

DIRECTORS' REPORT

for the year ended March 31, 2018

Dear Members,

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

1. FINANCIAL PERFORMANCE

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

2. OVERVIEW OF COMPANY'S PERFORMANCE

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

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

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

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

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

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

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

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

3. DIVIDEND

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

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

4. RESERVES

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

5. CREDIT RATING

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

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

6. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE

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

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

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

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

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

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

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

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

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

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

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

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

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

7. CONSOLIDATED FINANCIAL STATEMENTS

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

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

8. EMPLOYEES STOCK OPTION SCHEME

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

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

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

9. PREFERENTIAL ALLOTMENT OF EQUITY SHARES

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

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

10. HUMAN RESOURCES

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

11. CORPORATE SOCIAL RESPONSIBILITY

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

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

12. BOARD OF DIRECTORS & KEY MANAGERIAL PERSONNEL

Non-Independent Directors

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

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

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

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

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

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

Independent Directors

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

The Board of Directors at its meeting held on June 8, 2018, on the recommendation of the Nomination, Remuneration & Corporate Governance Committee, appointed Ms. Ameera Shah (DIN: 00208095) as an Additional Director to hold office as Independent Director of the Company for a term of 5 (five) years commencing from June 8, 2018 to June 7, 2023, subject to approval of members of the Company. The Company has received declaration from Ms. Ameera Shah confirming that she meets with the criteria of Independence as prescribed under Section 149(6) of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Board of Directors recommends her appointment and the matter is being placed for the approval of members at the ensuing Annual General Meeting of the Company.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of Independence as prescribed under Section 149(6) of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Key Managerial Personnel

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

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

13. ANNUAL EVALUATION OF DIRECTORS, COMMITTEES AND BOARD

In compliance with the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the performance evaluation of the Board, its specified Committees and individual directors was carried out during the year under review. More details on the same are provided in Corporate Governance Report. The Directors expressed their satisfaction with the evaluation process.

14. FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

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

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

15. REMUNERATION POLICY

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

16. DISCLOSURES UNDER THE COMPANIES ACT, 2013

Extract of Annual Return: The details forming part of extract of the annual return in Form MGT 9 is annexed herewith as **Annexure V**.

Meetings of the Board of Directors: The Board of Directors met 7 (seven) times in the year under review. The details about the board meetings and the attendance of the directors are provided in Corporate Governance Report.

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

Audit Committee: The Audit Committee comprises of four Non-Executive Directors i.e. Mr. Deepak Ghaisas, as the Chairman, Mr. Ravi C. Raheja,

Prof. Nitin Sanghavi, and Mr. Manish Chokhani as the members. The Board of Directors has accepted all the recommendations made by Audit Committee from time to time.

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

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

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

Omnibus approval is obtained for the transactions which are foreseen and repetitive in nature with Related Parties. A statement of all such related party transactions is presented before the Audit Committee on a quarterly basis for its review, specifying the nature and value of these transactions.

Particulars of loans, guarantees or investments: The details of loans, guarantees and investments covered under the provisions of Section 186 of the Companies Act, 2013 are provided in note nos. 4, 5 and 29 (II) b of the Standalone Financial Statement respectively.

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

- Deposits covered under Section 73 of the Companies Act, 2013 read with Companies (Acceptance of Deposits) Rules, 2014.
- Issue of shares (including sweat equity shares) to employees of the Company under any scheme save and except ESOP referred to in this report.
- Issue of equity shares with differential rights as to dividend, voting or otherwise.
- Managing Director of the Company has not received any remuneration or commission from any of the Company's subsidiaries.

- No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.
- There was no revision in the financial statements.
- There was no change in the nature of the business.

The Company has adopted a policy for prevention of sexual harassment at work place, which *inter-alia*, provides for protection against sexual harassment of women at workplace and for prevention and redressal of such complaints. During the year under review, there were 9 complaints received and the same have been disposed of. The Company has an Internal Complaints Committee (ICC) which is responsible for redressal of these complaints and follows the guidelines as stipulated in the policy. There are training being conducted for sensitising all the CCAs on PoSH.

17. RISK MANAGEMENT

Your Company has established a robust Risk Management system to identify & assess the key risks and ensure smooth and efficient operations of the business. The Company has reviewed the major risks which affects it, from both the external and the internal environment perspective and appropriate actions have been initiated to mitigate, partially mitigate, transfer or accept the risk (if need be) and monitor the risks on a regular basis.

18. INTERNAL FINANCIAL CONTROL

The Company has laid down internal financial control's, through a combination of entity level controls, process level controls and IT general controls, *inter-alia*, to ensure orderly and efficient conduct of business, including adherence to the Company's policies and procedures, accuracy and completeness of accounting records and timely preparation and reporting of reliable financial statements/information, safeguarding of assets, prevention and detection of frauds and errors.

The evaluation of these internal financial controls were done through the internal audit process, established within the Company and also through appointing professional firm to carry out such tests by way of systematic internal audit programme. Based on the review of the reported evaluations, the directors confirm that, for the preparation of financial Statement for the year ended March 31, 2018, the applicable Accounting Standards have been followed and the internal financial controls related to financial Statement are generally found to be adequate and were operating effectively and that no material weaknesses were noticed.

19. WHISTLE BLOWER / VIGIL MECHANISM

The Company has established a Vigil Mechanism and adopted a whistle blower policy for its directors and employees, to report concerns about unethical behaviour, actual or suspected fraud or violation of

the Company's code of conduct or ethics policy. The mechanism provides adequate safeguards against victimisation of persons who use this mechanism. The brief details about this mechanism has also been posted on the website of the Company.

20. CORPORATE GOVERNANCE

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

21. MANAGEMENT DISCUSSION AND ANALYSIS

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

22. BUSINESS RESPONSIBILITY REPORT

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

23. CODE OF CONDUCT FOR THE PREVENTION OF INSIDER TRADING

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

24. AUDITORS

Statutory Auditors

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

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

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

Secretarial Auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial personnel) Rules, 2014, the Company had appointed Kaushal Dalal & Associates, Practicing Company Secretaries, to undertake the Secretarial Audit of the Company for the year under review. The Secretarial Audit Report issued by them, is annexed herewith as **Annexure VI**. The said report does not contain any qualification, reservation, adverse remark or disclaimer.

25. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo as stipulated is annexed herewith as **Annexure VII**. The foreign exchange earnings was ₹ 7,978.85 lacs and outgo was ₹ 1,528.42 lacs.

26. TRANSFER OF EQUITY SHARES TO IEPF

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

27. DEMAT SUSPENSE ACCOUNT FOR UNCLAIMED SHARES

As on date, there are 13 shareholders, holding 700 equity shares of ₹ 5/- each (post sub-division) allotted in Initial Public Offering of 2005, lying in the escrow account due to non-availability of their correct particulars. Despite various reminders to them by Karvy Computershare Private Limited, Registrar and Share Transfer Agent of the Company, no response has been received. As a result, the said unclaimed shares have been credited to 'Shoppers Stop Ltd. - Unclaimed Shares Demat Suspense Account'. Such shareholders may approach the Company with their correct particulars and proof of their identity for crediting requisite shares from Demat Suspense Account to their individual Demat Account. During

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

28. PARTICULARS OF EMPLOYEES

In terms of the provisions of Section 197(12) of the Companies Act, 2013, read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules forms part of this report.

Further, the disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, forms part of this Report.

Having regard to the provisions of the second proviso to Section 136(1) of the Act, the Annual Report excluding the aforesaid information is being sent to the members of the Company. The said information is available for inspection at the registered office of the Company during business hours on working days upto the date of ensuing Annual General Meeting. Any member interested in obtaining such information may write to the Company Secretary and the same will be furnished on request. The Annual Report including the aforesaid information is also available on the Company's website.

29. DIRECTORS' RESPONSIBILITY STATEMENT

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

- a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- b) appropriate accounting policies have been selected and applied them consistently and judgements and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on March 31, 2018 and of the profit of the Company for the year under review;
- c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the annual accounts have been prepared on a going concern basis;
- e) the proper internal financial controls has been laid down and that the internal financial controls were adequate and were operating effectively; and

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

30. SECRETARIAL STANDARDS

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

31. AWARDS AND ACCOLADES

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

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

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

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

32. MATERIAL CHANGES AND COMMITMENTS

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

33. ACKNOWLEDGEMENT

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

For and on behalf of the Board of Directors

B. S. Nagesh
Chairman

June 8, 2018

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

We hereby declare that the Company has adopted a Code of Conduct for the Board of Directors and Senior Management of the Company and they have affirmed compliance with the said Code of Conduct.

For Shoppers Stop Limited

Govind Shrikhande
Customer Care Associate &
Managing Director

Rajiv Suri
Customer Care Associate &
Chief Executive Officer

April 27, 2018