruments) are subsequently measured at amortised cost using the effective interest method. The Group has not

# Notes

## to Consolidated Financial Statements for the year ended 31st March 2017

designated any financial liability as FVTPL.

### 2.8.3 Derivatives

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, remeasured 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 Income Tax

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 recognised on temporary differences between the carrying amounts of assets and liabilities in the Group's respective entities' standalone financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the

extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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 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.

## 2.10 Employee benefits

**2.10.1 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 recognizes 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 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.

# Notes

## to Consolidated Financial Statements for the year ended 31st March 2017

Defined benefit costs are composed of:

- (a) service cost – recognized in profit or loss;  
service cost comprises (i) current cost which is the increase in the present value of defined benefit obligations resulting from employee service in the current period, (ii) past service cost which is the increase in the present value of defined benefit obligations resulting from employee service in the prior periods resulting from a plan amendment, and (iii) gain or loss on settlement.
- (b) net interest on the net liability or asset - recognized in profit or loss;  
net interest on the net liability or asset is the change during the reporting period that arises from the passage of time.
- (c) remeasurements of the net liability or asset - recognized in other comprehensive income.  
remeasurements of the net liability or asset essentially comprise of actuarial gains and losses (i.e. changes in the present value of defined benefit obligations resulting from experience adjustments and effects of changes in actuarial assumptions), and, return on plan assets (i.e. income derived from plan assets, other than interest included in (b) above and realized or unrealized gains and losses on plan assets).

2.10.2 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.

### 2.10.3 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 recognizes 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.

Fair valuation of grants on transition to Ind AS:

For transition to Ind AS, the Group has availed the option to fair value grants that vest after the transition date, 1 April 2015.



# Notes

## to Consolidated Financial Statements for the year ended 31st March 2017

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### 2.11 Foreign currency transactions

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 and recognised in profit or loss in the period in which they arise.

### 2.12 Borrowing costs

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 asset), 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 represent cash on hand, bank balances in current accounts. Bank

balances in earmarked accounts for unpaid dividends and balances held as margin money which are under lien against bank guarantee are classified as bank balances other than cash and cash equivalents.

### 2.A. Critical accounting judgments 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 judgments, 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 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

# Notes

## to Consolidated Financial Statements for the year ended 31st March 2017

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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 30.

### 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 cash flows 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.

# Notes

## to Consolidated Financial Statements for the year ended 31st March 2017

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### Impairment of Goodwill

At each reporting period the Group assesses the recoverable amount of the cash generating unit (CGU) to which goodwill is attributable in order to determine whether the CGU has suffered an impairment loss. The recoverable amount (value in use) is the present value of future cash flows expected to be derived from the CGU. Where the recoverable amount is lower than the carrying value of the CGU, goodwill is impaired and a charge recognised in profit or loss.

The carrying amount of goodwill attributable to Hypercity Retail (India) Limited is ₹ 8,799.19 Lacs. and is significant to the Group's total goodwill. The recoverable amount is determined based on value in use calculation which uses cash flow projections covering a five year period, and a discount rate of 13.5% per annum (2016: 14.22 % per annum, 2015: 13.7% per annum).

Cash flow projections during the five year period are based on the similar expected growth rates which have been achieved by the company in the past with normal increase based on management's expectations. The cash flows beyond that five-year period have been extrapolated using a steady 5 % per annum (2016: 5 % per annum; 2015: 5 % per annum) growth rate which is the reasonable projected long-term average growth rate for Hyper-retail markets in India. Any reasonable possible change in the key assumptions on which recoverable amount is based is not expected to cause the aggregate carrying amount to exceed the aggregate recoverable amount of the CGU.

# Notes

to Consolidated Financial Statements  
for the year ended 31st March 2017

## 3. PROPERTY, PLANT AND EQUIPMENT (PPE) AND INTANGIBLE ASSETS

(All amounts in ₹ Lacs)

	Leasehold improve- ments	Air con- ditioning and other equip- ments	Furniture, fixtures and other fittings	Office Equip- ments	Comput- ers	Vehicles	Total PPE	Trade- marks	Software	Total Intangible assets
<b>COST OR DEEMED COST</b>										
As at 1 April 2015	24,736.98	25,354.40	18,856.63	951.76	4,381.09	27.76	74,308.62	91.40	3,404.71	3,496.11
Additions	2,440.31	3,523.90	5,543.38	71.49	760.60	78.35	12,418.03	23.13	3,819.14	3,842.27
Disposal	(1,256.55)	(1,231.89)	(1,084.97)	(112.90)	(757.78)	(83.90)	(4,527.99)	-	-	-
<b>As at 31 March 2016</b>	<b>25,920.74</b>	<b>27,646.41</b>	<b>23,315.04</b>	<b>910.35</b>	<b>4,383.91</b>	<b>22.21</b>	<b>82,198.66</b>	<b>114.53</b>	<b>7,223.85</b>	<b>7,338.38</b>
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)	(2,657.05)	(127.08)	(714.32)	-	(8,984.55)	(0.09)	(43.68)	(43.77)
<b>As at 31 March 2017</b>	<b>26,237.05</b>	<b>29,178.06</b>	<b>24,483.27</b>	<b>1,421.82</b>	<b>6,322.11</b>	<b>22.21</b>	<b>87,664.51</b>	<b>118.93</b>	<b>9,705.75</b>	<b>9,824.68</b>
<b>ACCUMULATED DEPRECIATION</b>										
As at 1 April 2015										
Depreciation and amortisation expense (Refer Note iv)	(3,046.89)	(2,971.81)	(3,751.18)	(271.41)	(1,550.06)	(10.52)	(11,601.87)	(26.02)	(1,337.63)	(1,363.65)
Eliminated on disposal of assets	1,245.38	1,183.49	1,023.04	107.78	749.99	48.25	4,357.93	-	-	-
<b>As at 31 March 2016</b>	<b>(1,801.51)</b>	<b>(1,788.32)</b>	<b>(2,728.14)</b>	<b>(163.63)</b>	<b>(800.07)</b>	<b>37.73</b>	<b>(7,243.94)</b>	<b>(26.02)</b>	<b>(1,337.63)</b>	<b>(1,363.65)</b>
Depreciation and amortisation expense (Refer Note iv)	(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)
Eliminated on disposal of assets	2,560.23	2,764.60	2,499.49	123.83	709.75	-	8,657.90	0.09	43.68	43.77
<b>As at 31 March 2017</b>	<b>(2,155.44)</b>	<b>(2,711.79)</b>	<b>(4,943.01)</b>	<b>(427.96)</b>	<b>(1,481.71)</b>	<b>29.49</b>	<b>(11,690.42)</b>	<b>(50.02)</b>	<b>(3,265.19)</b>	<b>(3,315.21)</b>

# Notes

## to Consolidated Financial Statements for the year ended 31st March 2017

(All amounts in ₹ Lacs)

	Leasehold improve- ments	Air con- ditioning and other equip- ments	Furniture, fixtures and other fittings	Office Equip- ments	Comput- ers	Vehicles	Total PPE	Trade- marks	Software	Total Intangible assets
<b>CARRYING AMOUNT</b>										
As at 1 April 2015	24,736.98	25,354.40	18,856.63	951.76	4,381.09	27.76	74,308.62	91.40	3,404.71	3,496.11
Additions	2,440.31	3,523.90	5,543.38	71.49	760.60	78.35	12,418.03	23.13	3,819.14	3,842.27
Depreciation and amortisation expense (Refer Note iv)	(3,046.89)	(2,971.81)	(3,751.18)	(271.41)	(1,550.06)	(10.52)	(11,601.87)	(26.02)	(1,337.63)	(1,363.65)
Disposals	(11.17)	(48.40)	(61.93)	(5.12)	(7.79)	(35.65)	(170.06)	-	-	-
<b>As at 31 March 2016</b>	<b>24,119.23</b>	<b>25,858.09</b>	<b>20,586.90</b>	<b>746.72</b>	<b>3,583.84</b>	<b>59.94</b>	<b>74,954.72</b>	<b>88.51</b>	<b>5,886.22</b>	<b>5,974.73</b>
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
Depreciation and amortisation expense (Refer Note iv)	(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)
Disposals	(51.79)	(109.46)	(157.56)	(3.25)	(4.57)	-	(326.63)	-	-	-
<b>As at 31 March 2017</b>	<b>24,081.62</b>	<b>26,466.27</b>	<b>19,540.25</b>	<b>993.86</b>	<b>4,840.41</b>	<b>51.70</b>	<b>75,974.10</b>	<b>68.91</b>	<b>6,440.56</b>	<b>6,509.47</b>

Note :

i) Carrying value of PPE as on 1 April 2015 is considered as deemed cost on transition date, arrived at as per previous GAAP (Refer Note 2.6.4) as follows:

	Tangible asset	Intangible assets	Total
Gross block as on 31 March 2015	116,807.82	10,187.80	126,995.62
Accumulated depreciation as on 31 March 2015	42,499.20	6,691.69	49,190.89
Carrying value as on 31 March 2015	74,308.62	3,496.11	77,804.73
Capital work in progress and intangible assets under development (Refer Note 3.1)	2,050.63	173.84	2,224.47
	<b>76,359.25</b>	<b>3,669.95</b>	<b>80,029.20</b>

ii) These assets have been pledged to secure borrowings of the Company (Refer Note 14)

iii) Intangible assets mainly includes computer softwares where the remaining useful life ranging from 1 year to 6 years

iv) Depreciation for the year includes accelerated amounts aggregating to ₹2,937.27 Lacs (2016: ₹1,729.74 Lacs) on account of change in estimate of useful lives of property, plant & equipment resulting from store closures/shifting premises.

### 3.1 Capital work in progress and Intangible assets under development

(All amounts in ₹ Lacs)

	Capital work in progress	Intangible assets under development
<b>Cost or deemed cost</b>		
As at 1 April 2015	2,050.63	173.84
Additions	7,803.29	7,001.37
Capitalisation	(6,641.28)	(7,054.48)
<b>As at 31 March 2016</b>	<b>3,212.64</b>	<b>120.73</b>
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>

# Notes

to Consolidated Financial Statements  
for the year ended 31st March 2017

## 4. INVESTMENTS - NON CURRENT

(All amounts in ₹ Lacs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
<b>(Unquoted at cost all fully paid unless otherwise stated)</b>			
<b>Investment in equity instruments</b>			
<b>In Joint Ventures</b>			
Nuance Group (India) Private Limited (4,14,10,000 Equity shares of ₹10/- each fully paid)	1,862.71	2,207.09	1,863.17
Less : Impairment in the value	1,282.71	-	-
	580.00	2,207.09	1,863.17
Timezone Entertainment Private Limited (2,44,46,247 Equity shares of ₹10/- each fully paid)	1,404.20	1,686.97	1,776.93
<b>Total (A)</b>	<b>1,984.20</b>	<b>3,894.06</b>	<b>3,640.10</b>
<b>Other equity investments</b>			
<b>(At fair value through profit or loss)</b>			
Stargaze Properties Private Limited 1,000 equity shares of ₹ 10/- each Fully paid	0.10	0.10	0.10
Retailers Association of India 10,000 equity shares of ₹ 10/- each Fully paid	1.00	1.00	1.00
Aesthetic Realtors Private Limited 66 Equity Shares of ₹ 10/- each Fully Paid	0.01	0.01	0.01
Less : Impairment in value	(0.01)	(0.01)	-
	-	-	0.01
Retailers Association's Skill Council of India 500 equity shares of ₹ 100/- each Fully paid	0.50	0.50	0.50
Nuance Group Fashion & Luxury Duty Free Private Limited 500 equity shares of ₹ 10/- each Fully paid	0.05	-	-
<b>Total (B)</b>	<b>1.65</b>	<b>1.60</b>	<b>1.61</b>
<b>Aggregate carrying value of unquoted investments (A)+(B)</b>	<b>1,985.85</b>	<b>3,895.66</b>	<b>3,641.71</b>
<b>Aggregate amount of impairment in value of unquoted investments</b>	<b>1,282.72</b>	<b>0.01</b>	<b>-</b>

4.1 Refer Note 34 for details and financial information of joint ventures.

# Notes

## to Consolidated Financial Statements for the year ended 31st March 2017

### 5. TRADE RECEIVABLES

(All amounts in ₹ Lacs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
<b>Non - current</b>			
Receivables - property option sold (Secured, considered good) *	11,000.57	6,392.87	7,387.42
	<b>11,000.57</b>	<b>6,392.87</b>	<b>7,387.42</b>
<b>Current</b>			
Receivables - property options sold (Secured, considered good) *	-	1,687.32	3,043.92
Receivables - others (Unsecured)			
Considered good	5,682.68	3,499.38	3,223.49
Considered doubtful	150.64	78.01	102.90
	5,833.32	5,264.71	6,370.31
Less: Allowance for doubtful debts	150.64	78.01	102.90
	<b>5,682.68</b>	<b>5,186.70</b>	<b>6,267.41</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 Trade receivables have been pledged to secure borrowings of the Company (Refer Note 14)

### 6. OTHER FINANCIAL ASSETS

(All amounts in ₹ Lacs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
(unsecured)			
<b>Non-current</b>			
Premises and other deposits			
- Considered good	16,319.67	14,222.82	14,813.21
- Considered doubtful	395.35	141.66	80.76
	16,715.02	14,364.48	14,893.97
Less : Allowance for doubtful amounts	395.35	141.66	80.76
	<b>16,319.67</b>	<b>14,222.82</b>	<b>14,813.21</b>
<b>Current</b>			
Advances for goods and rendering of services			
- Considered good	3,722.42	6,490.38	7,239.13
- Considered doubtful	795.90	777.77	854.21
	4,518.32	7,268.15	8,093.34
Less: Allowance for doubtful advances	795.90	777.77	854.21
	3,722.42	6,490.38	7,239.13
Advances to employees	321.49	260.72	267.66
	<b>4,043.91</b>	<b>6,751.10</b>	<b>7,506.79</b>

6.1 These are carried at amortised cost.

6.2 These have been pledged to secure borrowings of the Company (Refer Note 14)



# Notes

to Consolidated Financial Statements  
for the year ended 31st March 2017

## 7. DEFERRED TAX ASSETS / LIABILITIES (NET)

(All amounts in ₹ Lacs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Deferred tax assets	1,168.29	1,068.72	807.49
Deferred tax liabilities	(739.07)	(707.92)	(1,386.04)
	<b>429.22</b>	<b>360.80</b>	<b>(578.55)</b>

### 7.1 Deferred tax (liabilities)/assets in relation to:

(All amounts in ₹ Lacs)

	As at 1 April 2015	Recognised in Profit or Loss	As at 31 March 2016	Recognised in Profit or Loss	As at 31 March 2017
Property, plant and equipment & Intangible assets	(1,386.04)	678.12	(707.92)	(31.15)	(739.07)
Provision for doubtful debts / advances	194.90	34.43	229.33	114.88	344.21
Provision for expenses	77.08	54.89	131.97	13.07	145.04
Employee benefits	202.84	50.33	253.17	144.00	397.17
Deferred revenue on point reward schemes	332.67	53.57	386.24	(234.34)	151.90
Lease deposits	-	68.01	68.01	61.96	129.97
<b>Deferred tax assets / (liabilities) (net)</b>	<b>(578.55)</b>	<b>939.35</b>	<b>360.80</b>	<b>68.42</b>	<b>429.22</b>

Deferred tax (liabilities)/assets in relation to certain subsidiaries:

Property, plant and equipment & Intangible assets	(203.94)	120.72	(324.66)	142.56	(467.22)
Unused tax losses*	203.94	(120.72)	324.66	(142.56)	467.22
Deferred tax assets / (liabilities) (net)	-	-	-	-	-

\*To the extent of deferred tax liability on Property, plant and equipment &amp; Intangible assets

### 7.2 Unrecognised deductible temporary differences in respect of certain subsidiaries

(All amounts in ₹ Lacs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Unused tax losses	<b>21,015.20</b>	<b>19,899.90</b>	<b>18,678.43</b>

# Notes

to Consolidated Financial Statements  
for the year ended 31st March 2017

## 8. OTHER ASSETS

(All amounts in ₹ Lacs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
(Unsecured, considered good)			
<b>Non-current</b>			
Capital advances	843.98	1,049.22	1,034.50
Service tax deposited under protest (Refer Note 29)	4,251.23	4,251.23	4,251.23
Advance income tax (net of provision)	1,139.78	836.88	789.29
Others - prepaid expenses	3,715.73	5,018.27	4,296.39
	<b>9,950.72</b>	<b>11,155.60</b>	<b>10,371.41</b>
<b>Current</b>			
Recoverables - Statutory dues	1,448.96	1,005.40	1,453.03
Others - Prepaid expenses	2,018.45	1,222.82	1,227.81
	<b>3,467.41</b>	<b>2,228.22</b>	<b>2,680.84</b>

## 9. INVENTORIES

(All amounts in ₹ Lacs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
(At lower of cost and net realisable value)			
Stock-in-trade: Retail merchandise	51,471.07	51,779.76	44,470.51
Property options	6,285.12	6,140.40	5,112.30
	<b>57,756.19</b>	<b>57,920.16</b>	<b>49,582.81</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.

## 10. CASH AND CASH EQUIVALENTS

(All amounts in ₹ Lacs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Balance with banks In			
- Current accounts	201.31	189.00	846.71
- Deposit accounts	5.01	5.80	10.29
- Cash credit accounts	-	-	48.35
Cash on hand	341.51	529.93	414.41
	<b>547.83</b>	<b>724.73</b>	<b>1,319.76</b>

# Notes

## to Consolidated Financial Statements for the year ended 31st March 2017

**10.1** These financial assets have been pledged to secure borrowings of the Company (See Note 14)

**10.2** Disclosures of Specified Bank Notes (SBNs) held and transacted during the period from 8 November 2016 to 30 December 2016

	SBNs	Other denomination notes
Closing cash in hand as on 08 November 2016	641.00	67.42
Add : Permitted Receipts	-	11,402.55
	641.00	11,469.97
Less : Permitted Payments	-	145.61
Amounts deposited in Banks	641.00	10,515.53
	<b>641.00</b>	<b>10,661.14</b>
<b>Closing cash in hand as on 30 December 2016</b>	<b>-</b>	<b>808.83</b>

**Explanation :** SBNs have the meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.

### 11. OTHER BANK BALANCES

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Margin money account (under lien against bank guarantee)	212.71	310.57	413.94
Earmarked accounts (for unpaid dividend)	0.38	0.38	0.46
	<b>213.09</b>	<b>310.95</b>	<b>414.40</b>

### 12. EQUITY SHARE CAPITAL

(All amounts in ₹ Lacs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
<b>12.1 Authorised</b>			
200,000,000 equity shares of ₹ 5/- each	<b>10,000.00</b>	<b>10,000.00</b>	<b>10,000.00</b>
<b>12.2 Issued, Subscribed and Fully paid up shares</b>			
83,504,744 (2016: 83,461,946; 2015: 83,367,805) equity shares of ₹5/- each fully paid up	4,175.24	4,173.10	4,168.39
	<b>4,175.24</b>	<b>4,173.10</b>	<b>4,168.39</b>
<b>12.3 Reconciliation of number of equity shares:</b>			
Particulars:	31 March 2017	31 March 2016	1 April 2015
	Numbers   ₹ Lacs	Numbers   ₹ Lacs	Numbers   ₹ Lacs
Balance at the beginning of the year	83,461,946   4,173.10	83,367,805   4,168.39	
Issued during the year *	42,798   2.14	94,141   4.71	
Balance at the end of the year	<b>83,504,744   4,175.24</b>	<b>83,461,946   4,173.10</b>	<b>83,367,805   4,168.39</b>

\* Issued under Share options granted by the Company to certain employees - Refer Note 36

# Notes

to Consolidated Financial Statements  
for the year ended 31st March 2017

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

Name of the Shareholder	31 March 2017		31 March 2016		1 April 2015	
	Shares held (Nos)	Shares held (%)	Shares held (Nos)	Shares held (%)	Shares held (Nos)	Shares held (%)
Palm Shelter Estate Development LLP	11,813,300	14.15%	11,813,300	14.16%	11,813,300	14.17%
Anbee Construction LLP	10,386,401	12.44%	6,511,762	7.80%	6,511,762	7.81%
Cape Trading LLP	10,386,401	12.44%	6,261,040	7.50%	6,261,040	7.51%
Reliance Capital Trustee Co. Ltd. A/C Reliance Equity Opportunities Fund	6,225,905	7.46%	6,677,301	8.00%	5,209,410	6.25%
Raghukool Estate Development LLP	5,593,300	6.70%	8,263,300	9.90%	8,263,300	9.91%
Capstan Trading LLP	5,459,768	6.54%	8,129,768	9.74%	8,129,768	9.75%
Casa Maria Properties LLP	5,253,300	6.29%	7,913,300	9.48%	7,913,300	9.49%

## 12.5 Other disclosures :

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

(All amounts in ₹ Lacs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Securities premium reserve	47,521.31	47,400.23	47,184.08
General reserve	1,909.18	1,909.18	1,834.16
Retained earnings	(6,329.80)	(2,676.01)	(1,302.99)
Debenture redemption reserve	420.00	420.00	420.00
Share options outstanding account	226.95	255.12	200.12
Share application money pending allotment	-	28.75	-
	<b>43,747.64</b>	<b>47,337.27</b>	<b>48,335.37</b>

For addition and deductions under each of the above heads, refer Statement of changes in equity

### 13.1 Securities premium reserve

Securities premium reserve is used to record the premium on issue of shares. The securities premium can be utilised only in accordance with the provisions of the Companies Act, 2013.

# Notes

## to Consolidated Financial Statements for the year ended 31st March 2017

### 13.2 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 utilized as permitted under the Companies Act 2013, like dividend etc.

### 13.3 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 36.

### 13.4 Debenture redemption reserve

A subsidiary company is required to create, in terms of the Companies (Share capital and Debentures) Rules 2014, a Debenture Redemption Reserve (DRR) out of profits available for payment of dividend @ 25% of the value of Debentures over the life of the Debentures. In the absence of profits, the Subsidiary Company has not transferred any amounts to DRR in the current year and previous years.

## 14. BORROWINGS

(All amounts in ₹ Lacs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
<b>Non-current</b>			
Non convertible debentures (Secured)	5,000.00	5,000.00	5,000.00
Term loans (Secured) from banks	55,610.26	57,114.00	40,274.52
Less : Current maturities (Note 16)	26,014.62	19,006.51	9,772.97
	34,595.64	43,107.49	35,501.55
Unsecured Loan from banks	2,500.00	2,700.00	200.00
	<b>37,095.64</b>	<b>45,807.49</b>	<b>35,701.55</b>

These are carried at amortised cost.

**14.1** Term loans are secured by a first pari passu charge on stocks, book debts including credit card/debit card receivables (Escrow account) and all the movable fixed assets of the Company, both present & future. Some of the term loans are further secured by second pari passu charge on the current assets of the Group and corporate guarantees, joint and several, given by the company and promoter group except ICICI Bank Term loan which is secured by first pari passu charge on the current assets and all the movable fixed assets of the Company both present & future excluding leasehold rights, lease deposits & Shoppers Stop Brands. Term loans availed by Hypercity Retail (India) Ltd. (Hypercity) 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.

# Notes

to Consolidated Financial Statements  
for the year ended 31st March 2017

## 14.2 Terms of the Facilities:

(All amounts in ₹ Lacs)					
Name of the Bank	Rate of Interest	Repayment Schedule	31 March 2017	31 March 2016	1 April 2015
HDFC Bank	10.40% (2016: 10.85%, 2015 :11.70%)	12 quarterly equal instalments from 10 January 2015.	1,249.70	2,914.70	4,578.47
HDFC Bank	10.40%(2016: 10.85%, 2015 :11.10%)	14 equal quarterly instalments from 1 June 2015.	1,070.60	1,783.63	2,496.14
HDFC Bank	9.50% (2016 : 9.50%,2015 :Nil)	12 equal quarterly instalments from 30 June 2017	4,993.56	4,990.00	-
Bank of India	(2016 :10.70%, 2015:11.20%)	Repayable on 13 April 2016.	-	2,499.97	2,497.75
ICICI Bank	9.70% (2016 : 10.60%, 2015: 12.00%)	15 equal quarterly instalments from 1 September 2014.	1,332.69	2,664.24	3,994.83
ICICI Bank	9.70% (2016 : 10.60%, 2015 :11.60%)	12 equal quarterly instalments from 1 December 2015.	5,788.06	9,025.00	9,985.96
IDBI Bank	9.95% (2016 : 9.95%,2015 :Nil)	10 equal quarterly instalments from 9 December 2017.	9,992.48	9,990.18	-
Kotak Mahindra Bank	10.40% (2016 : 10.50%,2015 :11%)	12 equal quarterly instalments from 8 December 2015	2,500.00	4,166.67	5,000.00
Kotak Mahindra Bank	9.75% (2016 : 9.75%,2015 :Nil)	Repayable on 30 September 2017.	2,000.00	2,000.00	-
Kotak Mahindra Bank	9.25% (2016 : Nil,2015 :Nil)	Repayable in 12 equal quarterly instalments from 3 Dec 2017	4,992.22	-	-
Abu Dhabi Commercial Bank	10.25% (2016 : 10.25%,2015 :Nil)	12 equal quarterly instalments from 10 September 2016	3,375.00	4,500.00	-
Kotak Mahindra Bank Limited - Working capital term loan	Nil (Previous year: 12.25%)	Repayable on 30 April 2015.	-	-	125.00
Kotak Mahindra Bank Limited - Term loan	11.25% (Previous year: 11.95%)	4 equal quarterly instalments from 26 June 2017 to 26 Mar 2018.	1,100.00	2,200.00	3,300.00
Kotak Mahindra Bank Limited - Working capital term loan (unsecured)	10.30% (Previous year: 10.50%)	8 equal quarterly instalments from 03 June 2017 to 03 March 2019.	2,497.33	2,495.16	-
ICICI Bank Limited - Term loan	11.15% (Previous year: 12.07%)	5 equal quarterly instalments from 09 June 2017 to 09 June 2018.	2,081.02	3,744.09	4,988.46
ICICI Bank Limited - Term loan-II	10.85% (Previous year: 10.90%)	12 equal quarterly instalments from 22 March 2018 to 22 December 2020.	2,493.47	2,490.40	-
ICICI Bank Limited - Term loan-III	10.30% (Previous year: Nil)	10 equal quarterly instalment from 08th Mar 2018 to 08th Jun 2020	1,495.53	-	-
ICICI Bank Limited - Term loan-IV	10.05% (Previous year: Nil)	10 equal quarterly instalment from 08th Mar 2018 to 08th Jun 2020	1,494.68	-	-
ICICI Bank Limited - Term loan-V	9.40% (Previous year: Nil)	10 equal quarterly instalment from 31st Dec 2018 to 31st Mar 2021.	6,985.01	-	-

# Notes

## to Consolidated Financial Statements for the year ended 31st March 2017

(All amounts in ₹ Lacs)

Name of the Bank	Rate of Interest	Repayment Schedule	31 March 2017	31 March 2016	1 April 2015
Yes Bank Limited - Term loan	12.30% (Previous year: 12.05%)	4 equal quarterly instalments from 25 June 2016 to 25 Mar 2017.	-	1,664.62	3,330.23
Yes Bank Limited - Term loan (Unsecured)	10.75% (Previous year: 10.75%)	Bullet repayment. Repayable on 30 April 2016.	-	200.00	200.00
Yes Bank Limited - Term loan-II	9.15% (Previous year: 10.50%)	Bullet repayment repayable on 24 April 2018.	2,000.00	2,000.00	-
Non Convertible Debentures	11.60% (Previous year: 11.60%)	Bullet repayment repayable on 19 September 2017.	4,993.91	4,985.34	4,977.68
Kotak Mahindra Bank	11.05% (Previous year: 11.05%)	Repayable in 12 Equated quarterly instalments from August, 2016	375.00	500.00	-
Kotak Mahindra Bank	11.70% (Previous year: Nil)	Repayable in 12 Equated quarterly instalments from Feb, 2018	300.00	-	-

### 14.3. Current

(All amounts in ₹ Lacs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
From banks :-			
- Secured	20,348.59	15,435.10	18,574.35
- Unsecured	5,000.00	2,500.00	1,598.03
Bill discounting	51.72	153.56	18.78
Commercial papers (unsecured)	-	-	8,500.00
(maximum amount outstanding during the year ₹Nil, 2016 : ₹Nil ; 2015: ₹8,500 Lacs)			
	25,400.31	18,088.66	28,691.16

- 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. Some of the loans are further secured by corporate guarantees, joint and several, given by the Company and promoter group / joint venture partners.



# Notes

to Consolidated Financial Statements  
for the year ended 31st March 2017

## 14.5 Terms of the Facilities :-

Name of the Bank	Rate of Interest	Repayment Schedule	Loan Balance (All amounts in ₹ Lacs)		
			31 March 2017	31 March 2016	1 April 2015
Axis Bank	9.15%(2016 : 10.85%, 2015 :11.70%)	On demand	1,051.12	1,107.00	1,719.58
Axis Bank (Working Capital Demand Loan)	8.45%(2016 : 10.25%, 2015 : Nil)	Maturity on 05 May 17, For 2016 Maturity on 18 May 16, For 2015, Nil.	1,500.00	1,500.00	-
Axis Bank (Line of Credit)	8.40%(2016 : 10.25%, 2015 : 11.15%)	Maturity on 08 May 17 & 10 May 17, For 2016 Maturity on 11 May 16, For 2015, 09 June 15.	4,000.00	4,000.00	2,000.00
ICICI Bank (Cash Credit)	9.25%(2016 : 10.60%, 2015 :11.50%)	On demand	2,085.79	2,045.03	272.92
ICICI Bank (Line of Credit of STL) Unsecured	Nil, (2016 : 10.60%, 2015 : Nil)	Nil, For 2016 Maturity on 05 April 2016, For 2015 Nil.	-	2,500.00	-
ICICI Bank (One Time STL) Unsecured	8.40%, (2016 : Nil, 2015 : Nil)	Maturity on 07 June 2017, For 2016 Nil, For 2015 Nil.	5,000.00	-	-
IDBI Bank (Cash Credit)	10.50%(2016 : 10.75%, 2015 : 11.25%)	On demand	467.07	1,014.12	3,867.93
IDBI Bank (Vendor Financing) Unsecured	9.50%, (2016 : 9.75%, 2015 :10.25%)	On Maturity	802.25	1,326.54	1,496.05
Kotak Mahindra Bank Ltd. (Cash Credit)	9.95%(2016 : 10.75%, 2015 : 11.25%)	On demand	5,389.63	-	2,442.08
HDFC Bank Ltd. (Cash Credit)	10.55%(2016 : 10.60%, 2015 :12.50%)	On demand	-	821.33	23.74
Bank of India (Cash Credit)	10.90%(2016 : 10.95%, 2015 :11.45%)	On demand	-	-	1,323.78
Yes Bank Ltd (Cash Credit)	10.75%(2016 : 10.75%, 2015 :12.25%)	On demand	-	94.25	-
Deutsche Bank (Cash Credit) Unsecured	Nil, (2016 : Nil, 2015 : 11.25%)	On Maturity	-	-	998.03
Commercial Papers (Unsecured)	Nil, (2016 : Nil, 2015 :10.25% & 9.40%)	On Maturity	-	-	8,500.00
Others	Nil	Nil	-	40.60	611.15
Kotak Mahindra Bank Ltd. (Cash Credit)	-	On demand	905.41	718.58	829.97
Kotak Mahindra Bank Limited - Overdraft	-	On demand	-	-	831.10
Yes Bank Limited - Short Term Loan	-	Within 180 days	-	-	1,600.00
IDBI Bank Limited - Working Capital Demand Loan	10.55%	Within 30 days	1,000.00	1,000.00	1,000.00
IDBI Bank Limited - Cash Credit	11.50%	On demand	2,179.68	1,685.24	1,156.05
IDBI Bank Limited - Bill Discounting	10.50%	Within 90 days	51.72	153.56	18.78
ICICI Bank Limited - Overdraft	10.90%	On demand	967.64	82.41	-

# Notes

## to Consolidated Financial Statements for the year ended 31st March 2017

### 15. TRADE PAYABLES

(All amounts in ₹ Lacs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
<b>Retail Merchandise:</b>			
- Total outstanding dues of micro enterprises and small enterprises	713.88	516.88	635.60
- Total outstanding dues of creditors other than micro enterprises and small enterprises	47,994.40	48,922.61	42,996.28
<b>Property options:</b>			
- Total outstanding dues of creditors other than micro enterprises and small enterprises	372.28	-	1,402.00
	<b>49,080.56</b>	<b>49,439.49</b>	<b>45,033.88</b>

- 15.1** 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.

### 16. OTHER FINANCIAL LIABILITIES

(All amounts in ₹ Lacs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Current maturities of long term borrowings at amortised cost	26,014.62	19,006.51	9,772.97
Interest accrued and not due on borrowings	397.74	372.32	387.34
Unpaid dividends	0.38	0.38	0.46
Creditors for capital expenditure	1,399.57	1,281.38	1,195.41
Accrued payroll	2,463.49	2,874.90	3,039.95
Security deposits	500.18	516.03	515.35
	<b>30,775.98</b>	<b>25,051.51</b>	<b>14,911.48</b>

### 17. PROVISIONS

(All amounts in ₹ Lacs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Current			
Provision for employee benefits:			
Gratuity	298.83	198.13	150.22
Leave Encashment	703.89	615.50	547.41
	<b>1,002.72</b>	<b>813.63</b>	<b>697.63</b>

### 18. OTHER CURRENT LIABILITIES

(All amounts in ₹ Lacs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Statutory liabilities	2,656.90	2,519.45	2,080.21
Advance from customers	98.15	21.60	4.51
Award schemes and gift vouchers	11,090.98	11,046.99	11,508.27
	<b>13,846.03</b>	<b>13,588.04</b>	<b>13,592.99</b>

# Notes

## to Consolidated Financial Statements for the year ended 31st March 2017

### 19. REVENUE FROM OPERATIONS

	(All amounts in ₹ Lacs)	
	For the year ended 31 March 2017	For the year ended 31 March 2016
<b>Retail sale of merchandise</b>		
Own merchandise - Gross of tax	493,434.84	444,717.29
Concessionaire/Consignment merchandise - Gross of tax	32,595.04	36,365.80
	526,029.88	481,083.09
Less: Value added tax	27,561.74	25,090.27
Less: Cost of concessionaire/consignment merchandise	24,320.28	24,453.12
	474,147.86	431,539.70
Revenue from transfer of Property Options	5,596.18	-
	479,744.04	431,539.70
<b>Other Retail operating revenue</b>		
Facility management fees	2,617.58	2,613.67
Income from store displays and sponsorship	5,163.53	4,839.16
Gift Vouchers expired	1,793.15	2,626.84
Direct marketing	1,188.69	1,398.23
Income from franchisees	173.43	180.35
Other	333.47	-
	11,269.85	11,658.25
	<b>491,013.89</b>	<b>443,197.95</b>

#### 19.1 The gross retail volume of business and operations comprise:-

	(All amounts in ₹ Lacs)	
	For the year ended 31 March 2017	For the year ended 31 March 2016
Own merchandise	493,434.84	444,717.29
Concessionaire/Consignment merchandise	32,595.04	36,365.80
Other Retail operating revenue	11,269.85	11,658.25
	<b>537,299.73</b>	<b>492,741.34</b>

### 20. OTHER INCOME

	(All amounts in ₹ Lacs)	
	For the year ended 31 March 2017	For the year ended 31 March 2016
<b>Interest on financial assets :</b>		
Lease deposits measured at amortised cost	1,027.94	1,090.87
Bank deposits	62.83	46.24
Miscellaneous income	838.20	823.33
Financing component of property options revenue	577.33	636.79
	<b>2,506.30</b>	<b>2,597.23</b>

#### 21a. Purchase of Stock in trade

	(All amounts in ₹ Lacs)	
	For the year ended 31 March 2017	For the year ended 31 March 2016
Retail merchandise	316,730.46	293,633.20
Property Options	2,022.08	1,028.11
	<b>(A) 318,752.54</b>	<b>294,661.31</b>

# Notes

## to Consolidated Financial Statements for the year ended 31st March 2017

**21b. Changes in inventories of stock in trade**

	(All amounts in ₹ Lacs)	
	For the year ended 31 March 2017	For the year ended 31 March 2016
Opening inventory		
- Retail merchandise	51,779.77	44,470.51
- Property Options	6,140.40	5,112.30
Closing inventory		
- Retail merchandise	51,471.07	51,779.76
- Property Options	6,285.12	6,140.40
<b>(B)</b>	<b>163.98</b>	<b>(8,337.35)</b>

21c. Cost of inventories recognised as an expenses*	(A) + (B)	318,916.52	286,323.96
* Includes write-downs/offs (net) of inventory to net realisable value on account of old season stock and shrinkages.		1,577.83	1,300.41

**22. EMPLOYEE BENEFITS EXPENSES**

	(All amounts in ₹ Lacs)	
	For the year ended 31 March 2017	For the year ended 31 March 2016
Salaries and Wages	34,998.97	29,974.34
Contribution to Provident and other funds (Refer Note 30)	2,432.66	2,032.64
Share-based payments costs*	82.75	114.96
Staff welfare expenses	1,349.05	1,180.76
	<b>38,863.43</b>	<b>33,302.70</b>

\* Measured at fair value

22.1 For details of share options granted by the company to certain employees, Refer Note 36

**23. FINANCE COSTS**

	(All amounts in ₹ Lacs)	
	For the year ended 31 March 2017	For the year ended 31 March 2016
Interest on borrowings	8,537.21	8,320.42
Bank charges	198.05	164.31
	<b>8,735.26</b>	<b>8,484.73</b>

# Notes

to Consolidated Financial Statements  
for the year ended 31st March 2017

## 24. OTHER EXPENSES

(All amounts in ₹ Lacs)

	For the year ended 31 March 2017	For the year ended 31 March 2016
Lease rent and hire Charges (Note 26)	42,847.95	38,296.29
Business conducting fees	1,442.62	1,445.50
Repairs and maintenance		
- Buildings	10,179.61	9,166.08
- Others	3,116.13	2,560.86
Service tax input credit expensed	10,304.21	8,756.51
Legal and professional fees	1,362.94	1,798.14
Housekeeping charges	2,598.39	2,315.07
Security charges	3,568.12	3,174.65
Computer expenses	2,685.98	2,178.72
Conveyance and travelling expenses	2,406.27	2,351.37
Electricity charges	12,818.50	12,100.61
Advertisement and publicity	8,537.57	8,050.13
Sales promotion	3,272.37	3,410.10
Charges on credit card transactions	3,500.49	3,127.20
Allowances for bad and doubtful financial assets*	434.52	205.63
Loss on Sale of Property, plant and equipment	53.88	93.49
Foreign exchange loss (net)	64.90	31.74
Corporate social responsibility Expenses (Note 24.1)	74.32	73.78
Miscellaneous expenses	6,538.31	6,528.44
	<b>115,807.08</b>	<b>105,664.31</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- ₹ 74.32 lacs (2016: ₹ 73.78 lacs), as follows :

- a. Gross amount required to be spent by the Group is ₹ 128.02 Lacs (2016: ₹ 127.78 Lacs)
- b. Details of amount spent are as under :-

(All amounts in ₹ Lacs)

Particulars	F.Y.2016-17	F.Y.2015-16
Construction/acquisition of an asset	-	-
On purpose other than above - Livelihood creation (For the person with disabilities) (2016: Youth with/without disability, Disaster relief aid for Chennai Floods)	74.32	73.78
<b>Total</b>	<b>74.32</b>	<b>73.78</b>

- c. Details of expenditure paid to a related party, in relation to CSR expenditure Refer Note 31

# Notes

## to Consolidated Financial Statements for the year ended 31st March 2017

### 25. INCOME TAX EXPENSE RECOGNISED IN PROFIT OR LOSS

(All amounts in ₹ Lacs)

	For the year ended 31 March 2017	For the year ended 31 March 2016
<b>Current tax</b>		
- In respect of current year	2,641.91	4,284.87
- In respect of prior years *	(548.09)	(9.37)
	2,093.82	4,275.50
<b>Deferred tax</b>		
- In respect of current year	(594.34)	(957.25)
- In respect of prior years *	525.92	17.90
	(68.42)	(939.35)
<b>Total</b>	<b>2,025.40</b>	<b>3,336.15</b>

\*Arising from tax law changes

#### 25.1 Income tax expense for the year reconciled to the accounting profit :

(All amounts in ₹ Lacs)

	For the year ended 31 March 2017	For the year ended 31 March 2016
Loss for the year before exceptional item	(4,528.98)	(692.77)
Income tax (credit) calculated at 34.608 %	(1,567.39)	(239.75)
Effect of expenses that are not deductible in determining taxable profit	382.38	558.30
Effect of unused tax losses for the year not recognised as deferred tax assets	3,233.77	3,009.44
Effect on deferred tax balances due to the change in income tax rate from 33.99 % to 34.608%	-	17.37
Others	(23.36)	(9.21)
<b>Income tax expense recognised in profit or loss</b>	<b>2,025.40</b>	<b>3,336.15</b>

### 26. LEASING TRANSACTIONS

(All amounts in ₹ Lacs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
a) Operating lease rentals charged to revenue:	18,382.42	17,554.58	17,683.16
b) Variable rentals charged to revenue:	23,485.13	19,373.03	17,327.25
Variable rent for certain stores is payable in accordance with the lease agreement as the higher of			
(a) fixed minimum guarantee amount and (b) revenue share percentage.			
c) The future minimum rental payments in respect of non cancellable lease for premises are as follows :			
Not later than one year	7,127.88	7,249.72	8,962.38
Later than one year and not later than five years	6,353.71	6,579.37	8,012.98
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.

# Notes

## to Consolidated Financial Statements for the year ended 31st March 2017

### 27. EARNING PER EQUITY SHARE

	(All amounts in ₹ Lacs)	
	As at 31 March 2017	As at 31 March 2016
<b>Calculated as follows:</b>		
(a) (Loss) / Profit attributable to equity share holders (₹ In Lacs)	(3,727.97)	241.33
(b) Weighted Number of equity shares outstanding during the year	83,497,550	83,426,364
(c) Weighted Number of equity shares outstanding during the year after adjustment for dilution	83,497,550	83,480,844
(d) Nominal value per share (₹)	5.00	5.00
(e) EPS (for continuing operations) :		
Basic (₹)	(4.46)	0.29
Diluted (₹)	(4.46)	0.29
(f) EPS (for continuing and discontinued operations) :		
Basic (₹)	(4.46)	0.29
Diluted (₹)	(4.46)	0.29
<b>Weighted Average number of Equity shares for basic EPS</b>	<b>83,497,550</b>	<b>83,426,364</b>
Effect of dilution : *		
Share options	- *	54,480
Weighted average number of Equity shares adjusted for the effect of dilution	83,497,550	83,480,844

\* Anti dilutive

### 28. CONTINGENT LIABILITIES AND COMMITMENTS:

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
<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	1,036.41	797.87	797.87
Service tax, Sales tax and other Indirect tax claims disputed by the Company relating to issues of applicability and classification aggregating	1,171.25	1,635.05	1,611.88
Third party claims arising from disputes relating to contracts aggregating	1,085.18	825.21	832.21
b) Unpaid preference dividend	-	-	8,073.44
c) Others	25.00	175.00	175.00
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	3,970.08	3,480.40	3,496.85
b) Commitments towards Property options	1,068.75	3,956.00	4,945.00
c) Corporate guarantee given to banks jointly and severally:			
- with joint venture partner for loans taken by Joint venture entity	2,325.00	2,325.00	825.00
- with the promoter group company for loans taken by Subsidiaries	33,383.00	31,000.00	23,500.00



# Notes

## to Consolidated Financial Statements for the year ended 31st March 2017

### 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 1 June, 2007 to 31 March, 2010, (fully paid under protest).

The Group's contribution to Provident Fund aggregating ₹ 1,578.68 Lacs (2016: ₹ 1,307.43 Lacs; 2015: ₹ 1,091.93 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 31.

### 30. EMPLOYEE BENEFITS

#### 30.1 Defined contribution plans

The Group operates defined contribution plan (Provident fund) for all qualifying employees of the Group. The employees of the Group are members of a retirement contribution plan operated by the government. The Group is required to contribute a specified percentage of payroll cost to the retirement contribution scheme to fund the benefits. The only obligation of the Group with respect to the plan is to make the specified contributions.

#### 30.2 Defined benefit plan

The Group 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.

30.2 a) The plan exposes the Group 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 Group 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 Group has used certain mortality and attrition assumptions in the valuation of the liability. The Group 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.

# Notes

to Consolidated Financial Statements  
for the year ended 31st March 2017

- b) The principal assumptions used for the purposes of the actuarial valuations were as follows.

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Discount rate	6.85% - 7.50% p.a.	7.40% - 7.70% p.a.	7.80% - 8.25% p.a.
Expected rate of salary increase	4.00% - 5.00% p.a.	4.00% - 5.00% p.a.	4.00% - 5.00% p.a.
Average Longevity at retirement age for current beneficiaries of the plan (years)	Indian Assured Lives Mortality 2006-08		
Rate of employee turnover	11.00% - 25.00% p.a.	11.00% - 25.00% p.a.	11.00% - 25.00% 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 2017	For the year ended 31 March 2016
Current service cost	253.79	222.68
Net interest cost	14.36	9.62
<b>Components of defined benefits costs recognised in profit or loss.</b>	<b>268.15</b>	<b>232.30</b>
Remeasurements on the net defined benefit liability:		
- Return on plan assets, excluding amount included in interest expense/(income)	(10.44)	26.17
- Actuarial (gain)/loss from change in demographic assumptions	3.24	56.19
- Actuarial (gain)/loss from change in financial assumptions	56.69	42.94
- Actuarial (gain)/loss from change in experience adjustments	(13.40)	(7.44)
<b>Total amount recognised in other comprehensive income</b>	<b>36.09</b>	<b>117.86</b>
<b>Total</b>	<b>304.24</b>	<b>350.16</b>

- d) The amount included in the balance sheet arising from Group's obligation in respect of its defined benefit plan is as follows:

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Present value of funded defined benefit obligation	1,577.53	1,377.40	1,105.14
Fair value of plan assets	1,278.70	1,179.27	954.92
<b>Net asset arising from defined benefit obligation</b>	<b>298.83</b>	<b>198.13</b>	<b>150.22</b>

# Notes

to Consolidated Financial Statements  
for the year ended 31st March 2017

**e) Movement in the present value of the defined benefit obligation are as follows:**

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016	As on 1 April 2015
Opening defined benefit obligation	1,377.39	1,105.14	886.69
Current service cost	253.79	222.68	211.58
Interest cost	104.85	89.74	79.76
Remeasurements (gains)/losses:	-	-	-
- Actuarial (gain)/loss from change in demographic assumptions	3.24	56.19	(15.96)
- Actuarial (gain)/loss from change in financial assumptions	56.69	42.94	52.09
- Actuarial (gain)/loss from change in experience adjustments	(13.40)	(7.44)	21.22
Benefits paid	(205.04)	(131.86)	(130.23)
<b>Closing defined benefit obligation</b>	<b>1,577.53</b>	<b>1,377.40</b>	<b>1,105.14</b>

**f) Movement in the fair value of the plan assets are as follows.**

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016	As on 1 April 2015
Opening fair value of plan assets	1,179.27	954.92	812.26
Interest income	90.49	80.12	72.09
Remeasurement (gains)/losses:	-	-	-
- Return on plan assets, excluding amount included in net interest expense	10.44	(26.18)	33.22
Contributions from the employer	203.54	302.27	167.58
Benefits paid/transferred	(205.04)	(131.86)	(130.23)
<b>Closing fair value of plan assets</b>	<b>1,278.70</b>	<b>1,179.27</b>	<b>954.92</b>

# Notes

## to Consolidated Financial Statements for the year ended 31st March 2017

- 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 2017	31 March 2016	1 April 2015
Defined benefit obligation (base)	1,577.53	1,377.40	1,105.14

Particulars	31 March 2017		31 March 2016		1 April 2015	
	Decrease	Increase	Decrease	Increase	Decrease	Increase
Discount rate (- / + 1%)	1,698.03	1,472.30	1,467.34	1,298.28	1,146.20	1,004.23
% change compared to base due to sensitivity	20.36%	-17.22%	18.46%	-15.70%	18.76%	-15.87%
Salary growth rate (- / + 1%)	1,468.93	1,699.94	1,300.05	1,463.91	1,004.92	1,144.28
% change compared to base due to sensitivity	-17.70%	7.18%	-15.82%	18.33%	-16.11%	18.80%
Attrition rate (- / + 50%)	1,462.97	1,604.78	1,273.66	1,424.44	974.86	1,119.61
% change compared to base due to sensitivity	-14.10%	-10.46%	-7.77%	3.21%	-9.05%	4.30%
Mortality rate (- / + 10%)	1,577.17	1,577.88	1,376.77	1,378.01	1,069.92	1,071.12
% change compared to base due to sensitivity	0.0800%	-0.0800%	-0.0900%	0.0900%	-0.20%	0.20%

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.

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 Group 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 Group. Any deficit in the assets arising as a result of such valuation is funded by the Group.
- The group expects to contribute ₹ 772.69 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).

# Notes

to Consolidated Financial Statements  
for the year ended 31st March 2017

## Expected cash flows over the next (valued on undiscounted basis):

	₹ In Lacs
1 year	182.08
2 to 5 years	735.98
6 to 10 years	645.11
More than 10 years	967.70

## 31. RELATED PARTY DISCLOSURES

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

(a)	Key Management Personnel	Executive Director : Non Executive Directors :	Govind Shrikhande Chandru L.Raheja Ravi Raheja Neel Raheja B.S.Nagesh Nitin Sanghavi Deepak Ghaisas Nirvik Singh Abanti Sankaranarayanan Gareth Thomas Manish Chokhani Amisha Prabhu
(b)	Promoter directors having control / significant influence over the company.	C.L. Raheja, Ravi C. Raheja, Neel C. Raheja	
(c)	Entities in which the promoter, directors have control/significant influence	Ivory Properties and Hotels Private Limited, K.Raheja Corp. Private Limited, K.Raheja IT Park(Hyderabad) Private Limited, Intime Properties Ltd,Juhu Beach Resorts Ltd. K.Raheja Private Limited, Inorbit Malls (India) Private Limited,Support Properties Private Limited, Avacado Properties and Trading India Private Limited,Eternus Real Estate Pvt.Ltd. Trion Properties Private Limited, Palm Shelter Estate Development LLP, Magna Warehousing and Distribution Private Ltd,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. Anbee Construction LLP, Cape Trading LLP,Capstan Trading LLP,Casa Maria Properties LLP, Raghukool Estate Development LLP,Serene Properties Pvt Ltd,	

# Notes

## to Consolidated Financial Statements for the year ended 31st March 2017

Following are the material transactions with related parties:

(All amounts in ₹ Lacs)

Nature	Entities in which promoters, directors have control/significant influence (refer b and c above)	Key Management Personnel	Total
<b>Trading transactions</b>			
<b>Sale of merchandise</b>	<b>11.06</b>	<b>-</b>	<b>11.06</b>
Inorbit Malls (India) Private Limited	2.18		
Gigaplex Estate Pvt.Ltd.	0.87		
K. Raheja IT Park (Hyderabad) Pvt. Ltd.	0.70		
K.Raheja Corporate services Pvt.Ltd.	0.70		
K.Raheja Corp. Pvt.Ltd.	0.58		
Mindspace business parks Pvt.Ltd.	5.66		
Trust for Retailers & Retail Associates of India	0.37		
	(6.94)	-	(6.94)
<b>Purchase of Property Options</b>	<b>2,022.08</b>		<b>2,022.08</b>
K.Raheja Private Limited	2,022.08		
	(1,028.11)		(1,028.11)
<b>Compensation to key management personnel</b>			
<b>Remuneration to managing director</b>		<b>455.92</b>	<b>455.92</b>
Short term benefits		426.52	
Sitting fees		2.00	
Post employment benefits		24.88	
Share based payments		2.52	
	-	(453.59)	(453.59)
<b>Other related party transactions</b>			
<b>Sale of Assets</b>	-		-
Trust for Retailers & Retail Associates of India	-		
	(0.04)		(0.04)
<b>Payment of conducting fees / Lease Rent / Common</b>	<b>8,921.14</b>		<b>8,921.14</b>
<b>Area Maintenance Charges</b>			
Avacado Properties and Trading (India) Private Limited	114.39		
Ivory Properties and Hotels Private Limited	2,414.99		
Inorbit Malls (India) Private Limited	4,466.92		
Genext Hardware And Parks Pvt Ltd	97.33		
Trion Properties Private Limited	1,827.51		
	(8,452.52)		(8,452.52)
<b>Expenses Paid</b>	<b>792.80</b>	<b>1.25</b>	<b>794.05</b>
Inorbit Malls (India) Private Limited	463.50		
Intime Properties Limited	0.25		
TRRAIN Foundation	5.81		
JW Marriott Sahar Mumbai unit of Chalet Hotels Pvt Ltd	0.85		
Sanghavi Associates Limited	9.87		
Avacado Properties and Trading (India) Pvt.Ltd.	19.54		
Genext Hardware And Parks Pvt Ltd	60.26		

# Notes

to Consolidated Financial Statements  
for the year ended 31st March 2017

(All amounts in ₹ Lacs)

Nature	Entities in which promoters, directors have control/significant influence (refer b and c above)	Key Management Personnel	Total
Trust for Retailers & Retail Association of India	74.00		
K.Raheja Corp.Pvt.Ltd.	0.89		
Trion Properties Private Limited	157.83		
B.S.Nagesh	-	1.25	
	(785.28)	(0.87)	(786.15)
<b>Deposits Paid</b>	<b>57.00</b>		<b>57.00</b>
Inorbit Malls (India) Private Limited	57.00		
	(56.69)		(56.69)
<b>Compensation income</b>	<b>240.00</b>	-	<b>240.00</b>
Trion Properties Private Limited	240.00		
	-	-	-
<b>Deposit Received</b>	<b>464.10</b>	-	<b>464.10</b>
Avacado Properties and Trading (India) Private Limited	464.10		
	-	-	-
<b>Expenses recovered</b>	<b>0.35</b>	-	<b>0.35</b>
Inorbit Malls (India) Private Limited	0.35		
	-	-	-
<b>Deposit received Back</b>	-		-
Inorbit Malls (India) Private Limited	-		-
	(190.10)		(190.10)
<b>Reimbursement of Expenses</b>	<b>94.19</b>		<b>94.19</b>
Trion Properties Private Limited	94.19		
	(446.89)		(446.89)
<b>Issue of Equity / Preference Shares</b>	<b>4,743.17</b>	<b>20.64</b>	<b>4,763.81</b>
Genext Hardware & Parks Private Limited	3,544.46		
Support Properties Pvt. Ltd.	479.22		
Eternus Real Estate Pvt. Ltd.	480.39		
Palm Shelter Estate Development LLP	39.85		
Anbee Construction LLP	39.85		
Cape Trading LLP	39.85		
Capstan Trading LLP	39.85		
Casa Maria Properties LLP	39.85		
Raghukool Estate Development LLP	39.85		
Ravi Chandru Raheja		5.16	
Chandru Lachmandas Raheja		5.16	
Jyoti Chandru Raheja		5.16	
Neel Chandru Raheja		5.16	
	(2,042.89)	(26.38)	(2,069.27)



# Notes

to Consolidated Financial Statements  
for the year ended 31st March 2017

(All amounts in ₹ Lacs)

Nature	Entities in which promoters, directors have control/significant influence (refer b and c above)	Key Management Personnel	Total
<b>Commission and Sitting fees to non executive Directors</b>		64.60	64.60
Chandru L.Raheja		2.00	
Ravi Raheja		7.20	
Neel Raheja		3.50	
B.S.Nagesh		7.00	
Nitin Sanghavi		10.20	
Deepak Ghaisas		13.60	
Nirvik Singh		4.50	
Abanti Sankaranarayanan		4.50	
Gareth Thomas		4.50	
Manish Chokhani		6.10	
Amisha Prabhu		1.50	
		(62.80)	(62.80)
<b>Balance outstanding at the year end</b>			
<b>Receivables</b>			
Avacado Properties and Trading India Private Limited			-
			(463.10)
Ivory Properties and Hotels Private Limited			1,149.91
			(1,172.71)
Inorbit Malls (India) Private Limited			1,049.46
			(1,104.08)
Trion Properties Private Limited			906.34
			(653.02)
Genext Hardware And Parks Pvt Ltd			24.30
			(31.92)
<b>Payables</b>			
K.Raheja Private Limited			372.28
			-
The figure in bracket pertain to previous year			

## 32. 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 segments. Segment revenue includes other retail operating revenue.

# Notes

## to Consolidated Financial Statements for the year ended 31st March 2017

- ii) The Group operates in a single geographical environment i.e. in India.  
iii) No single customer contributed 10% or more to Groups revenue.

(All amounts in ₹ Lacs)

32.1	Particulars	31 March 2017	31 March 2016
	<b>Segment revenue from external customers</b>		
	Retail Operations	485,417.70	443,197.95
	Property Options	5,596.18	-
	<b>Total segment revenue from external customers</b>	<b>491,013.88</b>	<b>443,197.95</b>
	<b>Segment operating results</b>		
	Retail Operations	(1,391.67)	4,941.44
	Property Options	3,718.82	-
	<b>Total segment operating results</b>	<b>2,327.15</b>	<b>4,941.44</b>
	Other Income	2,506.30	2,597.23
	Interest Expense	(8,735.26)	(8,484.73)
	Share of (Loss) / Profit in Joint ventures	(626.64)	253.98
	Exceptional Item	(1,282.71)	-
	<b>Loss before tax from continuing operations</b>	<b>(5,811.16)</b>	<b>(692.06)</b>
	Tax expense	(2,025.40)	(3,336.15)
	<b>Loss after tax from continuing operations</b>	<b>(7,836.56)</b>	<b>(4,028.21)</b>

(All amounts in ₹ Lacs)

32.2	Particulars	31 March 2017	31 March 2016
	<b>Other Information</b>		
	Segment depreciation and amortisation (Retail Operations)	15,099.71	12,965.52
	Addition to non-current assets (Retail Operations)	(8,211.58)	(76,775.21)

32.3	Particulars	31 March 2017	31 March 2016	1 April 2015
	<b>Segment Assets</b>			
	Retail Operations	184,804.64	183,863.09	173,804.85
	Property Options	17,285.69	14,220.57	15,543.64
	Unallocated	3,554.85	5,093.33	4,431.01
	<b>Total</b>	<b>205,645.18</b>	<b>203,176.98</b>	<b>193,779.51</b>
	<b>Segment Liabilities</b>			
	Retail Operations	156,828.97	151,788.81	137,226.69
	Property Options	372.28	-	1,402.00
	Unallocated	-	-	578.55
	<b>Total</b>	<b>157,201.25</b>	<b>151,788.81</b>	<b>139,207.24</b>

# Notes

to Consolidated Financial Statements  
for the year ended 31st March 2017

## 33. DISCONTINUING OPERATIONS

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

The total assets and liabilities of Gateway as at March 31, 2017 aggregated ₹ 30.27 lacs (Previous year ₹ 30.42 lacs) and ₹ 4,532.38 lacs (Previous year ₹ 4,532.02 lacs) respectively.

### Statement showing the revenue and expenses of discontinuing operations:

(All amounts in ₹ Lacs)		
Particulars	31 March 2017	31 March 2016
<b>REVENUE</b>		
Other Income	0.33	0.32
<b>Total Revenue</b>	<b>0.33</b>	<b>0.32</b>
Operating Expenses	0.86	1.04
<b>Loss before tax from discontinued operations</b>	<b>(0.53)</b>	<b>(0.72)</b>
Income tax	-	-
<b>Loss after tax from discontinued operations (attributable to owners of the Company)</b>	<b>(0.53)</b>	<b>(0.72)</b>

Cash flows from discontinued operations	31 March 2017	31 March 2016
Net cash outflows from operating activities	(0.20)	(0.22)
Net cash inflows from investing activities	-	-
Net cash inflows from financing activities	-	-
<b>Net cash outflows</b>	<b>(0.20)</b>	<b>(0.22)</b>

# Notes

## to Consolidated Financial Statements for the year ended 31st March 2017

### 34. SUBSIDIARIES AND JOINT VENTURES.

- a) **The subsidiaries (which along with 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	Proportion of ownership interest and voting power held by the Group		
			31 March 2017	31 March 2016	1 April 2015
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%	51.04%	51.00%
Crossword Book Stores Limited	Retailing in books and other allied items through departmental stores operated by self or by franchisees	India	100%	100%	100%
Upasna Trading Limited	Supervising distribution and logistics operations	India	100%	100%	100%
Shopper's Stop Services (India) Limited	Services	India	100%	100%	100%
Shopper's Stop. Com (India) Limited	Services	India	100%	100%	100%
Gateway Multichannel Retail (India) Limited	Catalogue retailing	India	100%	100%	100%

- b) **Investment in Joint Ventures**

The Group'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 recognize the Group'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 ventures 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	Proportion of ownership interest and voting rights held by the group		
			31 March 2017	31 March 2016	1 April 2015
Nuance Group (India) Private Limited	Airport Retailing	India	50%	50%	50%
Timezone Entertainment Private Limited	Entertainment	India	48.42%	48.42%	48.42%

# Notes

to Consolidated Financial Statements  
for the year ended 31st March 2017

- (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-AS s adjusted by the group equity accounting purposes

Particulars	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	Nuance Group (India) Private Limited	Timezone Entertainment Private Limited	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	5,421.71	4,695.11	3,411.08	4,899.34
Current Assets	3,698.24	537.98	5,568.26	290.64	4,798.70	396.31
Non-current Liabilities	2,000.00	806.08	2,666.67	848.47	-	1,045.29
Current Liabilities	3,524.87	2,079.24	3,909.11	1,523.11	4,483.44	1,450.38
<b>The above amounts of assets and liabilities include the following:</b>						
Cash and cash equivalents	152.93	101.09	244.85	131.16	250.97	206.19
Current financial liabilities (excluding trade payables and provisions)	1,743.15	1,724.39	2,420.51	1,192.37	1,151.51	1,163.66
Non-current financial liabilities (excluding trade payables and provisions)	2,000.00	512.60	2,666.67	587.90	-	871.29
<b>Reconciliation of summarised financial information to the carrying amount of interest in joint ventures</b>						
Net Assets of joint ventures	3,725.43	2,030.20	4,414.19	2,614.18	3,726.34	2,799.97
Proportion of Group's ownership interest in the joint ventures	50.00%	48.42%	50.00%	48.42%	50.00%	48.42%
Goodwill	-	421.18	-	421.18	-	421.18
Other adjustments (please specify)						
Less : Impairment in value	1,282.71	-	-	-	-	-
<b>Carrying amount of the Group's interest in the joint ventures</b>	<b>580.00</b>	<b>1,404.20</b>	<b>2,207.09</b>	<b>1,686.97</b>	<b>1,863.17</b>	<b>1,776.93</b>

Particulars	Year ended 31 March 2017		Year ended 31 March 2016	
	Nuance Group (India) Private Limited	Timezone Entertainment Private Limited	Nuance Group (India) Private Limited	Timezone Entertainment Private Limited
Revenue	15,776.00	5,931.51	13,149.68	5,907.14
Profit / (loss) from continuing operations	(682.97)	(580.11)	687.86	(168.43)
Profit / (loss) for the year	(682.97)	(580.11)	687.86	(168.43)
Other comprehensive income for the year	(5.80)	(2.81)	(4.13)	(13.94)
Total comprehensive income for the year	(688.77)	(582.92)	683.73	(182.37)
Dividends received from the joint venture during the year	-	-	-	-
<b>The above profit / (loss) for the year include the following:</b>				
Depreciation and amortisation	389.27	1,018.67	366.10	1,039.63
Interest income	304.56	49.83	181.22	0.49
Interest expense	370.60	125.59	310.48	130.52
Income tax expense / (income)	-	6.28	-	-

# Notes

to Consolidated Financial Statements  
for the year ended 31st March 2017

## 35 DISCLOSURE ON NON-CONTROLLING INTERESTS

### 35.1. Non-controlling Interests

(All amounts ₹ In Lacs)

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Balance at the beginning of the year	(122.21)	2,068.51
Share of profit/(loss) for the year	(4,145.52)	(4,283.97)
Contribution during the year	4,788.79	2,093.25
Balance at the end of the year	521.06	(122.21)

### 35.2 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	Proportion of ownership interests and voting rights held by non-controlling interests			Profit/(Loss) allocated to controlling interests		Accumulated non-controlling interests		
		31 March 2017	31 March 2016	1 April 2015	31 March 2017	31 March 2016	31 March 2017	31 March 2016	1 April 2015
Hypercity Retail (India) Limited	India	51.08%	51.04%	51.00%	48.92%	48.96%	521.06	(122.21)	2,068.51
<b>Total</b>					<b>48.92%</b>	<b>48.96%</b>	<b>521.06</b>	<b>(122.21)</b>	<b>2,068.51</b>

- 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 2017	As at 31 March 2016
Non-current assets	33,158.09	27,768.56
Current assest	22,673.32	21,019.28
Non-current liabilities	25,034.62	27,647.10
Current liabilities	29,652.13	21,327.01
Equity attributable to owners of the company	623.60	(64.06)
Non-controlling interests	521.06	(122.21)

# Notes

## to Consolidated Financial Statements for the year ended 31st March 2017

c.

Particulars	Year ended 31 March 2017	Year ended 31 March 2016
Revenue	116,744.27	97,191.20
Expenses	125,143.49	105,905.60
<b>Profit/(Loss) for the year</b>	<b>(8,399.22)</b>	<b>(8,714.40)</b>
Profit/(Loss) attributable to owners of the company	(4,290.10)	(4,444.14)
Profit/(Loss) attributable to non-controlling interests	(4,109.12)	(4,270.26)
<b>Profit/(Loss) for the year</b>	<b>(8,399.22)</b>	<b>(8,714.40)</b>
Other comprehensive income attributable to owners of the company	(38.00)	(14.29)
Other comprehensive income attributable to non-controlling interests	(36.40)	(13.71)
<b>Other comprehensive income for the period</b>	<b>(74.40)</b>	<b>(28.00)</b>
Total comprehensive income attributable to owners of the company	(4,328.10)	(4,458.43)
Total comprehensive income attributable to non-controlling interests	(4,145.52)	(4,283.97)
<b>Total comprehensive income for the year</b>	<b>(8,473.62)</b>	<b>(8,742.40)</b>
Net cash inflow/(outflow) from operating activities	(1,282.81)	(505.98)
Net cash inflow/(outflow) from investing activities	(2,067.93)	(1,252.10)
Net cash inflow/(outflow) from financing activities	3,290.31	1,441.66
<b>Net cash inflow/(outflow)</b>	<b>(60.43)</b>	<b>(316.42)</b>

## 36. SHARE-BASED PAYMENTS

### 36.1 Employee share option plan of the Company

The Group has a share option scheme for certain employees of the Group 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 (for Hypercity employees, the same is three years) may be granted options to purchase equity shares. Each share option converts into one equity share of the Group 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 at any time from the date of vesting to the date of their expiry. 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:

Options 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



# Notes

## to Consolidated Financial Statements for the year ended 31st March 2017

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.2016-17.

### 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 2017		31 March 2016	
Outstanding at the beginning of the year	340,975	339.62	504,637	319.40
Granted during the year	-	-	3,275	404.00
Lapsed/Cancelled during the year	98,298	-	61,551	-
Exercised during the year	31,553	299.35	105,386*	236.87
Outstanding at the end of the year	<b>211,124</b>	<b>353.61</b>	<b>340,975</b>	<b>339.62</b>

Of the above outstanding share options, 1,69,757 (2016 : 1,90,450) 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 1.4.2015	Exercised in 2015-16	Exercised till 31.3.2016	Outstanding 31.3.2016	Exercised in 2016-17	Outstanding 31.3.2017
2009-10 (29.04.2009)	958,740	936,740	22,000	958,740	-	-	-
2009-10 (24.03.2010)	358,200	330,000	28,200	358,200	-	-	-
2011-12 (29.04.2011)	124,100	102,242	21,858	124,100	-	-	-
2012-13 (09.06.2012)	101,807	58,386	13,443	71,829	29,978	29,978	-
2013-14 (28.08.2013)	134,671	17,663	9,391	27,054	107,617	1,575	106,042
2014-15 (29.04.2014)	112,301	-	10,494	10,494	101,807	-	101,807
2015-16 (31.07.2015)	3,275	-	-	-	3,275	-	3,275
				<b>105,386*</b>	<b>242,677</b>	<b>31,553</b>	<b>211,124</b>

\*includes 11,245 share options against which equity shares were issued and allotted by the company in F. Y. 2016-17

### 36.4 Share options exercised 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 June 9,2012	5,381	07-Apr-16	360
	1,110	05-May-16	389
	500	11-May-16	366
	13,751	16-May-16	354
	3,890	31-May-16	356
	5,346	01-Jun-16	351
Granted on August 28,2013	1,575	01-Jun-16	351

11,245 options exercised in the previous year against which equity shares have been issued in the current year (Refer Note 12)

# Notes

to Consolidated Financial Statements  
for the year ended 31st March 2017

## 36.5 New Schemes Launched

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

	2016-17	2015-16
Date of grant	-	31.07.2015
Number of option granted	-	3,275
Contractual life	-	4 years
Vesting Schedule (from the date of grant)		
First Year	-	30%
Second Year	-	30%
Third Year	-	40%
Method of settlement	-	Equity
Estimated Fair Values(Arrived at by applying Binomial Option Pricing Model)	-	124.35
Model inputs (share price at the grant date) ₹	-	404
Exercise Price ₹	-	404
Expected Volatility	-	32.07%
Risk free rate of return	-	7.71%

**36.6** The weighted average contractual life of the options outstanding is 3.76 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 with in 70% to 80% of the exposure generated. 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 2017.

Particulars	31 March 2017				31 March 2016				31 March 2015	
	1	1	3	1	4	8	2	2	9	
Number of Contracts										
Type	Buy	Buy	Buy	Buy	Buy	Buy	Buy	Buy	Buy	
Foreign currency (in lacs)	0.04 AED	0.37 GBP	3.33 USD	0.82 EURO	1.61 GBP	6.17 USD	0.32 AED	3.02 GBP	2.82 USD	
INR Equivalent (in lacs)	0.64	29.81	217.10	57.04	154.73	119.44	0.27	281.28	178.34	

(All amounts in ₹ Lacs)

# Notes

## to Consolidated Financial Statements for the year ended 31st March 2017

- 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.

Periodically, the Group monitors capital on the basis of consolidated total debt to consolidated total equity, summarised below.

Particulars	(All amounts ₹ In Lacs)	
	As at 31 March 2017	As at 31 March 2016
Long term borrowings (including current maturities)	63,110.26	64,814.00
Short term borrowings	25,400.31	18,088.66
<b>Total debt</b>	<b>88,510.57</b>	<b>82,902.66</b>
Equity share capital	4,175.24	4,173.10
Other equity (including Non-Controlling Interests, less goodwill on consolidation)	34,504.15	37,450.51
<b>Total Equity</b>	<b>38,679.39</b>	<b>41,623.61</b>
<b>Debt to Total Equity Ratio</b>	<b>2.29</b>	<b>1.99</b>

The Group's objective is to keep the debt to total equity ratio of the holding company on consolidated basis upto 2.5.

#### 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

# Notes

## to Consolidated Financial Statements for the year ended 31st March 2017

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 Rs. 297 lacs (2016: Rs. 275 lacs).

**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.

# Notes

to Consolidated Financial Statements  
for the year ended 31st March 2017

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.

(All amounts ₹ In Lacs)

	Less than 1 year	Between 1 and 5 years	Carrying amounts
<b>At 31 March 2016</b>			
Borrowings (long term and short term)	37,095.17	45,807.49	82,902.66
Interest payable	372.32		372.32
Trade payables and other accruals	49,439.49		49,439.49
<b>At 31 March 2017</b>			
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

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.

The Group has access to following financing facilities which were undrawn as at the end of reporting periods mentioned.

(All amounts ₹ In Lacs)

Undrawn financing facility	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Secured Working Capital Facilities</b>			
Amount Used	18,520.58	12,859.89	19,753.01
Amount Unused	14,679.42	17,340.11	12,046.99
<b>Total</b>	<b>33,200.00</b>	<b>30,200.00</b>	<b>31,800.00</b>
<b>Unsecured Working Capital Facilities</b>			
Amount Used	5,854.25	3,980.54	2,494.07
Amount Unused	5,645.75	3,519.46	4,005.93
<b>Total</b>	<b>11,500.00</b>	<b>7,500.00</b>	<b>6,500.00</b>

# Notes

to Consolidated Financial Statements  
for the year ended 31st March 2017

## C. Fair Value Measurements

### (i) Financial assets and liabilities that are measured at amortised cost:

(All amounts ₹ In Lacs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Financial Assets (amortised cost):</b>			
Trade receivables	16,683.25	11,579.57	13,654.83
Cash & Cash equivalents	547.83	724.73	1,319.76
Other bank balances	213.09	310.95	414.40
Other financial assets	20,363.58	20,973.92	22,320.00
- Premises and other deposits	16,319.67	14,222.82	14,813.21
- Others	4,043.91	6,751.10	7,506.79
<b>Financial Liabilities (amortised cost):</b>			
Borrowings - long term	37,095.64	45,807.49	35,701.55
Borrowings - short term	25,400.31	18,088.66	28,691.16
Trade payables	49,080.56	49,439.49	45,033.88
Other financial liabilities	30,775.98	24,051.52	14,911.48

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:

(All amounts ₹ In Lacs)

Financial assets / Financial liabilities	Fair value as at			Fair value hierarchy
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	
	Assets Rs. 4.41lacs Liabilities Rs. 0.26 lacs	Assets Rs. 5.17lacs Liabilities Rs. 2.28 lacs	Assets Rs. 7.84lacs Liabilities Rs. 2.32 lacs	Level 2
Forward foreign currency contracts				

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 Consolidated Financial Statements  
for the year ended 31st March 2017

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 2017

(All amounts in ₹ Lacs, unless otherwise stated)

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.)
<b>Holding Company</b>								
Shoppers Stop Limited	72%	34,551.32	3%	(228.25)	27%	(13.58)	3%	(241.83)
<b>Subsidiaries (Indian)</b>								
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)
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)
<b>Joint Ventures (as per Equity method)</b>								
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)



# Notes

to Consolidated Financial Statements  
for the year ended 31st March 2017

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

(All amounts in ₹ Lacs, unless otherwise stated)

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.)
<b>Holding Company</b>								
Shoppers Stop Limited	58%	29,677.13	-73%	2,927.40	84%	(74.35)	-69%	2,853.05
<b>Subsidiaries (Indian)</b>								
HyperCity Retail (India) Limited	32%	16,340.15	69%	(2,763.83)	0%	-	67%	(2,763.83)
Crossword Book Stores Limited	3%	1,460.57	4%	(173.87)	0%	-	4%	(173.87)
Upasna Trading Limited	0%	(90.99)	0%	(0.43)	0%	-	0%	(0.43)
Shopper's Stop Services (India) Limited	0%	7.89	0%	(0.91)	0%	-	0%	(0.91)
Shopper's Stop.Com (India) Limited	0%	2.77	0%	(0.28)	0%	-	0%	(0.28)
Gateway Multichannel Retail (India) Limited	0%	28.84	0%	(0.72)	0%	-	0%	(0.72)
Minority Interests in all subsidiaries	0%	122.21	106%	(4,270.26)	16%	(13.71)	104%	(4,283.97)
<b>Joint Ventures (as per Equity method)</b>								
Nuance Group (India) Private Limited	4%	2,207.09	-9%	343.93	0%	-	-8%	343.93
Timezone Entertainment Private Limited	3%	1,686.47	2%	(89.95)	0%	-	2%	(89.95)

# Notes

## to Consolidated Financial Statements for the year ended 31st March 2017

### 40 (i) Reconciliation of total equity

(All amounts in ₹ Lacs)

Particulars	Refer Notes Below	As at 31 March 2016 (end of last period presented under previous GAAP)	As at 01 April 2015 (Date of Transition)
Total equity as reported under previous GAAP		<b>52,695.35</b>	<b>55,453.32</b>
Ind AS Adjustments			
i) Award credits (customer loyalty programme) remeasured at fair value	2	(1,199.49)	(1,011.29)
ii) Refundable deposit considered in measurement of minimum lease payments	3	(1,331.99)	-
iii) Interest (time value) recognized on interest free lease deposit	3	1,090.87	-
iv) Share based payments cost measured at fair value	4	5.02	-
v) Reversal of Proposed dividend (including dividend distribution tax)	6	-	752.54
vi) Financing component of property options revenue	7	(429.39)	(1,066.15)
vii) Others		29.07	66.65
viii) Tax impact on Ind-AS adjustments		528.72	377.20
<b>Total equity as reported under Ind AS</b>		<b>51,388.16</b>	<b>54,572.27</b>

### (ii) Reconciliation of total comprehensive income as previously reported under Indian GAAP to IND AS

Particulars	Refer Note Below	Year ended 31 March 2016	
		₹ in Lacs	₹ in Lacs
<b>Net loss as per previous GAAP</b>			(4,347.39)
Ind AS Adjustments			
i) Award credits (customer loyalty programme) remeasured at fair value	2	(188.21)	
ii) Refundable deposit considered in measurement of minimum lease payments	3	(1,331.99)	
iii) Interest (time value) recognized on interest free lease deposit	3	1,090.87	
iv) Share based payment cost measured at fair value	4	(114.97)	
v) Remeasurement of employee defined benefit obligations reclassified to other comprehensive income	5	117.86	
vi) Financing component of property options revenue	7	636.76	
vii) Others		(13.60)	
viii) Tax impacts on above		121.74	
Total Ind-AS adjustment to profit or loss			318.46
<b>Loss under Ind AS</b>			<b>(4,028.93)</b>
Other comprehensive loss	5		(88.06)
<b>Total comprehensive loss under Ind AS</b>			<b>(4,116.99)</b>

# Notes

## to Consolidated Financial Statements for the year ended 31st March 2017

### iii) Effect of Ind AS adoption on the statement of cashflow for the year ended 31 March, 2016

PARTICULARS	Year ended 31 March 2016 (Latest period presented under previous GAAP)		
	Previous GAAP	Effect of transition to Ind AS	Ind AS
Net cash flows from operating activities	14,243.77	1,292.57	15,536.34
Net cash flows from investing activities	(17,633.81)	452.32	(17,181.49)
Net cash flows from financing activities	2,755.63	(1,705.51)	1,050.12
Net increase (decrease) in cash and cash equivalents	(634.41)	39.38	(595.03)
Cash and cash equivalents at the beginning of the period	1,545.09	(225.33)	1,319.76
Cash and cash equivalents at the end of the period	910.68	(185.95)	724.73

Refer Note  
8 below

### Notes

- 1 Under the previous GAAP, there was no separate record in the financial statements for 'Other Comprehensive Income'. Under Ind AS, specified items of income, expense, gains and losses are presented under Other Comprehensive Income.
- 2 Under the previous GAAP, point award schemes were measured from the standpoint of the grantor, (the Group). On transition to Ind AS, point award schemes are measured at fair value from standpoint of the holder. Consequently, the Group has recognised deferred revenue with corresponding adjustment to total equity and / or profit or loss, as applicable.
- 3 Under the previous GAAP, interest free lease deposits were recorded at their transaction value. On transition to Ind AS, these lease deposits are remeasured at amortised cost using the effective interest rate method. The difference between the transaction value of the deposit and amortised cost is regarded as prepaid rent and recognised as expenses uniformly over the lease period. Interest income, measured by the effective interest rate method is accrued. The effect of these is reflected in total equity and / or profit or loss, as applicable.
- 4 Under the previous GAAP, equity settled employee share-based payments were recognised using the intrinsic value method. Under Ind AS, the cost of equity settled employee share-based payments is recognised based on the fair value of the options as on the grant date. The effect of these is reflected in total equity and/ or profit or loss as applicable.
- 5 Under the previous GAAP, actuarial gains and losses on employee defined benefit obligations were recognised in profit or loss. Under Ind AS, the actuarial gains and losses on re-measurement of net defined benefit obligations are recognised in other comprehensive income. This resulted in a reclassification between profit or loss and other comprehensive income.
- 6 Under the previous GAAP, proposed dividends were recognised as a provision in the financial statements, even if declared after the balance sheet date. Under Ind AS, dividends are recognised when declared. This results in a timing difference and has been reflected in total equity of the relevant financial years.
- 7 Under the previous GAAP, total consideration receivable on sale of property option inventory was recognised as revenue. Under Ind AS, where the transaction contains a significant financing component, total consideration receivable is allocated to such financing components and recognised in profit and loss over the credit period. The effect of these is reflected in total equity and / or profit and loss, as applicable.

# Notes

to Consolidated Financial Statements  
for the year ended 31st March 2017

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- 8 Under the previous GAAP, the Group had proportionately consolidated its interest in joint ventures namely, Nuance Group (India) Private Limited and Timezone Entertainment Private Limited in which it has joint control. On transition to Ind AS, the Group has accounted for its interest in the joint ventures using the 'equity method' set out in Ind AS 111 on Joint Arrangements. This has resulted in derecognition of the carrying amounts of assets and liabilities previously consolidated line by line and recognition of their net aggregate amounts so derecognised as initial investment on date of transition. The initial investment is increased or reduced by the Group's share of profits or losses after the transition date. The effect of this is reflected in total equity, profit or loss and cash flows.

**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 2016-17 :**

Name of Directors	Designation	Ratio of Remuneration of each Director to median remuneration	Remuneration (Rs.)
Mr. Chandru L. Raheja	Chairman	0.94:1	200,000
Mr. Ravi C. Raheja	Non-executive Director	1.69:1	360,000
Mr. Neel C. Raheja	Non-executive Director	0.94:1	200,000
Prof. Nitin Sanghavi	Non-executive and Independent Director	3.11:1	660,000
Mr. Deepak Ghaisas	Non-executive and Independent Director	4.71:1	1,000,000
Mr. Nirvik Singh	Non-executive and Independent Director	2.12:1	450,000
Ms. Abanti Sankaranarayanan	Non-executive and Independent Director	2.12:1	450,000
Mr. Manish Chokhani	Non-executive and Independent Director	2.87:1	610,000
Mr. Gareth Thomas	Non-executive and Independent Director	2.12:1	450,000
Mr. B. S. Nagesh	Non-executive Director	2.35:1	500,000
Mr. Govind Shrikhande	Managing Director	219.98:1	46,716,470

**Note:** 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 Rs. 212,366 for the financial year 2016-17.

**2 The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary in the financial year 2016-17 as compared to financial year 2015-16:**

Name of Directors and KMPs	Designation	% increase / decrease in Remuneration
Mr. Chandru L. Raheja	Chairman	No Change
Mr. Ravi C. Raheja	Non-executive Director	56.52%
Mr. Neel C. Raheja	Non-executive Director	No Change
Prof. Nitin Sanghavi	Non-executive and Independent Director	No Change
Mr. Deepak Ghaisas	Non-executive and Independent Director	8.69%
Mr. Nirvik Singh	Non-executive and Independent Director	No Change
Ms. Abanti Sankaranarayanan	Non-executive and Independent Director	-10.00%
Mr. Manish Chokhani	Non-executive and Independent Director	-7.57%
Mr. Gareth Thomas	Non-executive and Independent Director	-10.00%
Mr. B. S. Nagesh	Non-executive Director	No Change
Mr. Govind Shrikhande	Managing Director	5.00%
Mr. Salil Nair	Chief Executive Officer	5.00%
Mr. Sanjay Chakravarti	Chief Financial Officer	5.00%
Mr. Prashant Mehta	Company Secretary (Upto July 31, 2016)	N.A.
Mr. Bharat Sanghavi	Company Secretary (w.e.f. August 1, 2016)	N.A.

**Note:** 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. Prashant Mehta retired as the Company Secretary of the Company w.e.f. July 31, 2016. The Board has appointed Mr. Bharat Sanghavi as a Company Secretary of the Company w.e.f. August 1, 2016. Hence percentage increase can not be computed in this regard.

**3 The percentage increase in the median remuneration of employees in the financial year 2016-17 :**

The percentage increase in the median remuneration of all employees in the financial year was 8.50%.

**4 The number of permanent employees on the rolls of company as on March 31, 2017 :**

The number of permanent employees on the rolls of Company as on March 31, 2017 were 7,236 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 8.50 %. 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, 2017.**

Sr. No.	Name & Qualification of Employees	Age (Years)	Designation	Date of Commencement of Employment	Gross Remuneration (Rs.)	Experience (Years)	Last Employment held and designation therein
1	Mr. Govind Shrikhande B.Tech, MBA	56	Customer Care Associate & Managing Director	03-04-01	46,716,470	33	Bombay Dyeing & Manufacturing Co. Ltd. Vice President - Retail Division
2	Mr. Salil Nair B.Sc, M.Sc	52	Customer Care Associate & Chief Executive Officer	01-12-97	26,742,768	29	Ivory Property & Hotel Pvt. Ltd. Senior Manager - Operations
3	Mr. Gopal Asthana B.E, CFA	45	Customer Care Associate & Head - B & M	28-01-98	11,076,684	20	H R Johnson Ltd. - Project Engineer
4	Mr. Sanjay Chakravarti B.Com, C.A	47	Customer Care Associate & Chief Financial Officer	17-10-05	10,472,377	24	Trinity Computer Processing India Pvt. Ltd. Sr. Manager - US Accounting
5	Ms. Shilpa Gulatee B.A, Fashion Designing	47	Customer Care Associate & Head- Private Brand	31-08-15	8,891,879	22	Jabong.com (Jade E Services Pvt. Ltd.) VP - Private Brands
6	Mr. BVM Rao B.Com, MSW	55	Customer Care Associate & Head - Human Resources	08-05-08	8,808,133	27	Food Express Stores Vice President - Hypermarket & Ops
7	Mr. Devadas C B.Com	53	Customer Care Associate & Head-Distribution & Logistics	01-12-97	7,762,796	30	Ivory Property & Hotel Pvt. Ltd. Assistant Manager - Distribution
8	Mr. Sachin Oswal B.E (Electronics), M.S.E.E	37	Customer Care Associate & Head - Omni Channel Retail	08-01-15	6,799,982	15	Infibeam.com (Infibeam Incorporation Ltd) Chief Operating Officer
9	Ms. Anuradha Bose PGDM - IIM, B.Sc	44	Customer Care Associate & Sr General Manager - Marketing & Communication	01-08-02	6,689,756	21	Sodexo Pass Services (I) Pvt Ltd Brand Manager
10	Mr. Satish Sharma B.Arch, MBA	48	Customer Care Associate & Head of Store Planning	21-03-07	6,466,247	24	ITC Limited Manager - Project

**Employed for part of the Financial Year with an average salary above Rs. 8.5 lac per month**

Sr. No.	Name & Qualification of Employees	Age (Years)	Designation	Date of Commencement of Employment	Gross Remuneration (Rs.)	Experience (Years)	Last Employment held and designation therein
1	Mr. C K Nair B.Com, PGDMM	56	Customer Care Associate & Chief Operating Officer - HomeStop	01-12-97	7,145,827	28	Ivory Property And Hotel Pvt. Ltd. - Department Manager
2	Mr. Manohar Kamath PGDM - Marketing	50	Customer Care Associate & Chief Operating Officer	15-09-08	8,623,024	27	Globus Stores Pvt Ltd. - Vice President - Operation
3	Mr. Amin Kassam B.Sc	61	Customer Care Associate & Chief of Retail Operations	04-01-17	2,950,826	39	Reliance Trends Ltd. - Chief Operating Officer

- The Gross remuneration includes Salary, bonus, various allowances, performance linked incentives, contribution to provident fund, taxable value of perquisites including ESOP and gratuity paid but excluding gratuity provision.
- None of the employees mentioned above are relative of any directors of the Company.
- 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.
- The nature of employment in all cases are contractual. The other terms and conditions are as per Companies Rules.





SHOPPERS STOP