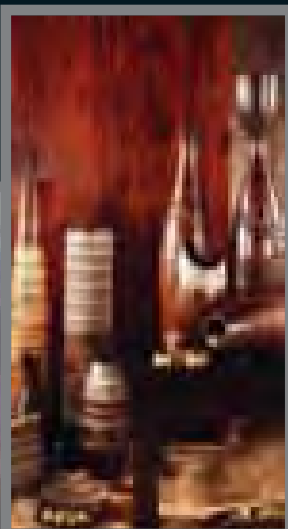


**THE
20
YEARS OF
START
SOMETHING
NEW**

SHOPPERS STOP

ANNUAL REPORT 2010-11



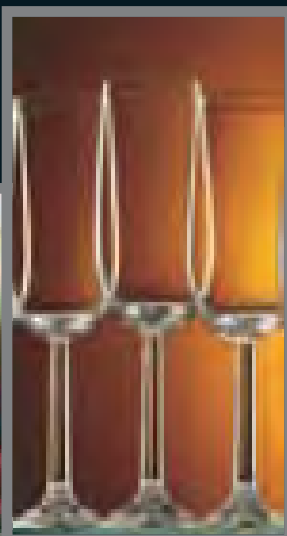


THE 20 YEARS OF START SOMETHING NEW

20 YEARS. 20 LAKHS LOYAL CUSTOMERS. And the journey goes on. Shoppers Stop has been pioneering the modern retail industry in India for 2 decades, always staying one step ahead. Thanks to the Company's diligence, expertise and credibility, Shoppers Stop has become the highest benchmark for the Indian modern retail industry, providing the ultimate in customer satisfaction across the country. It created a World Class shopping experience by taking the first step towards a new era of fashion and lifestyle.

It's been 20 years of constant evolution and limitless innovation.
It's been 20 years of upholding the philosophy to always **"Start Something New."**





THE 20 YEARS OF MAKING BREAKTHROUGHS

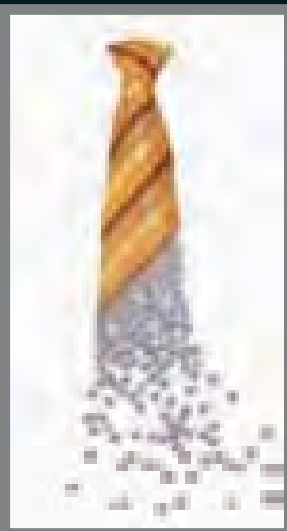
Shoppers Stop's journey to becoming a leader in the modern retail market has been dotted with successes.

Over the years, it has built up a sterling reputation with its dedication to stringent quality of products, superior customer care and unparalleled shopping experience.

- 1991** >> Began the modern retail revolution in India with the launch of Men's ready-to-wear store at Andheri (Mumbai).
- 1992** >> Offering expanded to include suiting, boyswear and ladies merchandise .
- 1993** >> Added Casuals, Kidswear, Jewellery, Fragrances, Cosmetics and Watches making Shoppers Stop India's first ever departmental store.
- 1994** >> Shoppers Stop launched an exclusive loyalty program titled "The First Citizen's Club" and "STOP" the first in-house label.
- 1995** >> First steps towards a pan-India presence. Shoppers Stop launched its second store in Bengaluru.



- 1996** » Shoppers Stop began its journey of exciting marketing promotions and in-store excitement with a first of its kind "Festival of Britain", celebrated in association with the commercial department of the British Consulate.
- 1997** » Shoppers Stop incorporated as a body corporate. Launched Parikrama, a festival to celebrate Indian tradition and culture.
- 1998** » Sole retailer to be awarded the Intercontinental Group of Department Stores (IGDS) membership. Instituted Customer Care Associate as the common designation for all employees.
- 1999** » Retail revolution took roots in North India with the launch of stores in Ansal Plaza (Delhi) and Jaipur.
- 2000** » India's popular chain of bookstores, Crossword, became a part of Shoppers Stop. Shoppers Stop launched in Chennai.
- 2001** » First Indian retailer to adopt Enterprise Resource Planning (ERP) in association with J.D. Armstrong to strengthen processes.
- 2003** » Fashion stepped into the East with the launch of a store in Kolkata.
- 2004** » Shoppers Stop was voted India's most favoured retail destination of the year by Images Retail Reward.

**2005** >>

HomeStop – Home needs specialist store launched in Bengaluru. Shoppers Stop IPO oversubscribed overall by 17.25 times. 'Crossword' became a wholly owned subsidiary of the Company. Brand positioning changed from "Feel the experience" to "Shopping. And beyond".

2006 >>

Mothercare launched in India by Shoppers Stop. Declared "Retailer of the year" at the Images Fashion Forum.

2007 >>

Created movie merchandising history with the unveiling of the Om Shanti Om collection. Celebrated the launch with Shahrukh Khan, Deepika Padukone and Arjun Rampal modelling the clothes at a fashion show. The Company acquired a 19% stake in Hypercity. Felicitated the Gold Shield Award by ICAI for 'Excellence in Financial Reporting for the Year 2006' in the Manufacturing & Trading Enterprise category.

2008 >>

Shoppers Stop was awarded the "Emerging market retailer of the Year" at the World Retail congress in April 2008. Mr. Nagesh has been inducted into the "World Retail Hall of Fame" at the World Retail Congress in Barcelona. Shoppers Stop repositioned and reinvented as a "bridge to luxury" brand with the unveiling of the new logo and tagline, "START SOMETHING NEW".

2009 >>

Pioneered mascot licensing through an exclusive tie-up for certain products with Vodafone for their popular brand mascot Zoozoo.

2010 >>

Operations expanded to 36 stores across 15 cities.

2011 >>

Recognised as the 'Most Respected Company in the Retail Sector' by Business World.



THE 20 BRAND REINVENTION YEARS OF

The evolution of the brand Shoppers Stop began when the baseline of the brand logo changed with ever-rising customer aspirations. From the 'Ultimate Shopping Experience' in 1992 and 'Feel the experience while you shop' in 1993, to 'Shopping. And beyond.' in 2005, the brand journey speaks about a paradigm shift from enjoying the international shopping experience to shopping for emotional fulfilments: for example, buying a diamond ring for your loved one to express your love or flaunting your status.

This changed to 'Start Something New' in 2008 as a part of the Brand's Makeover strategy, but still connecting to the current mindset of customers to constantly upgrade and experiment.

1991 – A beginning: Exclusively Male



1992 – Becoming a family stop



1993 – Grabbing attention

"They zapped me! Said I could win a Suzuki Shogun at Shoppers' Stop. Just for shopping between 10.30 am and 5.30 pm (those zany Happy Hours). Super! Shoppers Stop! I'm already raring to go."



Feel the experience. While you shop.
S.V. Road, Andheri (W), Bombay-58. Tel: 62-0051-54.

"I am shocked! I could win a Maruti 800 at Shoppers' Stop? Just for shopping between 10.30 am and 5.30 pm? Wow! Shoppers Stop! Your Happy Hours could make me really happy."



Feel the experience. While you shop.
S.V. Road, Andheri (W), Bombay-58. Tel: 62-0051-54.

1994 – Infusing excitement

"They made my kids scream. I did too. Imagine a huge, soft Mickey Mouse. The kids hugged him. They were all there. Goofy, Donald Duck Minnie. All the friends we'd grown up with. In fact the whole children's section at Shoppers' Stop was amazing. Clothes, outdoor toys, affordable, exciting cards worth a 2000 rupee. It's all at Shoppers' Stop. I'm already raring to go."



Feel the experience. While you shop.
S.V. Road, Andheri (W), Bombay-58. Tel: 62-0051-54. Open on Sundays and Public Holidays.

The corporate world refuses to be tied down.

With work. Since the Tycoon Tie Festival at Shoppers' Stop has begun. There are 15,000 ties to choose from. Paisleys, Butterfly prints, Stripes. And lots more. For the next 30 days. Tie down your neck. Tie down your mind. You won't want to untie.




THE TYCOON TIE FESTIVAL
Ties. 10 to Jan 15.
Sponsored by
Hugoboss
The Tycoon Tie Festival is a...
S.V. Road, Andheri (W), Bombay-58. Tel: 62-0051-54.

Sponsored by:
Hugoboss, Jockey, Levis, L'Oréal, Myntra, Pantaloons, Puma, Sangeeta, Shoppers' Stop, Titan, Usha, Wills, Zudio.

1996 – Bringing in an International Experience

SHOPPERS STOP

START SOMETHING NEW



1996

Something amiss

you had to see the world:

We introduced you to the west!!

1996

Something amiss

you had to see the world:

We introduced you to the west!!

1998 – Not forgetting our roots

The best place to look for exciting new clothes designs. The past.



A handful of clay, a wooden wheel, a little water. (In other words, you're invited to a guided tour of ancient India.)



2002 – Emotionally Bonding with the market



2002

we were the only reason


behind the only thing

on your mind:

SHOPPING!!




2003 – Outdoing customer expectations



Up to 50% off at Shoppers' Stop.
Come prepared.


At all Shoppers' Stop stores across India.
Valid till 31st December 2011.
Max. Rs. 10,000 per customer. Excludes taxes.
* Conditions apply.

EXCHANGE YOUR
OLD SALWAR KAMEEZ
AND GET Rs. 333 OFF*
ON A NEW ONE.



Feel the experience.
While you shop.

Visit Shoppers' Stop at : Raheja Point,
Magrath Road. Tel: 5548224, 5548227.



* Conditions apply

2004 – Presenting the Corporate Entity

To shopping in New York,
a feeling like shopping at home.

To 2,30,000 loyalties, a treatment like royalty.

To walk,
a reason to proceed.

To a solid promise,
a new style.

From the very first day, when you stepped into our store, you were able to
enjoy the same big benefits as our more than 2,30,000 friends
enjoyed. You have now very probably found the store that is as warm
and cozy as your own home. But perhaps you have
wondered why it is that it is so different. The answer is simple: we have
created a new style of shopping. A new style of shopping.

It is not a store, it is a place. It is a place where you can find everything you need.

To give an impression, we have shopping.

2005 – Evolving as a Brand to: Shopping. And beyond.

[illegible]

2007 – Being simply irresistible

SHOPPERS STOP

START SOMETHING NEW

**THE UP TO 50% OFF
IRRESISTIBLE SALE.**
EXPECT A RIOT.

LAST TWO DAYS

**SHOPPERS
STOP**

Shopping. And beyond.

Get discounts on menswear, womenswear, kids'wear, toys, bath and bed linen, homeware, footwear, health and accessories. Great offers also on cosmetics, perfumes, watches, sunglasses and jewelry. While's here, take the Day First (13 days) and enjoy an additional 5% discount on 1999-2009 clothing. We've got it all. Get 5% Cash Back on spend of Rs 2500 or more with your Citibank, Axis Bank or First Class Credit Card.

Up to 50% off. Available on NewStyle, Vintage Point, Megz's Road.

2008 – Thinking ahead and revamping ourselves with changing times

WEAR SHORT SLEEVES.
HITCHHIKE.
CONSERVE FUEL.

The all-new Shoppers Stop gives shopping a whole new meaning. With up to 50% off on menswear, womenswear, kids'wear, toys, bath and bed linen, homeware, footwear, health and accessories. Great offers also on cosmetics, perfumes, watches, sunglasses and jewelry. While's here, take the Day First (13 days) and enjoy an additional 5% discount on 1999-2009 clothing. We've got it all. Get 5% Cash Back on spend of Rs 2500 or more with your Citibank, Axis Bank or First Class Credit Card.

SHOPPERS STOP
START SOMETHING NEW

2010 – Riding current times

**MAKE
PUBLIC TRANSPORT
MORE
ATTRACTIVE**

SHOPPERS STOP
START SOMETHING NEW





THE 20 INNOVATIVE YEARS OF TEAMWORK

Because customers come first at Shoppers Stop, every employee is a Customer Care Associate, right from the Vice Chairman to the floor staff. Associates start each day with the anthem 'Had Se Aage' written by Gulzaar Sahab, sung by Sonu Nigam and composed by Ram Sampat.

To keep such highly-involved workforce engaged and motivated, Shoppers Stop has introduced many people initiatives.

Parichay – The Induction: This is an induction programme that comprises of classroom training, job training and also introduces the family of the associates to the organisation.

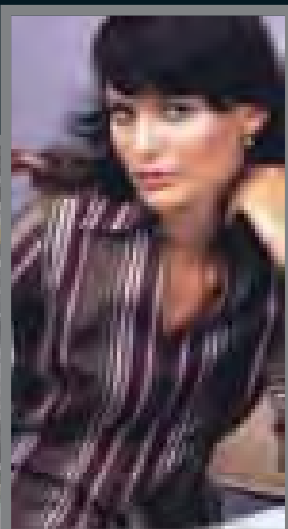
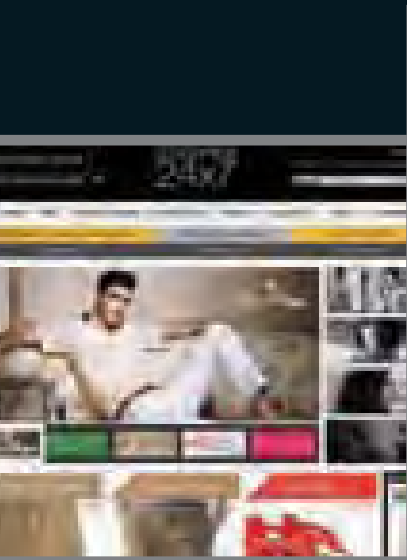
Learning and Development Centre – The Learning and Development Centre is responsible for supporting associates in their development needs as well as providing the organisation with people talent for various initiatives.

Jo Jeeta Wohi Sikandar – Recognises and lauds performances of associates who have gone beyond the call of their duty.

The Baby Kangaroo Programme – Recognising High Potential, this is the first program in the retail sector which offers a structured growth path to associates. The programme has won many accolades in the industry and one of them is the prestigious "DMA – Erehwon Award for Innovative HR Initiatives".

Measurement of Associate Satisfaction – We actively measure associates' satisfaction by conducting an annual online survey to determine the Associate Satisfaction Index (ASI). All associates participate, across levels, making this an important tool for continuous improvement.





THE 20 REACHING NEW BOUNDARIES YEARS OF

Shoppers Stop has been delighting customers by offering a complete shopping experience in many cities around the country. It is this much-appreciated and talked-about experience that is now being introduced to other, newer cities in India.

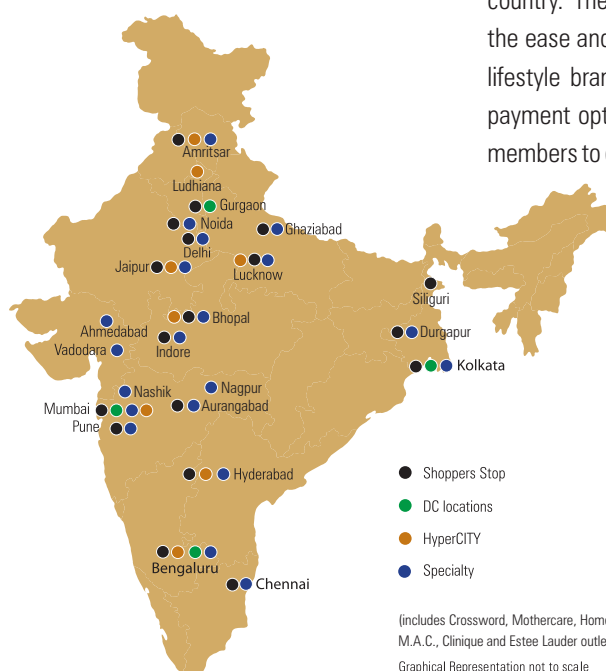
Customers are treated with a complete sensorial experience while shopping at Shoppers Stop stores. The soothing fragrance of the Beauty hall at the entrance mesmerises the customers as soon as they step in. The luxurious and uncluttered layout of the stores helps customer shop at ease while the peppy Shoppers Stop Radio brightens up their mood.

The liberty to try out products without the obligation of purchase – like make-up – adds to the overall shopping experience and the Café in each store ensures a refreshing break in-between shopping. Moreover, Fashion Assistants at each store help customers raise their fashion quotient by assisting them while making a purchase decision.

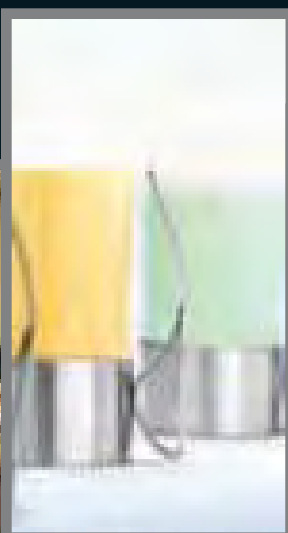
During the year, the Company extended this unparalleled shopping experience to newer cities and catchment by launching 6 Shoppers Stop stores.

During the year, Clinique added 7 stores, Estee Lauder added 1 store and M.A.C. added 5 stores, Crossword Bookstores added 10 stores/doors and HyperCity added 2 stores.

Shoppers Stop has reached out to customers across India, and also to NRIs, through its e-commerce website, www.shoppersstop.com, which delivers to more than 500 cities and towns across the country. The online shopping website offers the ease and convenience to shop for leading lifestyle brands, from anywhere with secure payment options and also allows First Citizen members to earn and redeem points online.







THE 20 YEARS OF

DIVERSIFYING OUR KNOWLEDGE

Shoppers Stop provides for the customers' every need, be it fashion and home needs or specialty retailing such as books, maternity and infant care and cosmetics. Products include both national and international brands that have one thing in common – their unquestionable quality.

Shoppers Stop

The Company's flagship business of department stores is manifest in Shoppers Stop. It offers customers an international shopping environment and a world class shopping experience through its 38 stores in 17 cities.

It houses a host of international and domestic brands across categories such as apparel, accessories, cosmetics, home & kitchenware and also its own exclusive brands. Some international premium brands retailed at Shoppers Stop are Austin Reed, MUSTANG, CK Jeans, French Connection, Tommy Hilfiger, Esprit, UCB, Chanel, Lancome, Guess, Mango, Jack & Jones and US Polo, to name a few.

HomeStop

HomeStop is the first-of-its-kind premium home concept store present in 3 cities at 4 locations. It offers a wide range of home products across categories along with some of the most reputed national and international brands.

It is a one-stop shop for all home needs ranging from home décor to furniture, bath accessories to bedroom furnishings, mattresses to draperies, and carpets to health equipment, all under one roof.

Crossword

Crossword is the leader in the lifestyle bookstore category with a unique product mix of books, magazines, CD-ROMs, music, stationery and toys. This is further enhanced with services like 'Dial-a-Book', and facilities like Gift Vouchers and 'Return, Exchange, & Refunds' policy. Currently, there are 69 Crossword stores/doors in operation.



HyperCITY

HyperCITY has redefined the experience of the Indian consumer in the 'big box mixed retail' format. Its offerings include food and grocery, general merchandise and apparel. The business operates a 'More to Discover' byline and delivers quality products at a great value. HyperCITY operates 9 stores, one each in Amritsar, Bhopal, Jaipur, Ludhiana, Navi Mumbai, Hyderabad, and Bengaluru and 2 in Mumbai.

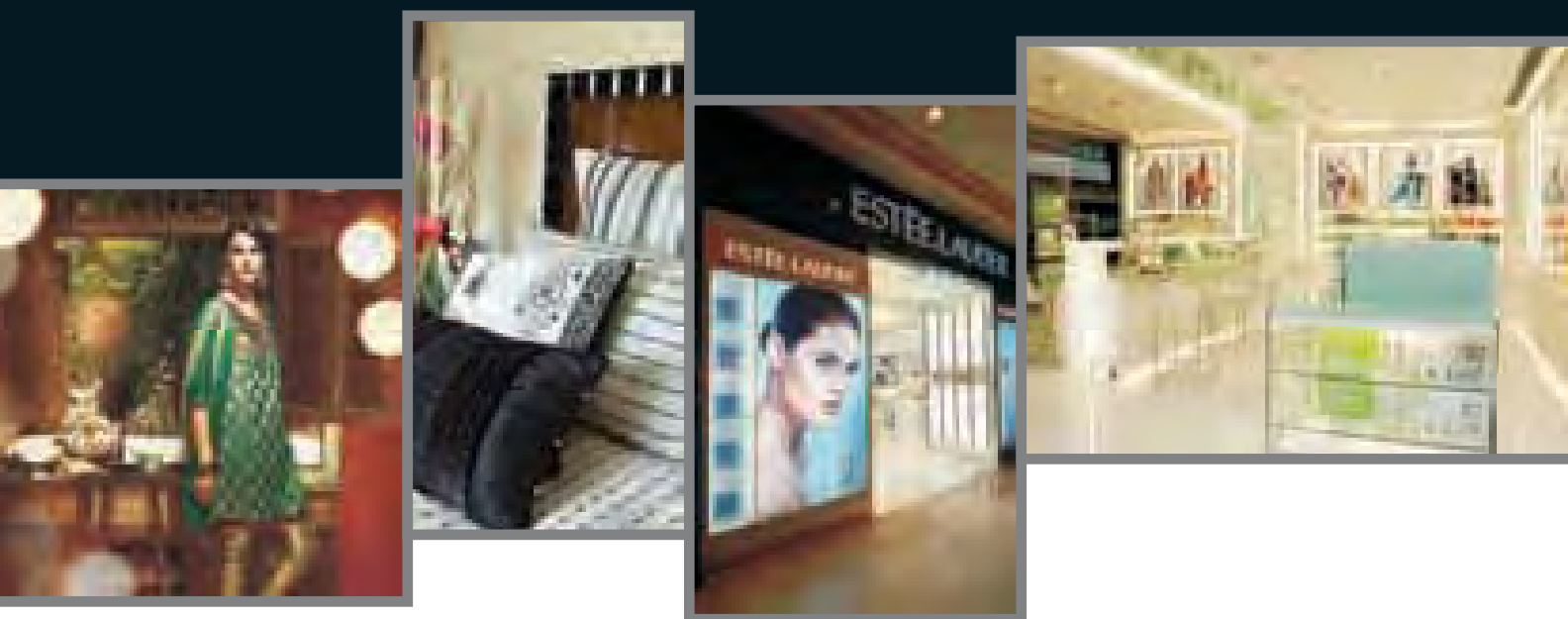
Mothercare & Early Learning Centre (ELC)

Shoppers Stop Ltd (SSL) has exclusive arrangements to open Mothercare and ELC shop-in-shops in India. Mothercare, UK's premium international brand for maternity, infant and childcare products, currently has 29 stores operated by SSL, including 7 standalone stores with a presence in 11 cities. Early Learning Centre (ELC), UK's number one educational toy brand for children aged 0-6 years is also available in select Shoppers Stop stores.

Estee Lauder Group of Companies

Shoppers Stop has entered into a non-exclusive retail agreement with world renowned cosmetics major Estee Lauder to open stores for international brands like M.A.C, Estee Lauder and Clinique in India.

As on March 31, 2011, Shoppers Stop has 17 M.A.C stores with a presence in Mumbai, Pune, Bengaluru, Amritsar, Hyderabad, Chennai, and Delhi. Estee Lauder has 4 stores, including 3 standalone stores, one each in Delhi, Bengaluru and Mumbai. Clinique has 10 stores, including two standalone stores.



Timezone

Shoppers Stop believes that Indian consumers are looking for multiple options to entertain themselves and their families. It has forayed into the entertainment sector with a stake of 46.89% in Timezone Entertainment Private Limited, which is the business of operating Family Entertainment Centres (FECs). It currently has 12 doors in leading metros.

Airport Retailing

The Company currently has 1 store each in Bengaluru and Hyderabad duty paid and 1 duty free at Bengaluru.







THE 20 REWARDING YEARS OF OUR CUSTOMERS

Shoppers Stop's strength is its customer loyalty. It strives to make the shopping experience as valuable as possible, so that customers keep returning for more. Shoppers Stop takes the shopping experience to the next level, by making it personalised for its loyal customers.





First Citizen Programme

Shoppers Stop believes that the customer takes priority over all else, which is why this programme has more than 2 million satisfied members who contribute up to 73% to our sales.

The First Citizen loyalty programme is the most successful relationship and loyalty programme in the retail industry in India and today. The base of the First Citizen Members continues to grow. Their trust in the brand has inspired it to continue to excel in service, quality and offerings.

The objective of the First Citizen Programme is to ensure customer delight and enhance customer satisfaction. Shoppers Stop truly values the feedback it receives from its customers. To truly know customers, Shoppers Stop analyses the proprietary First Citizen data on a continuous basis using 'Drishti', a data warehousing and data mining IT backbone.

Customer groups are analysed using the proprietary 'First Insight'. This helps to plan targeted offers, brands and communications.



First Citizen contribution to Sales

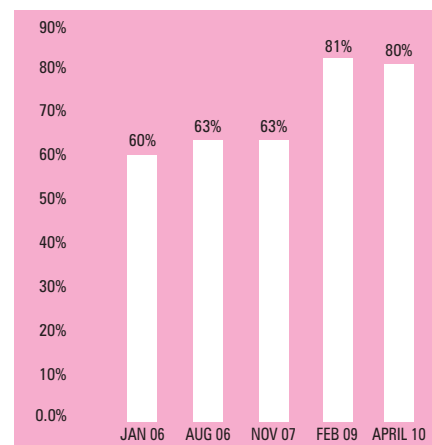


Crossword Book Rewards Programme

Loyal Crossword Bookstore customers are rewarded through the Crossword Book Rewards programme with points, discounts, promotional offers and more. 'eWords', a monthly e-newsletter with reviews of new books, news about in-store events and best seller lists, is mailed to these members. The Crossword Book Rewards loyalty programme has more than 2.77 lac members and has contributed to 40% of sales of Crossword Bookstores Ltd.

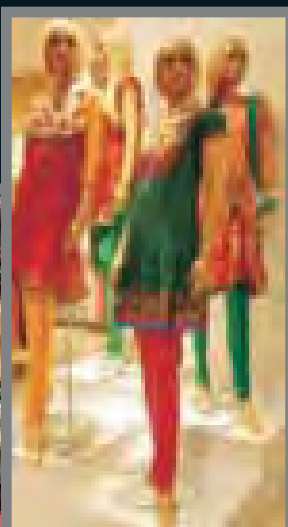
Discovery Club Programme

The HyperCity Discovery Club brings every customer great savings, exclusive promotions, special previews and a whole lot more. One can earn discovery reward points and redeem them against purchases. This loyalty programme reflects HyperCity's commitment to offer its customers the ultimate shopping experience. HyperCity's loyalty programme Discovery Club, launched in 2009, continues to grow and represent 44% of sales in Q4FY11. There are a total of 1.63 lacs members.



Customer Satisfaction Index Scores





THE 20 ORIGINAL YEARS OF CREATIONS

Attuned to the brand philosophy of 'Start Something New', Shoppers Stop observes fashion trends, and takes delight in offering unique quality merchandise that is trendy and aspirational. It takes pride in the fact that its customers find exactly what they need and are encouraged to explore more options.

Since its inception, Shoppers Stop has continued to introduce new brands and has stayed ahead through exclusive and non-exclusive tie-ups with various brands. The range of Indian and international brands have been carefully chosen to meet the needs of the modern shopper.

Extensive experience in the retail space has helped it anticipate the customers' shopping needs and introduce several quality international brands in India much before others. Shoppers Stop has set the benchmark for what modern retail can offer and aspires to take it to the next level.

S T O P
everywear

Smart, comfortable clothes that are a perfect mix of classic and contemporary styling.

Life

Trendy casual clothes and accessories based on global fashion trends.

kashish

Elegant and exquisite traditional occasion wear for ethnic chic.



V

Vettorio Fratini

Sophisticated formal and casual clothes for the power dresser.

haute curry

haute curry is a young and funky ethno-fusion brand for today's young fashion divas. Vivid Indian colours and motifs are fashionably captured in modern silhouettes and designs. The line comprises of stylish kurtis and trendy salwaar kameez and dupatta sets.

Shoppers Stop has named world famous sitar maestro and music composer Anoushka Shankar as the brand ambassador for haute curry. She is not only a youth icon but is also an apt example of ethnic diversity, be it through her music or personal style. She perfectly matches the brand values and positioning of haute curry and her personal style statement mirrors the modernised ethnicity of haute curry's designs and styles.

I JEANSWEAR

Fashion denim wear for the urban youth that epitomises individuality.

insense

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

Mahesh Legnati

Fashionable formals and smart casuals for stylish and flamboyant men.

ELLIZA DONATEIN

Fashionable corporate wear and accessories for women.



INTERNATIONAL BRANDS



Shoppers Stop enjoys an exclusive retail arrangement with the British fashion and lifestyle brand Austin Reed. Under this, the Austin Reed range of formal business wear and smart casual wear for men and women is exclusively available at Shoppers Stop stores.



This German brand has been brought to the Indian market through an exclusive retail arrangement, in the department store segment, with Shoppers Stop Ltd. The apparel exhibits significant international influence in style and finesse and it exudes urban chic with its authentic style and unmatched comfort.

As the first denim brand of Europe, MUSTANG is world renowned for its precise fits and washes.

The global appeal of the collection is underscored by its international silhouettes that perfectly tally with timeless yet trend-inspired colours and details. It allows the discerning fashion devotee the option of buying complete ensembles, over and above individual garments.





THE 20 YEARS OF GROUND-BREAKING INNOVATION

Innovation is the key to everything at Shoppers Stop. Carrying forward the brand philosophy of 'Start Something New', the past year saw clutter-breaking innovative campaigns that lent newness and topicality to pull customers and helped increase footfalls.

Brand Campaign

This year's campaign continues with the thought of "START SOMETHING NEW". The brand Shoppers Stop is aligned with social issues in the upcoming campaign – the core message is to showcase HIGH FASHION. The merchandise connect is extremely strong and creates an intense desire to buy merchandise in customers minds. The campaign will feature stylish people in simple day-to-day situations actually doing something new – so the "Start Something New" can actually translate into action.

Social Media Marketing

Innovative initiatives in the Social Media Marketing space have kept the brand connected with our customers from across the country. Various contests on this space have ensured that Shoppers Stop enjoys a large number of LIKES, more than 7 lacs on Facebook. Shoppers Stop is also active on other platforms such as Twitter, Foursquare and You Tube.

Film Merchandising: Break Ke Baad

Fashion in India is preceded and largely governed by Bollywood's style statement. In the past, Shoppers Stop met with much success for its exclusive apparel lines inspired by great films such as Om Shanti Om, Love Aaj Kal, and Karthik Calling Karthik etc. This year Shoppers Stop tied up with mega starrer film 'Break Ke Baad' and launched an exclusive apparel line under its popular youth brand Life. Deepika Padukone's feminine and chic style and Imran Khan's chocolate-boy charm was mirrored perfectly in the casual appeal of the collection.

End-of-Season Sale

Shoppers Stop launched its 'Delightfully Low Prices Upto 51% Off Sale' campaign with new eye-catching and clutter breaking imagery. The extensive outdoor campaign created the right visibility through a perfect selection of billboards. This was supported by advertising in leading publications across cities with Shoppers Stop stores.

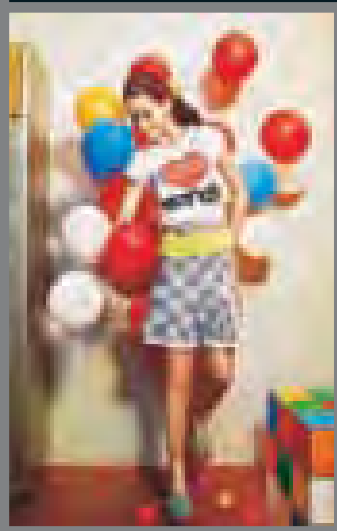
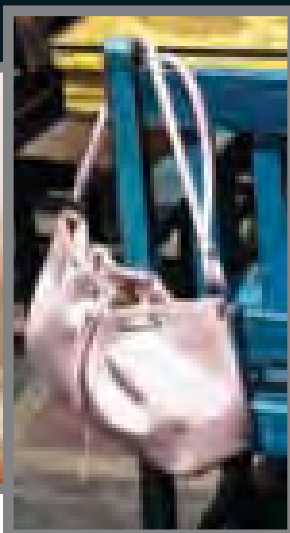
Choose Your Own Gift

Shoppers Stop presented the entire store to their First Citizen Members and empowered them to choose their own gift during their annual loyalty programme promotion. Instead of offering a pre-selected gift, Shoppers Stop offered its loyalty programme members with Bonus Reward Points on their purchases, which could be redeemed on any product of their choice.

Start Something New Today

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





THE 20 REINVENTING YEARS OF PROFITS

Shoppers Stop has always strived to keep its sales growth at a constant level. It is assured that the high standards of the products complement the high output level of profits.

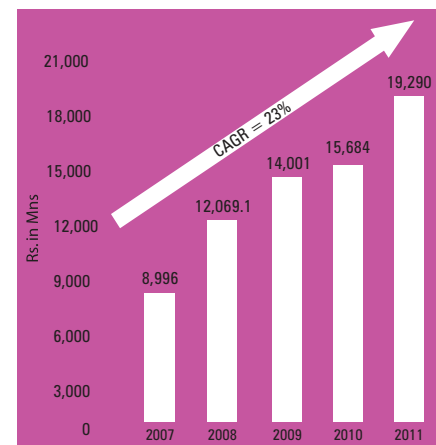
Shoppers Stop has taken giant steps towards achieving strategic growth. The focus on cost rationalisation, streamlining processes and ensuring customer satisfaction has given it an edge in the market. With equal emphasis on cautious planning, Shoppers Stop has consolidated its position as a leading retail innovator in India.

The Company has worked towards developing itself as an exemplary retail model with the combination of right positioning in the minds of its customers, cost rationalisation measures and exiting non-profitable businesses. In FY 2011, Shoppers Stop Ltd.

achieved a Gross Retail Turnover of ₹ 1929 crores, up by 23%, while the gross margin stood at ₹ 599 crores showing a growth of 21%.

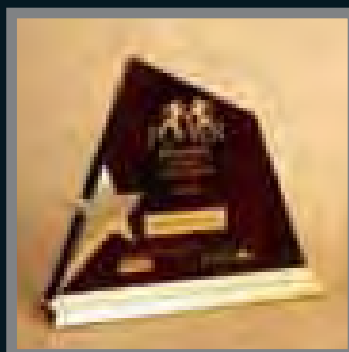
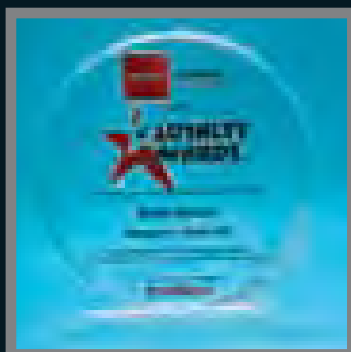
The Company has witnessed a strong and stable environment over the year with strong growth in like-to-like sales of 17% for the year.

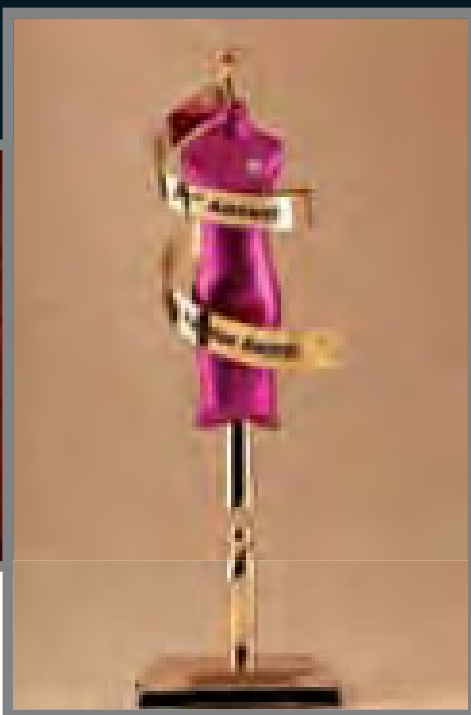
It is also expanding steadily in metros as well as tier II cities, which is witnessing the consumption boom and has given the Company access to a growing number of customers.



Gross Retail Turnover

AWARDS





THE 20 RAISING YEARS OF THE BAR

Over the years the Company's success in the retail field was monitored and awarded by the business world. It wasn't Lady Luck who smiled on the organisation and helped it achieve what it has, but the dedicated devotion of all the Associates, Customers and Stakeholders.

During the year 2010-11, Shoppers Stop was the proud recipient of many industry accolades.

It has been recognised as the **'Most Respected Company in the Retail Sector'** by Business World.

Shoppers Stop won the prestigious loyalty award for **'Customer & Brand Loyalty'** in the **'Retail Sector'** consecutively for two years (2010 & 2011) at the Loyalty Summit.

The Company also received the **"Most Admired Non-Store Fashion and Lifestyle**

Retailer of the Year" award at the Images Fashion Awards 2011 for its ecommerce website: www.shoppersstop.com

ET Retail Awards, backed by the Economic Times and Retailers Association of India (RAI), have awarded Shoppers Stop with the **'Marketing Idea of The Year'** award for the Zoozoo merchandise tie-up with Vodafone-Essar.

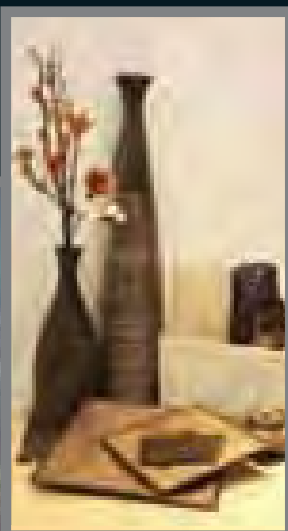
Shoppers Stop has been conferred with the **"Best Retail Marketing Campaign of the Year"** award and **'Customer Loyalty programme'** award at the 7th Reid & Taylor

Awards for Retail Excellence at Asia Retail Forum (Asia Retail Congress).

Shoppers Stop also received a **Merit Certificate in the category 'Department Store more than 20,000 sq.ft.'** at the VMRD Retail Design Awards 2011.

POWERBRANDS, a research driven book of India's most powerful brands recognised **Shoppers Stop as one of the most aspirational brands**, which has fortified its presence in the hearts and minds of the Indian consumers.





THE 20 PIONEERING SOCIAL YEARS OF RESPONSIBILITY

At Shoppers Stop, it is a moral duty to give back to society. Several social concerns are supported at all levels of the organisation. Associates are encouraged to keep in mind their Social Responsibility, and the Company uses measures and technology that positively effect the welfare of society. Customers are also motivated to look at the big picture and help out the less fortunate.

As a Responsible Corporate Citizen, Shoppers Stop has supported many social concerns. Over the years, Shoppers Stop has taken many Corporate Social Responsibility initiatives to voice various causes. Some initiatives of the Company's philanthropy include giving away green plants to customers at the launch of Bengaluru's first Shoppers Stop store. The first Shoppers Stop store in Kolkata being inaugurated by under-privileged children, and the Parikrama festival promoting rural artisans so that they could start to earn sustainable incomes. Some of the other initiatives taken in the past year are:

Energy Conservation

In 2007 we formulated an Energy Management Policy. Taking it a step forward, we took up "Environment Project A" and deployed energy saving and conservation systems like Central Energy Monitoring Systems (CEMS), Variable Frequency Drive

(VFD), LED, rescheduling of Air Handling Units (AHUs), resulting in a 16% reduction in energy unit consumption in LTL stores. In the past year we have been able to save 11 lakhs units.

Back to Earth by HomeStop

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

Brand Campaign 'Start Something New'

Carrying forward the brand's philosophy of 'Start Something New', the brand campaigns of Shoppers Stop have voiced various social concerns and causes in its typical tongue-in-cheek manner. The brand campaign of the year 2008 voiced the cause of environment conservation.

The current brand campaign voices urban social concerns.

Foundation Day celebration

The Foundation Day of Shoppers Stop is dedicated to upholding social causes. Each store, region and Services Office helps an NGO of its choice. In 2010 the Services Office had organised a Blood Donation drive to support the cause of Thalassemia in association with the State Blood Transfusion Council.

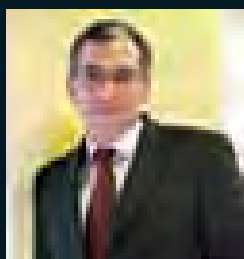
Salwar Kameez Dupatta (SKD) Exchange offer

This is an annual exchange offer that Shoppers Stop has conducted for many years in association with NGOs like Concern India and Goonj. For this offer we invite customers to donate their old but wearable SKDs towards the cause and in return enjoy discounts on their new purchases of SKDs.

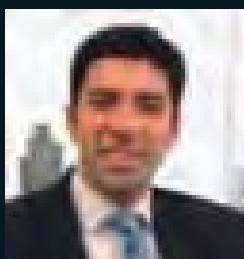
BOARD OF DIRECTORS



CHANDRU L. RAHEJA



RAVI C. RAHEJA



NEEL C. RAHEJA



GULU MIRCHANDANI



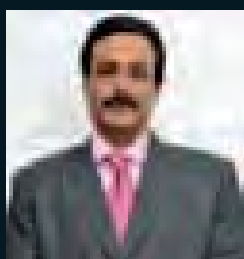
SHAHZAAD DALAL



NITIN SANGHAVI



DEEPAK GHAISAS



NIRVIK SINGH



B. S. NAGESH



GOVIND SHRIKHANDE



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SHOPPERS STOP



CHAIRMAN'S STATEMENT

THE 20 YEARS OF PROMOTING LEADERSHIP

The modern retail industry in India has done well in FY 2010-11 on the back of economic and political stability, long term policy continuity, strong underlying economic growth, improved customer sentiment, growing urbanization & affluence and enormously growing potential demand in the Indian Market.

For the year 2010-11, your Company has achieved revenues of ₹ 1929 crores, up by 23%, EBIDTA of ₹ 152 crores, up by 34% and Profit after Tax of ₹ 75 crores, up by 50%, over the previous year. Operating profit (EBIDTA) has increased from 7.30% in the previous financial year to 8% of sales in the current financial year.

In the year gone by, your Company saw a Like-to-Like sales growth of 17%, whilst chain level growth in sales was 23%. The Average Selling Price & Transaction Size have seen growths of 7% and 9% respectively over the last year. The QIP and Promoters Warrants issue totaling to ₹ 253 crores was successfully completed by your Company. In view of this robust performance a 15% dividend has been recommended by the Board, subject to approval of members.

As part of our continuous endeavour to grow and penetrate the market, your Company opened 6 new Shoppers Stop stores during the year – one each at Bengaluru, Bhopal, Delhi, Aurangabad, Siliguri and Durgapur taking the number of chain of stores to 38 as of March 31, 2011. At a chain level your Company has added more than 3,00,000 square feet in the year 2010-11.

In the year, your Company has acquired 32% stake in HyperCity Retail (India) Limited making it a 51% subsidiary of your Company. Therefore, the consolidated financials of the year reflect HyperCity financial numbers. Your Company and its management believes that there is immense potential in the hypermarket sector of modern retailing, and HyperCity will be a significant growth engine for your Company's overall profitability in the years to come. HyperCity's business is currently in the evolution stage being in its fifth year of operation. In terms of customers franchise it has been able to earn commendable loyalty from its customers. Its stores are well appreciated by customers and even admired in the industry. Awards conferred upon HyperCity across last many years support this fact.

Your Company's loyalty programme, 'First Citizen' achieved a major milestone in FY 10-11. The total membership of the programme crossed the 2 million mark and today is one of the largest loyalty programmes across sectors. Your Company's First Citizens continue to be a huge bastion of support and have contributed to 73% of your Company's sales. As our loyalty programme grows, our Facebook fan club is also growing very fast. It has now crossed 7 lakhs fans. It is very important for a retail company like yours to remain in touch with customers at all the times and social media is an important avenue to remain in constant touch with customers.

In the year under review, your Company received a number of coveted awards. These have been featured on page nos. 32 and 33 of this Annual Report. One of the most significant was "Most Respected Retail Company of the Year" from Business World. This award is given to some of the best companies in various sectors, and in modern retail your Company has won it. Apart from that other important awards that your Company has won were – VMRD Retail Design Award, Customer & Brand Loyalty Award at the Fourth Loyalty Awards programme and most admired "Non Store Fashion and Lifestyle Retail of The Year" at IMAGES Fashion Awards 2011. These awards only reiterate the respect and admiration that your Company commands in the industry and amongst its peers.

Your Company has drawn up extensive plans to launch its next phase of growth and expansion. With the strong backing of your Company's customers, shareholders, associates and vendor partners, your Company and its management is confident that the your Company will go from strength to strength in the future and continue to be a major and significant player in the field of Indian modern retail.



CHANDRU L. RAHEJA
Chairman

Board of Directors

Chandru L. Raheja	– Chairman
Ravi C. Raheja	– Director
Neel C. Raheja	– Director
Gulu L. Mirchandani	– Director
Shahzaad S. Dalal	– Director
Prof. Nitin Sanghavi	– Director
Deepak Ghaisas	– Director
Nirvik Singh	– Director
B. S. Nagesh	– Vice Chairman
Govind Shrikhande	– Managing Director

Audit Committee

Deepak Ghaisas	– Chairman
Ravi C. Raheja	– Member
Prof. Nitin Sanghavi	– Member
Shahzaad S. Dalal	– Member

Remuneration Committee/ Compensation Committee

Gulu L. Mirchandani	– Chairman
Ravi C. Raheja	– Member
Prof. Nitin Sanghavi	– Member
Shahzaad S. Dalal	– Member

Finance Committee

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

Shareholders Investor Grievance and Share Transfer Committee

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

Vice President – Legal & Company Secretary

Prashant Mehta

Registered Office & Service Office

Eureka Towers, B Wing,
9th Floor, Mindspace,
Link Road, Malad (West),
Mumbai - 400 064
Website: www.shoppersstop.com

Statutory Auditors

M/s. Deloitte Haskins & Sells
Chartered Accountants
12, Dr. Annie Besant Road,
Opp. Shiv Sagar Estate,
Worli, Mumbai - 400 018

Internal Auditors

Ernst & Young Pvt. Ltd.
Jalan Mill Compound,
95, Ganpatrao Kadam Marg,
Lower Parel, Mumbai - 400 013

Bankers

Axis Bank Limited
Citibank N. A.
IDBI Bank Limited
ICICI Bank Limited
Kotak Mahindra Bank Limited
HDFC Bank Limited
Bank of India

Solicitors

Wadia Ghandy & Co.

Financial Highlights & Key Ratios

Shoppers Stop Ltd.

					(₹ in lacs)
Profitability Statement	2010-11	2009-10	2008-09	2007-08	2006-07
No. of Stores	97	93	72	73	60
Income					
Gross Retail Sales	190,713	154,658	138,311	119,008	88,505
Less: Value Added Tax	8,960	6,857	6,438	5,551	3,874
Gross Retail Sales (Net of taxes)	181,753	147,801	131,873	113,457	84,631
Other Operating & Miscellaneous Income	2,412	2,435	2,555	2,567	2,776
	184,165	150,236	134,428	116,024	87,406
Expenditures					
Cost of goods sold	121,867	98,426	88,000	75,354	56,879
Employee costs	9,898	8,759	8,588	7,826	5,850
Operating and administrative expenses	37,189	31,700	32,916	26,342	16,804
	168,954	138,885	129,504	109,522	79,532
EBIDTA	15,211	11,351	4,924	6,503	7,874
Interest and finance charges	734	1,869	2,560	1,124	440
Depreciation	3,100	3,103	6,313	3,927	2,563
Profit Before Tax before exceptional items	11,377	6,379	(3,949)	1,452	4,871
Exceptional Items	(5)	(188)	2,486	—	—
Profit Before Tax after exceptional items	11,383	6,567	(6,436)	1,452	4,871
Profit After Tax	7,518	5,023	(6,372)	697	2,620
Balance Sheet items					
Share Capital	4,108	3,491	3,487	3,486	3,483
Optionally Convertible Warrants	—	3,072	—	—	—
Reserve & Surplus	55,702	24,326	19,822	26,183	26,034
Loan Funds	14,872	19,935	20,776	17,293	11,314
Deferred Tax (Liability)/Assets	325	455	—	(169)	(412)
Capital Employed	74,682	50,824	44,085	47,131	41,243
Fixed Assets	35,679	29,867	25,873	24,038	15,216
Net Working Capital	14,959	8,534	8,467	15,021	21,136
Profit & Loss Ratios					
Sales (Chain level growth)	23.0%	10.0%	15.9%	34.2%	32.7%
Sales (Like to Like growth)	16.7%	3.7%	1.2%	14.0%	21.0%
Gross Profit Margin	31.4%	31.9%	31.7%	32.0%	31.4%
Operating Expenses Ratio	24.7%	26.2%	30.0%	28.7%	25.4%
Operating Margin (EBIDTA) (Before exceptional item)	8.0%	7.3%	3.6%	5.5%	8.9%
PBT Margin before exceptional item	6.0%	4.1%	-2.9%	1.2%	5.5%
PAT Margin	3.9%	3.2%	-4.6%	0.6%	3.0%
Interest Coverage	8.9	4.7	1.0	5.3	13.7
Balance Sheet Ratios					
Debtors No. of Days	3	3	3	2	3
Creditors No. of Days	79	93	94	69	55
Stock Turnover Ratio	3.7	3.5	4.0	3.3	3.7
Current Ratio	1.4	1.3	1.5	2.0	2.7
Assets Turnover Ratio	3.1	3.3	3.1	2.7	2.4
Debt Equity Ratio	0.2	0.6	0.9	0.6	0.4
Return to Investors					
Return on Network	26.7%	30.4%	-5.2%	8.7%	18.8%
Return on Capital Employed	19.3%	17.4%	-3.0%	5.8%	14.3%
Book Value Per Share (in ₹)	75.71	88.58	66.85	85.14	85.46
EPS (taking equity share at ₹ 10/- each)					
(₹ 5 for 2010-11 (in ₹))					
Basic	9.5	14.4	(18.3)	2.0	7.58
Diluted	9.4	14.3	(18.3)	2.0	7.57
Cash EPS	13.44	23.30	(0.17)	13.27	15.00
Dividend Per Share	0.75	1.50	—	1.50	1.50

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

Dear Members,

Your Directors are pleased to present the 14th Annual Report on the business and operations of the Company together with the Audited Statements of Accounts for the year ended March 31, 2011.

Financial Performance

Particulars	(₹ in lacs)	
	Year ended March 31, 2011	Year ended March 31, 2010
Retail Turnover		
Own merchandise (including concession sales)	172,583.12	141,583.75
Consignment merchandise	18,130.30	13,074.07
Other Retail operating income	2,186.88	2,178.93
	192,900.30	156,836.75
Less: Value Added Tax	8,960.24	6,856.84
Less: Cost of consignment merchandise	12,965.82	9,429.83
	170,974.24	140,550.08
Other Income	945.47	631.17
	171,919.71	141,181.25
Profit before Depreciation & Tax	14,482.46	9,669.57
Less: Depreciation	3,099.88	3,102.54
Profit before Tax	11,382.58	6,567.03
Less: Provision for Tax	3,865.00	1,543.98
Profit after Tax	7,517.58	5,023.05
Add/(Less): Balance brought forward from previous year	2,685.19	(1,476.00)
Proposed Dividend (incl. Dividend Distribution Tax)	695.84	610.71
Transfer to General Reserve	375.88	251.15
Balance carried forward	9,131.05	2,685.19

Performance Review

Your Company has opened eight departmental stores i.e. one each at Aurangabad, Bengaluru, Bhopal, Durgapur, Indore, New Delhi, Pune and Siliguri, taking its chain of stores to 40 stores (including two airport stores) spread across India. Further, the Company has also opened one "HomeStop" at Lucknow, taking its tally to 5 stores.

The revenue is ₹ 171,919.71 lacs (previous year : ₹ 141,181.25 lacs), registering a growth of 21.77% y-o-y basis. The net Profit achieved was ₹ 7,517.58 lacs (previous year net profit of ₹ 5,023.05 lacs).

Dividend

Your Directors are pleased to recommend a dividend of ₹ 0.75 per equity share of ₹ 5 each. [(previous year : ₹ 1.50) per equity share of ₹ 10 each.]

The dividend, once approved by members in the ensuing Annual General Meeting will be paid out of the profits of the Company for the year and will sum up to a total of ₹ 695.84 lacs, including dividend distribution tax.

Awards and Recognition

Your Company has been conferred inter-alia with the following awards and recognitions during the year under review:

- Department Store of the Year by Star Retailer Awards.
- Merit Certificate in the category Department Store > 20000 sq.ft. at the VMRD Retail Design Awards 2011.

- Prestigious Loyalty award for Customer & Brand loyalty in the Retail Sector at the Loyalty Summit.
- Best Retail Marketing Campaign of the Year Award and Customer Loyalty programme award at the 7th Reid & Taylor Awards for Retail Excellence at Asia Retail Forum (Asia Retail Congress).
- Marketing Idea of The Year award for the Zoozoo merchandise tie-up with Vodafone-Essar at ET Retail Awards, backed by the Economic Times and Retailers Association of India (RAI).
- Most Respected Company in the Retail Sector by Business World.
- shoppersstop.com has been recognised as the "Most Admired Non-Store Fashion and Lifestyle Retailer" of the Year at the Images Fashion Awards 2011.

Further Issue of Capital

To meet the fund requirements entailed by the strong growth potentials, the Company issued 2,000,000 equity shares of ₹ 10/- each to Qualified Institutional Buyers at a price of ₹ 649/- in accordance with SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 & pursuant to the approval of members accorded by Postal Ballot on December 16, 2009. Further the Company has also simultaneously allotted 4,000,000 equity shares of ₹ 10/- each at a price of ₹ 307.18/-, to the promoters of the Company on preferential basis, consequent upon exercise of their option for conversion of 4,000,000 warrants, in accordance with SEBI Guidelines.

Credit Rating

During the year, Fitch Ratings India Private Limited has upgraded rating for commercial paper and short-term debt programme of Company from "F1(ind)" to "F1+(ind)". The limit of the rating has been increased from ₹ 80 crores to ₹ 100 crores out of which ₹ 50 crores would be carved out of the sanctioned working capital limit of the Company.

During the year, Credit Analysis & Research Limited (CARE) has awarded "PR1+" rating for commercial paper and short-term debt programme of Company for ₹ 100 crores, out of which ₹ 70 crores would be carved out of the sanctioned working capital limit of the Company. Your Company has also obtained credit rating from CARE for long-term bank facilities of ₹ 291 crores and short term bank facilities of ₹ 40 crores. The rating assigned for long-term bank facilities and short-term bank facilities are "CARE A+" and "PR1+" respectively. Your Company has also obtained credit rating "CARE A +" from CARE for Non-Convertible Debenture Issue of ₹ 100 crores.

Finance

Your Company continues with various initiatives for bringing down the cost of borrowings which includes application of short-term instruments like commercial paper, working capital demand loans within working capital borrowing, so as to have funds at competitive cost.

Sub-division of shares

As approved by members, by Postal Ballot on December 23, 2010, the Company has sub-divided the equity share of the face value of ₹ 10 each into two equity shares of ₹ 5 each. The Company had fixed January 13, 2011 as the Record Date for the purpose of sub-division of the equity shares.

Employees Stock Option Plan

The grant of stock options to employees is a mechanism to align the interest of employees with those of the Company, to provide them with an opportunity to share the growth of the Company and also to foster the long-term commitment. Your Company has formulated and designed various Employees Stock Option Plan Schemes for its employees and options were granted in accordance with Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999, as amended. The Compensation/ Remuneration Committee of the Company administer and monitor the same.

During the year under review, the Company has allotted 154,420 equity shares of ₹ 10 each (before sub-division as stated above) and 29,308 equity shares of ₹ 5/- each on exercise of vested options by certain employees under the said ESOP Schemes.

The particulars of Employees Stock Option Plan (ESOP) Schemes, as required by SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended, are appended herewith and forms part of this Report.

Subsidiary Companies and Consolidated Financial Statements

In accordance with the Accounting Standard AS-21 on consolidated financial statements, your Directors have pleasure in attaching the consolidated financial statements, which form part of this Annual Report. These consolidated financial statements provide financial information about your Company and its subsidiaries as a single entity.

Ministry of Corporate Affairs, Government of India vide General Circular No : 2/2011 dated February 8, 2011, has granted general exemption under Section 212 of the Companies Act, 1956, to the holding companies, from attaching the specified documents of its subsidiary companies, as referred in Section 212(1) of the Act, with its Balance Sheet, on fulfillment of certain conditions. The Company has fulfilled these specified conditions and accordingly, the said documents of subsidiary companies are not attached to the financial statements of the Company. A summary of the financial performance of the subsidiary companies is given in this Annual Report. The annual accounts of the subsidiary companies and the related detailed information are made available to shareholders of the company and subsidiary companies seeking such information. The Annual Accounts of subsidiary companies are also open for inspection by any member at the registered office of the company and of the subsidiary company.

During the year under review, on June 30, 2010, the Company has increased its equity stake in Hypercity Retail (India) Ltd.; from 19% to 51% and made it, as its subsidiary. The Company also holds 51% of Hypercity's preference share capital.

The Company and Crossword Bookstores Limited, its wholly-owned subsidiary has mutually terminated the franchise agreement with effect from end of business hours of September 30, 2010 and accordingly, "Crossword" business was handed over back to Crossword Bookstores Limited.

Human Resources

The Company takes great pride in the commitment, competence and vigour shown by its employees in all realms of business. The Company continues to take new initiatives to further align its HR policies to meet the growing needs of its business. People development continues to be a key focus area in the Company. Special designed training modules for the frontline employees are being delivered from time to time to meet the training needs of the employees. Human relations remained cordial throughout the year. As in the earlier years, the Company conducted several training programmes.

As on date of the Balance Sheet, the Company had a total of 4,317 Customer Care Associates.

Fixed Deposits

During the year under review, the Company has not accepted any deposit under Section 58A of the Companies Act, 1956, read with Companies (Acceptance of Deposits) Rules, 1975. No amount of principal or interest was outstanding as on the Balance Sheet date.

Auditors

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

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

Directors

In appreciation of Mr. Govind Shrikhande's farsighted vision, wisdom and guidance, which have been invaluable to the Company's growth, he was elevated as a Customer Care Associate & Managing Director of the Company for a period of 3 years commencing from July 29, 2010. Before this appointment, Mr. Shrikhande was President & CEO & Executive Director of the Company.

Your Directors would like to place on record their sincere gratitude towards the guidance and contribution made by Mr. Shrikhande and welcomes him, as the Managing Director of the Company.

In accordance with the provision of the Companies Act, 1956 and Articles of Association of the Company, Mr. B. S. Nagesh and Mr. Shahzaad Dalal, Directors of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible, offer them for re-appointment. A brief resume of these Directors, nature of their expertise in specific functional areas, names of companies in which they hold the directorships/chairmanships of Committees of the Board as stipulated under Clause 49 of the Listing Agreement with the stock exchanges are given in the explanatory statement annexed to the Notice convening the fourteenth Annual General Meeting.

Corporate Governance

The Company has been pro-active in following the principles and practices of good Corporate Governance. The Company has taken adequate steps to ensure that the conditions of Corporate Governance as stipulated in clause 49 of the listing agreement with the Stock Exchanges are complied with.

A separate section on Corporate Governance and Auditors Certificate is annexed hereto and forms part of this Report.

Compliance with the Code of Conduct

The Company had evolved and adopted a Code of Conduct for its Board of Directors and its management personnel based on the principles of good corporate governance and best management practices. The declaration of compliance with the Code of Conduct has been received from them. The Code is available on the website of the Company. A certificate to this effect from Mr. Govind Shrikhande, Managing Director forms part of this Report.

Demat Suspense Account Unclaimed Shares

During the year under review, 50 equity shares of ₹ 5/- each were transferred from the suspense account to a shareholder demat account. As on date, there are 700 Equity Shares of ₹ 5/- each (post sub-division), which were allotted in Initial Public Offering of 2005, were lying in the escrow account due to non-availability of 13 shareholders 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 are credited to 'Shoppers Stop Ltd – Unclaimed Shares Demat Suspense Account' in view of compliance of Clause 5A of the Listing Agreement. Such shareholders may approach the Company with their correct particulars and proof of their identity for crediting requisite shares from the Demat Suspense Account to their individual demat Account. The voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings & Outgo

The Company is engaged in the continuous process of energy conservation through improved operational and maintenance practices. The brief of the particulars in respect of various steps and initiatives taken regarding conservation of energy and technology absorption and its disclosure as stipulated by the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is as under:

- Daily capturing and monitoring the energy consumption in every store.
- Adoption of Variable Frequency Drives (VFD's) for Air handling units with temperature sensors.
- Adoption of new LED lighting to reduce the energy consumption in lighting.
- Controlled the energy consumption of HVAC system by optimising the temperature inside the stores.
- Installed capacitor Banks to Maintain the Power factor and reduce the losses.
- Ensure preventive maintenance schedules genuinely to have better efficiency and output from the equipments.
- All above efforts resulted in the conservation of 1,118,171 nos of Units of electricity across the chain during the year which amounts to appx. ₹ 85.14 lacs.

The Company also proposes to commence energy auditing, improvements in the pumping system installed at standalone stores, reduction in energy cost in due course of time.

The Company earns Foreign Exchange on sale of its merchandise to its customers. Foreign Exchange outgo during the year included purchase of computer software and purchase of merchandise, professional fees etc. The foreign exchange earnings during the year was ₹ 4,487.10 lacs (previous year: ₹ 4,224.41 lacs), where as Foreign Exchange outgo was ₹ 4,815.20 lacs (previous year : ₹ 3,387.03 lacs).

Particulars of Employees

The particulars of employees as required under Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules 1975, as amended, forms part of this Report. However, in pursuance of Section 219(1)(b)(iv) of the Companies Act, 1956, the report and accounts are being sent to all shareholders of the Company, excluding the Statement of Particulars of Employees, which is available for inspection at the registered office of the Company during its working hours. Any shareholder interested in such particulars may inspect the same.

Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Board of Directors confirms that:

1. In the preparation of Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
2. they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2011 and of the profit of the Company for the year ended on that date;
3. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;
4. they have prepared the annual accounts on a 'going concern' basis.

Auditors' Report

The Board has duly examined the Statutory Auditors' report to accounts and the clarifications, wherever necessary, have been included in the Notes to Accounts, section of Annual Report.

Acknowledgement

Your Directors wish to convey their appreciation to all customers, business partners, suppliers, banks and financial institutions for their invaluable support and look forward to continued support in the future. Your Directors place on record their appreciation for the significant contribution made by all the associates at all levels; their competence, perseverance, and hard work that has enabled the Company to cross new milestones on a continual basis.

And to you our shareholders, we are deeply grateful for the confidence and faith that you have always reposed in us.

For and on behalf of the Board of Directors

April 29, 2011

Chandru L. Raheja
Chairman

Certificate of Compliance with the code of conduct for the financial year 2010-11

I, Govind Shrikhande, Managing Director of the Company, hereby declare that the Company has adopted a Code of Conduct for its Board Members and its management personnel and they have affirmed compliance with the said Code of Conduct.

For Shoppers Stop Limited

Mumbai,
April 29, 2011

Govind Shrikhande
Customer Care Associate &
Managing Director

Information required to be disclosed under SEBI (ESOS and ESPS) Guidelines, 1999 as on March 31, 2011

Description	ESOP III	ESOP IV	ESOP V - 1	ESOP 2008 - 1	ESOP 2008 - 2
Options Granted*	311,280	244,680	200,302	1,032,800	400,000
Date of Grant	01.05.2004	01.02.2005	28.12.2005	29.04.2009	24.03.2010
The pricing formula*	₹ 75/-	₹ 120/-	The options granted to eligible employees are granted at the average of the daily closing price of Equity Shares of the Company at BSE during the period of 6 months immediately preceding the date on which the options were granted. The options were granted at an exercise price of ₹ 192/-	The options granted to eligible employees are granted at the closing price of the Equity Shares of the Company at BSE on the working day immediately preceding the date of grant. The options were granted at an exercise price of ₹ 55/-	The options granted to eligible employees are granted at the closing price of the Equity Shares of the Company at BSE on the working day immediately preceding the date of grant. The options were granted at an exercise price of ₹ 191/-
Options vested*	227,034	162,498	131,146	309,840	116,700
Options exercised and total number of Equity Shares arising as a result of exercise of options*	219,276	148,354	89,630	253,560	13,200
Options lapsed/Cancelled*	92,004	96,326	87,740	18,140	11,000
Variation of terms of options	—	—	—	—	—
Money realised by exercise of options	16,445,700	17,802,480	17,208,960	13,945,800	2,521,200
Total number of options in force*	—	—	22,932	761,100	375,800
Options granted to Senior Management personnels*					
B. S. Nagesh	45,120	27,960	22,706	100,000	—
Govind Shrikhande	18,460	14,540	10,612	260,000	24,000
C. B. Navalkar	14,280	8,940	6,938	100,000	16,000
Salil Nair	11,220	7,620	5,904	100,000	16,000
Manohar Kamath	—	—	—	40,000	14,000
Arun Gupta	—	—	—	40,000	12,000
Vivek Mathur	—	4,620	2,604	20,000	8,000

Options granted to any employee during the year amounting to 5% or more of options granted during the year*					
B. S. Nagesh	45,120	27,960	22,706	100,000	—
Govind Shrikhande	18,460	14,540	10,612	260,000	24,000
C. B. Navalkar	—	—	—	100,000	—
Salil Nair	—	—	—	100,000	—
Options granted to any employee equal to or exceeding 1% of the issued capital of the company at the time of grant	—	—	—	—	—
Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with (AS) 20 Earnings Per Share.	The diluted EPS of the Company calculated after considering the effect of potential equity shares arising on account of exercise of options is ₹ 9.42 per share.				
Where the Company has calculated the employee compensation cost using the intrinsic value of the stock option, the difference between employee compensation cost so computed and the employee compensation cost that shall have been recognised if it had used the fair value of the option, shall be disclosed. The impact of this difference on profits and on EPS of the Company shall also be disclosed.	Had the Company followed fair value method for accounting the stock option compensation, the compensation expenses would have been lower by ₹ 256.93 lacs. Consequently profit after tax would have been higher by ₹ 256.93 lacs and the basic EPS of the Company would have been ₹ 9.84 per share (higher by ₹ 0.32 per share) and the diluted EPS would have been ₹ 9.74 per share (higher by ₹ 0.32 per share).				
Weighted average exercise prices and weighted average fair value of the options shall be disclosed seperately for options whose exercise price either equals or is less than the market price of the stock.	The Company has not granted any options during the financial year 2010-11.				
A description of the method and significant assumption used during the year to estimate the fair values of options.	The Company has not granted any options during the financial year 2010-11.				
* The Equity Share of the Company was sub-divided from face value ₹ 10/- each into two Equity Shares of ₹ 5/- each w.e.f. January 13, 2011, consequently the options and its related information has been adjusted.					
** 2,568 options granted under ESOP V-II were not surrendered by resigned employees and as on date these options are lapsed.					

Certification by MD & CFO

Shoppers Stop Ltd.

To,
The Board of Directors
Shoppers Stop Limited
Eureka Towers,
B Wing, 9th Floor,
MindSpace, Link Road,
Malad (West),
Mumbai – 400 064

Dear Sirs,

We hereby certify that:

- (a) We have reviewed the financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
 - i. these statements do not contain any materially untrue statement or omit any material fact or contain statement that might be misleading;
 - ii. these statements together present a true and a fair view of the Company's affair and are in compliance with existing accounting standards, applicable laws and regulation.
- (b) There are, to the best of our knowledge and belief, no transaction entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit Committee :
 - (i) significant changes in internal control over the financial reporting during the year;
 - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

For Shoppers Stop Limited

Govind Shrikhande
Managing Director

C. B. Navalkar
Group Chief Financial Officer

April 29, 2011

Indian Retail – Today

India has moved from being the 10th largest economy in the world in 1990 to the 4th largest today in terms of Purchasing Power Parity (PPP). Average annual Gross Domestic Product (GDP) growth has increased consistently, rising from 5.0 percent in 1985–1994 to 6.2 percent in 1995–2004 to almost 9 percent in 2005–2009.

Purchasing power of Indian urban consumer is growing and branded merchandise in categories like Apparels, Cosmetics, Shoes, Watches, Beverages, Food and even Jewellery, are slowly becoming lifestyle products that are widely accepted by the urban Indian consumer. Indian retailers will be taking advantage of this growth and aiming to grow, diversify and introduce new formats have to pay more attention to the brand building process. The emphasis will continue to be both on retail as a brand and on retailers selling brands. Retailers will continue to build their own stores as brands to reinforce their marketing positioning, to communicate quality as well as value for money. Sustainable competitive advantage will be dependent on translating core values combining products, image and reputation into a coherent retail brand strategy.

There is very clear evidence that the Indian retail scene is on a roll. A number of large corporate houses have already made their foray into this arena with multiple formats covering beauty and health stores, supermarkets, self-service music stores, newage book stores, every-day-low-price stores, computers and peripherals stores, office equipment stores and home/building construction stores. Today the organised players are present in every retail category, so much so that there is a certain sense of “crowding” in certain sectors of modern retail.

Retailing has seen such a transformation over the past decade that its very definition has undergone a sea change. No longer can a manufacturer rely on sales to take place by ensuring mere availability of his product. Today, retailing is about so much more than mere merchandising. Its about casting customers in a story, reflecting their desires and aspirations, and forging long-lasting relationships. As the Indian consumer evolves they expect more and more at each and every time when they step into a store. Retail today has changed from selling a product or a service to selling a hope, an aspiration and above all an experience that a consumer would like to repeat.

Indian Retail – Tomorrow

The ongoing and expanding penetration of modern retail will continue to be characterised by certain key features. There would be a double pronged expansion into major urban cities and expansion to smaller cities and towns. Sectors such as food & grocery, with far lesser modern trade penetration currently, would see significantly greater penetration. Profitability of players would be stable and global majors would be playing a greater role through strategic investments and transfer of know-how. Thus penetration of organised retail in such a scenario would grow at an aggressive pace and in line with top quartile growth of penetration witnessed in other countries.

If modern retail were to meet its true potential, the size of the sector is estimated to reach ~US\$ 260 billion by 2020 which translates approximately to a 21% percent modern retail penetration. The current size of organised retail is currently estimated at close to US\$ 28 billion or 6–7 percent of total retail. This includes food and beverages, clothing and accessories, electronics and appliances, furniture and furnishings, health and personal care, food services and drinking places, sporting goods, hobby, books, music, leisure and entertainment and other miscellaneous items. Hence macro-economic factors such as GDP growth, private consumption growth and mix of goods and services within private consumption will drive growth in modern retail.

The challenges of inequity within the Indian economy remain pervasive. The issue of inclusive growth and development is probably one of the most complex issues that the economy faces today, and it is here that modern retail can contribute significantly. The organised retail sector has the ability to directly drive inclusion for a very large number of people falling into three stakeholder categories: suppliers, customers and employees.

Probably one of the biggest “boon” that modern retail brings to the picture is also one that is often ignored. Modern retail can be a significant driver of inclusive growth in the country by it’s sheer volume of touch points.

The retail sector has played a phenomenal role throughout the world in increasing productivity of consumer goods and services. It is the second largest industry in US in terms of numbers of employees and establishments. There is no denying the fact that most of the

developed economies are very much relying on their retail sector as a locomotive of growth, and the Indian story of modern retail is not expected to be any different. The India Retail Industry is the largest among all the industries, accounting for over 10 per cent of the country's GDP and around 8 per cent of the employment. The Retail Industry in India has come forth as one of the most dynamic and fast paced industries with several players entering the market. All indications show that the pace and the growth of the industry will continue in the future.

Indian Retail – Challenges Ahead

Probably one of the biggest challenges in the growth story of Indian modern retail will be the cost, availability and delivery of quality retail real estate. Rentals continue to be the highest expense of modern retailers and are almost 4 to 5 times that of their western counterparts. This cost continues to pose a challenge to its growth. The timely delivery of malls and stores is a key factor in the growth and penetration of modern retail. Delays here will mean substantial setbacks for the players in the industry.

Trained manpower shortage is a challenge facing the modern retail sector in India. Indian retailers have difficulty in finding trained personnel and therefore incur significant costs in training them. Attrition is another problem which all modern retailers are grappling with.

Indian modern retail has not yet got industry status. This hinders easy access to funds and other benefits that modern retail could have got as an industry. That apart, modern retailers are subject to multiple rules and regulations in addition to regional rules and regulations on the basis of the store locations. In some regions regulations are imposed on the organised retailers to restrict their expansion and to promote regional retailers. Retailers are also required to take necessary approvals from local bodies to carry on with their business. There is no single window for clearances, and companies have to go to different agencies to get approvals, which is one of the biggest hurdles that the segment faces. Added to this are the devolvement of certain taxes e.g. service tax ,excise etc. which add further burden to a retailer since these costs cannot always be passed on to the customer.

Logistics and distribution efficiency and optimisation will be key to the success of the industry. Manufacturers will progressively need to have separate teams servicing modern retail trade to ensure both parties profit equally from the transactions. On-time order replenishments will become more and more critical even as competition in the sector increases.

S.W.O.T. ANALYSIS

Strengths:

- **First Citizens:** Our First Citizens Club has continued to be one of the main strengths of our business. In the year gone by the programme has exceeded the 2 million mark in memberships, making it one of the largest loyalty membership 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 is also a very strong strategic tool. Your company believes that its First Citizens will continue to drive its growth by increased average expenditure in our stores which will be aided by targeted promotional activities.
- **Strong focus on Systems & Processes:** We continue to invest in our front and back end processes and systems. The company believes that continuous investment in people, process and technology will drive sustainable and profitable growth for the company. We have in the past year, undertaken a number of new investments in the back end and continue to upgrade our current information technology capabilities and processes.
- **Strong distribution and logistics network and supply chain:** We have created a strong distribution and logistics network, with our four Distribution Centers covering more than 350,000 square feet handling over 400,000 SKUs per year, and working 24x7. The company believes that the "hub – and-spoke" model followed by it for its distribution network, will stand it in good stead for the expansion envisaged in the forthcoming years.
- **Enhancing our Human capital:** We continue to assess our Customer Care Associates (CCAs) across all levels through assessment centers to identify competency gaps and use development inputs (i.e. training, job rotation etc.) to bridge them. We continue to benchmark our compensation and benefits through consultants, with the best in the industry to pay our associates accordingly.

- Strong understanding of the real estate business: 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.
- Shopping Experience: The Company pioneered the departmental store format in the Indian market when the Indian consumer was deprived of choice. Customers were drawn by the shopping experience. This is the differentiation that the Company continues to bank on. Price is not essentially a differentiator for the Company, shopping experience is. The Company imparts special training to its employees to ensure that service is not compromised on. The company's store positioning in the "bridge to luxury" segment clearly sets apart its stores from those of the rest of the industry players.
- Management Strength & Corporate Governance: The Company has a professional and well-established management team, headed by Mr. Govind Shrikhande. Furthermore, the Company's unwavering focus on good corporate governance has been a beacon for the industry. Our internal and external auditors are amongst the Big 4 audit firms of the globe. The Board has 5 independent Directors.
- Strong bargaining strength: Having been in existence for so many years and due to its strong brand image, the Company believes that it is well placed in negotiations/re-negotiations of property rentals, better commercial terms with merchandise suppliers etc. The Company has successfully grown gross margins year on year.

Risks and Concerns:

- Execution: We believe the key risk to our growth is execution risk. The next wave of expansion is expected to happen over the next 36 months and the timely execution of this expansion will be critical. The Company has a strong execution team and we believe, it has the capability to execute varied retail formats.
- Employee retention: With the Indian economy back on a growth path, and consumption back on track, the Company believes that employee satisfaction and retention will become very important. 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.
- Delay in store delivery: Majority of the new stores planned are in malls and any delays in the construction of the malls will delay the company's retail expansion plan. However, the Company has built up a robust pipeline of future stores and believes that delays will not materially affect expansion.
- 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. Rentals are expected to harden once again in the near term.
- Government levies: Retail is currently not viewed as an industry in India. Hence there are certain levies/cascading effect of taxes on the business which are proving to be a very large burden as there are no modes for the industry to recover or pass on these levies. The recent levy of excise duty on readymade garments is also a cause of concern. Delay in the roll out of the GST regime is also a matter of concern.
- Investee Companies: The company has invested in other entities and lower than expected returns from these entities will have an impact on the cashflows and consolidated results of the company.

Opportunities:

- Geographical reach: Your Company continues to increase its Pan-India footprint and is expecting to launch into its next expansion phase in the next 36 months. 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.
- Hypercity : The Company has acquired 32% of the equity share capital of Hypercity Retail (India) Ltd. on June 30, 2010. Pursuant to the said acquisition, Hypercity Retail (India) Ltd. has become 51% subsidiary of the Company. The hypermarket segment continues to be a high growth segment in the country. We believe that the scope for hypermarkets in India is immense and HyperCity will be a significant growth engine for the Company. The stores run by HyperCity have shown very impressive performance in the year gone by.

Management Discussion and Analysis Report

Shoppers Stop Ltd.

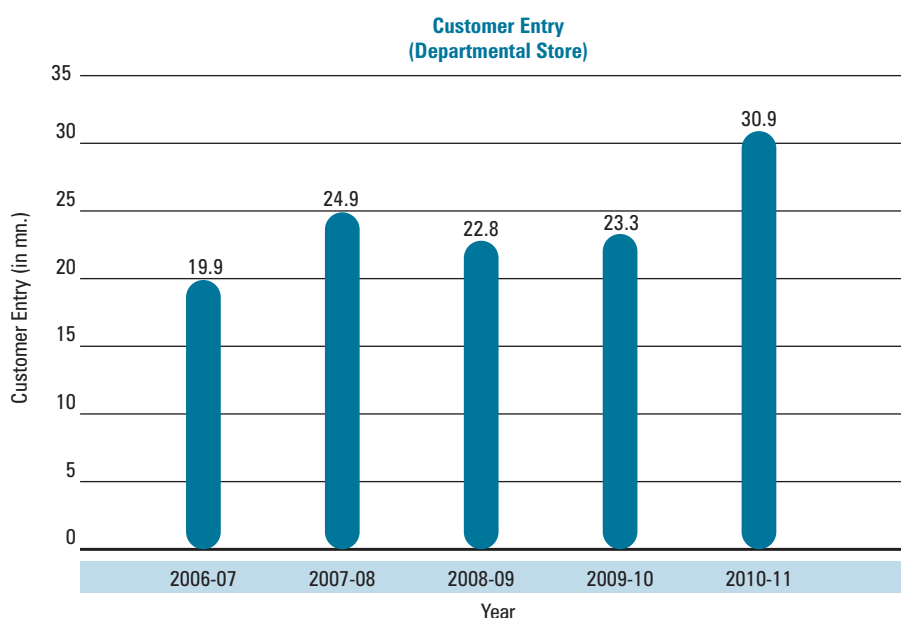
- **Format diversification and expansion:** Your Company, in its constant endeavor to capture wallet share, has diversified into multiple formats viz, HomeStop which retails hard and soft furnishings, Crossword for books, music and stationery, M.A.C. which retails high end cosmetic products, Clinique which retails skin care products, Mothercare which retails infant and kids merchandise and airport retailing, by tying up with The Nuance Group AG of Switzerland. The Company has also made a successful foray into internet retailing through its e-retailing portal. The company will continue to focus and expand these formats.
- **Preferred partner for foreign players:** Your Company believes that by virtue of its presence across all lifestyle categories in the departmental format, its strong brand value and its presence in the books and music segment, it is best placed to bring in international brands into the country, thereby enriching the product bouquet for its customers and in turn increasing opportunities for product diversification and profit enhancement.

Threats:

- **Economic slowdown:** Economic slowdowns have a direct impact on consumption. Retail, being the “last mile” 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.
- **Competitive rivalry in the industry:** There is intense rivalry among leading national retailers for new locations and quality real estate. This will further sharpen in the coming 2 years as the established players will focus on growth. The company believes that it has a robust pipeline of stores for future expansion.
- **Due to the sheer volume of people visiting retail outlets coupled with easy access, retail is considered as a soft target and hence more prone to terror attacks as compared to others.**

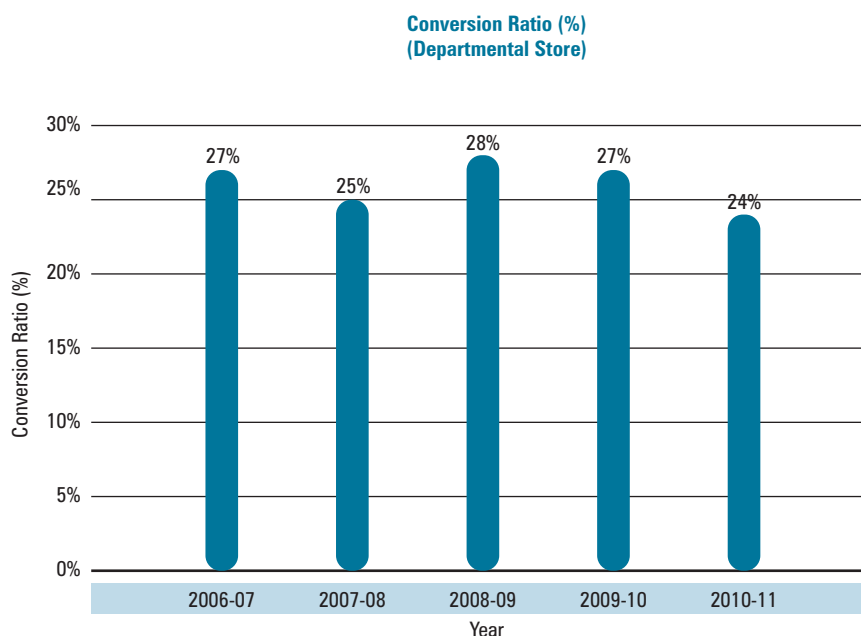
Customer Entry:

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

*(Source: Company MIS)*

Conversion Ratio:

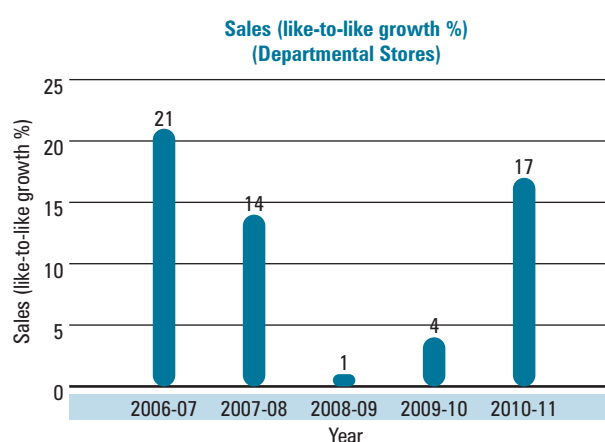
Conversion is the ratio of the number of transactions (Cash Memo) versus the total customer entry into the stores. Tracking conversion helps the retailer understand the productivity of his front-end store employees and the attractiveness of the merchandise and services.



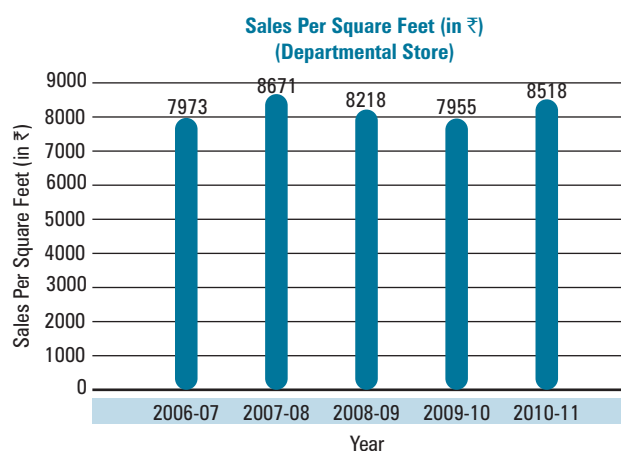
(Source: Company MIS)

Sales:

Gross Sales both at chain level and for Like-To-Like stores showed an improvement as compared to last year. The growth was 23% in gross retail turnover of Shoppers Stop departmental store business. The sales per sq. ft. has been computed on built-up area.



(Source: Company MIS)



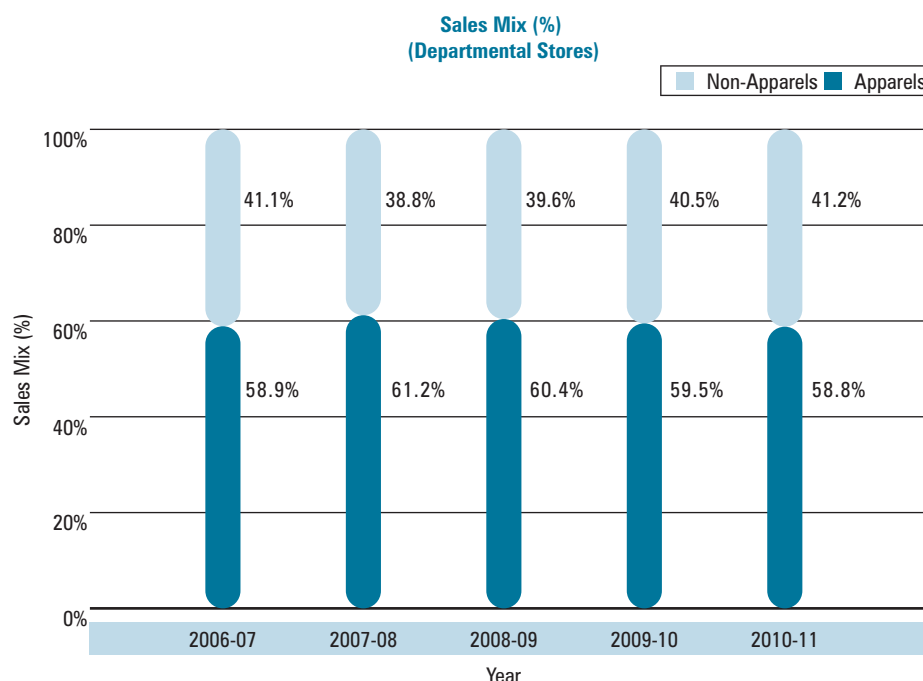
(Source: Company MIS)

Apparel:

The Apparel contribution to total sales of the Shoppers Stop departmental store business was 58.8% in 2010-11 as compared to 59.5% in 2009-10. There has been growth in Non-Apparel segment which has resulted in Non-Apparel sales percentage growing. This is primarily due to customer buying life style products.

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 41.2% in 2010-11.



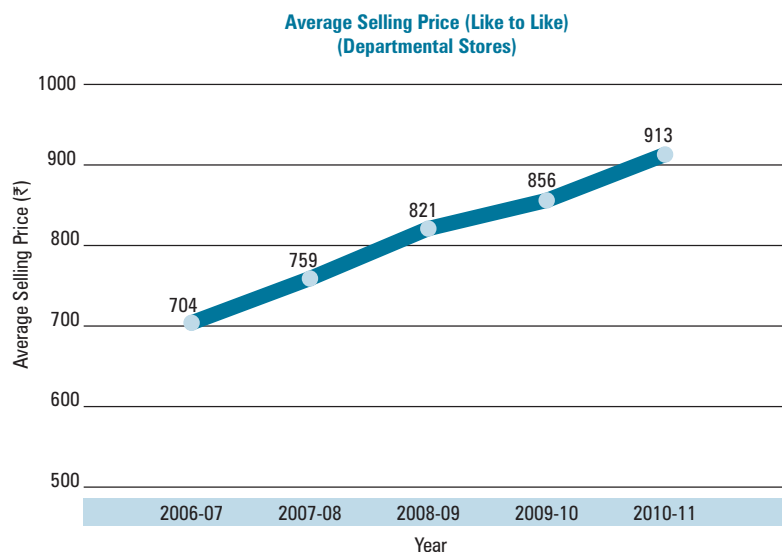
(Source: Company MIS)

Private Label & Private Brands:

Your Company aims to provide a differentiated and unique offering to the customer through its own private labels as well as through exclusive private brands. The contribution of private label is at 17.5% of sales as compared to 18.8% last year and private label sales remained constant. Your Company has got an exclusive arrangement for departmental store business with MUSTANG JEANS, a German Brand, for their Men's and Women's Wear. Our Austin Reed U.K. exclusive agreement to retail men's & women's wear has posted a healthy growth. As a part of its strategy to provide a wide range of merchandise to customers, your Company aims to fill in the gaps in the national brand offering through its private labels & exclusive arrangements with private & international brands.

Average Selling Price (ASP):

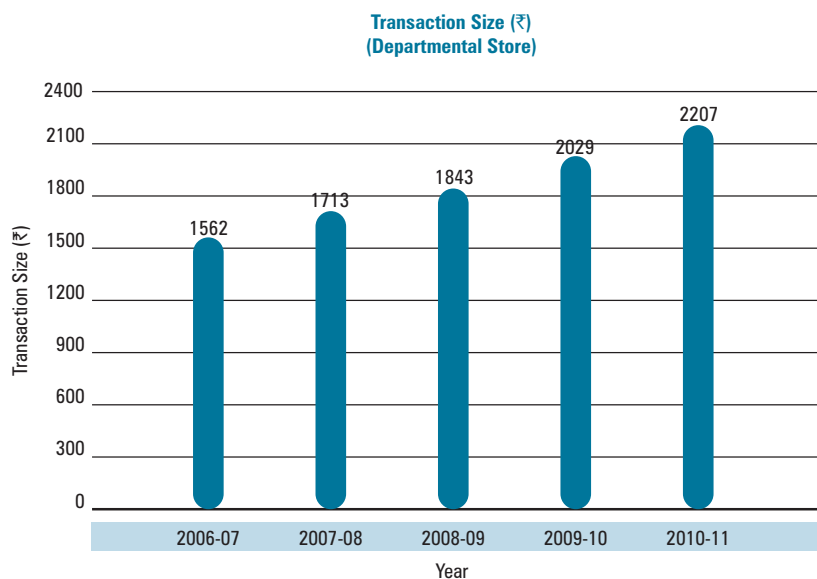
Average Selling Price is the Gross Retail Sales divided by the number of units sold. Tracking ASP helps the retailer to align the offering as per the customer segment as well as improve the productivity of the floor space.



(Source: Company MIS)

Transaction Size (₹):

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



(Source: Company MIS)

Merchandise Purchase:

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

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

Management Discussion and Analysis Report

Shoppers Stop Ltd.

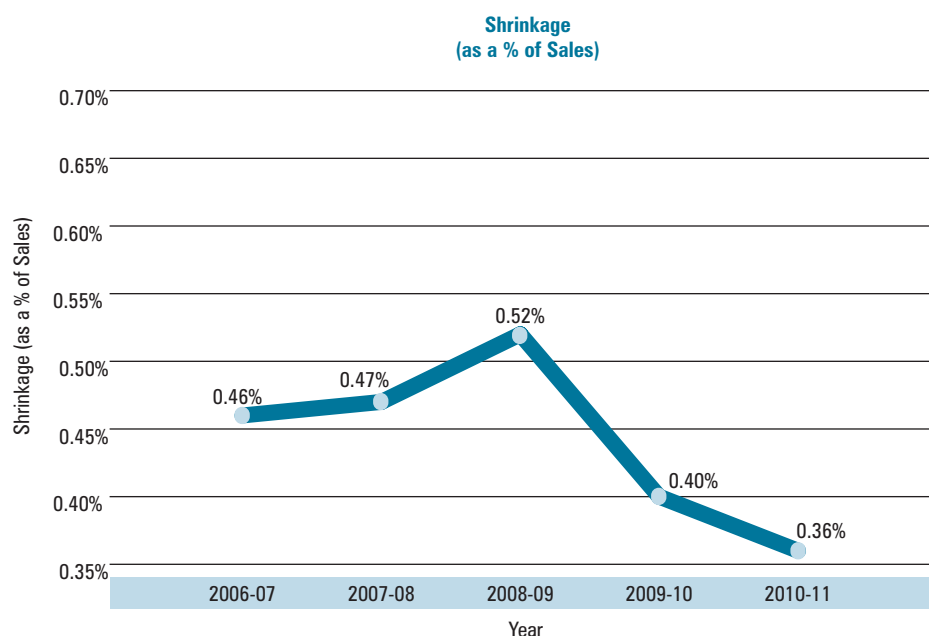
Your Company believes in a broad distribution of risk with no high dependency on any single supplier and has a diversified supplier base. Suppliers are selected after evaluation based on fairly stringent parameters which ensure the quality & reliability of supply. Alternate distribution channels for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

Supplier Risks:

Our broadly varied offering necessitates alliances with a large number of suppliers from various business sectors. In order to mitigate the risk involved, we enter into arrangements with vendors in various business formats such as Outrights Buy/Sale or return, Consignment & Concessionaire/Conducting arrangement.

Shrinkage:

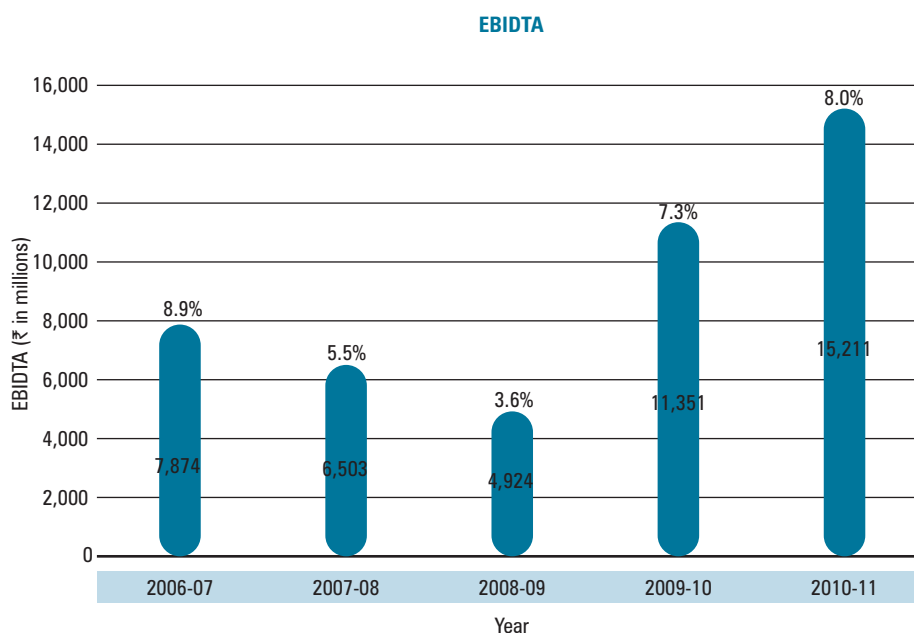
Shrinkage in the retail business is defined as the loss in inventory through a combination of shop lifting, pilferage, and errors in documentation and transaction processing that go unnoticed. We have focus on inventory control and have set up a separate department called profit enhancement, which not only monitors Shrinkage on a regular basis but also looks at various factors that could lead to Shrinkage at stores and distribution centers. The profit enhancement department, Store Operations along with the Supply Chain team have worked together and monitored the Shrinkage level on a month on month basis which has resulted in the Shrinkage percentage being controlled at 0.36% of the Turnover and our endeavor will always be to lower this ratio through proper monitoring and continuously reviewing Inventory management processes and systems.

*(Source: Company MIS)***Sustaining Gross Margins:**

The gross margin has decreased during the year to 31.4% from 31.9% as compared to the last year, principally on account of increases in levies and the transition in trading models. The Company believes that going forward the increasing share of revenue from private labels, improved sales mix with higher contribution from lifestyle products (i.e. watches, leather, jewellery, perfumes and cosmetics), and shrinkage control has helped improve gross margins. Vendor management as also sourcing ability has improved with scale and would accrue more economies and higher gross margins going forward.

Operating Profit:

Operating Profit (without exceptional items) has increased by 34% to ₹ 15,211 lacs from ₹ 11,351 lacs in the previous year. The Operating Profit Margin has grown to 8.0% from 7.3%. due to improvement in like to like sales growth, rationalisation of costs, right sizing of some departmental stores/new business formats.



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

Net Interest:

Net interest cost has reduced to ₹ 733.6 lacs as against ₹ 1,869 lacs mainly due to the Company's QIP issue and reduction in cost of funds and reduced borrowings.

Profit after Tax:

The Company has achieved post tax profit of ₹ 7517 lacs, as against a post tax profit of ₹ 5023 lacs last year, which is an increase of 50% over the last year.

Dividend:

The Company has proposed a dividend of 15% amounting to ₹ 696 lacs (Including Corporate Dividend Tax).

Inventory:

The inventory as at the end of current year is ₹ 15,114 lacs as against ₹ 14,989 lacs as at the end of the last year. Inventory holding period is 100 days during the current fiscal against 105 days last year. The inventory has been valued at lower of cost or net realisable value.

Liquidity:

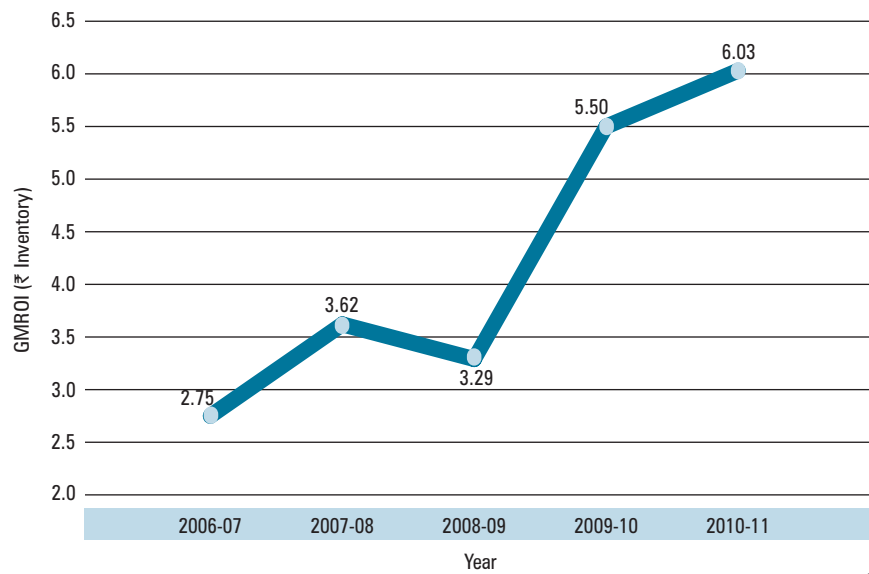
The cash generated from operations was ₹13,724 lacs.

Productivity/Operating efficiency parameters:

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

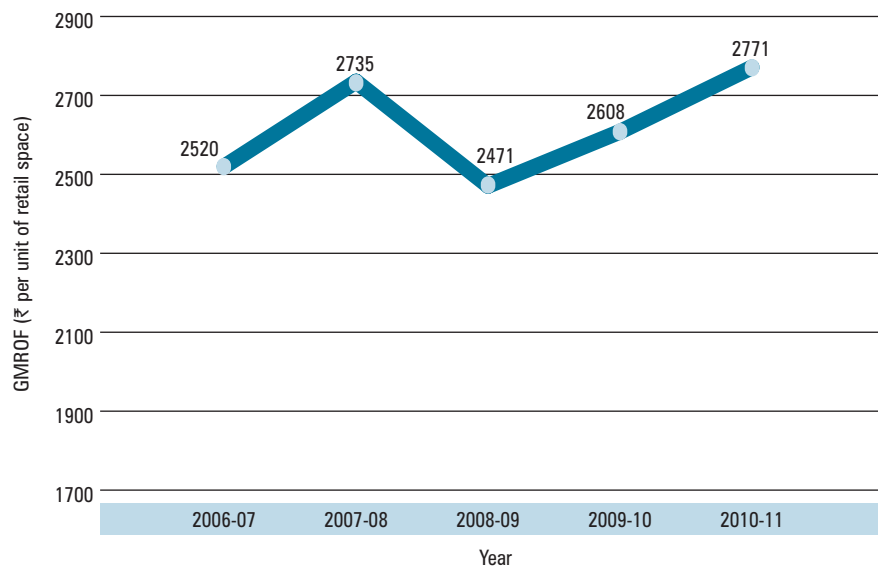
GMROI helps to optimise inventory levels, GMROF helps to maximise the cash margins and GMROL helps to increase labour productivity.

GMROI

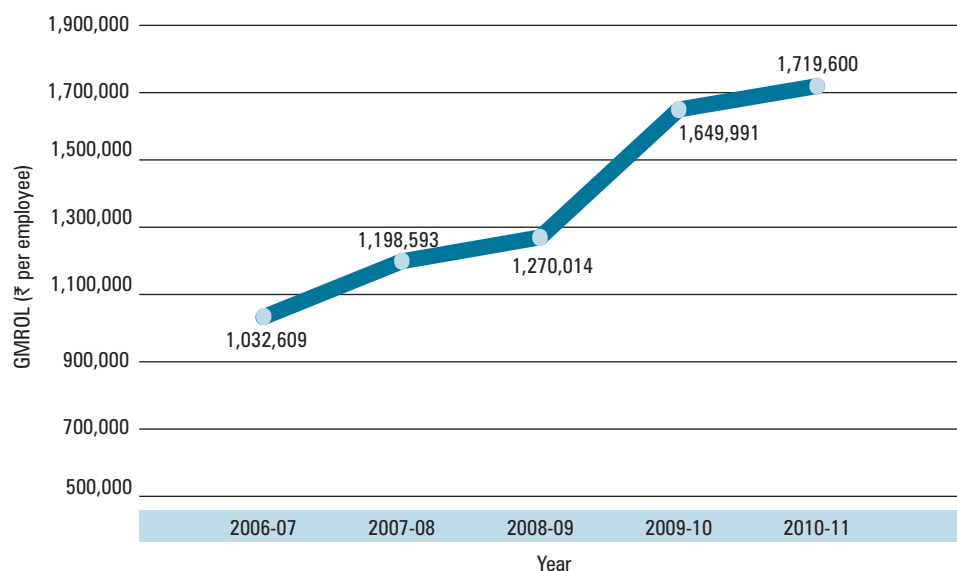


(Source: Company MIS)

GMROF



(Source: Company MIS)

GMROL

(Source: Company MIS)

Partner Satisfaction Index (PSI):

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

Our PSI scores for the five years are as below:

Year	2006	2007	2008	2009	2010
Scores	3.80	4.00	4.06	3.89	4.14

Partnership for Progress:

Partnership for Progress (PFP) is a key vendor meet which your company conducts annually. During this event, your company gets and gives opportunity to the top retail vendors/brands to discuss and strengthen the association, apart from exploring various business possibilities with each other. The summit also becomes a platform for your company as well as its partners to share their experiences with each other. Your company also invites well-known international and national speakers to share learning and experience which is closely related to Retail, Brand, Customer, Logistics, etc.

Your company also recognises the performance of top partners who are rewarded with “SHOPPERS STOP PINNACLE AWARDS” during this summit.

This is an activity with more than 100 vendors/partners attending the summit.

Human Resources:

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

Management Discussion and Analysis Report

Shoppers Stop Ltd.

Your Company is known for its well-defined and effective module – The Baby Kangaroo programme which fundamentally develops the front end associates to a managerial roll. This year we worked with and helped 27 associates cross the bridge from a front end associate towards a managerial roll. We identified, developed, trained and groomed them to their next big assignment.

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

Your Company has also redefined the Key Result Areas (KRA's) in a Balanced Score Card format. The sole objective for doing the same was to categorise the KRA's into financial, employee, internal process and strategic so that every associate gets a clear idea on their performance criteria. This ensures that the associate performs to the maximum which results in personal as well as organisational growth.

With the changing consumer behaviour and to bestow good customer service we hired a pool of Management Trainees through campus placements and also hired students from fashion institutes and designated them as "CCA & Fashion Assistants".

The focus on Learning & Development has been an ongoing and integral part of the organisation where there has been a 56% growth in training hours extended to associates across all levels.

Training Hours 09-10	Training Hours 10-11	Growth Over Last Year %
12728	28931	127

Your company has conducted 71 assessment centres in the FY 2010-2011 covering 371 associates in order to provide growth opportunities thus ensuring a fair and transparent growth process.

Marketing:

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

We continued with our exclusive retail arrangements for merchandise licensing with Vodafone-Essar for their brand mascot – Zoozoo. In our endeavour to provide unique merchandise, we also tied-up with the film 'Break Ke Baad' starring Imran Khan and Deepika Padukone and gave a chance to our customers to emulate the fashion depicted in the film. This year we also continued with category-based promotions like the Denim Fest, Watch Out festival, Foot fair, Stares & Glares, Glitter & Glam to name a few. These festivals focused on offers that were available across all brand available in our store for the particular category.

Customer engagement became the big highlight of this year with innovative initiatives in Social Media Marketing. Various contests on this space have ensured that Shoppers Stop enjoys a large number of LIKES, more than 7 lakhs on Facebook. Shoppers' Stop is also active on other platforms such as Twitter, Foursquare and You Tube.

Customer Satisfaction:

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

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

Overall Customer Satisfaction Index:

January 2006	August 2006	November 2007	February 2009	April 2010
60	63	63	81	80

Loyalty Programme

Your Company has pioneered India's first retail loyalty programme - "First Citizens". The First Citizens base grew by 25% from 16.11 lacs to over 20.17 lacs customers in this year. During the current year, the First Citizens contributed 73% 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 reward basis on their current tier of membership. First Citizens receive:

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

First Citizens always stay updated with all details pertaining to their membership as well as the best of offers and privileges available, through a unique service – First Citizens First Through. With this service, First Citizens get all the information that they want on their mobile phones simply by sending an SMS.

This year, the company continued with the exclusive promotion for First Citizens Members – First Citizens' Fiesta. Under this promotion the member earned 3 times the reward points besides lots of other special offers and deals. The promotion was very well received and it helped us further reinforce our strong relationship with this member community.

Co-branded Credit/Debit Card Programme with Citibank:

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

This enables First Citizens to add on a credit line to their purchases. They also have the added advantage of being able to choose from amongst various attractive financing options, cash back schemes, EMI schemes etc. for buying at your Company's stores. For customers who are averse to credit, there is an option of activating a debit card. As on 31 March 2011, the number of members in the co-branded card programme was over 1,60,000.

Risk Management and Internal Control:

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

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

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

The Company has 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.

Management Discussion and Analysis Report

Shoppers Stop Ltd.

These internal control procedures ensure the following:

- Efficient use and protection of resources.
- Compliance with policies, procedures and statutes.
- Accuracy and promptness of financial reports.

The MIS forms an integral part of the Company's control mechanism. All operating parameters are monitored and controlled, with material deviations from the annual planning and budgeting and business outlook including capital expenditure reported to the Board on quarterly basis.

Reports of internal auditors are reviewed by the Audit Committee, and corrective measures are carried out towards further improvement in systems and procedures and compliance with Internal Control System. The board also recognises the work of the auditors as an independent check on the information received from the management on the operations and performance of the company.

Technology Initiatives:

In the year 2010-11, your company continued its thrust towards scaling up for growth, increasing operational efficiency and exploring technology lead innovation to sustain the leadership position in IT adoption in the Indian and Global retail markets. Some of the key initiatives in this direction are:

Your company is one of the first retailers to implement Biometrics-based authentication in stores. This gives the business the ability to control shrinkage by managing Associates better on the shop floor. Implemented in conjunction with smart CCTVs at all stores, there is a measurable reduction in theft and pilferage.

A large scale upgrade of the core Merchandise Management System has been undertaken in this Financial year. This upgrade while keeping the organisation up to speed with the latest and best in retail technology would provide several benefits including but not limited to Auto Replenishment and Allocation, Warehouse Management, Merchandise setup, Data security etc. Your company is also in the process of upgrading its financial accounting system to ensure that we comply with global best practices in Accounting Processes.

Your company has automated the Balance Score Card through Oracle's PeopleSoft application to facilitate a fair and transparent appraisal system for all its associates. A self-service module for Travel and Expenses has been implemented to ensure that processes are further simplified making life easier for employees. More vendors have been brought under the RTGS umbrella which facilitates reduced manual effort, quicker payments, and better cash management. We continued investments in the B2B system – a collaborative system for our vendor community which helps them plan merchandise have been further strengthened this year.

In order to strengthen the information security, your company has been working with global information security leaders to upgrade and enhance the security of all systems. The company this year also implemented tools from IBM (built on BigFix technology), a solution that brings efficiency in detection of security vulnerability and remediation, IT compliance reporting, security patch management and security policy enforcement on all user computing devices.

Corporate Governance:

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

Cautionary Statement:

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



**Certificate of Compliance from Auditors as stipulated under Clause 49
of the Listing Agreement with the Stock Exchanges in India**

Shoppers Stop Ltd.

To the Members of Shoppers Stop Limited

We have examined the compliance of conditions of Corporate Governance by Shoppers Stop Limited ("the Company") for the year ended on 31 March, 2011 as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion, and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the abovementioned Listing Agreement.

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

For Deloitte Haskins & Sells,

Chartered Accountants

(Registration No. 117366W)

Shyamak R. Tata

Partner

Membership No. 38320

Place: Mumbai

Date: 29 April 2011

Company's philosophy on Code of Governance

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

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

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

Board of Directors

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

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

None of the Directors on the Board is a Member on more than ten Committees and Chairman of more than five Committees (as specified in Clause 49), across all the companies in which they are Directors.

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

Name of Directors	Category	Designation	Attendance particulars		No. of other Directorships & Committee Memberships/Chairmanships		
			Board Meetings	Last AGM	Directorships ¹	Committee Membership ^{1 & 2}	Committee Chairmanship ^{1 & 2}
Mr. Chandru L. Raheja	Promoter & Non-Executive Director	Chairman	4	Yes	4	1	0
Mr. Ravi C. Raheja	Promoter & Non-Executive Director	Director	5	Yes	5	1	1
Mr. Neel C. Raheja	Promoter & Non-Executive Director	Director	5	Yes	4	1	0
Mr. B. S. Nagesh	Non-Executive Director	Vice Chairman	5	Yes	3	1	0
Mr. Gulu L. Mirchandani	Independent & Non-Executive Director	Director	5	No	8	2	0
Mr. Shahzaad S. Dalal	Independent & Non-Executive Director	Director	2	No	12	7	1
Prof. Nitin Sanghavi	Independent & Non-Executive Director	Director	4	Yes	1	1	0
Mr. Deepak Ghaisas	Independent & Non-Executive Director	Director	5	Yes	3	1	2
Mr. Govind Shrikhande	Executive Director	Managing Director	5	Yes	4	0	0
Mr. Nirvik Singh	Independent & Non-Executive Director	Director	4	No	0	0	0

Notes:

1. The other Directorships and Chairmanships/Memberships of committees held in foreign companies, private limited companies and companies incorporated u/s 25 of the Companies Act, 1956 are excluded.
2. The Chairmanship and Membership of Audit Committee and Shareholders' Grievance Committee alone are considered.
3. Mr. Ravi C. Raheja and Mr. Neel C. Raheja are sons of Mr. Chandru. L. Raheja. No other director is related to any other director of the Company.
4. Mr. Govind Shrikhande was appointed and designated as 'Customer Care Associate & Managing Director' of the Company w.e.f. 29th July 2010. Before this appointment, Mr. Shrikhande was President & CEO & Executive Director of the Company.

During the year under review, the Board of Directors met five times i.e on 28th April, 2010, 30th June, 2010, 29th July, 2010, 29th October, 2010 and 24th January, 2011. The maximum interval between any two Meetings during this period does not exceed four months.

Dates for the Board Meetings for the ensuing year are decided well in advance and communicated to the Directors. The Agenda along with the explanatory notes are sent in advance to the Directors. Additional meetings of the Board are held when deemed necessary by the Board.

The Company has adopted the Code of Conduct for all Board members and management personnels of the Company. This Code is posted on the website of the Company. All Board members and management personnels have confirmed compliance to the Code of Conduct. A declaration signed by the Managing Director of the Company to this effect is appended with the Report.

Audit Committee

The Company has constituted an Audit Committee in the year 2001. The role, powers and functions of the Audit committee is in accordance with Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956.

The Audit Committee comprises of four Non-Executive Directors. The members of the Committee possess the sound knowledge of finance & accounts. The Audit Committee invites such of the executives, as it considers appropriate to be present at the meetings of the Committee. The Managing Director, Vice Chairman, Group Chief Financial Officer, Company Secretary, representatives of the internal auditors and statutory auditors are also present at the Audit Committee Meetings as invitees.

During the year under review, the Committee met four times on 28th April, 2010, 28th July, 2010, 26th October, 2010 and 24th January, 2011.

The Composition of the Audit Committee and the attendance of the members at the meetings held are as follows:

Name of Member	Status	Category	No. of meetings attended
Mr. Deepak Ghaisas	Chairman	Independent Director	4
Mr. Ravi C. Raheja	Member	Non-Independent Director	4
Mr. Shahzaad S. Dalal	Member	Independent Director	2
Prof. Nitin Sanghavi	Member	Independent Director	4

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

The broad terms of reference of the Audit Committee inter-alia is as under:

1. To oversee the Company's financial reporting process and the disclosure of its financial information, to ensure that the financial statement is correct, sufficient and credible.
2. To recommend to the Board, the appointment and re-appointment of Statutory Auditors, fixation of audit fees and also approval for payment of any other services.

3. To review with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956.
 - b) Changes, if any, in accounting policies and practices and reasons for the same.
 - c) Major accounting entries involving estimates based on the exercise of judgement by management.
 - d) Significant adjustments made in the financial statements arising out of audit findings.
 - e) Compliance with listing and other legal requirements relating to financial statements.
 - f) Disclosure of related party transactions.
 - g) Qualifications in the draft audit report.
4. To review with the management, the quarterly financial statements before submission to the Board for approval.
5. To review with the management, performance of statutory and internal auditors and adequacy of the internal control systems.
6. Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.) the statement of funds utilised for purposes other than those stated in the offer document or prospectus and making appropriate recommendations to the Board to take up steps in this matter.
7. To review the adequacy of internal audit function, including the structure of the internal audit department, staffing of the department, reporting structure coverage and frequency of internal audit.
8. Discussion with internal auditors any significant findings and follow up there on.
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. To review the functioning of the Whistle Blower mechanism.
12. Carrying out any other function as may be added to the terms of reference of the Audit Committee.

Compensation/Remuneration Committee

The Company has constituted Compensation/Remuneration Committee in the year 2001. The scope of the activities of the Compensation/Remuneration Committee is to recommend the remuneration payable to the Executive Director of the Company, payment of commission and sitting fees to Non-Executive Directors and formulation and implementation of various Employee Stock Option Plans (ESOP) Schemes in the Company.

During the year, the Committee met ten times i.e. on 28th April, 2010, 29th July, 2010 (9.30 a.m.), 29th July, 2010 (4.30 p.m.), 13th August, 2010, 23rd September, 2010, 29th October, 2010, 13th December, 2010, 24th January, 2011, 21st February, 2011 and 25th March, 2011.

The Composition of the Committee and the attendance of the members at the meetings held are as follows:

Name of Member	Status	No. of meetings attended
Mr. G. L. Mirchandani	Chairman	9
Mr. Ravi C. Raheja	Member	10
Mr. Shahzaad S. Dalal	Member	6
Prof. Nitin Sanghavi	Member	9

Remuneration Policy

1. The remuneration of the Executive Director is recommended by the Compensation/Remuneration Committee based on criteria such as industry benchmarks, the Company's performance vis-a-vis the industry, responsibilities shouldered, performance/track record, macro economic review on remuneration packages of heads of other organisations and is decided by the Board of Directors. The Company pays remuneration by way of salary, perquisites, allowances and profit linked reward scheme to its Executive Director. Annual increments are decided by the Compensation/Remuneration Committee within the salary approved by members and are normally effective from April 1, annually.
2. The Company pays sitting fees of ₹ 20,000/- to its Non-Executive Directors for attending each Board of Directors meeting.
3. The members of the Company at the Ninth Annual General Meeting had approved the payment and distribution of sum not exceeding 1% of the net profits of the Company calculated in accordance with the provisions of Sections 198, 349 and 350 of the Companies Act, 1956 by way of commission to Non-Executive Directors. It is now proposed to renew the resolution authorising the payment and distribution of said commission for a further period of 5 (five) years to Non-Executive Directors, commencing from April 1, 2011, subject to the requisite approval of shareholders at the ensuing Annual General Meeting of the Company.

Details of compensation paid/payable to Non-Executive Directors during the year are as under:

Name of Directors	Commission (₹)	Sitting Fees (₹)	Total (₹)
Mr. Chandru L. Raheja	0	80,000	80,000
Mr. Ravi C. Raheja	0	100,000	100,000
Mr. Neel C. Raheja	0	100,000	100,000
Mr. B. S. Nagesh	300,000	100,000	400,000
Mr. Gulu L. Mirchandani	300,000	100,000	400,000
Mr. Shahzaad S. Dalal	300,000	40,000	340,000
Prof. Nitin Sanghavi	300,000	80,000	380,000
Mr. Deepak Ghaisas	600,000	100,000	700,000
Mr. Nirvik Singh	300,000	80,000	380,000
Total	2,100,000	780,000	2,880,000

Details of remuneration paid to Mr. Govind Shrikhande, Managing Director for the financial year 2010-2011 is as under:

Salary and Bonus (₹)	Perquisites (₹)	Contribution to Provident Fund (₹)	Total (₹)
32,953,050	621,500	1,296,000	34,870,550

ESOPs

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

Scheme	Date of Grant	Options Granted*	Options vested and exercised*	Grant price per equity share* (₹)	Fair value on the date of grant* (₹)	Vesting period
ESOP-III	01.05.04	45,120	45,120	75	90.5	3 years
ESOP-IV	01.02.05	27,960	27,960	120	124	39 months
ESOP-V-1	28.12.05	22,706	13,620	192	214.5	3 years
ESOP 2008-1	29.04.09	100,000	0	55	55	38 months

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

Scheme	Date of Grant	Options Granted*	Options vested and exercised*	Grant price per equity share* (₹)	Fair value on the date of grant* (₹)	Vesting period
ESOP-III	01.05.04	18,460	18,460	75	90.5	3 years
ESOP-IV	01.02.05	14,540	14,540	120	124	39 months
ESOP-V-1	28.12.05	10,612	10,612	192	214.5	3 years
ESOP 2008-1	29.04.09	260,000	78,000	55	55	38 months
ESOP 2008-2	24.03.10	24,000	7,200	191	191	3 years

*The number of options, grant price per share and fair value has been adjusted to reflect the sub-division of equity share of ₹ 10/- each into two equity shares of ₹ 5/- each.

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

Period of contract is 3 years w.e.f. 29 July, 2010. There is no separate provision for payment of any severance fees.

Shareholders' Investor Grievance and Share Transfer Committee

The Company has constituted the Committee in the year 2004. The Committee looks into redressal of shareholders' grievances. The Committee also oversees the performance of the Registrar and Share Transfer Agents and recommends measures for overall improvement in the quality of investor services.

During the year 2010-11, the Committee met three times i.e. on 7th May, 2010, 14th June, 2010 and 10th January, 2011.

The Composition of the Committee and the attendance of the members at the meeting held is as follows:

Name of Member	Status	No. of meetings attended
Mr. Ravi C. Raheja	Chairman	2
Mr. Neel C. Raheja	Member	2
Mr. B. S. Nagesh	Member	3

Mr. Prashant Mehta, Vice President – Legal & Company Secretary of the Company has been designated as the Compliance Officer.

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

Subsidiary Companies

During the year, Hypercity Retail (India) Limited became our subsidiary w.e.f. June 30, 2010. Mr. Deepak Ghaisas and Mr. Nitin Sanghavi, Independent & Non-Executive Directors of the Company are also the Directors of Hypercity Retail (India) Limited.

Clause 49 of Corporate Governance defines a 'material non-listed Indian subsidiary' as an unlisted subsidiary, incorporated in India, whose turnover or net worth (i.e. paid-up capital and free reserves) exceeds 20% of the consolidated turnover or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year. In this regard, the Company does not have any material non-listed Indian subsidiary.

The Board of Directors of the Company reviews every quarter the financial statements and minutes of Board Meetings of unlisted subsidiary companies.

General Body Meetings

Details of Annual General Meetings held during last three years:

AGM for Financial Year ended	Date	Time	Location	Special Resolutions passed thereat
2009-2010	29 July 2010	3.00 p.m.	National Stock Exchange of India Ltd., Exchange Plaza, NSE Auditorium, Ground Floor, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051.	No special resolution has been passed.
2008-2009	29 July 2009	2.30 p.m.	R. D. National College & W. A. Science College, (College Auditorium), Linking Road, Bandra (West), Mumbai - 400 050.	No special resolution has been passed.
2007-2008	29 July 2008	2.30 p.m.	R. D. National College & W. A. Science College, (College Auditorium), Linking Road, Bandra (West), Mumbai - 400 050.	<ul style="list-style-type: none"> • Appointment of Mr. Govind Shrikhande as Whole-time Director for a period of 3 years w.e.f. July 29, 2009. • Employee Stock Option Scheme – ESOPs to employees of Company and Subsidiaries. • Modification to earlier ESOP Schemes. • Ratification of Right Issue of shares.

Postal Ballot

As per Section 192A of the Companies Act, 1956 during the year 2010-11, the following special resolutions were passed by members through postal ballot on June 21, 2010, October 27, 2010 and December 23, 2010. Details of the postal ballot process followed in these regard are as under:

1. Results of Postal Ballot announced on June 21, 2010.

Approval of members was sought for following Special Resolutions:

1. Making investment in securities by subscription/purchase or otherwise /loans or advances/guarantee/security(ies) etc. in Hypercity Retail (India) Ltd; upto an extent of ₹ 200 Crores under Section 372A of the Companies Act, 1956;

2. To handover and dispose off 'Crossword' business to Crossword Bookstores Limited, a wholly-owned subsidiary of the Company under Section 293 (1)(a) of the Companies Act, 1956; and
3. To delete the existing Article 150 – 'Common Seal' of the Articles of Association of the Company and substituting it with a new Article under Section 31 of the Companies Act, 1956;

Voting Pattern and Procedure for Postal Ballot

1. The Board of Directors of the Company at its meeting held on April 28, 2010 appointed Mr. V. Sundaram, Practising Company Secretary as a Scrutinizer for conducting the voting through Postal Ballot.
2. All postal ballot forms received upto June 19, 2010, the last date for receiving the postal ballot forms from shareholders were considered for scrutiny. Envelopes received after this date was not considered for scrutiny.
3. The results of the Postal Ballot was announced on June 21, 2010 at the Registered Office of the Company. The details of voting are as follows:

Particulars	In favour			Against			Total No. of Shares
	No. of Postal Ballot Forms	No. of Votes in Favour of	%	No. of Postal Ballot Forms	No. of Votes Against	%	
Resolution No.1	239	30,383,302	99.98	9	433	0.02	30,383,735
Resolution No.2	238	30,383,339	99.98	10	396	0.02	30,383,735
Resolution No.3	241	30,383,467	99.98	7	268	0.02	30,383,735

2. Results of Postal Ballot announced on October 27, 2010.

Approval of members was sought for following Special Resolutions:

1. To appoint Mr. Govind Shrikhande as a Managing Director of the Company designated as 'Customer Care Associate & Managing Director for a period 3 (three) years commencing from July 29, 2010; and
2. To change the name of the Company from "Shopper's Stop Limited" to "Shoppers Stop Limited".

Voting Pattern and Procedure for Postal Ballot:

1. The Board of Directors of the Company at its meeting held on July 29, 2010 appointed Mr. V. Sundaram, Practising Company Secretary as a Scrutinizer for conducting the voting through Postal Ballot.
2. All postal ballot forms received upto October 26, 2010, the last date for receiving the postal ballot forms from shareholders were considered for scrutiny. Envelopes received after this date were not considered for scrutiny.
3. The results of the Postal Ballot was announced on October 27, 2010 at the Registered Office of the Company. The details of voting are as follows:

Particulars	In favour			Against			Total No. of Shares
	No. of Postal Ballot Forms	No. of Votes	%	No. of Postal Ballot Forms	No. of Votes	%	
Resolution No. 1	170	31,120,315	100.00	1	3	—	31,120,318
Resolution No. 2	168	31,120,266	100.00	3	52	—	31,120,318

3. Results of Postal Ballot announced on December 23, 2010.

Approval of members was sought for following Special Resolutions:

1. To approve sub-division of equity shares of face value of ₹ 10/- each into two equity shares of ₹ 5/- each; and
2. To amend Clause V of the Memorandum of Association of the Company consequent to aforesaid sub-division.

Voting Pattern and Procedure for Postal Ballot:

1. The Board of Directors of the Company at its meeting held on October 29, 2010 appointed Mr. V. Sundaram, Practising Company Secretary as a Scrutinizer for conducting the voting through Postal Ballot.
2. All postal ballot forms received upto December 22, 2010, the last date for receiving the postal ballot forms from shareholders were considered for scrutiny. Envelopes received after this date were not considered for scrutiny.
3. The results of the Postal Ballot was announced on December 23, 2010 at the Registered Office of the Company. The details of voting are as follows:

Particulars	In favour			Against			Total No. of Shares
	No. of Postal Ballot Forms	No. of Votes	%	No. of Postal Ballot Forms	No. of Votes	%	
Resolution No. 1	285	36,126,725	99.99	7	151	—	36,126,876
Resolution No. 2	283	36,126,665	99.99	9	211	—	36,126,876

4. There is no special resolution proposed to be passed through Postal Ballot.

Disclosure on materially significant related party transactions

There were no materially related party transactions that may have potential conflict with the interest of the Company at large. The transactions between the Company and the related parties are disclosed in Notes to the Accounts in the Annual Report.

Disclosure of Accounting Treatment

The financial statements of the Company comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956.

Board Disclosures – Risk Management

The Company has laid down the requisite procedures to inform the Board Members about the risk assessment and minimisation procedures which are accordingly followed.

Details of non-compliance on matters relating to Capital Market

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

Code of conduct for Prevention of Insider Trading Practices

In compliance with the SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended, the Company has formulated, adopted and implemented "Shoppers Stop Code of conduct for prevention of Insider Trading" in the shares of the Company.

Whistle Blower Policy

The Whistle Blower Policy aims to encourage all employees to inform the Company regarding any kind of misuse of Company property, mismanagement or wrongful conduct prevailing in the Company and no personnel has been denied access thereto. The disclosure would

be sent to the Chairman of the Audit Committee/the Ethics Counselor who would investigate and recommend to the management of the Company to take such disciplinary or corrective action as may be deemed fit.

Compliance with non-mandatory requirements of Clause 49 of the listing agreement.

The Company has voluntarily complied with the non-mandatory requirements relating to Remuneration Committee and whistle blower policy.

Management Discussion and Analysis

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

Proceeds from public issues

The Company has disclosed the uses and application of funds raised through a public issue to the Audit Committee on a quarterly basis as a part of their quarterly declaration of financial results.

Means of Communication

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

General Shareholders Information

(1) Annual General Meeting:

Date, Time & Venue : 26 July 2011 at 3.00 p.m.
: Exchange Plaza, NSE Auditorium, Ground Floor,
Bandra-Kurla Complex, Bandra (East), Mumbai 400 051.

(2) Financial Calendar : 1 April 2010 to 31 March 2011

(3) Date of Book Closure : 19 July 2011 to 26 July 2011 (Both days inclusive).

(4) Dividend Payment Date : 28 July 2011

(5) Listing on the Stock Exchanges : 1. Bombay Stock Exchange 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 2011-2012 has been paid to both the above Stock Exchanges where the equity shares of the Company are listed.

(6) Stock Code

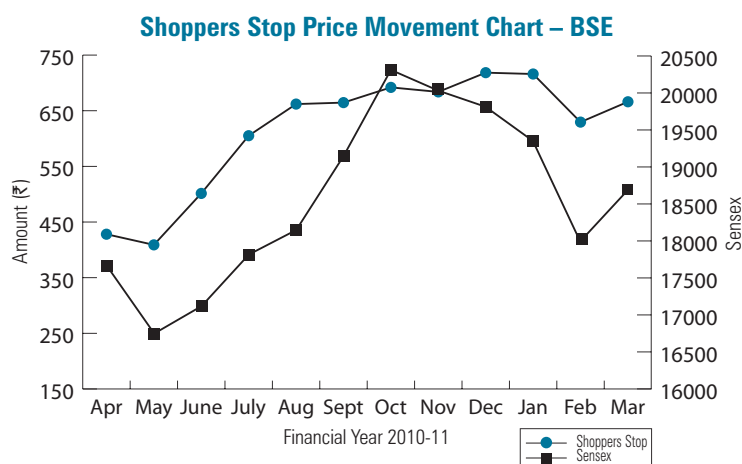
Bombay Stock Exchange Limited : 532638
National Stock Exchange of India Ltd. : SHOPERSTOP (Symbol)

(7) Stock Market Data for the period – 1 April 2010 to 31 March 2011

Share price performance in comparison on BSE:

Month (2010-11)	BSE		Sensex		No. of Shares transacted
	High (₹)	Low (₹)	High	Low	
April	481.15	375.05	18,047.86	17,276.80	369,810
May	447.90	370.00	17,536.86	15,960.15	209,258
June	584.80	418.00	17,919.62	16,318.39	955,608
July	666.25	544.00	18,237.56	17,395.58	1,893,029
August	738.70	585.20	18,475.27	17,819.99	586,471
September	719.20	610.00	20,267.98	18,027.12	549,183
October	744.00	639.90	20,854.55	19,768.96	574,232
November	752.00	615.65	21,108.64	18,954.82	121,674
December	775.80	661.00	20,552.03	19,074.57	72,225
* January	792.00 (Before sub-division)	320.00	20,664.80	18,038.48	258,271
* February	368.55	261.00	18,690.97	17,295.62	105,581
* March	364.90	301.20	19,575.16	17,792.17	110,151

* After sub-division of face value of Equity share from ₹ 10/- each to ₹ 5/- each.

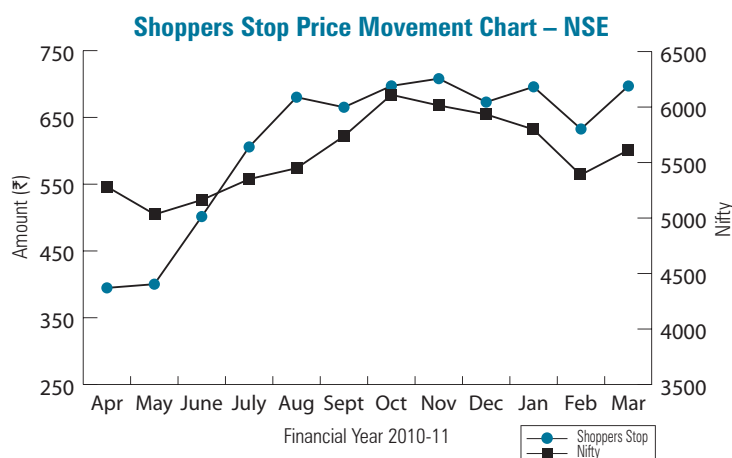


(Adjusted to effect sub-division of face value of Equity share from ₹ 10/- each to ₹ 5/- each).

Share price performance in comparison on NSE:

Month (2010-11)	NSE		Nifty		No. of Shares transacted
	High (₹)	Low (₹)	High	Low	
April	414.40	375.00	5,399.65	5,160.90	228,568
May	447.80	352.65	5,278.70	4,786.45	381,599
June	590.00	413.00	5,366.75	4,961.05	1,936,164
July	666.50	545.00	5,477.50	5,225.60	4,412,664
August	768.00	592.50	5,549.80	5,348.90	1,939,409
September	719.40	611.00	6,073.50	5,403.05	1,725,192
October	743.35	651.00	6,284.10	5,937.10	1,267,901
November	743.90	672.15	6,338.50	5,690.35	605,666
December	775.90	570.00	6,147.30	5,721.15	463,346
* January	787.00 (Before sub-division)	302.30	6,181.05	5,416.65	1,158,556
* February	368.60	264.05	5,599.25	5,177.70	537,006
* March	392.00	305.05	5,872.00	5,348.20	528,617

* After sub-division of face value of Equity share from ₹ 10/- each to ₹ 5/- each.



(Adjusted to effect sub-division of face value of Equity share from ₹ 10/- each to ₹ 5/- each).

(8) Distribution of Shareholding as on 31 March 2011 and 31 March 2010:

Shareholding of Nominal Value	As on March 31, 2011				As on March 31, 2010			
	Shareholders		% to total		Shareholders		% to total	
Rupees	Number	% to total	Rupees	% to total	Number	% to total	Rupees	% to total
Upto 5000	7,124	96.93	2,641,310	0.64	7,995	96.86	3,477,760	1.00
5001-10000	55	0.75	450,775	0.11	82	0.99	645,110	0.18
10001-20000	37	0.50	527,885	0.13	42	0.51	580,300	0.17
20001-30000	23	0.31	575,115	0.14	33	0.40	853,890	0.24
30001-40000	12	0.17	414,415	0.10	13	0.16	461,080	0.13
40001-50000	6	0.08	281,460	0.07	9	0.11	417,720	0.12
50001-100000	17	0.23	1,345,305	0.33	18	0.22	1,454,840	0.42
100001 and above	76	1.03	404,597,915	98.48	62	0.75	341,252,740	97.74
Total	7,350	100.00	410,834,180	100.00	8,254	100.00	349,143,440	100.00

Shareholding Pattern

The categories of shareholdings as on 31 March 2011 and 31 March 2010:

Category	As on March 31, 2011		As on March 31, 2010	
	No. of Shares Held	% to total	No. of Shares Held	% to total
Promoters	56,029,674	68.19	23,921,184	68.51
Mutual Funds	5,190,130	6.32	3,696,438	10.59
Financial Institution	0	0	138,050	0.40
Foreign Institutional Investors	10,813,524	13.16	1,706,964	4.89
Corporate Bodies	7,279,734	8.86	2,729,065	7.81
Indian Public & HUF	2,829,587	3.44	2,684,901	7.69
Banks	0	0	2,000	0.01
NRI's & OCB's	15,426	0.02	8,254	0.02
Clearing Members (Transit)	8,757	0.01	27,486	0.08
Trust	4	0.00	2	0.00
Total	82,166,836	100.00	34,914,344	100.00

The Board of Directors and shareholders of the Company at their meetings held on October 29, 2010 and December 23, 2010 respectively had approved sub-division of equity share of ₹ 10/- each into two equity shares of ₹ 5/- each. The Company fixed January 13, 2011 as the Record Date, for the said sub-division and as on date, the equity shares of the company were sub-divided.

Shareholding of Board of Directors as on 31 March 2011:

Name of Director	Status	No. of Shares
Mr. Chandru L. Raheja	Promoter Director	6,97,500
Mr. Ravi C. Raheja	Promoter Director	11,00,000
Mr. Neel C. Raheja	Promoter Director	11,50,000
Mr. Gulu L. Mirchandani	Director	4,000
Mr. Shahzaad S. Dalal	Director	2,000
Prof. Nitin Sanghavi	Director	0
Mr. Deepak Ghaisas*	Director	7,750
Mr. B. S. Nagesh	Vice Chairman	6,42,788
Mr. Govind Shrikhande	Managing Director	1,12,038
Mr. Nirvik Singh	Director	0

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

- (9) Registrar and Transfer Agent : Karvy Computershare Private Limited
Plot No. 17-24, Vitthal Rao Nagar, Madhapur, Hyderabad - 500 081, (India).
Tel: +91-40 2342 0818, Fax: +91-40 2342 0814
- (10) Share Transfer System : The shares of the Company are traded on the Stock Exchanges through the Depository System. The ISIN allotted to the equity shares of ₹ 5/- each of the Company is INE498B01024. The request received by the Company/RTA for dematerialisation/rematerialisation are disposed off expeditiously. Share certificates duly endorsed are issued to the shareholders, who opt for the shares in the physical form.
- (11) Dematerialisation of shares and liquidity : The trading in Company's equity shares is compulsorily in dematerialised mode for all investors. As on date, entire share capital of the Company except 2,358 equity shares are being held in the physical mode.
The shares of the Company are regularly traded at both the Stock Exchanges where they are listed, which ensure the necessary liquidity to shareholders.
- (12) Outstanding GDRs/ADRs/Warrants or any Convertible instruments : The Company has not issued any ADR or GDR or warrants or any convertible instruments, which has likely impact on equity share capital.
- (13) Address for correspondence : Mr. Prashant Mehta
Vice President – Legal & Company Secretary
Eureka Towers, B-Wing, 9th Floor, Mindspace, Link Road, Malad (W), Mumbai - 400 064.
Tel: (022) 4249 7000
E-mail ID : 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 (W), Mumbai - 400 089
3. Suburbia, Old Bandra Talkies, Linking Road, Bandra (West), Mumbai - 400 050
4. Naman Plaza, 41, S. V. Road, Opp. Shankar Lane, Kandivali (W), Mumbai - 400 067
5. Nirmal Lifestyles, L. B. S. Marg, Mulund (W), Mumbai - 400 080
6. Inorbit Mall, Plot no. 1406-A, 28/A, Link Road, Malad (W), Mumbai - 400 064
7. Dynamix Mall, Sant Dhyaneswar Marg, JVPD Scheme, Next to Chandan Cinema Hall, Vile Parle (W), Mumbai - 400 049
8. Godrej Eternia, B-Wing, Shivaji Nagar, Mumbai-Pune Road, Pune - 411 005
9. Nucleus Mall, 1 Church Road, Pune - 411 001
10. HomeStop, Inorbit Mall, 2nd Floor, Link Road, Malad (W), Mumbai - 400 064
11. Prozone Mall, Plot Sector-C, Chikalthana Industrial Area, Masantpur, Aurangabad - 431 210
12. Inorbit Mall, Plot no. 39/1, Vashi, Navi Mumbai - 400 705
13. HomeStop, Inorbit Mall, 2nd Floor, Sector No. 30 A, Vashi, Navi Mumbai - 400 705

Southern Region

1. Garuda Star Mall, Magrath Road, Ashok Nagar, Bengaluru - 560 025
2. Commerce@Mantri, Ground Floor, N. S. Palya, Bannerghatta Road, Bengaluru - 566 076
3. 1, Sampige Road, Next to Mantri Greens, Before Sampige Theatre, Malleshwaram, Bengaluru - 560 003
4. Salarpuriya Tower - II, Near Forum Mall, Ward No. 63, Kormangala Indl. Layout, Bengaluru - 560 095.
5. Plot No. 1-11-251/1, Alladin Mansion, Begumpet, Hyderabad - 500 016
6. No. 2, Harrington Road, Chetpet, Chennai - 600 031
7. GVK One Mall, Road No. 01, Banjara Hills, Hyderabad - 500 034
8. Inorbit Mall, Apiic Software Layout, Hitech City, Cyberabad, Hyderabad - 500 081
9. GMR Hyderabad International Airport Ltd., Level - D, Passenger Terminal Building, Shamshabad Airport, Rangareddy, District - 500 409
10. Passenger Terminal Building, Bengaluru International Airport, Devanahalli, Bengaluru - 560 300.
11. HomeStop, Raheja Point No. 17/2, Magrath Road, Bengaluru - 560 025

Northern Region

1. Gaurav Towers 2, Plot No. 2, Indira Palace, Malviya Nagar, Jaipur - 302 017
2. Ansal Plaza, Hudco Palace, Andrews Ganj, Khelgaon Marg, Near South Extension, New Delhi - 110 049
3. The Metropolitan Mall, Mehrauli-Gurgaon Road, Gurgaon, Haryana - 122 002

4. Shipra Mall, Shipra Suncity, 9 Vaibhav Khand, Indirapuram, Ghaziabad - 201 012
5. HomeStop, Plot No. A/3, Select City Walk, District Centre, Saket, New Delhi - 110 017
6. E-City Mall, Opp. Paryatan Bhavan, Beside Eldeco Green Compound, Gomti Nagar, Lucknow - 226 010
7. Eros Mall, Plot no. 10, Shivaji Palace, District Centre, Rajouri Garden, Behind Vishal Cinema Complex, Rajouri, New Delhi - 110 027
8. The Great India Palace, Plot No.2, Sector 38-A, New Okhla Industrial Development Area, District - Gautam Budh Nagar, Noida, Uttar Pradesh - 201301
9. Metropolitan Mall, Press Enclave Road, District Centre Saket, Sector II, New Delhi - 110 017
10. Suncity Triton Mall, Near Bhawani Niketan College, Off Sikar Road, Chomu Circle, Village Bassi, Sitarampura, Tehsil Sawai, Jaipur - 302 012
11. Alpha One Mall, MBN Farm, Sultan Wind, Main G. T. Road, Amritsar - 143 010
12. Ambience Mall, Nelson Mandela Road, Vasant Kunj, New Delhi - 110 070
13. DB City Mall, Arera Hills, Bhopal - 462 011

Eastern Region

1. 10/3, Lala Lajpat Rai Sarani (Elgin Road), Kolkata - 700 020
2. City Centre, DC-1, Sector-1, Salt Lake, Kolkata - 700 064
3. South City Mall, 375, Prince Anwar Shah Road, Opp. Jodhpur Park, Kolkata - 700 068.
4. Junction Mall, Mouza – Faridpur, J. L. No. 74, City Centre, Durgapur - 713 216.
5. City Centre, Siliguri Uttorayon Township, NH - 31, Matigara, Siliguri - 734 010

To,

The Members of Shoppers Stop Limited

1. We have audited the attached Balance Sheet of Shoppers Stop Limited ("the Company") as at 31 March 2011, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:
 - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
 - (e) Without qualifying our opinion, attention is invited to Note 24 of the Financial Statements regarding non-provision of service tax for the period 1 June 2007 to 31 March 2010 on renting of immoveable properties given for commercial use, aggregating ₹ 1,619 lacs. The retrospective levy of service tax has, inter-alia, been challenged by the Company in various High Courts and an interim stay has been granted by the various High Courts from the recovery of the said service tax. The matter is contingent upon the final outcome of the litigation.
 - (f) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2011;
 - (ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date and
 - (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of written representations received from the Directors as on 31 March 2011 and taken on record by the Board of Directors, none of the Directors is disqualified as on 31 March 2011 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For Deloitte Haskins & Sells,

Chartered Accountants

(Registration No. 117366W)

Shyamak R. Tata

Partner

Membership No. 38320

Place: Mumbai

Date: 29 April, 2011

(Referred to in paragraph (3) thereof)

In our opinion and according to the information and explanation given to us, the nature of the Company's business/activities during the year are such that clauses (vi), (viii), (x), (xii), (xiii), (xiv) and (xix) of Companies (Auditors' Report) Order 2003, are not applicable to the Company. In respect of the other clauses, we report as under:

1. In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - (b) Some of the fixed assets were physically verified during the year by the Management in accordance with a 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) During the year, in our opinion, a substantial part of fixed assets has not been disposed off by the Company.
2. In respect of its inventory:
 - (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
3. The company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956. In respect of loans, secured or unsecured, granted by the Company to companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:
 - (a) The company has granted unsecured loans to one party during the year. At the year-end, the outstanding balance of such loans aggregated ₹ 12,565.54 lacs and the maximum amount involved during the year was ₹ 13,685.45 lacs.
 - (b) The rate of interest and other terms and conditions of such loans are, in our opinion, *prima facie* not prejudicial to the interests of the Company.
 - (c) The payment of principal and interest in respect of such loans are as per stipulations.
 - (d) There are no overdue amounts of principal or interest as at 31 March 2011.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in the aforesaid internal control systems.
5. In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
 - (a) The particulars of the contracts or arrangements referred to in Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.
 - (b) Where each of such transactions is in excess of ₹ 5 lacs in respect of any party, we are informed that the nature of transaction is such that there are no comparative prevailing market prices.
6. In our opinion, the internal audit functions carried out during the year by firms of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.
7. According to the information and explanations given to us, and the records of the Company examined by us in respect of statutory dues:
 - (a) The Company has generally been regular in depositing undisputed dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
 - (b) There were no undisputed amounts payable in respect of Income-Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31 March 2011 for a period of more than six months from the date they became payable.

Annexure to the Auditors' Report

Shoppers Stop Ltd.

- (c) There are no disputed dues relating to Sales Tax, Wealth Tax, Service Tax, Excise Duty and Cess which have not been deposited with the relevant authorities as at 31st March, 2011.

The details of dues of Income-Tax and Customs Duty which have not been deposited as on 31 March 2011 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 under dispute not yet deposited (₹ in lacs)
The Income-tax Act, 1961	Income-tax	FY 2007-08	Dy. Commissioner (Appeals)	74.96
		FY 2008-09	Dy. Commissioner (Appeals)	74.40
The Customs Act, 1962	Custom duty	FY 2007-08	Commissioner (Appeals)	17.09

8. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks.
9. In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by its joint venture companies from banks are not *prima facie* prejudicial to the interests of the Company.
10. In our opinion and according to the information and explanations given to us, the term loans obtained have been applied for the purposes for which they were obtained.
11. In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long-term investment.
12. During the year, the Company has made preferential allotment of shares against optionally convertible warrants issued in the previous year to Companies covered in the Register maintained under Section 301 of the Companies Act, 1956. The price at which these shares have been allotted, has been determined as per the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, which in our opinion, is not prejudicial to the interest of the Company.
13. We have verified the end use of moneys raised by public issue viz. qualified institutional placement and the same has been disclosed in Note 37(ii) of the financial statements.
14. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no significant fraud on the Company has been noticed or reported during the year.

For Deloitte Haskins & Sells,

Chartered Accountants
(Registration No. 117366W)

Shyamak R. Tata

Partner
Membership No. 38320
Place: Mumbai
Date: 29 April, 2011

(All amounts in ₹ lacs)

	Notes	Mar-11	Mar-10
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share capital	3	4,108.34	3,491.43
Optionally Convertible Warrants		—	3,071.80
Reserves and surplus	4	55,701.88	24,325.99
		59,810.22	30,889.22
LOAN FUNDS			
Secured loans	5	12,872.17	18,434.80
Unsecured loans	6	2,000.00	1,500.00
		14,872.17	19,934.80
		74,682.39	50,824.02
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	7	50,564.24	45,765.95
Less: Accumulated depreciation, amortisation		19,350.01	18,666.39
Net Block		31,214.23	27,099.56
Capital work-in-progress (including Capital advances ₹ 1,118.22 lacs; 2010 : ₹ 958.17 lacs)		4,464.61	2,767.74
		35,678.84	29,867.30
INVESTMENTS	8	23,719.34	11,967.45
DEFERRED TAX ASSET (NET)	27(b)	325.00	455.00
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	9	15,113.66	14,989.32
Sundry debtors	10	1,600.63	1,090.90
Cash and bank balances	11	261.81	303.71
Other current assets	12	125.72	—
Loans and advances	13	27,854.68	19,112.85
		44,956.50	35,496.78
Less: CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities	14	29,042.22	26,172.31
Provisions		955.07	790.20
		29,997.29	26,962.51
Net current assets		14,959.21	8,534.27
		74,682.39	50,824.02

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

In terms of our report of even date.

For and on behalf of the Board of Directors

For Deloitte Haskins & Sells
Chartered Accountants

B. S. Nagesh
Vice Chairman

Ravi Raheja
Director

Govind S. Shrikhande
Customer Care Associate &
Managing Director

Shyamak R. Tata
Partner
Mumbai, Dated: 29 April, 2011

C. B. Navalkar
Customer Care Associate &
Group Chief Financial Officer

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

Profit and Loss Account
for the year ended 31 March, 2011

Shoppers Stop Ltd.

(All amounts in ₹ lacs)

	Notes	Mar-11	Mar-10
INCOME			
Retail Turnover			
Own merchandise (including concession sales)	2(e)	172,583.12	141,583.75
Consignment merchandise		18,130.30	13,074.07
Other Retail operating income	15	2,186.88	2,178.93
	21	192,900.30	156,836.75
Less: Value Added Tax		8,960.24	6,856.84
Less: Cost of consignment merchandise		12,965.82	9,429.83
		170,974.24	140,550.08
Other income	16	945.47	631.17
		171,919.71	141,181.25
EXPENDITURE			
Cost of goods sold	17	108,900.73	88,996.23
Employee costs	18	9,898.37	8,758.55
Operating and administrative expenses	19	37,189.48	31,700.27
Interest and finance charges	20	1,453.77	2,244.35
Depreciation and Amortisation	7	3,099.88	3,102.54
		160,542.23	134,801.94
PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX		11,377.48	6,379.31
Exceptional Item	35	(5.10)	(187.72)
PROFIT BEFORE TAX		11,382.58	6,567.03
Tax Charge	27(a)	3,865.00	1,543.98
NET PROFIT AFTER TAX		7,517.58	5,023.05
BALANCE BROUGHT FORWARD FROM PREVIOUS YEAR		2,685.19	(1,476.00)
		10,202.77	3,547.05
APPROPRIATIONS			
Transfer to General Reserve		375.88	251.15
Proposed Dividend		616.26	523.72
Corporate Dividend Tax		79.58	86.99
BALANCE CARRIED TO BALANCE SHEET		9,131.05	2,685.19
Earnings per share			
(Equity shares, face value of ₹ 5/- per share)			
Basic (₹)	31	9.52	6.61
Diluted (₹)		9.42	6.53

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

In terms of our report of even date.

For and on behalf of the Board of Directors

For Deloitte Haskins & Sells
Chartered Accountants

B. S. Nagesh
Vice Chairman

Ravi Raheja
Director

Govind S. Shrikhande
Customer Care Associate &
Managing Director

Shyamak R. Tata
Partner
Mumbai, Dated: 29 April, 2011

C. B. Navalkar
Customer Care Associate &
Group Chief Financial Officer

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

(All amounts in ₹ lacs)

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

Depreciation and Amortisation

Interest and finance charges

Profit on sale of fixed assets

Dividend received

Interest income

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

Trade and other receivables (other than lease deposits)

Lease deposits (net)

Inventories

Trade and other payables

Cash generated from operations

Income taxes paid (net of refunds)

Net cash from operating activities**Cash flow from investing activities**

Purchase of fixed assets

Sale of fixed assets

Loans & advances to subsidiaries (net)

Loans & advances to associates (net)

Investment in subsidiaries

Investment in joint ventures

Interest received

Consideration received on transfer of crossword business (refer note 2 below)

Net cash used in investing activities**Cash flows from financing activities**

Proceeds from issue of share capital

Securities premium on issue of share capital received

Proceeds from issue of optionally convertible warrants

Dividend and dividend tax paid

Proceeds from long term borrowings

Repayment of long term borrowings

Short terms loans (net)

Loans from subsidiaries

Repayment of loans to subsidiaries

Interest and finance charges paid

Net cash from/(used in) financing activities**Net Decrease in cash and cash equivalents**

Cash and cash equivalents as at beginning of the year

Cash and cash equivalents as at the end of the year

Notes:

- (1) Cash and Cash Equivalents as per Balance Sheet (see Note 11)
Less: Deposit under lien
Cash and Cash Equivalents as reported above
- (2) Consideration receivable from transfer of Crossword business (see Note 38)
Less: cash received
Balance consideration receivable as on 31 March 2011

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

Mar-11	Mar-10
11,382.58	6,567.03
3,099.88	3,102.54
1,453.77	2,244.35
(37.22)	(147.29)
(125.72)	—
(720.21)	(375.40)
15,053.08	11,391.23
(970.08)	1,021.45
(341.58)	213.63
(2,449.40)	(491.22)
5,525.19	(282.62)
16,817.21	11,852.47
(3,093.68)	(1,626.81)
13,723.53	10,225.66
(11,314.06)	(7,300.13)
188.82	655.01
(8,587.06)	(3,960.44)
—	1,164.90
(11,361.32)	(950.00)
(390.57)	(1,272.89)
722.13	373.57
2,000.00	—
(28,742.05)	(11,289.98)
616.91	4.83
21,484.30	91.92
—	3,071.80
(610.71)	—
2,000.00	—
(9,668.12)	(2,349.33)
4,105.49	(282.76)
1,980.00	1,500.00
(3,480.00)	—
(1,453.77)	(2,244.35)
14,974.10	(207.89)
(44.42)	(1,272.21)
280.84	1,553.05
236.42	280.84
(44.42)	(1,272.21)
261.81	303.71
25.39	22.87
236.42	280.84
2,639.53	—
(2,000.00)	—
639.53	—

In terms of our report of even date.

For Deloitte Haskins & Sells
Chartered Accountants

Shyamak R. Tata

Partner

Mumbai, Dated: 29 April, 2011

For and on behalf of the Board of Directors

B. S. Nagesh
Vice Chairman

Ravi Raheja
Director

C. B. Navalkar

Customer Care Associate &
Group Chief Financial Officer

Govind S. Shrikhande

Customer Care Associate &
Managing Director

Prashant Mehta

Customer Care Associate &
Company Secretary &
Vice President - Legal

1. COMPANY BACKGROUND

Shoppers Stop Limited ('SSL' or 'the Company') was incorporated on 16 June 1997. The Company is engaged in the business of retailing a variety of household and consumer products and books through departmental stores. As at 31 March 2011, the Company operated through 42 such departmental stores located in different cities of India.

2. SIGNIFICANT ACCOUNTING POLICIES**a) Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention and in accordance with Generally Accepted Accounting Principles including applicable Accounting Standards in India and the provisions of the Companies Act, 1956.

b) Use of estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and differences between actual results and estimates are recognised in the periods in which the results are known/materialise.

c) Fixed Assets and Depreciation**Tangible Assets**

Fixed assets are stated at their original cost of acquisition less accumulated depreciation and impairment losses. Cost comprises of all costs incurred to bring the assets to their location and working condition and includes all expenses incurred up to the date of launching new stores to the extent they are attributable to the new stores.

Depreciation is provided, pro rata for the period of use, by the straight line method (SLM), based on management's estimate of useful lives of the fixed assets, or at the SLM rates prescribed in Schedule XIV to the Act whichever is higher, at the following annual rates:

Air conditioning and other equipment	5.00–20.00
Furniture, fixtures and other fittings	6.33–20.00
Computers	16.21–33.33
Vehicles	9.50
Leasehold Improvements	5.82–20.00

Intangible Assets

Intangible assets are stated at their cost of acquisition, less accumulated amortisation and impairment losses. An intangible asset is recognised, where it is probable that the future economic benefits attributable to the asset will flow to the enterprise and where its cost can be reliably measured. The intangible assets are amortised over the best estimate of its useful life on a straight-line basis.

Trademarks & Patents and Computer Software are amortised uniformly over a period of 10 and 6 years respectively.

Impairment of assets

An asset is considered as impaired in accordance with Accounting Standard 28 on Impairment of Assets when at the balance sheet date there are indications of impairment and the carrying amount of the asset, or where applicable, of the cash generating unit to which the asset belongs, exceeds its recoverable amount (i.e. the higher of the asset's net selling price and value in use). The carrying amount is reduced to the recoverable amount and the reduction is recognised as an impairment loss in the profit and loss account.

d) Investments

Long-term investments are stated at cost. Where applicable, provision is made to recognise a decline, other than temporary, in the value of Long-term Investments.

e) Revenue recognition

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

Retail sales are recognised on delivery of the merchandise to the customer, when the property in goods and significant risks and rewards are transferred for a price and no effective ownership control is retained.

The property in the merchandise of third party concession stores located within the main departmental store of the Company passes to the Company once a customer decides to purchase an item from the concession store. The Company in turn sells the item to the customer and is accordingly included under Retail Sales.

The property in the merchandise of third party consignment stock does not pass to the Company. Since, however, the sale of such stock forms a part of the activities of the Company's departmental stores, the gross sales values and cost of the merchandise are disclosed separately and form part of total Retail Turnover in the profit and loss account.

Sales are net of discounts. Value Added Tax and Sales Tax are reduced from Retail Turnover.

In respect of gift vouchers and point award schemes operated by the Company, sales are recognised when the gift vouchers or points are redeemed and the merchandise is sold to the customer.

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

f) Income from Investments and Loans

Interest income is recognised on time proportion basis. Dividend income is recognised when right to receive payment is established.

g) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost of inventories comprises all costs of purchase and other costs incurred in bringing the inventories to their present condition and location. Cost is determined by the weighted average cost method.

Merchandise received under consignment and concessionaire arrangements belong to the consignors/concessionaires and are therefore excluded from the Company's inventories.

h) Employee benefits

Compensation to employees for services rendered is measured and accounted for in accordance with Accounting Standard 15 on Employee Benefits.

Employee Benefits such as salaries, allowances, non-monetary benefits and employee benefits under defined contribution plans such as provident and other funds, which fall due for payment within a period of twelve months after rendering service, are charged as expense to the profit and loss account in the period in which the service is rendered.

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

Actuarial Gains and losses are recognised immediately in the Profit and Loss Account.

i) Operating Lease

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

j) Borrowing costs

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

k) Foreign currency transactions

Transactions in foreign currencies are accounted at the prevailing rates of exchange on the date of transaction.

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

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

l) Income-tax

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

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

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

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

m) Stock-based compensation

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

n) Earnings Per Share

The company reports basic and diluted Earnings Per Share (EPS) in accordance with Accounting Standard 20 on Earnings Per

Share. Basic EPS is computed by dividing the net profit or loss for the year by the weighted average number of equity shares outstanding during the year. Diluted EPS is computed by dividing the net profit or loss for the year by the weighted average number of equity shares outstanding during the year as adjusted for the effects of all dilutive potential equity shares, except where the results are anti-dilutive.

o) Cash Flow Statement

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

p) Provision, Contingent Liabilities and Contingent Assets

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

(All amounts in ₹ lacs)

3. SHARE CAPITAL**Authorised**200,000,000 equity shares of ₹ 5/- each (2010: 100,000,000 of ₹ 10 each)
(see Note 36)**Issued and Subscribed**82,166,836 equity shares of ₹ 5/- each fully paid-up (2010: 34,914,344
equity shares of ₹10/- each fully paid-up) (see Note 37(i))Under Employee Stock Option Schemes the Company has granted
(net of options lapsed) :

- a) 219,276 (2010 : 225,660) Options in 2004-05, of which 219,276 vested options have been exercised.
- b) 148,354 (2010 : 152,902) Options in 2004-05, of which 148,354 vested options have been exercised.
- c) 112,562 (2010 : 115,970) Options in 2005-06, of which 89,630 vested options have been exercised.
- d) 1,014,660 (2010 : 1,025,400) Options in 2009-10, of which 253,560 vested options have been exercised.
- e) 389,000 (2010 : 400,000) Options in 2009-10, of which 13,200 vested options have been exercised.

Of the above, 338,148 options were exercised during the year

Note : Each option entitles the holder thereof to apply for and be allotted
1 Ordinary Shares of the face value of ₹ 5 each.**4. RESERVES AND SURPLUS****Securities Premium Account:**

Balance at beginning of the year

Add: Received during the year (see Note 37(ii))

Less: Utilised for share Issue expenses

General Reserve

Balance at beginning of the year

Transferred from Profit and Loss Account

Balance in Profit and Loss Account

Employees' Stock Options outstanding (see Note 30(d)(iv))

5. SECURED LOANS**From banks (Refer note below)**

Term Loans

Cash Credit

Working Capital Demand Loans

Buyers Credit

Note:

Term Loans, Cash Credit Facilities, Working Capital Demand Loans and Buyers Credit are secured by a first charge on all movable tangible properties and an exclusive lien on lease deposits and on all current assets of the Company, both present and future.

6. UNSECURED LOANS

Commercial Paper *

From a Subsidiary Company

* (Repayable within one year ₹ 2,000 lacs, Maximum amount outstanding
during the year ₹ 6,000 lacs)

Mar-11	Mar-10
10,000.00	10,000.00
4,108.34	3,491.43
4,108.34	3,491.43
21,068.21	20,964.61
24,954.26	103.60
385.07	—
45,637.40	21,068.21
552.45	301.30
375.88	251.15
928.33	552.45
9,131.05	2,685.19
5.10	20.14
55,701.88	24,325.99
2,000.00	9,668.12
3,560.52	1,309.19
7,014.13	7,005.69
297.52	451.80
12,872.17	18,434.80
2,000.00	—
—	1,500.00
2,000.00	1,500.00

7. FIXED ASSETS

(All amounts in ₹ lacs)

Description	GROSS BLOCK			DEPRECIATION/AMORTISATION			NET BLOCK	
	1 April 2010	Additions	Deductions	31 March 2011	1 April 2010	For the year	31 March 2011	31 March 2010
TANGIBLE ASSETS								
Leasehold improvements	13,531.11	2,708.65	1,100.70	15,139.06	4,102.14	1,057.08	10,417.98	9,428.97
Air conditioning and other equipment	12,203.13	2,476.00	748.03	13,931.10	3,408.06	720.30	10,174.84	8,795.07
Furniture, fixtures and other fittings	12,345.96	2,761.46	1,645.02	13,462.40	6,129.31	682.19	7,668.95	6,216.65
Computers	5,008.39	774.34	496.84	5,285.89	3,324.77	416.70	1,932.38	1,683.62
Vehicles	29.43	24.55	12.40	41.58	27.93	0.24	24.47	1.50
Total	43,118.02	8,745.00	4,002.99	47,860.03	16,992.21	2,876.51	30,218.62	26,125.81
INTANGIBLE ASSETS								
Trademarks and patents	310.80	9.22	—	320.02	147.73	23.83	148.46	163.07
Software	2,337.13	347.15	300.09	2,384.19	1,526.45	199.54	847.15	810.68
Total	2,647.93	356.37	300.09	2,704.21	1,674.18	223.37	995.61	973.75
Grand Total	45,765.95	9,101.37	4,303.08	50,564.24	18,666.39	3,099.88	31,214.23	27,099.56
Previous year	40,345.02	7,159.23	1,738.28	45,765.95	16,794.42	3,102.54	27,099.56	
Capital work in progress and advances on capital account							4,464.61	2,767.74
TOTAL							35,678.84	29,867.30

Notes:

- Some of the Trademarks and Patents are pending for registration with relevant authorities and formalities (including for removal of objections) are under progress.
- Interest capitalised during the year ₹ 1.35 lacs (2010: ₹ 1.63 lacs)

(All amounts in ₹ lacs)

8. INVESTMENTS (Trade, long-term at cost, unquoted)**In Subsidiary Companies:**

Shoppers' Stop Services (India) Limited

50,000 Equity Shares of ₹ 10/- each Fully Paid

Less: Provision for diminution in value of investment

Upasna Trading Limited

5,000 Equity Shares of ₹ 100/- each Fully Paid

Less: Provision for diminution in value of investment

Shoppers' Stop.com (India) Limited

50,000 Equity shares of ₹ 10/- each Fully Paid

Less: Provision for diminution in value of investment

Gateway Multichannel Retail (India) Limited

25,500 Equity shares of ₹ 10/- each Fully Paid

Less: Provision for diminution in value of investment

Crossword Bookstores Limited

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

1,00,00,000, 5.5% Cumulative Redeemable Preference Shares of ₹ 10/- each Fully Paid

Hypercity Retail (India) Limited *

4,84,500 (2010: Nil) Equity Shares of ₹ 10/- each Fully Paid

(3,04,000 Equity Shares purchased during the year)

13,10,70,000 (2010: Nil), 7% Compulsorily Convertible

Preference Shares of ₹ 10/- each Fully paid

(9,11,70,000 Preference Shares purchased during the year)

1,12,20,000 (2010: Nil), 7% Cumulative Redeemable

Preference Shares of ₹ 10/- each Fully paid

(1,12,20,000 Preference Shares purchased during the year)

In Joint Venture Companies:

Timezone Entertainment Private Limited

1,19,94,900 (2010: 80,89,214) Equity Shares of ₹ 10/- each Fully Paid

(39,05,686 Equity Shares purchased during the year)

Nuance Group (India) Private Limited

3,64,10,000 Equity Shares of ₹ 10/- each Fully Paid

In Associate Company:

Hypercity Retail (India) Limited *

Nil (2010: 1,80,500) Equity Shares of ₹ 10/- each Fully Paid

Nil (2010: 3,99,00,000), 7% Cumulative Redeemable

Preference Shares of ₹ 10/- each Fully paid

Others:

Stargaze Properties Private Limited

1,000 Equity Shares of ₹ 10/- each Fully paid

Retailers Association of India

10,000 Equity Shares of ₹ 10/- each Fully paid

Aesthetic Realtors Private Limited

66 Equity Shares of ₹ 10/- each Fully Paid

Mar-11

Mar-10

5.00

5.00

(5.00)

(5.00)

5.00

5.00

(5.00)

(5.00)

5.00

5.00

(5.00)

(5.00)

2.55

2.55

(2.55)

(2.55)

2,505.93

2,505.93

1,000.00

1,000.00

67.61

—

14,182.20

—

1,122.00

—

1,199.49

808.92

3,641.00

3,641.00

—

20.49

—

3,990.00

0.10

0.10

1.00

1.00

0.01

0.01

23,719.34

11,967.45

* Became a Subsidiary company w.e.f. 30 June 2010

(All amounts in ₹ lacs)

9. INVENTORIES

(At lower of cost and Net realisable value)

Retail merchandise

15,113.66

14,989.32

10. SUNDRY DEBTORS

(unsecured)

Debts outstanding for more than 6 months

Considered good

29.49

81.91

Considered doubtful

12.40

46.40

Other Debts, considered good *

1,571.14

1,008.99

1,613.03

1,137.30

Less: Provision for doubtful debts

12.40

46.40

1,600.63

1,090.90

* includes receivable from a subsidiary company on account of transfer of business ₹ 639.53 lacs (2010 : ₹ Nil) (see note 38)

11. CASH AND BANK BALANCES

Cash on hand

179.87

155.09

Balances with scheduled banks:

In Current accounts

56.55

125.75

In Margin money accounts (under lien against bank guarantee)

25.39

22.87

261.81

303.71

12. OTHER CURRENT ASSETS

Dividend receivable from a subsidiary company

125.72

—

125.72

—

13. LOANS AND ADVANCES

(unsecured, considered good unless otherwise stated)

Loans and Advances to subsidiary companies

15,081.87

6,494.82

(includes doubtful advances of ₹ 2,291.00 lacs; 2010: ₹ 2,296.10 lacs)

Loans and Advances to other group companies

335.47

311.50

Advances recoverable in cash or in kind or for value to be received:

Considered good

3,994.61

3,569.16

Considered doubtful

393.73

393.73

4,388.34

3,962.89

Premises and other deposits

10,675.45

10,333.87

Income-taxes paid (net of tax provisions)

58.28

699.60

30,539.41

21,802.68

Less: Provision for doubtful advances

2,684.73

2,689.83

27,854.68

19,112.85

Loans to subsidiary companies comprise of:

- Loans given to Hypercity Retail (India) Limited ₹ 12,565.54 lacs (2010 : ₹ 4,159.12 lacs) (The maximum outstanding during the year was ₹ 13,685.45 lacs; 2010 : ₹ 5,036.65 lacs).
- Loans given to Gateway Multichannel Retail (India) Limited ₹ 2,291 lacs (2010 : ₹ 2,296.10 lacs) (The maximum outstanding during the year was ₹ 2,296.10 lacs; 2010 : ₹ 2,483.82 lacs).

Notes to Financial Statements
for the year ended 31 March, 2011

Shoppers Stop Ltd.

(All amounts in ₹ lacs)

14. CURRENT LIABILITIES AND PROVISIONS

Current liabilities

Sundry creditors (see notes below)

– Total outstanding dues of Micro and Small enterprises (see Note (ii) below)

– Total Outstanding Dues of creditors other than Micro and Small enterprises

Security deposits

Other Liabilities

Provisions

For Proposed Dividend

For Corporate Dividend Tax

For Gratuity

For Leave Encashment

Notes:

- i) Sundry Creditors include amounts due to subsidiary companies:
Shoppers' Stop Services (India) Limited ₹ Nil lacs (2010: ₹ 2.67 lacs)
Shoppers' Stop.com (India) Limited ₹ Nil lacs (2010: ₹ 2.04 lacs)
Upasna Trading Limited ₹ 98.44 lacs (2010: ₹ 65.07 lacs)
- ii) The Company has not received any intimation from "suppliers" under the Micro Small and Medium Enterprises Development Act, 2006 and therefore disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/payable as required under the said Act have not been given.

15. OTHER RETAIL OPERATING INCOME

Facility management fees

Income from store displays and sponsorship Income

Direct marketing Income

Relinquishment of development rights

16. OTHER INCOME

Dividend from a subsidiary company

Interest Income

[Tax deducted at source ₹ 64.22 lacs (2010: ₹ 4.21 lacs)]

Profit on sale of fixed assets (net)

Foreign exchange gain (net)

Miscellaneous income and credits

17. COST OF GOODS SOLD

(Including concession purchases)

Opening stock

Add: Purchases

Less: Adjustment on account of transfer of business to

Crossword Bookstores Limited (see Note 38)

Less: Closing stock

Mar-11	Mar-10
—	—
27,711.00	25,288.38
238.30	261.84
1,092.92	622.09
29,042.22	26,172.31
616.26	523.72
79.58	86.99
88.84	—
170.39	179.49
955.07	790.20
29,997.29	26,962.51
826.36	634.17
606.81	456.42
753.71	428.16
—	660.18
2,186.88	2,178.93
125.72	—
720.21	375.40
37.22	147.29
—	51.43
62.32	57.05
945.47	631.17
14,989.32	14,498.10
111,350.13	89,487.45
2,325.06	—
15,113.66	14,989.32
108,900.73	88,996.23

(All amounts in ₹ lacs)

18. EMPLOYEE COSTS

Salaries, allowances and bonus
Contribution to provident and other funds
Gratuity and leave encashment
Staff welfare expenses

Mar-11

9,034.17
432.78
161.03
270.39
9,898.37

Mar-10

7,951.70
368.87
238.38
199.60
8,758.55

19. OPERATING AND ADMINISTRATIVE EXPENSES

Insurance
Lease rent and hire Charges
Business conducting fees
Rates and taxes
Repairs and maintenance
– Buildings
– Others
Legal and professional fees
Housekeeping charges
Security charges
Computer expenses
Conveyance and travelling expenses
Electricity charges
Advertisement and publicity
Sales promotion
Charges on credit card transactions
Packing materials
Provision for Doubtful debts/advances
Foreign exchange loss (net)
Service tax input credit expensed
Miscellaneous expenses

89.82
15,228.80
931.68
52.51

3,299.46
589.38
287.67
626.49
994.25
714.54
851.32
3,665.18
2,439.93
1,769.58
1,158.63
667.38
—
37.06
1,732.14
2,053.66
37,189.48

57.46
13,766.36
986.46
43.78

2,474.61
552.84
142.66
479.88
704.44
791.79
723.85
3,493.92
1,602.64
1,872.31
889.90
485.72
427.73
—
753.37
1,450.55
31,700.27

20. INTEREST AND FINANCE CHARGES

Interest
On fixed loans from banks
On other loans
Finance charges

709.37
640.10
104.30
1,453.77

1,493.65
690.51
60.19
2,244.35

21. Retail Turnover in the Profit and Loss account indicates the gross volumes of business and operations.**22.** Estimated amount of contracts remaining to be executed on capital account and not provided for**3,194.26**

2,344.63

23. CONTINGENT LIABILITIES IN RESPECT OF:

- Guarantee given for loan taken by Joint venture companies from banks
- Claims against the Company not acknowledged as debts comprise of:
 - Disputed Income tax matters in appeal
 - Disputed sales tax matters in appeal
 - Disputed Customs Duty
- Contingent contractual claims
- Others

1,338.57

535.91
16.46
17.09
236.19
52.25

4,490.00

245.42
428.63
24.00
236.19
—

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

24. SERVICE TAX

Pursuant to levy of service tax on renting of immoveable properties given for commercial use, retrospectively with effect from 1 June 2007 by the Finance Act, 2010, the Company has, based on a legal advice, challenged the said levy and, inter-alia, its retrospective application in various High Courts. An interim stay has been granted by various High Courts from recovery of the said service tax and the matter is pending. Accordingly, the Company has not provided for service tax aggregating to ₹ 1,619 lacs for the retrospective period upto 31 March 2010, which will be appropriately recognised on final determination.

25. SEGMENT REPORTING

The Company is primarily engaged in the business of retail trade through retail and departmental store facilities in India, which in the terms of Accounting Standard 17 on 'Segment Reporting', constitutes a single reporting segment.

26. LEASING TRANSACTIONS

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

Mar-11**10,246.67**
4,899.83

Mar-10

9,649.69
4,033.18**7,217.73****11,237.03**
1,351.99

7,227.99

14,208.51
1,611.51

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

27. (A) TAX CHARGE

The tax expense for the year comprises of:

- Income-tax
— Current tax
— Deferred tax
— Tax adjustments/provision for earlier years

Mar-11**3,735.00**
130.00
—
3,865.00

Mar-10

1,814.97
(455.00)
184.01
1,543.98**27. (B) DEFERRED TAX ASSET (NET)**

Major components of Deferred Tax Asset and Liability are as follows:

- Deferred tax liability
On fiscal allowances on fixed assets

Deferred Tax Assets
On fiscal allowances on fixed assets
On provision for doubtful debts/advances
On fiscal allowances on expenditure when paid

126.87**126.87****—****340.60****111.27****451.87**

325.00

—

—

284.27

59.46

111.27

455.00

455.00

Deferred tax asset (Net)

(All amounts in ₹ lacs, unless otherwise stated)

28. RELATED PARTY DISCLOSURES

Following are the material transactions with related parties

Nature	Subsidiaries	Companies under common control/ significant influence (refer (c) below)	Joint Ventures	Key Management Personnel	Total
Purchase of Assets	0.47	—	—	—	0.47
Gateway Multichannel Retail (India) Limited	—	—	—	—	—
Hpercycity Retail (India) Limited	0.47	—	—	—	—
	(20.68)	(4.48)	—	—	(25.16)
Sale of Assets	—	—	—	—	—
Hpercycity Retail (India) Limited	—	—	—	—	—
	—	(10.58)	—	—	(10.58)
Sale of Merchandise	11.49	—	38.12	—	49.61
Nuance Group (India) Private Limited	—	—	38.12	—	—
Hpercycity Retail (India) Limited	11.49	—	—	—	—
	—	(1.29)	(69.04)	—	(70.33)
Payment of conducting fees/Lease Rent/ Common Area Maintenance Charges	62.95	4,165.08	—	—	4,228.03
Ivory Properties and Hotels Private Limited	—	1,178.22	—	—	—
Inorbit Malls (India) Private Limited	—	2,200.05	—	—	—
Hpercycity Retail (India) Limited	27.15	—	—	—	—
Trion Properties Private Limited	—	786.81	—	—	—
Crossword Bookstores Limited	35.81	—	—	—	—
	—	(3,807.68)	—	—	(3,807.68)
Expenses Paid	123.59	8.46	—	—	132.05
Upasna Trading Limited	—	—	—	—	—
Crossword Bookstores Limited	9.77	—	—	—	—
Hpercycity Retail (India) Limited	113.82	—	—	—	—
K. Raheja Corp. Private Limited	—	8.46	—	—	—
	(680.37)	(109.69)	—	—	(790.06)
Dividend Received	125.72	—	—	—	125.72
Crossword Bookstores Limited	125.72	—	—	—	—
	—	—	—	—	—
Transfer of Business	2,639.53	—	—	—	2,639.53
Crossword Bookstores Limited	2,639.53	—	—	—	—
	—	—	—	—	—
Interest Received	619.75	—	22.48	—	642.23
Hpercycity Retail (India) Limited	619.75	—	—	—	—
Timezone Entertainment Pvt. Ltd.	—	—	22.48	—	—
	—	(328.13)	(18.36)	—	(346.49)
Interest Expenses	127.85	—	—	—	127.85
Crossword Bookstores Limited	127.85	—	—	—	—
Ivory Properties and Hotels Private Limited	—	—	—	—	—
	(35.53)	(1.85)	—	—	(37.38)

(All amounts in ₹ lacs, unless otherwise stated)

Nature	Subsidiaries	Companies under common control/ significant influence (refer (c) below)	Joint Ventures	Key Management Personnel	Total
Service Charges Paid	1.19	—	—	—	1.19
Upasna Trading Limited	—	—	—	—	—
Shoppers Stop Services (India) Limited	1.19	—	—	—	—
	(42.55)	—	—	—	(42.55)
Deposits Paid	36.40	121.55	—	—	157.95
Hypercity Retail (India) Limited	36.40	—	—	—	—
Trion Properties Private Limited	—	121.55	—	—	—
Inorbit Malls (India) Private Limited	—	—	—	—	—
	—	(330.22)	—	—	(330.22)
Reimbursement of Expenses	7.65	531.94	13.37	—	552.96
Nuance Group (India) Private Limited	—	—	13.37	—	—
Hypercity Retail (India) Limited	7.65	—	—	—	—
Inorbit Malls (India) Private Limited	—	451.35	—	—	—
Trion Properties Private Limited	—	80.59	—	—	—
	—	(516.05)	(19.11)	—	(535.16)
Expenses recovered	0.71	—	21.22	—	21.93
Hypercity Retail (India) Limited	0.71	—	—	—	—
Gateway Multichannel Retail (India) Limited	—	—	—	—	—
Nuance Group (India) Private Limited	—	—	21.22	—	—
	(1.30)	(350.08)	—	—	(351.38)
Investments made	11,361.32	—	390.57	—	11,751.89
Hypercity Retail (India) Limited – Equity Shares	47.12	—	—	—	—
Hypercity Retail (India) Limited – Preference Shares	11,314.20	—	—	—	—
Timezone Entertainment Private Limited	—	—	390.57	—	—
	—	(950.00)	(1,272.89)	—	(2,222.89)
Deposit received back	—	36.14	—	—	36.14
Gateway Multichannel Retail (India) Limited	—	—	—	—	—
K. Raheja Private Limited	—	—	—	—	—
Ivory Properties and Hotels Private Limited	—	36.14	—	—	—
K. Raheja IT Park (Hyderabad) Private Limited	—	—	—	—	—
	(2.31)	(17.81)	—	—	(20.12)
Loan Given	16,600.00	—	—	—	16,600.00
Hypercity Retail (India) Limited	16,600.00	—	—	—	—
Timezone Entertainment Private Limited	—	—	—	—	—
	—	(8,954.50)	(200.00)	—	(9,154.50)
Loan Received	1,980.00	—	—	—	1,980.00
Crossword Bookstores Limited	1,980.00	—	—	—	—
	(2,095.00)	—	—	—	(2,095.00)

(All amounts in ₹ lacs, unless otherwise stated)

Nature	Subsidiaries	Companies under common control/ significant influence (refer (c) below)	Joint Ventures	Key Management Personnel	Total
Loan repaid	3,480.00	—	—	—	3,480.00
Crossword Bookstores Limited	3,480.00	—	—	—	—
	(595.00)	—	—	—	(595.00)
Recovery of Loan	8,242.60	—	—	—	8,242.60
Hypercity Retail (India) Limited	8,237.50	—	—	—	—
Gateway Multichannel Retail (India) Limited	5.10	—	—	—	—
	(187.72)	(5,955.00)	—	—	(6,142.72)
Issue of Shares	—	12,287.20	—	—	12,287.20
Raghukool Estate Development Private Limited	—	4,100.85	—	—	—
Capstan Trading Private Limited	—	4,100.85	—	—	—
Casa Maria Properties Private Limited	—	4,085.50	—	—	—
	—	—	—	—	—
Advance to Directors	—	—	—	—	—
	—	—	—	(244.06)	(244.06)
Remuneration to Directors	—	—	—	369.71	369.71
	—	—	—	(474.92)	(474.92)

**Balance outstanding at the year end
Payable**

Upasna Trading Limited	98.44	
	(65.07)	Cr.

Receivables

Shoppers Stop Services (India) Limited	0.02	
	(2.67)	Cr.
Shoppers Stop.Com (India) Limited	0.02	
	(2.04)	Cr.
Hypercity Retail (India) Limited	12,761.15	
	(4,372.75)	Dr.
Ivory Properties and Hotels Private Limited	1,010.33	
	(1,082.62)	Dr.
Inorbit Malls (India) Private Limited	640.54	
	(645.86)	Dr.
Gateway Multichannel Retail (India) Limited	2,290.97	
	(2,296.07)	Dr.
Timezone Entertainment Private Limited	201.68	
	(201.94)	Dr.
Nuance Group (India) Private Limited	133.79	
	(109.56)	Dr.
Trion Properties Private Limited	337.95	
	(216.40)	Dr.
Crossword Bookstores Limited	864.84	
	(1,460.38)	Dr.
Key Management Personnel	—	
	(244.06)	Dr.

The figure in bracket pertain to previous year.

Names of related parties and description of relationship:

(a) Subsidiaries	Upasna Trading Limited, Shoppers Stop.com (India) Limited, Shoppers Stop Services (India) Limited, Crossword Bookstores Limited. Gateway Multichannel Retail (India) Limited. Hypercity Retail (India) Limited. (w.e.f. 30 June 2010)
(b) Promoter directors having control/significant influence over companies stated in (c) below	C. L. Raheja, Ravi C. Raheja, Neel C. Raheja
(c) Companies in which the persons stated in (b) above have control/significant influence	Ivory Properties and Hotels Private Limited, K. Raheja Corp. Private Limited K. Raheja Private Limited, Inorbit Malls (India) Private Limited Avacado Properties and Trading India Private Limited, K. Raheja IT Park (Hyderabad) Private Limited
(d) Joint Ventures	Trion Properties Private Limited Nuance Group (India) Private Limited Timezone Entertainment Private Limited
(e) Key Management Personnel	Executive Director: Govind Shrikhande Non Executive Directors: Chandru L. Raheja Ravi Raheja Neel Raheja B. S. Nagesh Gulu L. Mirchandani Shahzaad Dalal Nitin Sanghavi Deepak Ghaisas Nirvik Singh

29. DERIVATIVES

- a) The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency exposures relating to the underlying transactions and firm commitments. The company does not enter into any derivative instruments for trading and speculative purposes.

The following are the outstanding Forward Exchange Contracts entered into by the Company as at 31 March 2011

Particulars	Mar-11		Mar-10
Number of Contracts	3	1	5
Type	Buy	Buy	Buy
Foreign currency (in lacs)	6.38 GBP	0.06 USD	6.26 GBP
INR Equivalent (in lacs)	469.87	2.84	451.00

b) Unhedged Foreign Currency exposure

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

Particulars	Mar-11		Mar-10	
	₹ In lacs	In Foreign currency	₹ In lacs	In Foreign currency
Payable for purchase of Merchandise	37.65	GBP 49,886	244.33	GBP 3,60,303
	77.33	USD 1,72,706	82.24	USD 1,82,728
Payable towards Royalty	36.36	USD 81,110	59.70	USD 1,32,646
	22.55	GBP 31,061	31.92	GBP 47,065
Receivable on account of Royalty	—	—	21.67	GBP 31,960

30. ESOP SCHEMES

	Mar-11*		Mar-10	
	Number of Options	Weighted average exercise price	Number of Options	Weighted average exercise price
a) Number of Employee Stock Option Outstanding:				
Outstanding at the beginning of the year	1,539,196	99.32	778,934	481.42
Granted during the year	—	—	716,400	185.94
Lapsed/Cancelled during the year	41,216	—	44,284	—
Exercised during the year	338,148	85.97	48,521	206.52
Surrendered during the year	—	—	632,931	—
Outstanding at the end of the year	1,159,832	101.78	769,598	198.63

* Adjusted for subdivision of shares (see Note 36)

b) New Schemes Launched

No new employees share based payment plans were formulated during the year. The compensation cost of stock options granted to employees is calculated using the intrinsic value of the stock options.

	2010-11		2009-10	
Date of grant	—	—	29.04.2009	24.03.2010
Number of option granted	—	—	516,400	200,000
Contractual life	—	—	6 years	6 years
			2 months	
Vesting Schedule (from the date of grant)				
First Year	—	—	30%	30%
Second Year	—	—	30%	30%
Third Year	—	—	40%	40%
Method of settlement	—	—	Equity	Equity
Estimated Fair Values (Arrived at by applying Black Scholes Option Pricing Model) ₹	—	—	42.13	171.05
Model inputs (share price at the grant date) ₹	—	—	111.50	379.40
Exercise Price ₹	—	—	110.00	382.00
Expected Volatility	—	—	47.92%	53.32%
Risk free rate of return	—	—	5.38%–7.38%	

c) The weighted average contractual life of the options outstanding is 4.42 years

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

	Mar-11	Mar-10
i) Expense arising from employee share based payment plans	—	—
ii) Impact on PAT if fair value method had been used instead of Intrinsic Value Method	256.93	1,088.39
iii) EPS if fair value method have been used instead of Intrinsic Value Method (₹)		
– Basic	9.84	8.05
– Diluted	9.74	7.95
iv) ESOP Outstanding	5.10	20.14
Opening Balance	20.14	31.82
Less: Transfer to securities premium on exercise of options	(13.09)	(8.25)
Less: Options lapsed during the year	(1.95)	(3.43)
	5.10	20.14

31. EARNING PER SHARE (EPS) IS CALCULATED AS FOLLOWS: (Also see Note 36)

Particulars	Mar-11	Mar-10
(a) Profit attributable to equity share holders (₹ In lacs)	7,517.58	5,023.05
(b) Weighted Number of equity shares outstanding during the year (see note 36)	78,998,136	75,939,639
(c) Weighted Number of equity shares outstanding during the year after adjustment for dilution (see note 36)	79,817,199	76,866,800
(d) Nominal value per share (₹)	5	5
(e) EPS:		
Basic (₹)	9.52	6.61
Diluted (₹)	9.42	6.53

32. INTEREST IN JOINT VENTURES:

The Company's interests, as a venturer, in a jointly controlled entities are as follows:

(All amounts in ₹ lacs, unless otherwise stated)

Name	Principal Activities	Proportion of ownership Interest 31 March 2011 and 31 March 2010
Nuance Group (India) Private Limited	Airport retailing	50%
Timezone Entertainment Private Limited	Entertainment	46.89% (2010; 45%)

The Company's share in the assets, liabilities, income and expenses (each without elimination of inter company transactions) related to its interest in the joint ventures are:

	Mar-11	Mar-10
I. ASSETS		
1. Fixed Assets including capital work-in-progress (Net)	1,359.52	1,939.77
2. Investments	—	0.02
3. Current Assets, Loan and Advances		
a) Inventories	665.20	915.80
b) Sundry Debtors	104.02	112.52
c) Cash and Bank Balances	442.25	449.19
d) Loans and Advances	1,330.38	1,807.30
II. LIABILITIES		
1. Loan Funds		
a) Secured Loan	1,046.15	2,276.04
b) Unsecured Loans	94.51	90.83
2. Current Liabilities and Provisions		
a) Liabilities	1,505.94	1,411.30
b) Provisions	26.88	23.12
III. INCOME		
Revenue	4,410.33	4,142.50
IV. EXPENSES		
Operational Expenses	4,324.89	4,816.27
Interest	219.77	338.31
Depreciation/Amortisation	439.14	561.24
V. CONTINGENT LIABILITIES	439.90	161.82

Note: The company's share in the assets, liabilities, income and expenses in Nuance Group (India) Private Limited is based on the audited financials for the year ended 31 December 2010.

(All amounts in ₹ lacs, unless otherwise stated)

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

Defined contribution plans

Company's contribution to Provident Fund

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

Current Service Cost

Interest Cost

Expected Return on Plan assets

Actuarial Losses

II. Change in Defined Benefit Obligations (DBO)

Present Value of DBO at the Beginning of Period

Current Service Cost

Interest Cost

Actuarial Losses

Benefits paid/transferred

Present Value of DBO at the End of Period

III. Change in Fair Value of Assets

Plan Assets at the Beginning of Period

Expected Return on Plan Assets

Actuarial Gains/(Losses)

Actual Company Contribution

Benefits paid/transferred

Plan Assets at the End of Period

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

Present Value of Defined Benefit Obligation

Fair Value of Plan Assets

Status [Surplus/(Deficit)]

Unrecognised Past Service Cost

Net Asset/(Liability) Recognised in Balance Sheet

V. Actuarial assumptions

Discount Rate

Expected Return on Plan Assets

Rate of increase in salaries

Rate of Attrition

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

	31 March 2011	31 March 2010	31 March 2009	31 March 2008
Present Value of the Defined Benefit Obligation	421.82	262.51	280.43	192.60
Fair Value of the Plan Assets	332.98	262.51	280.43	192.60
Surplus/(Deficit) in the Plan	(88.84)	—	—	—
Experience Adjustments arising on Plan Liabilities – Losses/(Gains)	108.69	(49.45)	(0.44)	—
Experience Adjustments arising on Plan Assets – Gains/(Losses)	3.29	(16.45)	(15.81)	—

Notes to Financial Statements for the year ended 31 March, 2011

Shoppers Stop Ltd.

The company expects to contribute ₹ 101.05 lacs to its Gratuity plan for the next year.

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

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

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

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

(All amounts in ₹ lacs, unless otherwise stated)

34. SUPPLEMENTARY STATUTORY DATA

	Mar-11	Mar-10
a) Value of Imports on CIF Basis:		
Computer software and hardware	93.90	54.29
Capital Goods	325.52	400.04
Purchase of Merchandise	3,909.31	2,208.15
	4,328.73	2,662.48
b) Expenditure in foreign currency (on payment basis):		
Consultancy	91.36	106.70
Professional fees	91.63	28.21
Royalty	175.88	454.65
Commission paid to Directors	4.00	—
Sitting fees paid to Directors	1.20	—
Others	122.39	135.00
	486.47	724.55
c) Earnings in foreign exchange (On receipt basis):		
Foreign currency and foreign credit card collection on sale of merchandise	4,487.10	4,164.29
Royalty	—	60.11
	4,487.10	4,224.41
d) Payments to Auditors (excluding service tax):		
i) Audit fees	28.75	25.00
ii) Other matters	18.25	2.00
iii) Out of pocket expenses	0.12	0.28
	47.12	27.28
e) Directors Remuneration		
Salary, allowance and bonus	329.53	426.45
Contribution to Provident and other Funds	12.96	7.76
Commission to non-wholetime directors	21.00	10.00
Perquisites	6.22	40.71
	369.71	484.92

Note:

The above excludes contribution to approved gratuity fund and provision for leave encashment which are actuarially determined on an overall company basis.

(All amounts in ₹ lacs, unless otherwise stated)

- f) Computation of Net Profit in accordance with Section 198 of the Companies Act, 1956 and the commission payable to directors:

Profit Before Tax

Add :

Depreciation as per books

Profit on sale of fixed assets

Directors Remuneration

Provision for Doubtful Debts/Advances

Less:

Depreciation as per Section 350 of the Companies Act, 1956

Recovery of doubtful advances

Profit on sale of fixed assets under Section 349

Excess of expenditure over income of previous year

Profit for the purpose of Directors Remuneration

Commission to Non-Wholetime Directors @ 1%

Commission payable to Non-Wholetime Directors

Mar-11	Mar-10
11,382.58	6,567.03
3,099.88	3,102.54
(37.22)	(147.29)
369.71	484.92
—	427.73
14,814.95	10,434.93
2,948.43	3,287.24
5.10	187.72
8.83	100.91
—	342.55
11,852.59	6,516.51
118.53	65.17
21.00	10.00

- g) Quantitative details of opening stock, purchases, sales and closing stock (excluding consignment merchandise)

For the year ended 31 March 2011:

(Quantity in '000s)

Category	Units	Opening stock		Purchases		Transfer of stock on sale of business		Sales		Closing stock*	
		Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Apparels	Nos.	2,169	8,436.27	12,834	61,623.24	—	—	12,408	99,558.66	2,423	9,959.92
Non-Apparels	Nos.	2,204	6,553.05	9,776	49,726.89	1,457	2,325.06	9,341	3,024.46	1,119	5,153.74
		4,373	14,989.32	22,610	111,350.13	1,457	2,325.06	21,749	172,583.12	3,542	15,113.66

For the year ended 31 March 2010:

Category	Units	Opening stock		Purchases		Sales		Closing stock*	
		Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Apparels	Nos.	1,995	8,278.50	10,870	48,099.17	10,513	80,560.58	2,169	8,436.27
Non-Apparels	Nos.	2,068	6,219.60	9,507	41,388.28	9,257	61,023.17	2,204	6,553.05
		4,063	14,498.10	20,377	89,487.45	19,770	141,583.75	4,373	14,989.32

*Closing stock is after adjusting samples, free gifts, damaged goods and shortages at stores.

35. EXCEPTIONAL ITEM

The Board of Directors of Gateway Multichannel Retail (India) Limited (Gateway) had in January 2009 decided to discontinue operations and the company had therefore made a provision for its investments and loans and advances aggregating to ₹ 2,486.40 lacs in the previous year. The impairment charge was disclosed as an "Exceptional item" in the Profit and Loss Account. During the year the Company has recovered ₹ 5.10 lacs from Gateway and has accordingly disclosed the credit as an "Exceptional item".

36. The Board of Directors and shareholders of the Company at their meetings held on October 29, 2010 and December 23, 2010 respectively approved sub-division of equity share of ₹ 10/- each into two equity shares of ₹ 5/- each. The Company fixed January 13, 2011 as the Record Date, for the said sub-division and as on date, the equity shares of the company were sub-divided. Accordingly, the basic and diluted EPS for the current and prior year have been computed on the basis of the said sub-division.

Notes to Financial Statements for the year ended 31 March, 2011

Shoppers Stop Ltd.

- 37 (i) During the year, the Company has simultaneously allotted 20,00,000 equity shares to Qualified Institutional Buyers (QIBs) and 40,00,000 equity shares to Promoters pursuant to the conversion of optionally convertible warrants for an aggregate issue price of ₹ 12,980 lacs and ₹ 12,287.20 lacs (₹ 3,071.80 lacs received in 2010 being 25% of total price) respectively. The premium received aggregated ₹ 24,667.20 lacs.
- (ii) In terms of Securities and Exchange Board of India (Issue of Capital and Disclosures Requirements) Regulations, 2009 proceeds from the issue to QIBs has been utilised as under:

(₹ in lacs)

Particulars	Utilisation
Inter-Corporate Loan	4,500.00
Repayment of Loans/Cash Credit	8,480.00
Total	12,980.00

38. On account of termination of the franchisee agreement with Crossword Bookstores Ltd. (CBL), a wholly-owned subsidiary of the Company, the operations of "Crossword" have been handed over to Crossword Bookstores Limited with effect from October 1, 2010 at book values. Accordingly, figures for the previous year are not comparable with those of the current year.
39. The Company has financial involvement in a subsidiary company, namely Hypercity Retail (India) Limited and joint venture companies, namely Nuance Group (India) Private Limited and Timezone Entertainment Private Limited, as follows:

(₹ in lacs)

Name of the Company	Investment in Equity and Preference Capital	Loans and Advances	Total Involvement
Hypercity Retail (India) Limited	15,371.81	12,565.54	27,937.35
Nuance Group (India) Private Limited	3,641.00	—	3,641.00
Timezone Entertainment Private Limited	1,199.49	201.68	1,401.17

The Networth of these companies have been substantially eroded and these companies continue to make losses. Based on the business plans of these companies and the valuation of businesses by an independent valuer, no provision for any loss is currently considered necessary in these financial statements.

40a. During the year, the name of the Company was changed from Shopper's Stop Limited to Shoppers Stop Limited.

40b. Figures of the previous year are regrouped, where necessary, to conform to those of the current year.

I. Registration Details:

Registration No. 1 1 - 1 0 8 7 9 8

State Code 1 1

Balance Sheet Date 3 1 0 3 1 1
Date Month Year**II. Capital raised during the year (Amount in ₹ Thousands):**

Public Issue

- - -

Qualified Institutional Placements

1 2 9 8 0 0 0

Bonus Issue

- - -

Right Issue

- - -

Optionally Convertible Warrants

9 2 1 5 4 0

III. Position of Mobilisation and Deployment of Funds (Amounts in ₹ Thousands):

Total Liabilities

7 4 6 8 2 3 9

Total Assets

7 4 6 8 2 3 9

Sources of Funds

Paid-up Capital

4 1 0 8 3 4

Secured Loans

1 4 8 7 2 1 7

Reserves & Surplus

5 5 7 0 1 8 8

Application of Funds

Net Fixed Assets

3 5 6 7 8 8 4

Net Current Assets

1 4 9 5 9 2 1

Accumulated Losses

- - -

Investments

2 3 7 1 9 3 4

Deferred Tax Assets

3 2 5 0 0

Misc. Expenditure

- - -

IV. Performance of Company (Amount in ₹ Thousands):

Turnover (Gross Revenue)

1 7 1 9 1 9 7 1

Total Expenditure

1 6 0 5 3 7 1 3

+ - Profit/Loss Before Tax

+ 1 1 3 8 2 5 8

+ -

+

Profit/Loss After Tax

7 5 1 7 5 8

(Please tick Appropriate box + for Profit – for Loss)

Earnings per Share in ₹

9 . 5 2

Dividend

1 5 %

V. Generic Names of Three Principal Products/Services of Company (as per Monetary Terms):

Item Code No. (ITC Code)

N A

Product Description

Item Code No. (ITC Code)

N A

Product Description

Item Code No. (ITC Code)

N A

Product Description

B. S. Nagesh

Vice Chairman

Ravi Raheja

Director

Govind S. ShrikhandeCustomer Care Associate &
Managing Director**C. B. Navalkar**Customer Care Associate &
Group Chief Financial Officer
Mumbai, Dated : 29 April, 2011**Prashant Mehta**Customer Care Associate &
Company Secretary &
Vice President - Legal

Financial Information of Subsidiary Companies

Shoppers Stop Ltd.

(₹ in lacs)

Sr. No.	Name of Subsidiary Company	Reporting Currency	Share Capital	Reserves	Total Assets*	Total Liabilities**	Investments	Turnover/ Total Income	Profit/(Loss) Before Taxation	Provision for Taxation	Profit/(Loss) After Taxation	Proposed Dividend including Dividend distribution tax	Country
1	Crossword Bookstores Limited	INR	1,956.25	1,387.97	6,398.04	6,398.04	—	4,694.10	237.06	21.95	215.11	146.11	India
2	Upasna Trading Limited	INR	5.00	18.11	170.72	170.72	—	1.22	0.56	0.20	0.36	—	India
3	Gateway Multichannel Retail (India) Limited	INR	5.00	—	10.81	10.81	—	1.14	(54.25)	—	(54.25)	—	India
4	Shoppers Stop Services (India) Limited	INR	5.00	3.64	8.86	8.86	—	1.72	0.71	0.46	0.24	—	India
5	Shoppers Stop.com (India) Limited	INR	5.00	—	2.05	2.05	—	0.09	(1.64)	0.03	(1.67)	—	India
6	Hypercity Retail (India) Limited	INR	27,995.00	—	29,421.76	29,421.76	—	57,079.34	(6,861.06)	—	(6,861.06)	—	India
* Total Assets = Fixed Assets + Investments + Deferred Tax Assets + Current Assets													
** Total Liabilities = Share Capital + Reserves + Deferred Tax Liabilities – Profit & Loss (Dr. Balances) + Loan Funds + Current Liabilities													

SHOPPERS STOP

Shoppers Stop Limited
Consolidated Financial Statements
2010-11

Auditors' Report

Shoppers Stop Ltd.

To,

The Board of Directors of Shoppers Stop Limited

1. We have audited the attached Consolidated Balance Sheet of Shoppers Stop Limited (the Company) and its subsidiaries and joint venture companies (the Group) as at 31 March 2011, and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date, both annexed thereto. The Consolidated Financial Statements are the responsibility of the Company's Management and have been prepared by the Management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of certain subsidiaries and a joint venture whose financial statements reflect the Group's share of total assets of ₹ 6,868 lacs as at 31 March 2011, and the Group's share of total revenues of ₹ 5,657 lacs for the year ended on that date, and net cash inflows amounting to ₹ 164 lacs for the year ended on that date as considered in the Consolidated Financial Statements. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries and the joint venture, is based solely on the reports of the other auditors.
4. Without qualifying our opinion, attention is invited to Note 22 of 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 ₹ 2,027 lacs. The retrospective levy of service tax has, inter-alia, been challenged by the Company in various High Courts and an interim stay has been granted by the various High Courts from the recovery of the said service tax. The matter is contingent upon the final outcome of the litigation.
5. We report that the Consolidated Financial Statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard 21, Consolidated Financial Statements, and Accounting Standard 27, Financial Reporting of Interests in Joint Ventures as notified under the Companies (Accounting Standards) Rules, 2006.
6. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, in our opinion and to the best of our information and according to the explanations given to us, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31 March, 2011;
 - (ii) in the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date; and
 - (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For Deloitte Haskins & Sells

Chartered Accountants
(Registration No. 117366W)

Shyamak R. Tata

Partner
(Membership No. 38320)

Place: Mumbai

Date: 29 April 2011

		(All amounts in ₹ lacs)	
	Notes	Mar-11	Mar-10
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share capital	2	4,108.34	3,491.43
Optionally convertible warrants	32	—	3,071.80
Reserves and surplus	3	45,981.25	21,556.14
		50,089.59	28,119.37
LOAN FUNDS			
Secured loans	4	21,676.97	20,710.84
Unsecured loans	5	4,624.28	2,206.19
		26,301.25	22,917.03
MINORITY INTEREST			
		223.55	—
DEFERRED TAX LIABILITIES (Net)			
	24 (c)	132.00	—
		76,746.39	51,036.40
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross block	6	74,736.78	50,178.36
Less: Accumulated depreciation, amortisation and impairment		25,996.31	21,151.01
Net block		48,740.47	29,027.35
Capital work in progress (including Capital advances		5,704.33	2,781.28
₹ 1,411.15 lacs; 2010 : ₹ 1,071.58 lacs)		54,444.80	31,808.63
INVESTMENTS			
	7	1.11	3,991.13
GOODWILL ON CONSOLIDATION			
		9,914.25	1,091.70
MINORITY INTEREST			
		—	2,171.44
DEFERRED TAX ASSET (Net)			
	24 (b)	325.00	455.00
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	8	25,054.67	15,905.12
Sundry debtors	9	2,140.87	1,223.22
Cash and bank balances	10	1,823.36	922.12
Loans and advances	11	22,237.63	22,117.26
		51,256.53	40,167.72
Less: CURRENT LIABILITIES AND PROVISIONS			
Current liabilities	12	38,110.99	27,844.73
Provisions		1,084.31	804.49
		39,195.30	28,649.22
Net current assets		12,061.23	11,518.50
PROFIT AND LOSS ACCOUNT			
Balance in Profit and Loss Account		589.58	84.66
Less: General Reserve deducted as per contra		589.58	84.66
		—	—
		76,746.39	51,036.40

The accompanying notes 1 to 34 are an integral part of the financial statements.

In terms of our report attached.

For and on behalf of the Board of Directors

For Deloitte Haskins & Sells
Chartered Accountants

B. S. Nagesh
Vice Chairman

Ravi Raheja
Director

Govind S. Shrikhande
Customer Care Associate &
Managing Director

Shyamak R. Tata
Partner
Mumbai, Dated : 29 April, 2011

C. B. Navalkar
Customer Care Associate &
Group Chief Financial Officer

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

Consolidated Profit & Loss Account for the year ended 31 March, 2011

Shoppers Stop Ltd.

(All amounts in ₹ in lacs)

	Notes	Mar-11	Mar-10
INCOME			
Retail Turnover			
Own merchandise (including concession sales)	1(e)	225,488.67	144,732.55
Consignment merchandise		18,130.30	13,074.07
Other Retail operating income	13	3,762.78	2,654.67
	19	247,381.75	160,461.29
Less: Value added tax		12,457.10	6,856.84
Less: Cost of consignment merchandise		12,965.82	9,429.83
		221,958.83	144,174.62
Revenue from Gaming Business – Share in Joint Venture		1,163.69	740.97
Revenue from transfer of Property option		102.00	—
		223,224.52*	144,915.59*
Other income	14	511.30	927.41
		223,735.82	145,843.00
		4,348.59	4,136.88
EXPENDITURE			
Cost of goods sold	15	147,678.92	90,220.10
Employee costs	16	13,990.89	9,198.14
Operating and administrative expenses	17	48,715.13	34,858.67
Interest and finance charges	18	2,952.90	2,543.28
Depreciation, amortisation and Impairment	6	4,689.44	3,807.09
		218,027.28	140,627.28
PROFIT BEFORE TAX		5,708.54	5,215.72
PROFIT FROM CONTINUING OPERATIONS BEFORE TAX	28	5,762.79	5,231.52
Tax Charge		3,887.64	1,635.45
LOSS FROM DISCONTINUING OPERATIONS BEFORE TAX	28	(54.25)	(15.80)
Tax Charge		—	—
PROFIT AFTER TAX		1,820.90	3,580.27
Minority Interest – Share of loss		2,498.67	7.74
NET PROFIT FOR THE YEAR		4,319.57	3,588.01
BALANCE BROUGHT FORWARD FROM PREVIOUS YEAR		(84.66)	(2,810.81)
		4,234.91	777.20
APPROPRIATIONS			
Transfer to General Reserve		375.88	251.15
Proposed Dividend		616.26	523.72
Corporate Dividend Tax		99.97	86.99
ADJUSTMENT ON CONSOLIDATION ON ACQUISITION OF SUBSIDIARY		(3,732.38)	—
BALANCE CARRIED TO BALANCE SHEET		(589.58)	(84.66)
Earnings per share (Equity shares, par value of ₹ 5/- per share)	30		
Basic (₹)		5.47	4.72
Diluted (₹)		5.41	4.67

The accompanying notes 1 to 34 are an integral part of the financial statements.

In terms of our report attached.

For and on behalf of the Board of Directors

For Deloitte Haskins & Sells
Chartered AccountantsB. S. Nagesh
Vice ChairmanRavi Raheja
DirectorGovind S. Shrikhande
Customer Care Associate &
Managing DirectorShyamak R. Tata
Partner
Mumbai, Dated : 29 April, 2011C. B. Navalkar
Customer Care Associate &
Group Chief Financial OfficerPrashant Mehta
Customer Care Associate &
Company Secretary &
Vice President – Legal

(All amounts in ₹ lacs)

	Mar-11	Mar-10
Cash flows from operating activities		
Net profit before tax	5,708.54	5,215.72
Adjustments for :		
Depreciation, Amortisation	4,689.44	3,807.09
Interest and finance charges	2,952.90	2,543.28
Loss on sale of fixed assets (net)	54.25	65.05
Interest income	(240.71)	(631.93)
Operating Profit before working capital changes	13,164.42	10,999.21
Adjustments for:		
Trade and other receivables (other than lease deposits)	5,048.02	(811.15)
Lease deposits (net)	(1,239.73)	256.00
Inventories	(2,908.16)	(55.76)
Trade and other payables	2,811.39	(1,015.14)
Cash generated from operations	16,875.94	9,373.16
Income taxes paid (net of refunds)	(3,089.16)	(1,554.81)
Net cash from operating activities	13,786.78	7,818.35
Cash flow from investing activities		
Purchase of fixed assets	(14,487.53)	(7,502.67)
Sale of fixed assets	724.99	869.33
Repayment of loans & advances by associates (net)	—	1,164.90
Investment in associates	—	(950.00)
Purchase of interest in a subsidiary	(7,842.32)	—
Interest received	237.40	626.70
Net cash used in investing activities	(21,367.46)	(5,791.74)
Cash flows from financing activities		
Proceeds from Issue of share capital	616.91	4.83
Securities premium on issue of share capital	21,484.30	91.92
Proceeds from issue of optionally convertible warrants	—	3,071.80
Dividend and dividend tax paid	(610.71)	—
Proceeds from long-term borrowings (net)	2,000.00	—
Repayment of long-term borrowings	(17,698.15)	(3,506.83)
Short-terms loans (net)	3,116.10	(454.07)
Interest and finance charges paid	(2,952.90)	(2,543.28)
Net cash from/(used in) financing activities	5,955.55	(3,335.63)
Net increase/(decrease) in cash and cash equivalents	(1,625.13)	(1,309.02)
Cash and cash equivalents as at beginning of the year	725.08	2,034.10
Cash and cash equivalents on acquisition of subsidiary	2,490.20	—
Cash and cash equivalents as at the end of the year	1,590.15	725.08
Note:		
Cash and Cash Equivalents as per Balance sheet (see note 10)	1,823.36	922.12
Less: Deposit under lien	233.21	197.04
Cash and Cash Equivalent as reported above	1,590.15	725.08

The accompanying Notes 1 to 34 are an integral part of the financial statements.

In terms of our report attached.

For and on behalf of the Board of Directors

For Deloitte Haskins & Sells
Chartered Accountants

B. S. Nagesh
Vice Chairman

Ravi Raheja
Director

Govind S. Shrikhande
Customer Care Associate &
Managing Director

Shyamak R. Tata
Partner
Mumbai, Dated : 29 April, 2011

C. B. Navalkar
Customer Care Associate &
Group Chief Financial Officer

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

1. SIGNIFICANT ACCOUNTING POLICIES**a) Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention and in accordance with Generally Accepted Accounting Principles including applicable Accounting Standards in India and the provisions of the Companies Act, 1956.

b) Use of estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and differences between actual results and estimates are recognised in the periods in which the results are known/materialise.

c) Fixed Assets and Depreciation**Tangible Assets**

Fixed assets are stated at their original cost of acquisition less accumulated depreciation and impairment losses. Cost comprises of all cost incurred to bring the assets to their location and working condition and includes all expenses incurred up to the date of launching new stores to the extent they are attributable to the new store.

Depreciation is provided, pro rata for the period of use, by the straight line method (SLM), based on management's estimate of useful lives of the fixed assets, or at the SLM rates prescribed in Schedule XIV to the Act whichever is higher, at the following annual rates:

	(%)
Air conditioning and other equipment	5.00–33.00
Furniture, fixtures and other fittings	6.33–20.00
Computers	16.21–33.33
Vehicles	9.50–20.00
Leasehold Improvements	5.82–20.00

Intangible Assets

Intangible assets are stated at their cost of acquisition, less accumulated amortisation and impairment losses. An intangible asset is recognised, where it is probable that the future economic benefits attributable to the asset will flow to the enterprise and where its cost can be reliably measured. The depreciable amount of intangible assets is allocated over the best estimate of its useful life on a straight-line basis.

Trademarks, patents and computer software are amortised uniformly over a period of 10 and 6 years respectively.

Copyrights and acquired Goodwill are amortised uniformly over a period of 10 years.

Impairment of Assets

An asset is considered as impaired in accordance with Accounting Standard 28 on Impairment of Assets when at the balance sheet date there are indications of impairment and the carrying amount of the asset, or where applicable the cash generating unit to which the asset belongs, exceeds its recoverable amount (i.e. the higher of the asset's net selling price and value in use). The carrying amount is reduced to the recoverable amount and the reduction is recognised as an impairment loss in the profit and loss account.

d) Investments

Long-term investments are stated at cost. Where applicable, provision is made to recognise a decline, other than temporary, in the value of Long-term Investments.

e) Revenue recognition

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

Retail sales are recognised on delivery of the merchandise to the customer, when the property in goods and significant risks and rewards are transferred for a price and no effective ownership control is retained..

The property in the merchandise of third party concession stores located within the main departmental store of the Company passes to the Company once a customer decides to purchase an item from the concession store. The Company in turn sells the item to the customer and is accordingly included under Retail Sales.

The property in the merchandise of third party consignment stock does not pass to the Company. Since, however, the sale of such stock forms a part of the activities of the Company's departmental stores, the gross sales values and cost of the merchandise are disclosed separately and form part of total Retail Turnover in the profit and loss account.

Sales are net of discounts. Value Added Tax and Sales Tax are reduced from Retail Turnover.

In respect of gift vouchers and point award schemes operated by the Company, sales are recognised when the gift vouchers or points are redeemed and the merchandise is sold to the customer.

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

Franchise income is recognised in accordance with the rates specified in the franchise agreements and is based on the sales recorded by the franchisees for the year.

f) Income from Investments and Loans

Interest income is recognised on time proportion basis. Dividend income is recognised when right to receive payment is established.

g) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost of inventories comprises of all costs of purchase and other costs incurred in bringing the inventories to their present condition and location. Cost is determined by the weighted average cost method.

Merchandise received under consignment and concessionaire arrangements belong to the consignors/concessionaires and are therefore excluded from the Company's inventories.

Option inventories comprises of right to acquire flats in a structure to be constructed by the other party, which right is freely marketable/transferable after a stipulated period. The same is valued at lower of cost and net realizable value.

h) Employee benefits

Compensation to employees for services rendered is measured and accounted for in accordance with Accounting Standard 15 on Employee Benefits.

Employee Benefits such as salaries, allowances, non-monetary benefits and employee benefits under defined contribution plans such as provident and other funds, which fall due for payment within a period of twelve months after rendering service, are charged as expense to the profit and loss account in the period in which the service is rendered.

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

Actuarial Gains and losses are recognised immediately in the Profit & Loss Account.

i) Operating Lease

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

j) Borrowing costs

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

k) Foreign currency transactions

Transactions in foreign currencies are accounted at the prevailing rates of exchange on the date of transaction.

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

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

l) Income Tax

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

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

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

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

m) Stock-based compensation

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

n) Earnings Per Share

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

o) Cash Flow Statement

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

p) Provision, Contingent Liabilities and Contingent Assets

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

(All amounts in ₹ lacs)

2. SHARE CAPITAL**Authorised**

200,000,000 equity shares of ₹ 5/- each
(2010: 100,000,000 of ₹ 10 each) (see Note 31)

Issued and Subscribed

82,166,836 equity shares of ₹ 5/- each fully paid-up
(2010: 34,914,344 equity shares of ₹ 10/- each fully paid-up) (see Note 32)

Under Employee Stock Option Schemes the Company has granted
(net of options lapsed):

- 219,276 (2010 : 225,660) Options in 2004-05, of which 219,276 vested options have been exercised.
- 148,354 (2010 : 152,902) Options in 2004-05, of which 148,354 vested options have been exercised.
- 112,562 (2010 : 115,970) Options in 2005-06, of which 89,630 vested options have been exercised.
- 1,014,660 (2010 : 1,025,400) Options in 2009-10, of which 253,560 vested options have been exercised.
- 389,000 (2010 : 400,000) Options in 2009-10, of which 13,200 vested options have been exercised.

Of the above, 338,148 options were exercised during the year.

Note: Each option entitles the holder thereof to apply for and be allotted 1 Ordinary Shares of the face value of ₹ 5/- each.

3. RESERVES AND SURPLUS**Securities Premium Account**

Balance at beginning of the year
Add: Received during the year (also see Note 32)
Less: Utilised for Share Issue expenses

General Reserve

Balance at beginning of the year
Transferred from Profit & Loss Account
Less: Debit balance in Profit & Loss Account deducted as per contra

Employees' Stock Options outstanding (see Note 29)

* includes share in Joint Ventures - Loss ₹ 3,460.48 Lacs (2010 : ₹ 2,807.66 Lacs)

Mar-11	Mar-10
10,000.00	10,000.00
4,108.34	3,491.43
4,108.34	3,491.43
21,068.21	20,964.61
24,954.26	103.60
(385.07)	—
45,637.40	21,068.21
552.45	301.30
375.88	251.15
589.58	84.66
338.75	467.79
5.10	20.14
45,981.25*	21,556.14*

(All amounts in ₹ lacs)

4. SECURED LOANS

(Refer Note below)

From Banks

Term Loans

Cash Credit

Working Capital Demand Loans

Bill discounting

Buyers Credit

Share in Joint Ventures (see note 33)

Notes:

- a. Term Loans, Cash Credit Facilities and Working Capital Demand Loans are secured by a first charge on all movable tangible properties and an exclusive lien on lease deposits and on all current assets, both present and future.
- b. Term Loans in Joint Ventures are secured by a first charge on receivables and stock, both present and future and corporate guarantee given by the joint venturers.

5. UNSECURED LOANS

Working Capital Term Loan

Commercial Paper*

Bill Discounting

Others

* (Repayable within one year ₹ 2,000 lacs, Maximum amount outstanding during the year ₹ 6,000 lacs)

Mar-11	Mar-10
6,816.56	9,668.12
3,560.52	1,309.19
9,714.13	7,005.69
110.24	—
429.37	451.80
20,630.82	18,434.80
1,046.15	2,276.04
21,676.97	20,710.84
2,125.00	—
2,000.00	—
499.28	—
—	2,206.19
4,624.28	2,206.19



6. FIXED ASSETS

(All amounts in ₹ lacs)

Description	GROSS BLOCK				DEPRECIATION, AMORTISATION & IMPAIRMENT					NET BLOCK	
	As at 1 April 2010	Addition on Acquisition (Refer note (v) below)	Additions	Deductions	As at 31 March 2011	As at 1 April 2010	On Acquisition (Refer note (v) below)	For the year	Deductions	As at 31 March 2011	As at 31 March 2010
TANGIBLE ASSETS											
Leasehold improvements	13,541.42	3,840.28	3,141.25	351.63	20,171.32	4,102.14	229.24	1,251.70	286.94	14,875.18	9,439.28
Air conditioning and other equipment	12,059.84	6,357.54	3,310.73	335.77	21,392.34	3,408.07	509.70	1,012.56	294.71	16,756.72	8,651.77
Furniture, fixtures and other fittings	12,485.01	3,498.34	3,545.33	874.33	18,654.35	6,129.31	506.99	999.45	758.59	11,777.19	6,355.70
Computers	4,963.31	1,047.71	966.35	207.78	6,769.59	3,324.77	333.22	561.21	200.18	2,750.57	1,638.54
Vehicles	37.17	51.25	39.61	26.77	101.26	34.13	39.65	2.77	21.52	46.23	3.04
Total	43,086.75	14,795.12	11,003.27	1,796.28	67,088.86	16,998.42	1,618.80	3,827.69	1,561.94	46,205.89	26,088.33
INTANGIBLE ASSETS											
Trademarks and patents	1,737.88	—	9.22	—	1,747.10	1,574.75	—	95.46	—	1,670.21	163.13
Software	2,376.08	931.99	485.23	96.19	3,677.11	1,526.44	566.40	296.68	54.11	2,335.41	849.64
Total	4,113.96	931.99	474.45	96.19	5,424.21	3,101.19	566.40	392.14	54.11	4,005.62	1,012.77
Share in Joint Ventures (see note 33)	2,977.65	—	162.18	916.12	2,223.71	1,051.40	—	469.61	413.29	1,107.72	1,926.25
Grand Total	50,178.36	15,727.11	11,639.90	2,808.59	74,736.78	21,151.01	2,185.20	4,689.44	2,029.34	48,740.47	29,027.35
Previous year	45,900.70	—	7,391.54	3,113.88	50,178.36	19,523.42	—	3,807.09	2,179.50	21,151.01	
Capital Work in progress and advances on capital account										5,460.72	2,767.74
Share in Joint Ventures (see note 33)										243.61	13.54
Total										54,444.80	31,808.63

Notes:

- Some of the Trademarks and Patents are pending for registration with relevant authorities and certain formalities (including for removal of objections) are under progress.
- Interest capitalised during the year ₹ 12.37 lacs (2010: ₹ 1.63 lacs).
- As a result of a review of the useful lives of fixed assets in Hypercity Retail (India) Ltd., the unamortised depreciable amounts have been charged over the revised remaining useful life of the assets. Consequently, the depreciation charge for the year is lower by ₹ 146.22 lacs.
- Depreciation, Amortisation and Impairment for the year includes impairment loss of ₹ Nil (2010: ₹ 43.25 lacs).
- Resulting from acquisition of Hypercity Retail (India) Ltd. which became a subsidiary company w.e.f. 30 June, 2011.

(All amounts in ₹ lacs)

7. INVESTMENTS (Trade, Long-term at cost, unquoted)

Stargaze Properties Private Limited

Mar-11

Mar-10

0.10

0.10

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

Retailers Association of India

1.00

1.00

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

Aesthetic Realtors Private Limited

66 Equity Shares of ₹ 10/- each fully Paid

0.01

0.01

In Associate Company:

Hypercity Retail (India) Limited*

180,500 Equity Shares of ₹ 10/- each fully Paid

—

20.49

Less: Share of Loss of associate Company (restricted to the value of investment)

—

(20.49)

*Became a subsidiary company w.e.f. 30 June, 2010

Nil (2010: 39,900,000), 7% Cumulative Redeemable Preference shares of ₹ 10/- each fully Paid

—

3,990.00

Others:

Investments in Government Securities (N.S.C.)

—

0.02

1.11

3,991.13

8. INVENTORIES

(At lower of cost and Net realisable value)

Retail merchandise

23,914.47

14,989.32

Option Inventories

475.00

—

Share in Joint Ventures (see note 33)

665.20

915.80

25,054.67

15,905.12

9. SUNDRY DEBTORS

(unsecured)

Debts outstanding for more than 6 months

— Considered good

34.00

86.21

— Considered doubtful

81.35

46.40

Other Debts, considered good

2,002.85

1,024.49

2,118.20

1,157.10

Less: Provision for doubtful debts

81.35

46.40

2,036.85

1,110.70

Share in Joint Ventures (see note 33)

104.02

112.52

2,140.87

1,223.22

10. CASH AND BANK BALANCES

Cash on hand

265.48

155.37

Balances with scheduled banks:

— In Current accounts

276.00

281.69

— In Deposit accounts

9.53

13.00

— In Cash Credit accounts

801.71

—

— In Margin Money account (under lien against bank guarantee)

28.39

22.87

1,381.11

472.93

Share in Joint Ventures (see note 33)

442.25

449.19

1,823.36

922.12

(All amounts in ₹ lacs)

11. LOANS AND ADVANCES

(unsecured, considered good unless otherwise stated)

Loans and advances to Group companies

Advances recoverable in cash or in kind or for value to be received:

Considered Good

Considered Doubtful

Premises and other deposits

Income taxes paid (net of tax provisions)

Less: Provision for doubtful advances

Share in Joint Ventures (see note 33)

12. CURRENT LIABILITIES AND PROVISIONS

Current Liabilities

Sundry creditors

Security deposits

Other Liabilities

Share in Joint Ventures (see note 33)

Provisions

For Proposed Dividend

For Corporate Dividend Tax

For Gratuity

For Leave encashment

Share in Joint Ventures (see note 33)

13. OTHER RETAIL OPERATING INCOME

Facility management fees

Income from store displays and sponsorship income

Direct marketing income

Relinquishment of development rights

Income from franchisees

Share in Joint Ventures (see note 33)

14. OTHER INCOME

Interest income

Miscellaneous income and credits

Profit on sale of fixed assets (net)

Foreign exchange gain (net)

Share in Joint Ventures (see note 33)

Mar-11	Mar-10
122.84	5,386.80
5,649.65	3,713.64
548.32	393.73
6,197.97	4,107.37
14,828.74	10,510.30
306.02	792.38
21,455.57	20,796.85
548.32	393.73
20,907.25	20,403.12
1,330.38	1,714.14
22,237.63	22,117.26
33,180.62	25,463.98
352.57	332.48
3,052.74	625.00
36,585.93	26,421.46
1,525.06	1,423.27
38,110.99	27,844.73
616.26	523.72
99.97	86.99
108.32	5.00
251.99	179.91
1,076.54	795.62
7.77	8.87
1,084.31	804.49
39,195.30	28,649.22
875.68	634.17
1,557.39	485.42
779.46	428.16
—	660.18
269.33	234.14
3,481.86	2,442.07
280.92	212.60
3,762.78	2,654.67
240.71	631.93
165.05	152.66
37.27	85.77
—	51.43
443.03	921.79
68.27	5.62
511.30	927.41

(All amounts in ₹ lacs)

15. COST OF GOODS SOLD

(Including concession purchases)

Opening stock	14,989.32	14,498.10
Add : Adjustment on acquisition of a subsidiary	6,241.38	—
Add: Purchases	149,105.51	88,865.34
Less: Closing stock	24,389.47	14,989.32

Share in Joint Ventures (see note 33)

16. EMPLOYEE COSTS

Salaries, allowance and bonus	12,261.10	7,962.10
Contribution to Provident and other funds	651.98	370.25
Gratuity and leave encashment	212.73	238.38
Staff welfare expenses	502.24	199.60

Share in Joint Ventures (see note 33)

17. OPERATING AND ADMINISTRATIVE EXPENSES

Insurance	114.59	57.52
Lease rent and hire Charges	18,558.38	13,769.72
Business conducting fees	931.68	986.46
Rates and taxes	52.93	47.43
Repairs and maintenance		
— Buildings	4,193.20	2,474.61
— Others	1,003.84	557.14
Legal and professional fees	419.20	323.10
Housekeeping charges	911.36	479.92
Security charges	1,205.46	705.89
Computer expenses	760.15	791.79
Conveyance and travelling expenses	1,116.13	723.92
Clearing & Forwarding charges	—	591.61
Electricity charges	4,774.73	3,494.19
Advertisement and publicity	3,259.19	1,614.12
Sales promotion	1,782.93	1,872.31
Charges on credit card transactions	1,581.70	889.90
Packing materials	1,091.96	485.72
Loss on Sale of Fixed Assets (net)	91.52	—
Provision for Doubtful debts/advances	14.00	427.73
Foreign exchange loss (net)	52.20	—
Service tax input credit expensed	1,870.33	753.37
Miscellaneous expenses	2,665.36	1,302.83

Share in Joint Ventures (see note 33)

18. INTEREST AND FINANCE CHARGES

Interest		
— On fixed loans from banks	1,826.87	1,493.65
— On Other Loans	649.61	646.72
Finance charges	254.87	66.04
	2,731.35	2,206.41
Share in Joint Ventures (see note 33)	221.55	336.87
	2,952.90	2,543.28

19. Retail Turnover in the Profit & Loss Account indicates the gross volumes of business and operations.

(All amounts in ₹ lacs)

20. Estimated amount of contracts remaining to be executed on capital account and not provided for

21. CONTINGENT LIABILITIES IN RESPECT OF:

- a) Guarantee given for loan taken by Joint venture companies from banks
- b) Claims against the Company not acknowledged as debts comprise of:
 - (i) Disputed Income tax matters in appeal
 - (ii) Disputed Sales Tax / Entertainment Tax matters in appeal
 - (iii) Disputed Customs Duty
- c) Contingent contractual claims
- d) Preference Dividend Payable
- e) Others
- f) Share of Joint Ventures (see note 33)

Mar-11

Mar-10

3,528.21

2,344.63

1,341.57

4,490.00

882.94

245.42

16.46

428.63

17.09

24.00

644.96

236.19

1,981.17

—

52.25

—

439.90

161.82

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

22. SERVICE TAX

Pursuant to levy of service tax on renting of immoveable properties given for commercial use, retrospectively with effect from 1 June 2007 by the Finance Act, 2010, the Group has, based on a legal advice, challenged the said levy and, inter-alia, its retrospective application in various High Courts. An interim stay has been granted by various High Courts from recovery of the said Service Tax and the matter is pending. Accordingly, the Group has not provided for Service Tax aggregating to ₹ 2,027 lacs for the retrospective period upto 31 March 2010, which will be appropriately recognised on final determination.

23. LEASING TRANSACTIONS

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

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

Mar-11

Mar-10

13,607.65

10,925.76

5,682.13

4,417.61

10,499.39

7,705.82

20,292.32

14,310.27

3,231.96

1,611.51

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

(All amounts in ₹ lacs)

24. (a) TAX CHARGE

The tax expense for the year comprises of:

Income Tax

— Current Tax	3,788.68	1,915.17
— Deferred Tax	262.00	(447.60)
— MAT Credit	(163.04)	—
— Tax adjustments/provision for earlier years	—	164.88
— Fringe Benefits Tax	—	3.00

3,887.64**1,635.45****(b) DEFERRED TAX ASSET (NET)**

Major components of Deferred Tax Asset and Liability are as follows:

Deferred Tax liability

On fiscal allowances on fixed assets

126.87

—

126.87

—

Deferred Tax Assets

On fiscal allowances on fixed assets

—

284.27

On provision for doubtful debts/advances

340.60

59.46

On fiscal allowances on expenditure when paid

111.27

111.27

451.87

455.00

Deferred tax asset (Net)

325.00

455.00

(c) Deferred Tax Liability

Major components of Deferred Tax Liability are as follows:

Deferred tax liability

On fiscal allowances on fixed assets

222.41

—

222.41

—

Deferred Tax Assets

On fiscal allowances on expenditure when paid

8.69

—

Unabsorbed depreciation

81.72

—

90.41

—

Deferred tax Liability (Net)

132.00

—

(All amounts in ₹ lacs)

25. EMPLOYEE BENEFITS**Post-employment benefits****Defined contribution plans**

Company's contribution to Provident Fund

Defined benefit scheme-Gratuity**a. Component of Employer Expense**

Current Service Cost

Interest Cost

Expected Return on Plan assets

Actuarial Losses

b. Change in Defined Benefit Obligations (DBO)

Present Value of DBO at the Beginning of Period

Acquired on Acquisition of Hypercity

Current Service Cost

Interest Cost

Actuarial Losses

Benefits paid/transferred

Present Value of DBO at the End of Period

c. Change in Fair Value of Assets

Plan Assets at the Beginning of Period

Acquired on Acquisition of Hypercity

Expected Return on Plan Assets

Actuarial Gains/(Losses)

Actual Company Contribution

Benefits paid/transferred

Plan Assets at the End of Period

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

Present Value of Defined Benefit Obligation

Fair Value of Plan Assets

Status [Surplus/(Deficit)]

Unrecognised Past Service Cost

Net Asset/(Liability) Recognised in Balance Sheet

e. Actuarial assumptions

Discount Rate

Expected Return on Plan Assets

Rate of increase in salaries

Rate of Attrition

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

	31 March 2011	31 March 2010	31 March 2009	31 March 2008
Present Value of the Defined Benefit Obligation	535.21	268.81	285.21	192.60
Fair Value of the Plan Assets	426.89	263.81	281.45	192.60
Surplus/(Deficit) in the Plan	(108.32)	(5.00)	(3.76)	—
Experience Adjustments arising on Plan Liabilities – Losses/(Gains)	120.21	(49.45)	(0.44)	—
Experience Adjustments arising on Plan Assets – Gains/(Losses)	3.09	(16.45)	(15.83)	—

The group expects to contribute ₹ 125.39 lacs to its Gratuity plan for the next year.

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

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

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

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

26. RELATED PARTY DISCLOSURES

Following are the material transaction with related parties:

(All amounts in ₹ lacs, unless otherwise stated)

Nature	Companies under common control/ significant influence (refer (b) below)	Joint Ventures	Key Management Personnel	Total
Purchase of Assets	—	—	—	—
Hypercity Retail (India) Limited	—	—	—	—
	(4.48)	—	—	(4.48)
Sale of Assets	—	—	—	—
Hypercity Retail (India) Limited	—	—	—	—
	(209.67)	—	—	(209.67)
Sale of Merchandise	—	38.12	—	38.12
Nuance Group (India) Private Limited	—	38.12	—	—
	(1.29)	(34.52)	—	(35.81)
Payment of conducting fees/Lease Rent/ Common Area Maintenance Charges	6,934.27	—	—	6,934.27
Ivory Properties and Hotels Private Limited	1,865.82	—	—	—
Inorbit Malls (India) Private Limited	2,939.31	—	—	—
Avacado Properties and Trading India Private Limited	193.12	—	—	—
K. Raheja IT Park (Hyderabad) Private Limited	—	—	—	—
Trion Properties Private Limited	1,936.02	—	—	—
	(3,810.28)	—	—	(3,810.28)
Expenses Paid	386.83	—	—	386.83
K. Raheja Corp. Private Limited	8.46	—	—	—
Inorbit Malls (India) Private Limited	205.32	—	—	—
Avacado Properties and Trading India Private Limited	0.87	—	—	—
Trion Properties Private Limited	172.18	—	—	—
	(109.69)	—	—	(109.69)
Interest Received	—	22.48	—	22.48
Timezone Entertainment Pvt. Ltd.	—	22.48	—	—
	(578.75)	—	—	(578.75)
Interest Expenses	30.73	—	—	30.73
K. Raheja Private Limited	30.73	—	—	—
Ivory Properties and Hotels Private Limited	—	—	—	—
	(1.85)	—	—	(1.85)
Deposits Paid	329.22	—	—	329.22
Avacado Properties and Trading India Private Limited	207.67	—	—	—
Ivory Properties and Hotels Private Limited	—	—	—	—
K. Raheja IT Park (Hyderabad) Private Limited	—	—	—	—
Trion Properties Private Limited	121.55	—	—	—
	(330.22)	—	—	(330.22)

Nature	Companies under common control/ significant influence (refer (b) below)	Joint Ventures	Key Management Personnel	Total
Reimbursement of Expenses	531.94	13.37	—	545.31
Inorbit Malls (India) Private Limited	451.35	—	—	—
Trion Properties Private Limited	80.59	—	—	—
Nuance Group (India) Private Limited	—	13.37	—	—
	(603.69)	(19.11)	—	(622.80)
Expenses Recovered	—	21.22	—	21.22
Nuance Group (India) Private Limited	—	21.22	—	—
	(350.08)	—	—	(350.08)
Investments Made	—	390.57	—	390.57
Timezone Entertainment Private Limited	—	390.57	—	—
	(950.00)	—	—	(950.00)
Deposit Received Back	36.14	—	—	36.14
Ivory Properties and Hotels Private Limited	36.14	—	—	—
K. Raheja IT Park (Hyderabad) Private Limited	—	—	—	—
	(17.51)	—	—	(17.51)
Loan Given	—	—	—	—
Timezone Entertainment Private Limited	—	—	—	—
	(9,589.50)	(110.00)	—	(9,699.50)
Loan Taken	1,050.00	—	—	1,050.00
K. Raheja Private Limited	1,050.00	—	—	—
	(130.48)	—	—	(130.48)
Loan Repaid	2,106.15	—	—	2,106.15
K. Raheja Private Limited	2,106.15	—	—	—
	(310.65)	—	—	(310.65)
Issue of Equity/Preference Shares	15,646.20	—	—	15,646.20
Eternus Logistics Pvt. Ltd. (Preference Shares)	944.50	—	—	—
Support Properties Pvt. Ltd. (Preference Shares)	2,414.50	—	—	—
Raghukool Estate Development Private Limited	4,100.85	—	—	—
Capstan Trading Private Limited	4,100.85	—	—	—
Casa Maria properties Private Limited	4,085.50	—	—	—
	—	(110.00)	—	(110.00)
Recovery of Loan	—	—	—	—
Hypercity Retail (India) Limited	—	—	—	—
	(5,955.00)	—	—	(5,955.00)
Advance to Directors	—	—	—	—
	—	—	(244.06)	(244.06)
Remuneration to Directors	—	—	369.71	369.71
	—	—	(474.92)	(474.92)

Balance outstanding at the year end**Receivables**

Avacado Properties and Trading India Private Limited	315.20
	—
Hypercity Retail (India) Limited	—
	(3,082.13)
Ivory Properties and Hotels Private Limited	1,211.55
	(1,082.62)
Inorbit Malls (India) Private Limited	931.11
	(645.86)
Timezone Entertainment Private Limited	566.29
	(111.07)
Nuance Group (India) Private Limited	133.79
	(54.78)
Trion Properties Private Limited	337.95
	(216.40)
Key Management Personnel	—
	(244.06)

The figure in bracket pertain to previous year.

Names of related parties and description of relationship:

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

27. SEGMENT REPORTING

I) Information about primary business segments:

(All amounts in ₹ lacs)

Particulars	Mar-11			Mar-10		
	Retail Operations	Others	Total	Retail Operations	Others	Total
REVENUE						
External Sales	221,958.83	1,265.69	223,224.52	144,174.62	740.97	144,915.59
Total Revenue	<u>221,958.83</u>	<u>1,265.69</u>	<u>223,224.52</u>	<u>144,174.62</u>	<u>740.97</u>	<u>144,915.59</u>
RESULTS						
Segment Operating Results	8,834.63	(173.19)	8,661.44	7,853.57	(94.57)	7,759.00
Interest Expenses			(2,952.90)			(2,543.28)
Provision for Taxation			(3,887.64)			(1,635.45)
Profit before minority interest			<u>1,820.90</u>			<u>3,580.27</u>
OTHER INFORMATION						
Segment Assets	114,782.53	1,159.16	115,941.69	78,622.12	1,063.50	79,685.62
Total Assets			<u>115,941.69</u>			<u>79,685.62</u>
Segment Liabilities	65,007.66	844.44	65,852.10	50,770.19	796.06	51,566.25
Total Liabilities			<u>65,852.10</u>			<u>51,566.25</u>
Segment Depreciation	4,415.60	273.84	4,689.44	3,618.58	188.51	3,807.09
Total Depreciation			<u>4,689.44</u>			<u>3,807.09</u>
Segment Capital Expenditure	14,149.35	338.18	14,487.53	7,177.31	214.23	7,391.54
Total Capital Expenditure			<u>14,487.53</u>			<u>7,391.54</u>

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

28. 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 till such time as it realises its assets and settles its liabilities.

The total assets and liabilities of Gateway as at March 31, 2011 aggregated ₹ 10.83 lacs (Previous year ₹ 77.45 lacs) and ₹ 4,496.59 lacs (Previous year ₹ 4,508.96 lacs) respectively.

The net cash flows attributable to operating, investing and financing activities of Gateway during the year, aggregated ₹ (2.64) lacs (Previous year (168.21) lacs), Nil (Previous year ₹ (214.30) lacs) and ₹ (10.09) lacs (Previous year ₹ 367.99 lacs) respectively.

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

Particulars	31 March 2011			31 March 2010		
	Continuing operations	Discontinuing operations (Gateway)	Total	Continuing operations	Discontinuing operations (Gateway)	Total
REVENUE						
Sales/Income	223,224.52	—	223,224.52	144,915.59	—	144,915.59
Other Income	510.16	1.14	511.30	925.01	2.40	927.41
Total Revenue	223,734.68	1.14	223,735.82	145,840.60	2.40	145,843.00
Operating Expenses	215,019.08	55.29	215,074.37	138,065.91	18.09	138,084.00
Interest Expense	2,952.81	0.09	2,952.90	2,543.17	0.11	2,543.28
Profit/(Loss) before tax	5,762.79	(54.25)	5,708.54	5,231.52	(15.80)	5,215.72
Income tax	3,887.64	—	3,887.64	1,635.45	—	1,635.45
Profit/(Loss) after tax	1,875.15	(54.25)	1,820.90	3,596.07	(15.80)	3,580.27

29. ESOP OUTSTANDING

Particulars
Opening Balance
Less: Transfer to securities premium on exercise of options
Less: Options lapsed during the year
Closing Balance

Mar-11	Mar-10
20.14	31.82
(13.09)	(8.25)
(1.95)	(3.43)
5.10	20.14

30. EARNING PER SHARE (EPS) IS CALCULATED AS FOLLOWS:

(Also see Note 31)

Particulars
(a) Profit/(Loss) attributable to equity share holders (₹ in lacs)
(b) Weighted Number of equity shares outstanding during the year
(c) Weighted Number of equity shares outstanding during the year after adjustment for dilution
(d) Nominal value per share (₹)
(e) EPS:
— Basic (₹)
— Diluted (₹)

Mar-11	Mar-10
4,319.57	3,588.01
78,998,136	75,939,639
79,817,199	76,866,800
5	5
5.47	4.72
5.41	4.67

31. The Board of Directors and shareholders of the Company at their meetings held on October 29, 2010 and December 23, 2010 respectively approved sub division of equity share of ₹ 10/- each into two equity shares of ₹ 5/- each. The Company fixed January 13, 2011 as the Record Date, for the said sub division and as on date, the equity shares of the company were sub divided. Accordingly, the basic and diluted EPS for the current and prior year have been computed on the basis of the said sub-division.

32. During the year, the Company has simultaneously allotted 20,00,000 equity shares to Qualified Institutional Buyers (QIBs) and 40,00,000 equity shares to Promoters pursuant to the conversion of optionally convertible warrants for an aggregate issue price of ₹ 12,980 lacs and ₹ 12,287.20 lacs (₹ 3,071.80 lacs received in 2010 being 25% of total price) respectively. The premium received aggregated ₹ 24,667.20 lacs.

(All amounts in ₹ lacs, unless otherwise stated)

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

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

Name	Country of Incorporation	Percentage of ownership interest either directly or through subsidiary	
		31 March 2011	31 March 2010
Hypercity Retail (India) Limited*	India	51	19
Crossword Book Stores Limited	India	100	100
Upasna Trading Limited	India	100	100
Shoppers Stop Services (India) Limited	India	100	100
Shoppers Stop.Com (India) Limited	India	100	100
Gateway Multichannel Retail (India) Limited	India	51 (in addition Hypercity holds 49%)	51

* Hypercity became a subsidiary w.e.f. June 30, 2010.

(b) Interests in Joint Ventures:

The Group's interests in jointly controlled entities (incorporated Joint Ventures) are:

Name	Country of Incorporation	Percentage of ownership interest either directly or through subsidiary	
		31 March 2011	31 March 2010
Nuance Group (India) Private Limited	India	50	50
Timezone Entertainment Private Limited	India	46.89	45

The financial statements of the joint ventures, considered in the consolidated accounts, are drawn upto 31st March other than for Nuance Group (India) Private Limited where it is upto 31st December.

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

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

(d) Goodwill on consolidation includes goodwill of ₹ 8799.19 Lacs on acquisition of Hypercity. The post-acquisition losses of Hypercity (before minority share of loss of ₹ 2485.64 Lacs) amounted to ₹ 5072.80 Lacs and have been considered in the consolidated results for the year. Also refer Note 34a below.

34a. The details of the subsidiary companies are given in the Annexure.

34b. Figures of the previous year are regrouped, where necessary, to conform to those of the current year.

Note 34a: Statement regarding subsidiary companies

Annexure
(₹ in lacs)

Sr. No.	Name of Subsidiary Company	Reporting Currency	Share Capital	Reserves	Total Assets*	Total Liabilities**	Investments	Turnover/ Total Income	Profit/(Loss) Before Taxation	Provision for Taxation	Profit/(Loss) After Taxation	Proposed Dividend including Dividend distribution tax	Country
1	Crossword Bookstores Limited	INR	1,956.25	1,387.97	6,398.04	6,398.04	—	4,694.10	237.06	21.95	215.11	146.11	India
2	Upasna Trading Limited	INR	5.00	18.11	170.72	170.72	—	1.22	0.56	0.20	0.36	—	India
3	Gateway Multichannel Retail (India) Limited	INR	5.00	—	10.81	10.81	—	1.14	(54.25)	—	(54.25)	—	India
4	Shoppers Stop Services (India) Limited	INR	5.00	3.64	8.86	8.86	—	1.72	0.71	0.46	0.24	—	India
5	Shoppers Stop.com (India) Limited	INR	5.00	—	2.05	2.05	—	0.09	(1.64)	0.03	(1.67)	—	India
6	Hypercity Retail (India) Limited	INR	27,995.00	—	29,421.76	29,421.76	—	57,079.34	(6,861.06)	—	(6,861.06)	—	India
* Total Assets = Fixed Assets + Investments + Deferred Tax Assets + Current Assets													
** Total Liabilities = Share Capital + Reserves + Deferred Tax Liabilities – Profit & Loss (Dr. Balances) + Loan Funds + Current Liabilities													

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Notes

Shoppers Stop Ltd.

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SHOPPERS STOP

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