

# CHAIRMAN'S REVIEW



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

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

## Dear Shareholders,

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

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

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

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

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

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

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

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

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

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

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

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

**Chandru L. Raheja**  
Chairman