

TRANSFORMING SHOPPING



STEADFAST ON OUR COMMITMENT

SHOPPERS STOP

START SOMETHING NEW



BUILT ON TRUST

ANNUAL REPORT 2020-21



**TRANSFORMING**

**HOPPING**

Our customer obsession for all things stylish is met at our stores that offer them myriad choices from renowned international and national brands. But we do not stop there. We go beyond to include conveniences and perks, continuously enhance experiences and make shopping a delight for our diverse cross-section of customers.



Read more on Pg. 18



## TEADFAST ON OUR COMMITMENT

We are pragmatic in our approach to achieving our ambitious goals. We strive for excellence across financial and non-financial performance. To cater to an array, we at Shoppers Stop, bring an agile business model and the ability to take cautious risks, which enable us to create long-term, sustainable value for our stakeholders, through all odds.



Read more on Pg. 26



## BUILT ON TRUST

Our business is built on the unfailing faith that people have in our brand. We take decisions that harmonise with customers, the environment and the communities around us. We come to work each day to continue upholding their faith and conduct ourselves with uncompromised integrity and transparency.



Read more on Pg. 32

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## Key Financial Highlights 2020-21\*

₹ **2,142** crore  
REVENUE

₹ **(187)** crores  
EBITDA

₹ **(305)** crores  
PAT

\*Non-GAAP numbers are reported in this section



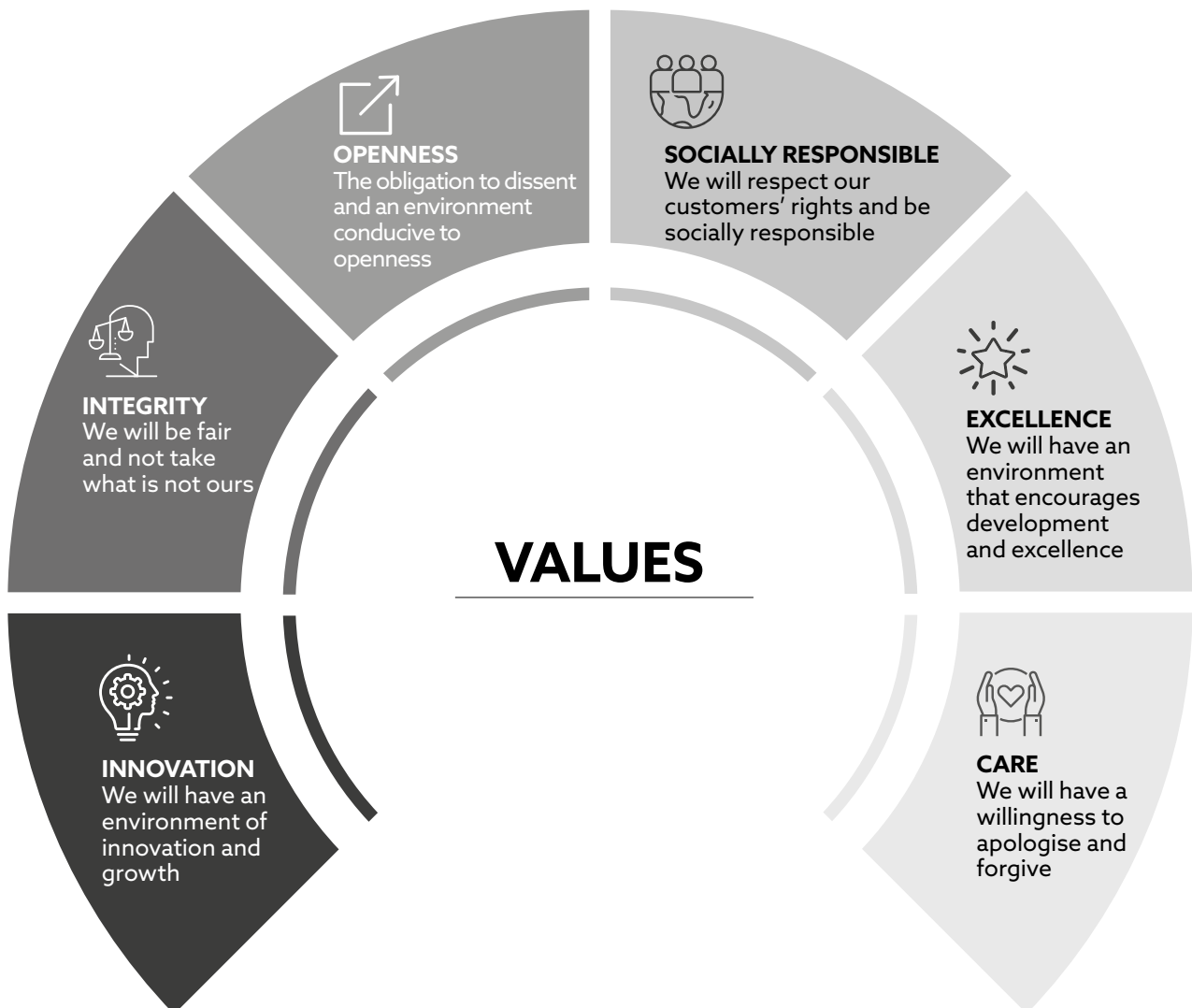
Check our website to get to know us better

# OUR UNIVERSE OF ICONIC STYLES AND TRENDS

Each customer is unique. Their tastes, preferences and choice of brands are different. To cater to this wide array, we, at Shoppers Stop bring a multitude of national and international brands in apparels, fragrances, accessories, cosmetics, footwear, home décor and furnishings under one roof.

## VISION

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



## SCALE

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**84**

DEPARTMENT STORES

**127**

BEAUTY DOORS

**29**

CROSSWORD STORES

**11**

HOMESTOP STORES

**88 million**

ONLINE CUSTOMER VISITS  
(FY 2021)

**11.5 million**

MOBILE APP DOWNLOADS

**800+**

TRUSTED BRANDS

**47**

CITIES

**25,600**

PIN CODES COVERED

**4.5 million sq.ft**

RETAIL FLOOR SPACE



# PRODUCT PORTFOLIO



## DEPARTMENT STORES

India's foremost fashion and beauty retailer, operating out of state-of-the-art stores

**84**  
STORES



## BEAUTY SPECIALTY

India's #1 offline beauty destination with a strong omni-channel presence

**127**  
BEAUTY DOORS

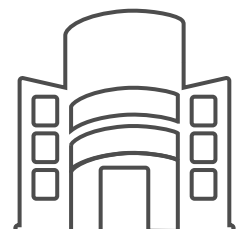


## CROSSWORD

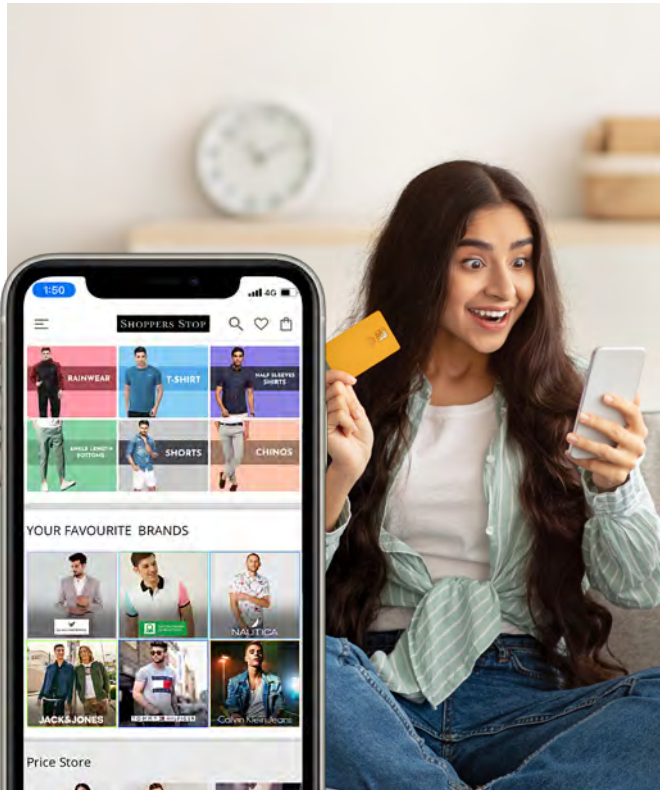
One of India's largest bookstore chain

**13**  
CITIES

**29**  
CROSSWORD STORES







## SHOPPERSSTOP.COM

Website and mobile app that offer a convenient at-home experience

**1,20,000+**

STYLES FEATURED ON THE APP

**11.5** million

APP DOWNLOADS

**70** million

VISITS

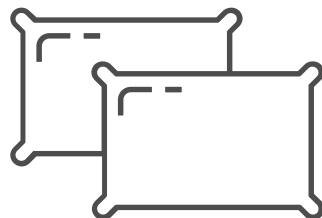


## HOMESTOP

Premium, concept-led home store with contemporary designs to add exclusivity to your space

**11**

STORES



# STRATEGIC PILLARS



## FIRST CITIZEN

India's longest running and most sought-after loyalty programme

**8 million**

FIRST CITIZEN MEMBERS

**78%**

CONTRIBUTION TO SALES

**40%**

CONTRIBUTION TO ONLINE SALES



## PERSONAL SHOPPERS

Unique shopping assistance service, offering our customers a hyper-personal shopping experience



**207**

SHOPPING ASSISTANTS

**16%**

CONTRIBUTION TO SALES

**₹9,000**

AVERAGE TICKET SIZE

### Personal Shoppers' digital initiatives

- White Glove service
- Endless Aisle - A digital tab that customers can use to browse through options in the store
- Yellow Messenger service - A chat-enabled, real-time online interaction
- Appointment services
- Exclusive in-house app

## PRIVATE AND EXCLUSIVE BRANDS

Iconic, homegrown brands, as well as exclusive international and celebrity brands curated across the categories of men's, women's and children's apparel, accessories, and beauty



**14%**  
CONTRIBUTION TO SALES

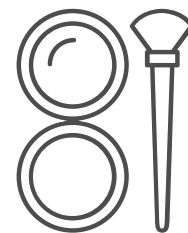


## BEAUTY

Dominating the beauty segment in India with a large in-store presence, through our department stores and standalone bridge-to-luxury formats

**127**  
STORES

**16%**  
CONTRIBUTION TO SALES



### New Launches

- Arcelia private label in the bath and body category
- Ten Image in the skin care category
- Bvlgari, Tiffany & Co, Loewe, Perfumes Houbigant Paris and Nishane in the fragrances and men's grooming category
- Kick-started Scent-a-thon, a fragrance event



## Board of Directors

# DIVERSE AND CONFIDENT LEADERSHIP

An independent and well-informed Board goes a long way in protecting stakeholder interest and simultaneously maximising long-term corporate values. Our Board along with its Committees provide leadership and guidance to the Senior Management as well as strategic direction to our operations.



### **B.S. Nagesh**

*Customer Care Associate, Chairman and Non-Executive Director*

B. S. Nagesh is the Founder of a Public Charitable Trust TRRAIN (Trust for Retailers and Retail Associates of India) and for profit social enterprise, TRRAIN Circle. He has been involved with Shoppers Stop and its group companies since its inception in 1991 as the first employee. As part of his personal philosophy of 'Learn, Earn & Return', he stepped out of the day-to-day roles of the business as Managing Director of the Company in 2009 and founded TRRAIN. He is the first Asian retailer to be inducted in the World Retail Hall of Fame in 2008. Recently, he was awarded with the prestigious NCPEDP - Hellen Keller Award for creating livelihood opportunities for Persons with Disabilities and was recognised as the Change Maker at the Sabera Awards. He is an Ashoka Fellow.



### **Ravi C. Raheja**

*Non-Executive Director*

An alumnus of the London Business School, Ravi has over 26 years of comprehensive experience across real estate, retail and hospitality. He has spearheaded business development for the real estate arm of the Group and played a significant role in guiding the teams of corporate strategy, finance and planning for the Group's retail and hospitality divisions. At the helm of the most significant growth strategies, Ravi is actively involved in charting the future growth of K Raheja Corp and each of its businesses and has been a catalyst in the Company's evolution from a family-owned business to a well-diversified conglomerate.

Ravi is an active contributor to the industry through premier forums such as Young President's Organisation (YPO) where he plays an active role as

a Member Engagement Officer, and, Indian Green Building Council, where he served as the Chairman (Mumbai chapter) and as an evangelist for the green cause, spearheaded the signing of the memorandum of understanding with CII-Green Building Council to construct green buildings in 2007.

He plays a key role in the Group's philanthropic initiatives through the K. Raheja Foundation, Sadhana Education Society and S. L. Raheja Hospital. He is the recipient of the EY Entrepreneur of the Year Award 2020 for the Energy, Real Estate and Infrastructure category, along with his brother Mr. Neel C. Raheja.



## Neel C. Raheja

*Non-Executive Director*

With a strong background in finance, a degree in law from the Mumbai University and an alumnus of the Harvard Business School (OPM Program), Neel has extended the Company beyond the realms of real estate. He has worked his way to the top, scaling the Company to new heights. With an ear to the ground and ability to pre-empt trends, he has been at the forefront of driving change and innovation within the Group. He also ushered in the malls and department stores format in India, Inorbit Mall, Shoppers Stop and Crossword bookstores are the culmination of his endeavour to bring organised retail into the country.

A respected name in the industry, Neel chairs some of the most important committees that shape key industry developments. He plays an active role in the Group's philanthropic initiatives through the K. Raheja Foundation, Sadhana Education Society and S. L. Raheja Hospital. He also drives the Group's growth through Green Building initiatives in sustainable development. He was recently awarded the EY Entrepreneur of the Year Award 2020 for the Energy, Real Estate and Infrastructure category, along with his brother Mr. Ravi C. Raheja.



## Venu Nair

*Customer Care Associate, MD and CEO*

Venu Nair (Venugopal Nair), is the Managing Director and Chief Executive Officer of our Company. He is an International Retail Leader with 27 years of rich and varied experience in the Retail & Apparel Industry across South Asia & Europe.

Prior to joining Shoppers Stop he was the CEO of Westside at Trent Limited. In his earlier stint he was the Chief Commercial Officer - Trent Ltd, where he was responsible for all its commercial operations, including merchandising, store operations, E-com, projects, marketing, visual merchandising, IT, business excellence and Landmark stores. He was Managing Director - Marks & Spencer Reliance Pvt. Ltd, where he played a pivotal role in its growth and during his tenure, the turnover of the business tripled and the number of stores under operations, more than doubled, with a significant growth in local sourcing. He was the Director, MSI & Head of Region (South Asia) - Marks & Spencer Plc,

wherein he had the dual responsibility as Head of Region (South Asia), and Director of M&S, India for Marks & Spencer Reliance Pvt Ltd, which operates the M&S stores in India. Prior to that Venu was based in London, working for M&S, UK. He has also worked in Madura Garments and Arvind Mills.

Mr. Nair is a Bachelor of Technology (Hon) from NIT, Calicut and a MBA in Marketing from S.P. Jain Institute of Management and Research, Mumbai.

## Board of Directors (Contd.)



### **Ameera Shah**

*Independent and Non-Executive Director*

Ameera is the Promoter & Managing Director of Metropolis Healthcare Ltd., a leading chain of pathology labs with a large network in India and Africa. A finance graduate from the University of Texas, she is also an alumna of the Harvard Business School, (OPM Program). For the last 20 years, she has built Metropolis into a leading and reputed chain of laboratories with a wide network of over 2900 laboratories and patient service centers. Under her leadership, Metropolis had a successful listing at the Stock Exchanges in April 2019. She has played an instrumental role in changing the pathology industry landscape in the country, from being a doctor-led practice to a professionally led industry in an extremely unregulated, competitive, and fragmented market. Ms. Shah has been named amongst the Most Powerful Women in Business by Fortune India (2017, 2018, 2019, 2020) and by Business Today (2018, 2019). Recently, Ms. Shah also won the Entrepreneur of the Year Award by E&Y in the Healthcare & Science category for leading the company from the frontlines during the pandemic. She launched Empoweress in October 2017, which is a peer-to-peer mentoring and networking ecosystem for women entrepreneurs.



### **Deepak Ghaisas**

*Independent and Non-Executive Director*

Deepak, a qualified Chartered Accountant, Cost Accountant and Company Secretary and alumina of the London Business School, leads strategy development, visioning and conceptualisation of breakthrough business models for Gencoval Group, in the field of healthcare and biotechnology. Prior to Gencoval, he had served as the Vice-Chairman of Oracle Financial Services Software Limited (formerly known as i-Flex Solutions Limited, India). It was his strategic, financial and operational acumen that drove the company to become a true Indian multinational. He is the first Indian Chief Financial Officer (CFO) to be felicitated with the prestigious CFO Asia award. Deepak is also a Partner in 'Exfinity', a PE Fund and serves on the Board of Governors of IIT Kanpur and Chairperson of IIITDM, Jabalpur.



### **Manish Chokhani**

*Independent and Non-Executive Director*

A Chartered Accountant and an MBA from the London Business School, he is one of India's most respected financial experts and investors. He was the CEO of Enam Securities, India's leading investment bank. He led its \$400 million merger in 2011 with Axis Bank to create Axis Capital Ltd., which he led as MD & CEO until the end of 2013. Under his leadership, Enam/Axis mobilised 25% of all equity funds raised in India and was the house banker to several leading Indian business groups. From 2014 to 2016, he served as the Chairman of TPG Growth in India and then as senior advisor to TPG Group until 2019.



## Nirvik Singh

*Independent and Non-Executive Director*

Nirvik brings to the Board his keen sense of marketing communications and over 30 years of experience in the industry. He is the Global COO & President International of Grey Group, a leading global marketing communications network- overseeing, Europe, Latin America, Asia Pacific, Middle East and Africa. He oversees a network of over 3,500 professionals across 28 countries in over 35 cities. He has been credited with Grey's growth in the region. His highly regarded business acumen has led to numerous acquisitions by the Grey network in various countries, such as China, India and Korea, among others. He has also expanded Grey's presence to Vietnam, Nigeria and Ghana.



## Robert Bready

*Independent and Non-Executive Director*

Robert is a freelance retail expert with over 28 years of experience in fashion retail, both online and offline. He built his career across different functions in buying and merchandising while moving his way from mid-size family-owned River Island to blue-chip multinational brand Arcadia Group. He joined the start-up team at Asos.com as Executive Director- Product & Trading, overseeing significant growth across all areas of the business. He joined the board of Asos Plc and led all product and trading strategy and delivery within the company across all 140 countries. He helped launch a new initiative, KOOVs Plc, targeting the growing fashion conscious, urban Indian youth market.



## William Kim

*Independent and Non-Executive Director*

William is an experienced executive with an obsession for Design Thinking and using creativity to solve today's business issues. He is skilled in transforming company models utilising Luxury/ Contemporary/Hard Luxury/ Retail / Digital Sector experiences to build a future-proof, global, digital model. He is the EVP - Global Retail and Digital Commerce with Samsung, since February 2019. He was previously the CEO of AllSaints, a fashion retailer headquartered in London, UK. He has also worked with Burberry Group PLC, where had played varied roles from Vice President to Representative Director (Korea, Taiwan, South East Asia, Asia Travel Retail & DFC), SVP - Digital Commerce and SVP Retail. He was also associated with Gucci Group from 1998 to 2005 as its Chief Financial Officer and previously worked at Coopers & Lybrand in US and Asia.

## Management Team

# PASSIONATE AND COURAGEOUS EXECUTIONISTS

An enterprising team of experts with sharp managerial expertise and ability to execute on strategic objectives.



**Venu Nair**  
CCA, Managing Director and CEO

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**Karunakaran Mohanasundaram**  
CCA and Chief Financial Officer

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**Sandeep Narain**  
CCA and Chief of Retail Operations

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**Ajay Chablani**  
CCA and President Private Brands

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**Anil Shankar**  
CCA and Chief Technology Officer

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**Venkatesh Raja**  
CCA and Chief Human Resource Officer

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**Devadas Nair**  
CCA and Chief Supply Chain Officer

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**Deepak Yadav**  
CCA and Chief Business Development Officer

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**Neeraj Nagpal**  
CCA and Chief Buying and Merchandising Officer

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# MAKING A DIFFERENCE WITH THOUGHTFUL RESPONSE

Given how unprecedented the COVID-19 pandemic was, our approach to combating it had to be different and innovative as well. We came up with several initiatives to make the time a little bit easier on our customers.

## GOODBUY

# 2020



We launched this extravagant event that witnessed some of the finest activations and series of engagements across all our categories, such as Womenswear, Menswear, Athleisure, Kids, Beauty, Watches, Fragrance and Home Categories. Launched in the first week of December, this event was ongoing throughout the EOSS period across our stores in the country.



We curated an immersive experience for our customers under each category, breaking the monotony of the usual End-of-season sale, that reinforced faith to come back to the store. We collaborated with popular OTT channel, Hotstar to have well known faces of the television world, such as Divyanka Tripathi, Karan Wahi and Shivangi Joshi and influencers like, Siddharth Nigam and Mithila Palkar to curate shopping segment videos for every category and activation. We look forward to making this an annual property with new additions every year.

### **Keeping spirits high internally**

We are making extensive use of technology and social media platforms to engage and communicate with employees during this crisis. We included strategies for business continuation to ensure people can stay psychologically resilient. Our Human Resource

team promoted a climate of calm, at the same time engaging leadership to respond with timely, accurate, assertive and consistent communication from all levels of the organisation.

An emphasis on honest, open, and transparent communication was maintained. The approach came from a place of empathy and understanding of the diverse impacts that the crisis has the potential to bear on people (physical and mental). Our senior leadership team often spoke at virtual town-halls, to boost employee morale. During the lockdown, we shared training content with employees via the TRRAIN app as well as our Learning Management System (LMS).

### **Paying tribute to the frontline**

We introduced a new creative logo to pay our tribute to the frontline professionals. Through a video titled

'Keep the love alive' we displayed that our brand identity can be transformed into a heart and an infinity sign to applaud frontline professionals for their dutiful actions during these tough times. We propagated the importance of staying indoor and maintaining proper hygiene through this initiative.

### **Introducing the Life Essential range**

We introduced New Life Essentials range to help customers manage the pandemic. This range includes a 5-in-1 sanitising kit in two variants - India Fights Back and Your BFF, comprising a pair of hand gloves, three-layered face mask, miniature hand wash and hand sanitising gels, sanitising sprays, pocket sanitisers, fruit and vegetable wash, home disinfectant sprays and sanitisers formulated specially for kids and teenagers.



# CREATING MEMORABLE **RETAIL** **EXPERIENCES**



We are responding to the new world order by rethinking what a shopping experience should feel like, in every way. As a phygital retailer, newer technologies were implemented to connect with customers, which radically transformed the engagement. Our efforts are focused on bringing innovative solutions to assist customers in their shopping needs. Our digital transformation journey strengthened our omni-channel strategy.

### **Transforming processes**

We implemented a new enterprise solution – SAP. We revamped our popular loyalty programme – First Citizens and are now offering customers the convenience of shopping across myriad platforms, such as in-store, online (website and mobile app), and via WhatsApp Messenger calling. In our constant

endeavour to improve our customer journey, we ensure a convenient, safe, and delightful shopping experience whether in-store or online.

#### **White Glove service**

This is an industry-first Personal Shopper service from us, and is now available on WhatsApp Messenger by way of virtual shopping assistance. Customers can book an appointment and consult a Personal Shopper on WhatsApp call. They can choose products from the store or through catalogues. Payments will be made through a secured SMS link and products are delivered to their home.

MY OWN BEAUTY ADVISOR,  
JUST A TEXT AWAY.

Drop a "Hi" on  90043 94244  
To connect with a Beauty Advisor from  
**MAC**

Time - 11AM to 7PM

**WHITE  
GLOVE**  
by  
**SHOPPERS STOP**

MY SHOPPERS STOP MY WAY

Chat assistance also available on [www.shoppersstop.com](http://www.shoppersstop.com)  
   



Our Personal Shoppers have undergone 43,000+ hours of digital training to deliver the best service to the customers. These Personal Shoppers contribute ~15% to our revenues.

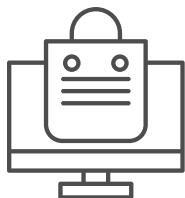
### Digital store

We are expanding our digital marketplace with a better online shopping site and mobile application. Customers can shop from their homes through our website or from the app, including safe and quick home delivery and contactless billing. The mobile app and website with an attractive design, and an easy to navigate user interface (UI), makes the entire shopping experience convenient, effortless and delightful.

The brand's digital services like Endless Aisle, Express Store pick-up (Click n Collect), and Ship From Store on the website provides quick and helpful solutions to one's shopping desires. The online Chat-Now feature also enables ease of access. Best deals on top categories, free shipping, and options like cash on delivery provide them with a hassle-free online experience to 'Shop Anytime Anywhere'.





### Enhanced in-store offerings

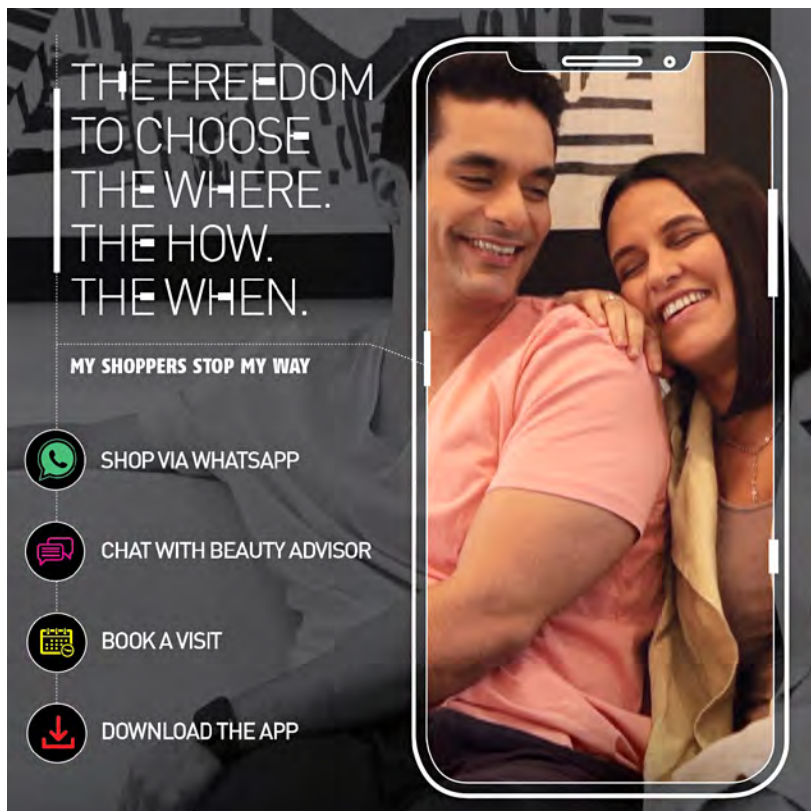
Our customers can leverage the privileges of using our in-store Personal Shoppers Lounge, while our Personal Shoppers assist them in choosing the right fit and size. They can test the outfits in the exclusive sanitised trial rooms at the lounge. We introduced Mobile POS for customers opting for queue-less billing.



THE FREEDOM  
TO CHOOSE  
THE WHERE.  
THE HOW.  
THE WHEN.

MY SHOPPERS STOP MY WAY

-  SHOP VIA WHATSAPP
-  CHAT WITH BEAUTY ADVISOR
-  BOOK A VISIT
-  DOWNLOAD THE APP



## My Shoppers Stop My Way

Through this latest campaign, we created a proposition empowering our customers to shop safely, comfortably, and at their convenience. We roped in well-known celebrities and influencers for this two-week campaign. Celebrity power-couple, Neha Dhupia and Angad Bedi show audiences how to shop online and on WhatsApp to avail the Virtual Home Service. Actress Shriya Pilgaonkar was captured visiting her nearest Shoppers Stop store and shopping in a secure environment. We also brought on board popular personalities like Kirti Kulhari and Aiyyo Shraddha.

# EMERGING STRONGER THROUGH THE CRISIS

**Dear shareholders,**

In every adversity lies an opportunity' is an age-old adage, one that holds true for the current COVID-19 situation. While the crisis tested the limits of economies and businesses alike, it has also provided everyone with opportunities – to reflect and reconsider, innovate and accept as well as reconnect and help. It was no different for us at Shoppers Stop. We utilised this time to rethink, reimagine and build a better and stronger business.





The pandemic has drastically changed customer behaviour. There has been an acceleration in the shift to online shopping and an increased need for omni-channel. We leveraged the power of digital to deliver value to our customers and are deploying digital for better decision-making, understanding customer behaviour and improving efficiency.

As the pandemic spread, our priority was the safety of our employees and customers. We immediately set up safety protocols across our stores and ensured that our people followed them. To assure our customers of their safety while shopping with us, we even released a video documenting all the precautionary measures undertaken by us.

To offset the effects of the pandemic, we had to shift our financial focus. The priority was to secure the Company's liquidity and continue financial stability. We undertook cost optimisation initiatives and strengthened our balance sheet through infusion of Share Capital. This helped us maintain steady momentum on liquidity and improved our financial performance.

The pandemic has drastically changed customer behaviour. There has been an acceleration in the shift to online shopping and an increased need for omni-channel. We leveraged the power of digital to deliver value to our customers and are deploying analytics for better decision-making, understanding customer behaviour and improving efficiency. It has helped us adapt to the rapidly changing buying behaviour of our customers. We also updated our website and app to provide a convenient experience, regardless of the shopping location.

While the pandemic accelerated digital transformation, it also reduced consumers' propensity to spend – mainly due to income losses and the reduced need for products, such as professional clothing and festive outfits. The biggest challenge that retailers would face is to bring the customer back and make them feel safe in the stores. At Shoppers Stop, we are already at the top of our game and are reimagining shopping with services, such as Endless Aisle, Click-and-collect and Snap. Find. Buy.

It is still early to take stock of the impact of the pandemic, which is not completely behind us. However, we have definitely learned a great deal during these trying times. It taught us that agility is the way forward – it is crucial to be able to adjust and adapt to changing market conditions that affect demand, supply chains and working methods. We managed to do so by closing our stores when needed and opening them in a phased manner, while adjusting our supply chains and sales channels. We have robust plans in place to optimise our inventory levels, expand our stores, upgrade our customer interface and integrate customer action on all channels. I believe these prudent steps will allow us to make the most of the opportunities that arise and manage the ongoing situation.

I would like to extend my deepest gratitude to each and every member of the Shoppers Stop family. Although the challenges were substantial, you have shown determination and acted swiftly to ensure a seamless shopping experience for our customers.

As I conclude, I would like to congratulate and welcome Mr. Venu Nair as MD and CEO of Shoppers Stop. His rich experience in the retail and apparel industry is sure to bode well for the future of the Company.

I would like to assure all our stakeholders that with your support and faith in us, we will weather this storm, emerge stronger and continue to march forth on the path of success.

Yours sincerely,

**B. S. Nagesh**  
Customer Care  
Associate and Chairman

## Message from the MD & CEO

# RESILIENT, CONFIDENT AND DETERMINED

### Dear Shareholders,

The year 2020 will be remembered for the pandemic – one that has had a lasting impact on our business and industry. It has taught us a lot and these learnings will help us continue to change for the better.

As I reflect on the year gone by, the one word that comes to mind is resilience. Shoppers Stop and its people were resilient during these extraordinary times. We stood up to the challenge and quickly adapted to the changing conditions to support the business. Through all this, I am proud of the way we showed determination and never lost sight of our purpose – to be an inspirational and trusted brand, offering our customers iconic fashion choices and a delightful shopping experience.





## Resilient performance

Our FY 2021 results reflect the strength of our business model, the dedication of our team and our prudent and disciplined financial stewardship.

Our revenue this year was ₹2,142 crores, which is a decline of 51% over FY 2020 due to the impact of the pandemic, with a margin of 30.9%. The festive demand during Q3 FY 2021 and a quantum leap in our digital journey resulted in business recovery. Our efforts to reach out to our customers and service them through constant engagement also contributed to better performance. We reported an EBITDA of (₹186.7) crores, decline of 202% over FY 2020.

In November 2020, we launched our rights issue of ₹299.2 crores, which was fully subscribed. We were, thus, able to repay debts aggregating to ₹125 crores, and are a debt-free Company today.

While securing the finances of our Company, we were also focused on further strengthening our strategic pillars.

## Undivided focus on our strategic pillars

During these critical times, our First Citizen shoppers bestowed us with their unwavering trust. They contributed 78% of our revenue. As of March 31, 2021, we enrolled 0.54 million First Citizens to the Shoppers Stop family and have 7.8 million loyal members. We continued the subscription for the premium First Citizen Black members and added 17,000+ new members.

Our Personal Shoppers contributed to 16% of our revenue this year. We continue to be innovative to gain customer attention and assist them through a range of digital services, such as White Glove and chat-enabled real-time online transactions.

Our private brands recorded a revenue of ₹293.5 crores a decline of 41.3% compared to FY 2020. Private brands had a performance better than our average due to better product offerings and sharp price points. As people stayed at home due to the pandemic-induced lockdown, the demand for formal wear was low. To cater to changing preferences, we added Loungewear, Sleepwear and Athleisure categories to our

portfolio and are also significantly growing our infantwear and babywear business through our private label 'Karrot'. These steps have boosted the performance of our third strategic pillar.

In Beauty we launched our private brand 'Arcelia' at 63 stores in our bath and body segment. The brand garnered positive response from customers. We also introduced a number of new brands in Fragrance and Skincare categories during the year. We opened the first 'Too Faced' store in India in DLF Promenade Mall, Delhi. Our beauty event featuring Malaika Arora for a talent and beauty show called 'The Eye Stoppers' received excellent response.

Our aim is to continue being young India's favourite shopping destination. And to do so in a rapidly changing environment, we need robust technology supported by the power of the digital.

## Accelerating the transformation to omni-channel

We use digital in every aspect of our business, including financial planning, real estate management, business planning and forecasting.

During the year we connected all our stores to our online portal, thus offering the entire inventory to our customers and enabling them to shop from the convenience of their homes.

Due to the pandemic, consumers are looking at online channels to research, compare and shop for products. Looking at this trend, we are refreshing our digital marketing and social media capabilities and upgrading our website and mobile app. Combining the digital commerce channels with our physical stores gives our customers a seamless omni-channel experience.

Digital technology also helped us prioritise the health and safety of our employees by enabling their smooth transition to work from home. We supported our team in the digital revolution that has taken over through a cloud-based Learning Management System and the Learning Planet programme.

## Safety first - For employees and customers

As the virus spread, we swiftly implemented a range of measures to

safeguard the health of our people and customers. Due to the extraordinary measures undertaken by the government, we temporarily closed our stores in several markets. As the social restrictions eased, we reopened our stores in a phased manner.

We enhanced the safety measures at our stores to make our customers feel safe while they shop. In addition to ensuring that our employees and customers are thermal scanned, maintain distance, wear masks and sanitise hands, we steam-sanitise all our garments. To avoid crowding in our stores, we began a 'shop by appointment' service for our customers, with the assistance of our Personal Shoppers. We are also promoting online payment modes.

While we are doing everything possible for our people and customers, we are also conscious of our responsibility towards the environment and society.

## Towards a hopeful and optimistic future

This has been one of the toughest years for us at Shoppers Stop. Despite that, we made significant progress in terms of cost reduction and brand recognition.

The post-COVID landscape remains unclear. However, we are optimistic that our business will continue to grow. We will continue to expand our footprint, grow our omni-channel presence and march forth on our digital journey.

We managed to achieve a lot this year and this would not have been possible without the passion and determination of our amazing team. I would like to extend my gratitude to their dedication and thank our customers, shareholders and investors for their confidence in us. We will continue making improvements to our business and retain our place in your hearts as India's favourite shopping destination.

Wishing you all good health!

Warm regards,

## Venu Nair

Customer Care  
Associate and MD & CEO

## Key Performance Indicators

# PERFORMANCE ACROSS PARAMETERS\*

### Revenue from operations (₹ in crores)

2020-21	2,142
2019-20	4,385
2018-19	4,428
2017-18	4,179
2016-17	4,061

### RoCE (%)

2020-21	(38.4)
2019-20	(0.4)
2018-19	12.6
2017-18	9.1
2016-17	6.4

### Asset turnover (X)

2020-21	2.32
2019-20	4.58
2018-19	4.30
2017-18	3.50
2016-17	3.00

### RoNW (%)

2020-21	(53.1)
2019-20	(1.0)
2018-19	12.6
2017-18	9.4
2016-17	6.3

### Debt<sup>^</sup>/equity (X)

2020-21	(0.01)
2019-20	(0.04)
2018-19	0.00
2017-18	0.07
2016-17	0.76

<sup>^</sup>Net of Mutual Fund Investment

### Profit after tax (PAT) (₹ in crores)

2020-21**	(305)
2019-20**	(1.3)
2018-19	79.0
2017-18	12.0
2016-17	(20.0)

\*\*Excluding Exceptional Items

\*Non-GAAP numbers are reported in this section.

**Loan funds** (₹ in crores)

2020-21 <sup>#</sup>	(8)
2019-20 <sup>#</sup>	(30)
2018-19 <sup>#</sup>	(2)
2017-18 <sup>#</sup>	67
2016-17	576

<sup>#</sup>Net of Mutual Fund Investment and Bank Balances**Net worth** (₹ in crores)

2020-21	782
2019-20	774
2018-19	978
2017-18	953
2016-17	761

**Share capital** (₹ in crores)

2020-21	55
2019-20	44
2018-19	44
2017-18	44
2016-17	42

**Fixed assets** (₹ in crores)

2020-21	548
2019-20	641
2018-19	630
2017-18	666
2016-17	652

**Profit before tax (PBT)** (₹ in crores)

2020-21	(383.2)
2019-20	(9.1)
2018-19	123.7
2017-18	29.2
2016-17	0.3

**EBITDA** (₹ in crores)

2020-21	(186.7)
2019-20	182.9
2018-19	264.5
2017-18	220.3
2016-17	201.8

**Operating margin** (%)

2020-21	(8.7)
2019-20	4.2
2018-19	6.1
2017-18	5.4
2016-17	5.5

**EPS** (₹)

2020-21	(34.5)
2019-20	15.3
2018-19	9.0
2017-18	1.4
2016-17	(2.4)

# STAYING TRUE TO OUR PURPOSE

At its core, our purpose is to set the standards in fashion every day. This means that we go beyond fashion trends to respond to social practices around fashion. We are committed to making style a shared pleasure for people everywhere, ensuring equal representation and making fashion a phenomenon enjoyable by everyone, no matter their background and life choices. In this, we are working to expand horizons and reach more people in India.



## EYESTOPPERS 2020

We launched a beauty talent show for makeup artists, beauty advisories and beauty influencers - EyeStoppers 2020. This talent hunt was aimed at giving professional makeup artists across the country a platform to showcase their favourite trends to audiences on the digital universe.

We employed 1,400 make-up artists and Beauty Advisors to create looks for consumers, and are popularly referred to for their expertise on the latest trends and products in the beauty space. Building on this expertise, we invited make-up artists and beauty advisors across the country, irrespective of their location to be a part of this show

that challenged them to break creative limits and go beyond functional make up. In addition to this, brands like M.A.C Cosmetics, Bobbi Brown, Colorbar, Maybelline New York, MyGlam, Lakmé, and Givenchy hosted live shows on unique tutorials.

With a highly accomplished judging panel led by actress Malaika Arora, and award-winning celebrity makeup artist Daniel Bauer, the looks created were judged by the best in the industry. Winner of Mr. Gay India 2014, Sushant Divgikar also assisted in the jury process. Leading influencers like Aashna Shroff, named Most Engaging Influencer 2019 by Cosmopolitan, accomplished VJ and actor Benafsha Soonawala, singers and sister duo Prakriti and Sukriti Kakar were also part of the panel.

### Breaking beauty stereotypes

We looked at a series of videos to break the status quo in beauty standards and perceptions. Our pop culture show #StopTheBias was the second leg in our talent show property – EyeStoppers 2020. The judges handpicked their favourites from over 2,350 entries and we kept

our audiences engaged with the influence and popularity of influencers like Sushant Divgikar, Supriya Joshi, Anmol Rodriguez, among others. As part of this, we promoted makeup as a form of expression and creativity. Through the videos, the influencers and role models broke the clutter and stood out for who they really are with beautiful representations from different walks of life.

### Messages derived from the videos

- One of the videos titled **Right To Look Fabulous** featured influencer and acid attack survivor, **Anmol Rodriguez**, showcasing her self as a strong independent woman and a survivor, and not a victim.
- The next video **Won't Tone It Down** brought persons with disabilities to the forefront. In association with TRRAIN, we shared a video of **Vidhya Chettiar**, a speech and hearing-impaired lady ready to take on the world with her elegant and alluring makeup look.
- Mr. Gay India 2014 and India's drag icon, **Sushant Divgikar**, famously known as Rani KoHENur featured in the third video in the series with a film titled **Bold is Beautiful**.

Tapping on normalising makeup for men and the larger LGBTQIA+ community, Rani's video is a bold declaration that people with mental biases can never bog him down.

- In the final video titled **Being Me Is Delightful**, stand-up comic and body positivity advocate, Supriya Joshi talks about the world's perception of beauty and its unrealistic expectations. In her video she projects the boldest eyeshadows and the most flawless makeup telling people that she is not here to hide behind the shadows.

### Eyestopper Event Highlights

- Leveraging our social media channels and celebrity influence
- Making things available on Shoppersstop.com and Beauty Universe
- Creating in-store activations and VM artist installations
- 30 million campaign impressions



## A solid strategy to expand footprint

Our expansion strategy is largely focused on new growth corridors and emerging cities, especially tier-2 cities where customers take an active interest in latest fashion trends and are seeing gradual increase in spending power, attributable to infra growth, new jobs and availability of disposable income. Our objective is to launch ~15 department stores every year.

During the year, we opened 1 department store and 2 beauty stores in India against the planned 11 store, owing to COVID -19 disruptions,

where most of the signed projects were either deferred by over 6 months to a year. We are working to catch up pace in the current financial year.



# STYLE FOR THE NEW WORLD ORDER

The year was a revelation as the world changed its ways forever and like everywhere else, there were significant ripples within the landscape of fashion retail. The best minds of the industry worked to find ways to make the accelerated shift to digital platforms smoother and a better experience for consumers.



Leading players are playing on the front foot after a year of lull, innovating while continuing to strengthen their core. Given the disruptions, companies are making more concerted efforts towards reconnecting with their supply chains, making tough decisions, with regards to the ROI at store level and ramping up omni-channel services. The

Beauty segment remained a lot more insulated from the pandemic, offering consumers a comforting pick-me-up in challenging times.

Businesses in the industry have used the time and the perspective gained from the crisis to reshape their business models, streamline their operations and sharpen value

proposition. As customers move towards adopting marketplace experiences and growing appetite for localised engagement, the personal touch will become crucial for customer retention.

## Key industry trends expected to accelerate

### Decisions around demand

The pandemic gave rise to social concerns, such as restrained spending power, unemployment and widened inequality. Companies need to make the most of the reshaped opportunities and focus on outperforming categories, value segments and territories.

At Shoppers Stop, we are staying on top of monitoring our categories and introducing products to the market that have become key companions for everyone during the pandemic, like the Life Essentials range, causal wear and lounge wear.

### Fast digital adoption

The pandemic resulted in faster adoption of digital than anticipated and brands are embracing virtual customer service and social shopping. Collectively, retailers must optimise the online experience and channel mix, while intuitively peppering it with human touch.

The year, for us was all about ramping up focus on our omni-channel sales and bringing virtual engagement that strikes a chord with our customer base.

### Conscious shopping

Customers around the world are becoming more responsible and are demanding to know where their products come from and the state of fashion work in terms of security and dignity.

At Shoppers Stop, we believe in sourcing our products responsibly, staying in control of our supply chain and its practices. This will ensure relationships that are beyond transactional and help build deeper partnerships for greater accountability. We are also working on social initiatives for the cause of the environment and to uplift those in need.

### Retail ROI

Permanent store closures will remain on the rise in the post-pandemic era, with fashion players rethinking their retail footprint and improving store-level ROI.

We approached our expansion plans cautiously this year while managing store-level profitability, with a sharp focus on enhancing the proposition and encouraging store visits through an emphasis on hygiene, safety and personalised shopping experience. We closed three of our stores, which were unviable.

### Changing world of fashion work

A new model of work has emerged and fashion companies are refining their blends of remote as well as on-campus work. They are reskilling talent and instilling a greater sense of purpose among employees.

This year, we invested in many learning programmes and modules to prepare our people for the digital revolution. The Personal Shopper training is to leverage their talents and understanding of fashion to extend differentiated shopping experiences for customers.

# RUNNING A DISCIPLINED AND TRANSPARENT BUSINESS

We are committed to adopt and adhere to good corporate governance practices. We work to ensure that the ultimate goal of making Shoppers Stop a value-driven organisation , which stands for integrity and responsibility, is met. We comply with corporate governance requirements prescribed under applicable regulations.





## Corporate governance philosophy

- Ensure adequate control systems to enable the Board to efficiently conduct business and discharge its responsibilities towards shareholders
- Practice fair and transparent decision-making
- Extend fullest involvement and commitment of the Management for maximisation of shareholder value

- Imbibe corporate values in the associates and encourage them in their conduct
- Encourage everyone in the organisation to follow globally recognised corporate governance practices

## Board of Directors

An independent and well-informed Board goes a long way in protecting stakeholder interest and simultaneously maximising long-term corporate values. Our Board along with its Committees provide leadership and guidance to the Senior

Management as well as strategic direction to our operations.

We have on board an appropriate blend of Directors to maintain diversity and independence, with optimum combination of Non-Executive Directors, Non-Executive Independent Directors, including a female Director and an Executive Director. The Company has a Non-Executive Chairman, and a number of Independent Directors form over half of the total strength of the Board.

## Committees of the Board

The committees play a critical role in the overall management of affairs and the governance structure of the Company. They were constituted to deal with specific areas and activities, which concern the Company and require a closer review. The committees comprise a combination of Executive, Non-Executive and Independent Directors, as requisite, to discharge various functions, duties and responsibilities cast upon them under the various laws, statutes, rules and regulations applicable to the Company, from time to time.

The Board is responsible for constituting, assigning and fixing the terms of reference of the Committees in line with regulatory requirements. The committees meet at regular intervals and take necessary steps to perform its duties entrusted by the Board. There is seamless flow of information between the Board and its committees, as the committees report their recommendations and opinions to the Board, which in turn supervises the execution of respective responsibilities of the committees.

The following statutory committees have been constituted by the Board and were in action, during the year under review:

- Audit and Risk Management Committee
- Nomination, Remuneration and Corporate Governance Committee
- Stakeholders Relationship Committee
- Corporate Social Responsibility Committee



# SOLIDIFYING RELATIONSHIPS TO ENSURE **GREATER LOYALTY**

Our programmes are focused on making our brand a household name in India. Even as customers displayed more faith in known brands in the wake of the pandemic, we leveraged the opportunity and strengthened our loyalty programmes to give customers the confidence they need to start shopping again and get more out of the retail experience.

### Key industry trends expected to accelerate

First Citizen is our programme to offer unparalleled benefits and privileges to our customers. This year we made several additions to the benefits that customers can enjoy as part of their membership on this programme. The following salient features were launched during June this year to make it more digital-first:

- One membership valid across Shoppers Stop, HomeStop,

Crossword, Acelia, MAC, Clinique, Estee Lauder, Bobbi Brown and Smashbox stores

- Annual subscription based Black Card for our super premium customers.
- Launching the Platinum tier, which is a level to be unlocked to gain higher benefits

- Introduction of Charter of Rights and giving more rights to the First Citizen members
- Bringing important moments to life by extending surprise winnings on registered special occasions, such as birthdays, anniversaries, among others

## New TIER structure



# SAFEGUARDING BUSINESS AGAINST KEY THREATS

To be on top of our game in the dynamic world of fashion, we must seize opportunities and anticipate threats. Through our robust risk management process and internal control framework, we carry out a complete review of our risks every year and devise action plans to mitigate them.

### How we manage risks

The Management has adopted a risk universe encompassing key external and internal risks across organisations

The Management has identified key risks, which they believe can affect achievement of our goals and need to be highlighted to Risk Committee

Each risk has been assessed, according to its likelihood of occurrence and the impact on the business/organisation should the risk occur

### Designing a solid risk-counteracting framework

Risk	Mitigation plan
Impact on the business as a result of administrative policies due to the pandemic	<ul style="list-style-type: none"><li>• Key strategic initiatives to focus on online shopping portals</li><li>• Minimised cash flow impact by infusing capital through rights issue and term loans from banks</li><li>• Costs were optimised and the operations were made more productive. We saved ₹433 crores vs FY 2020</li><li>• HR initiatives, in partnership with NGOs to provide online counselling for psychological health and mental well-being of employees; supporting the vaccination drive for employees; store and office facility and protocols at locations for regular sanitisation</li><li>• SAPS4/Gravty (for Loyalty Solutions) implemented as cloud-based solution for greater dexterity and business continuity. We provided infrastructure to support work from home to increase productivity and minimise disruption</li></ul>

Risk	Mitigation plan
<p>Shift in social, cultural, economic, fashion and other customer preferences, impacting customer loyalty and retention</p>	<p>The Management made investments in the following to transform our Company and enrich overall experience within the following:</p> <ul style="list-style-type: none"> <li>• People</li> <li>• Technology</li> <li>• Omni-channel</li> <li>• Improved store look and feel</li> <li>• Brand and private brand positioning</li> <li>• Loyalty programmes</li> </ul>
<p>Diverse retailers offering similar merchandise</p>	<ul style="list-style-type: none"> <li>• Build a nation-wide footprint across all shopping channels to achieve the widest reach, replicating quality and service standards across channels/markets. Expanding the reach by aggressively opening new offline stores in major cities as well as tier-2 and tier-3 cities</li> <li>• Monitoring industry trends and developing key strategic initiatives to focus on more personalised customer service, private brands, Beauty segment and availability quotient at our stores</li> <li>• Evaluating and benchmarking new technologies and their feasibilities for usage in the business from a customer/commercial perspective</li> </ul>
<p>Data Protection Bill- Evolving privacy/identity management and information security related compliances via the Bill and the increased cost of protecting data</p>	<p>Evaluating to deploy external agencies in assessing and confirming the gap between present practices and procedures, which include the requisite internal systems that are required to gear up to the requirements of this Act.</p>
<p>Inability to manage cyber security threats</p>	<ul style="list-style-type: none"> <li>• We are certified by PCI-DSS, which is a standard that ensures compliance and adherence to best-in-industry security practices</li> <li>• The corporate security policies are revised keeping in view remote working and additional appropriate controls</li> <li>• As per legal mandate, we conduct cyber security risk analysis with the help of third-party agency to assess the internal/external risks in this space and take steps to assure that we have adequate safety nets to counter the risk from breaches</li> </ul>
<p>Inability to attract and retain top talent and ineffective succession planning at senior management levels</p>	<ul style="list-style-type: none"> <li>• We have in place adequate safeguards at appropriate seniority levels to control the risk of high attrition rates</li> <li>• Operationalised a robust development and assessment plan for all key positions, with a process of developing a sustainable succession plan and pipeline at senior and mid management level</li> </ul>

# READYING THE WORKFORCE FOR TOMORROW'S NEEDS

Our people policies are in line with the trends that are shaping the future of work. This helps us create the perfect work environment for our people. During the year, we implemented several initiatives to improve upon existing people processes and systems, and developed new tools to enhance employee experience.

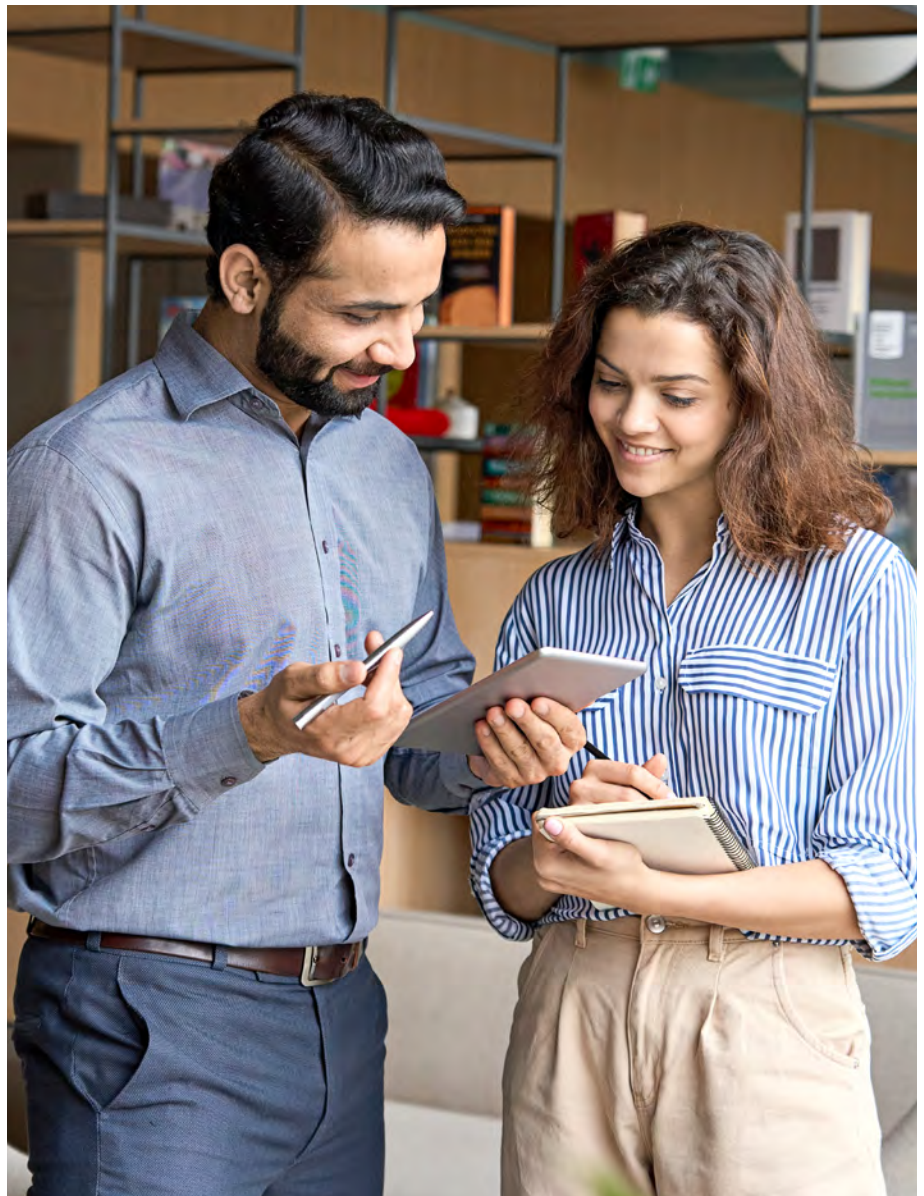
### **Building a culture to emulate**

It is crucial for us to understand the key factors that motivate and engage our employees and their expectations. We encourage open and regular dialogue between managers and their team members, conduct surveys and offer a framework, which ensures that our associates can speak up, raise concerns and are empowered to initiate improvements. We are conducting coaching and training for senior managers to prepare themselves for the foundational changes within our Company following the pandemic.

### **Making substantial process advancements**

We implemented a pan-India Recruitment Management System, providing a seamless experience to newly hired employees. It helps us maintain a robust database of potential candidate for future requirements.

As we adopt digital tools and new ways of working, we worked towards imparting our employees with the right skills. To support this objective, we provide access to learning opportunities available anywhere and anytime via our innovative Learning Planet programme, which is a cloud-based Learning Management System implemented this year.



# HELPING REBUILD LIVES AND COMMUNITIES

Our community participation initiatives go a long way in helping more people secure a life of dignity for themselves. We are focused on helping women of the society become more independent and resilient. Preserving the planet and its natural wealth continues to remain among our top priorities.

### Putting fashion to good use

Under the community participation initiatives (CSR project) to be undertaken for the year under review, we, in partnership with Goonj have embarked on a unique mission to make fashion more thoughtful and sustainable.

Goonj is a non-governmental organisation, which works throughout the year to channel underutilised material from resource-rich urban India to the rural/slum India. Founded in 1999, Goonj works in parts of 22 states, addressing basic but often ignored issues around water, sanitation, agriculture, environment and education. They offer livelihood opportunities by creating a barter between community labour and urban material.

As part of this initiative, we facilitate the collection of usable clothes from our customers at our stores. The same are thereafter sent to the recycle centres of Goonj. Goonj thereafter segregates the clothes into three parts -

a) Clothes in good condition will be given away in same condition to underprivileged families in rural areas

- b) Cotton clothes will be segregated and used by them for making reusable sanitary napkins with help from marginalised women from around India
- c) Torn clothes will be shredded to make recycled and reusable cloth bags, mats and quilts, which will be given to underprivileged families in rural areas.

The engagement of marginalised women for preparation of sanitary pads acts as a livelihood generation programme for the women employed, while also enabling access to menstrual kits, as the sanitary pads so prepared are donated to women in rural areas.

### Understanding the difference we are making in the society

Recycling 1 kg of used clothes reduces

- 3.6 kg of CO<sub>2</sub> emissions
- 6,000 litres of water consumption
- Generates employment for up to 2 women

### The progress we made so far

Since practicing the programme we have:

- 200 marginalised women employed
- 100,000 beneficiaries
- 6-10 tonnes of clothes recycled



### Completion of the community participation initiatives started in 2020-21

The collection of old clothes could not take place due to the pandemic and the activity had to be suspended. During this time, the women were also immobile and could not make sanitary napkins and the programme was stopped. The initiative could pick up pace only between February and March 2021. Goonj has reverted in April stating that due to the lockdown declared due to the second wave of COVID-19, the initiative had to be again suspended for the time being and they shall restart once the situation improves. The initiative is expected to be completed by December, 2021.

We are working in close co-ordination with Goonj for the achievement of the objectives of the initiatives so started.

# DAZZLING INDUSTRY RECOGNITIONS



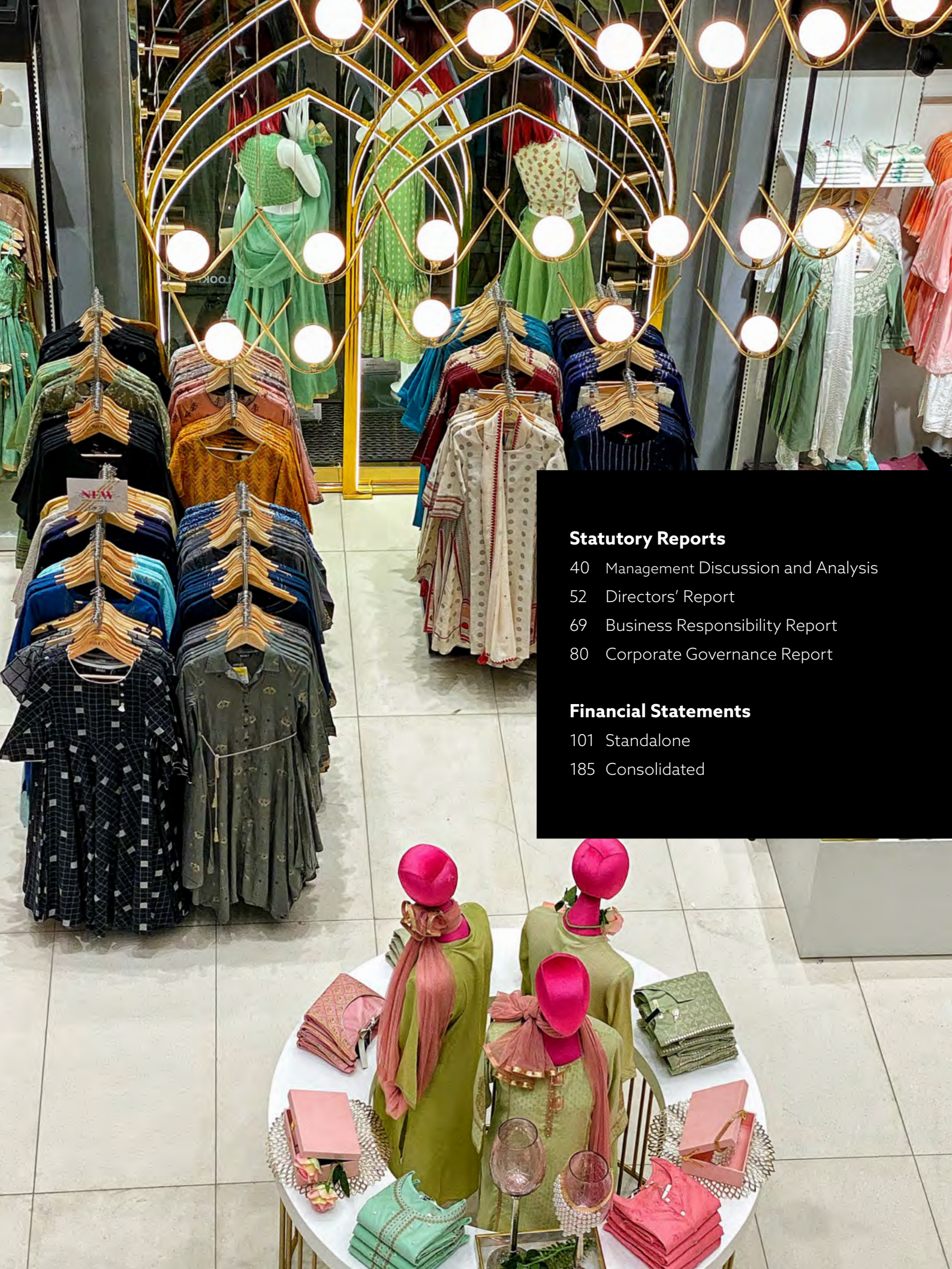
**Our most recent accomplishments are as follows**

Most Inclusive Workplace award at TRRAIN Retail Awards 2021, and felicitated at the virtual TRRAIN Retails Awards ceremony online

Four awards at 'The Customer Fest Show' 2021 in the below categories:

- Best Integrated Media Campaign
- Best Use of Voice of Customer
- Best Contactless Employee to Customer Experience
- Champion of Champions - Loyalty Program of the Year





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# Management Discussion and Analysis

## Economic Environment

### World

The pandemic was an unforeseen health catastrophe, which has had enormous impact on the global economy, contracting by 3.3%<sup>1</sup> in 2020. Countries across the globe went into a lockdown to control the spread of the virus, deeply affecting both lives and livelihoods. This led to governments and central banks across the world announcing favourable fiscal policies and offering monetary stimulus to curtail the economic meltdown and support the recovery.

Vaccination drives across countries are a source of optimism and an enabler of continuity in an environment of uncertainty, considering new strains emerging in some countries. Recovery is expected to be unequal across countries and sectors, depending on variation in pandemic-induced disruptions, effectiveness of policy intervention, access to medical support, cross-country exposure and other structural factors affecting economic growth. The global economy is expected to grow at 6%<sup>1</sup> in 2021 and is seeing upwards revision in projections by global forums backed by strong economic signals. The vaccine-powered recovery in the second half of 2021, unrelenting adaptation of economic activity due to subdued mobility and additional fiscal support in a few large economies, bode well for the global economy.

### India

Although the economy is being steadily supported by multiple fiscal measures announced by the government to ease supply constraints and inject liquidity, the path to recovery has been inconsistent. The pandemic mounted additional pressures on the already stressed Indian economy, which saw a steep economic slowdown, and is reported by National Statistical Office (NSO) to have contracted by 7.7% in FY 2021. The service and industry sector were affected by the pan-Indian restriction on movement, impacting income and consumption patterns. There were signs of revival in the latter half of the year, boosted by pent up demand and the upcoming festive season.

### Indian GDP growth rate

				(in %)
2016-17	2017-18	2018-19	2019-20	<b>2020-21</b>
8.2	7.0	6.1	4.2	<b>(-)7.7</b>

Multiple economic indicators contributed positively towards broad-based resurgence of economic activity. The path to recovery will carry likelihood of further mobility restrictions, less stringent restrictions, targeted lockdown approach, and shorter duration of lockdowns, going forward. Resilient consumer and business behaviour to the New Normal will mitigate the economic impact of the second wave.

## Industry Overview

### World market

The global retail and wholesale market was distressed due to operational challenges caused by social distancing, remote working, and closure of commercial activities. With companies rearranging their operations as they recover from the COVID-19 impact, the sector is expected to see a fast rebound, growing at a rate of 9.9%<sup>2</sup> from \$65,323.79 billion in 2020 to \$71,809.83 billion in 2021, thereon moderating to a compound annual growth rate (CAGR) of 7% to reach \$93,696.36 billion by 2025.

### Key swing in global consumer behaviour

COVID-19 has reshaped consumer decisions and journeys forever; loyalties will be influenced by diverse macro and micro factors. Some trends will see a linear development and companies will need to adapt fast to changing consumer behaviour.

- **Growth of omni-channel with focus on digital:** The pandemic accelerated the adoption of multiple contactless services, including video and WhatsApp shopping, home delivery and drive-through service. Digital channel adoption for food delivery, grocery to all kind of shopping and services gained a higher share than before. Online sales increased by over 10%<sup>3</sup> across most categories they are available in. The trend is expected to stay with countries having lower online penetration, seeing an uptick in adoption, while those who already have a strong e-commerce set-up, seeing a growth in ticket size.
- **Preference for value essentials and convenience:** Consumers are speculative about economic revival and growth, the degree of the same varying with impact of COVID-19 in their own country. Consumers are becoming more restrained in their purchases, with trading down for value buying, choosing convenience over anything else and sometimes opting for a combination of both.
- **Health and 'caring' economy:** Customers are now more cognisant about the perception of the place they are shopping from. They are looking for retailers with advanced safety measures, such as enhanced cleaning and social distancing, healthy and hygienic packaging and those demonstrating concern for employees. Stakeholder engagement has become more important than ever, with the steps taken and opinion created during the pandemic expected to linger in the customers, subconscious.
- **Catering the Homebody economy:** As the name suggests the 'homebody economy' is fuelled by the at-home consumer. Noticeably, one of the major benefactors of this was the e-commerce platform. Big data analysis and knowing your customer are of paramount importance for targeted advertisements.

1 World Economic Outlook, April 2021: Managing Divergent Recoveries (imf.org)

2 Business Wire – Retail and Wholesale Global Market Report 2021

3 McKinsey & Company – Perspective on retail and consumer goods

## Indian markets

Changes in customer behaviours have been seen domestically too, with COVID-19 derailing India's retail growth by a couple of years. Restriction in operations and supply chain, lower discretionary spend due to lack of secure income flow and health risk comprehension leading to lower footfalls into stores, were some of the factors affecting the India growth story.

The pandemic tested the adaptability of the Indian retail sector, and it has been seen that retail players navigated the crisis by leveraging technology and acceleration of e-commerce growth.

	2010	2019	2020
Brick and mortar retailing (₹ Tn)*	16-19	45-46	43-44
	~11% over 2010-19		~ (4) % over 2019-20
E-commerce (₹ Tn) **	<0.1	2-3	3-4
	~48% over 2010-19		~ 28% over 2019-20

\*Includes overall traditional and modern retail in India across categories

\*\* Includes overall e-commerce in India across categories

Source: BCG - RAI: Retail resurgence in India

# 72%

## <sup>3</sup>CUSTOMERS MADE MULTIPLE ONLINE PURCHASE IN A SINGLE MONTH

Online channels helped the industry sustain the pandemic, leading to more small and big traditional players embracing online platforms to rationalise sales, despite the lower footfall at physical stores. Traditional retailers are digitising in-store operations and looking for collaborations with existing

online players. Even though online sales saw phenomenal growth, brick and mortar stores remain relevant, especially in segments like apparel and footwear where customers still prefer to physically go and make the purchase.

## Indian retail industry outlook

India had been witnessing strong consumption growth for several years now, which was forecast to triple<sup>4</sup> by 2030. This has largely been driven by strong fundamentals, including the burgeoning middle and affluent class, urbanisation, nuclearisation and one of the world's youngest population with a hunger for spending. Backed by the world's second-largest consumer base, India's retail industry is emerging among the fastest evolving and digitising sector. With economic activity picking up, as recorded across multiple factors and consumer sentiment, India is expected to be back on its growth trajectory with a delay of 1-2 years.

	2010	2019	Pre-COVID 2030 (F)	Post COVID 2031-32 (F)
Total consumption (₹ Tn)*	35-45	115-125	360-370	360-370
Total consumption-CAGR	11-12% over 2010-2019		Post-COVID CAGR of 8-9% over 2019 to 2031-32 F	
Overall retail (₹ Tn)	16-19	47-48	130-140	130-140
Overall retail- CAGR	12-13% over 2010-2019		Post-COVID CAGR of 9-10% over 2019 to 2031-32 F	

\*Figures in nominal value

Source: BCG - RAI: Retail resurgence in India

Going forward, one of the drivers will be India's adaption of Retail 4.0, through a harmonious collaboration between the brick and mortar model (offline) and online platforms. The collaboration will unlock huge value proposition for the retail players, driven by tech-led convergence and blurring retail channel boundaries.

## COVID-19 impact on forces shaping the Indian retail landscape

- Attitude and demographic changes in consumer behaviour
- Disruptions and irregular supplies leading to innovation in supply
- Data and technology driven disruptions reshaping customer shopping preference
- Blurring omni-channel boundaries leading to addition of new competitive forces
- Change in regulations leading to increased local sourcing, labour and store operations

## COVID-19-induced changes in operating model

Business model decisions	Priority impact on nature of retail	
	Essentials	Discretionary
Adapt store network for safety and omni-channel excellence	High	High
Align offer through merchandising, SKU optimisation and investments in private labels	High	High
Adapt pricing and promotions to reflect new customer needs and expectations	High	Low
Innovating purchase journeys through click-and-collect, curbside pickup, store layout redesign	Low	High
Supply chain agility through planning analytics and strategic partnerships	High	High
Optimise customer acquisition cost by digital personalisation, channel allocation and value communication	Low	Low
Develop digital capabilities to execute actions successfully	Low	Low

Source: BCG – RAI: Retail resurgence in India

### Fashion and accessories

There was an increase in online sales in fashion and accessories segment due to the pandemic, but skew towards brick and mortar continues, with customers preferring standalone store on high-end streets. Going forward, the segment is expected to see faster adoption of Retail 4.0 and long-term, omni-channel growth. The role of traditional media increasingly came to be seen as an advertisement tool, with social media and other online channels emerging as dominant influences.

A short-term impact of the pandemic has been customers dressing for comfort with wardrobes getting casualised. Athleisure saw an acceleration owing to 'Work from home' and fitness needs of consumers are expected to grow at above industry average rate of 20-25%<sup>5</sup> over the next 4-5 years. A pent-up demand is expected to be seen in the return-to-office phase.

### Beauty

The future of the beauty industry looks stable with an expected recovery in sections. One of the key drivers has been the agility of companies and customers in shifting towards digital sales. Besides the traditional focus on providing a seamless and effective customer experience and delivery, supported by smart omni-channel strategies, a huge gamechanger in the segment is the adaption of disruptive Augmented Reality (AR) and Artificial Intelligence (AI) solutions. This is reflected in the dependence on AI for testing, discovery and customisation, and AR allowing in-store experience at home. Other trends to stay in the segment is increased consumer research and influencer marketing, leading to demand growth in niche categories of Good Beauty and Healthy Beauty.

### Shoppers Stop

Established in 1991 by the K. Raheja Corp. group of companies, we are India's leading premier retailer of fashion and beauty brands and have developed the country's largest chain of department stores. Present across platforms, including standalone stores, mall stores and a digitally, we offer an unparalleled assortment of leading international and national brands in clothing for men, women, kids; accessories, fragrances, cosmetics, footwear, home furnishing and decor products.

FY 2021 was a challenging year for businesses across the globe with restrictions in movement and social distancing norms. For us, investments in technology over the last few years reaped rich dividends as customers shifted towards online sales in the New Normal. We remained committed to keeping stakeholders' interests at the core and our employees showed unmatched dedication and discipline.

The experienced teams with strong understanding of international practices and systems showed resilience and agility in operations, constantly providing customers the best shopping experience. Encouraged by the response from stakeholders, we continued our expansion on digital channels, while focusing on cost-reduction and optimisation of operations. In line with the changing business environment, we will continue to invest in technology adoption and innovation to enhance user experience. We will work on strategic implementation of process to build a resilient business.

<sup>5</sup> Source: BCG – RAI: Retail resurgence in India

## 1. SCOT analysis

Strength	Challenge
<ul style="list-style-type: none"> <li>• First Citizens loyalty programme</li> <li>• Increased omni-channel presence</li> <li>• Personal Shopper service</li> <li>• Brand marketing</li> <li>• Strong brands across Apparel, Beauty, Accessories and Home</li> <li>• Robust supply base</li> <li>• Strong systems, processes and teams</li> <li>• Corporate governance</li> </ul>	<ul style="list-style-type: none"> <li>• Pandemic impacting footfall at stores</li> <li>• Accelerated technology adoption</li> <li>• Inadequate availability of skilled workforce</li> <li>• Increased cost of operations</li> </ul>
Opportunity	Threat
<ul style="list-style-type: none"> <li>• Online expansion</li> <li>• Premiumisation and access to global brands</li> <li>• Expanding Beauty and Personal Care categories</li> <li>• Further growth of private brands</li> <li>• Digital innovation</li> <li>• Focus on analytics</li> </ul>	<ul style="list-style-type: none"> <li>• Economic conditions</li> <li>• Increased competition</li> <li>• Industry disruptions</li> <li>• Marketplace scale in fashion and beauty</li> </ul>

### 1.1. Strength

#### 1.1.1. First Citizens loyalty programme

The First Citizens loyalty programme started nearly three decades ago and is among the longest running programmes of its kind in the country. We have ~7.8 million enrolled members (as on March 31, 2021), of which ~1.6 million shopped with us during the year, contributing to 78% of our sales. The programme gives us an in-depth, data-driven insight into our customers' behaviours, empowering us to make informed analytical decisions and reach out to customers in a more personalised manner.

#### 1.1.2. Increased omni-channel presence

Our expansive presence across channels contributed significantly to growth in these times of changing trends. A cross-channel approach, comprising 84 large department stores across 47 cities, 11 Home stores, 127 specialty beauty doors stores, 26 airport stores, e-commerce website, and a mobile application that allows online shopping, click and collect and Endless Aisle, have helped us become more accessible and strengthen ties with shoppers. We use ship-from-store strategy with a single view of inventory.

ShoppersStop.com recorded 70 million visits to its website and 1.7 million mobile app downloads, serving 25,600 pincodes. Net online sales grew by 92% over the year, despite it being shut for over two months at the beginning of the year, with a steep trajectory during the second half, resulting in 92% of growth in net sales over first half, once the stores were operational.

#### 1.1.3. Personal Shoppers service

We have over 200 personal shoppers (PS) trained in premium standards of customer service, styling and fashion by experts to provide a unique shopping experience.

The personal shoppers served 1,56,806 members in the year, also contributing significantly towards at-home sales during lockdown using WhatsApp and video calling via the White Glove service. The programme saw better realisation with 3 times Average

Transaction Value (ATV) of members who availed the service and 2 times more Item Per Transaction (IPT) than customers who didn't choose the programme.

#### 1.1.4. Brand marketing

We have established a pan-India retail brand, with a focus on pivoting to digital as a marketing strategy for the year. We are actively marketing our proposition on Facebook, Instagram and our YouTube channel and partnering with prominent influencers. We draw from 25+ years of rich insights into customers' shopping behaviour, habits and preferences, to design and plan our campaigns and promotions. In the year, we effectively carried out thought-provoking campaigns with customer sub-segments and regional segments and created new marketing occasions and properties. We promoted safety, social distancing and unity during the year as a voice of change for the new normal. Bold campaigns were launched for the festive season, end of season sale and to create digital channel adoption.

#### 1.1.5. Strong brands across Apparel, Beauty, Accessories and Home

Our product portfolio caters to evolving fashion trends and covers a wide range of customer preferences, across Apparel, Beauty, Accessories and Home. Designed to meet the requirements of every customer segment, a variety of products encompassing private labels, national and international brands, exclusive tie-ups and niche categories, together with an incomparable 'Shoppers Stop' brand recall, attract and retain customers. This has enhanced our market position and enabled us to become the first choice for mall developers, brands and suppliers, thereby helping us in our pursuit of greater consumer mindshare.

There has been a marked shift towards casualwear, activewear, home categories and beauty products, among others. Instead of conspicuous consumption, consumers now prefer inconspicuous spending. We refined our portfolio accordingly and are well poised to make use of the opportunity and trend of casualisation, where majority of people are working from home.

### **1.1.6. Robust supply base**

Our growth is supported by omni-channel distribution and an efficient supply chain system. Right from sourcing, design and production to a hub-and-spoke distribution model, the supply chain system plays a key role in sustaining the multi-channel approach and consistent investment improvement to remain competitive. We leverage round-the-clock efficiency to service brick and mortar regional centres spanning more than 5 lakh sq. ft.

### **1.1.7. Strong systems, processes and teams**

Besides continuing to invest in retail frontend and backend processes with IT enablement, we are investing in technology transformation projects. We believe that continuous investment in people, process and technology will drive sustainable and profitable growth. After the completion of the first phase of the S4 Hana implementation, we are now in the process of implementing the Finance and Retail modules in the second phase, being the first Indian retail company to do so. We have in the past year, undertaken several new initiatives in technology transformation and continue to improve our current information technology capabilities and processes.

### **1.1.8. Corporate governance**

We have, at the helm, an experienced team, with a growth-oriented mindset and streamlined focus, which help us unlock value for our stakeholders. Our commitment to good governance further enables us to be a beacon of light for the industry.

## **1.2. Challenge**

### **1.2.1. Pandemic impacting footfall at stores**

Social-distancing imposed during the COVID-19 outbreak significantly reduced footfalls. This affected the organisation's performance and bottom line and will continue to do so until complete normalcy is regained.

### **1.2.2. Accelerated technology adoption**

The increased adoption of new technologies by customers is providing greater access to global designs that have been made accessible through disruptive technologies and management practices. This has contributed to an increase in the development of new platforms that are steadily being adopted by the industry.

### **1.2.3. Inadequate availability of skilled workforce**

The Indian organised retail space incurs significant expenditure on personnel; a large part of which accounts for investment in training and development. The industry also deals with a high churn rate. Lack of specialised courses that impart pertinent skills to suit the evolving requirements of our operations, impacting the business' ability to build a talent pipeline.

### **1.2.4. Increased cost of operations**

Rental expenditure is one of the largest components in a retail business' fixed costs. The rise in 100%

Foreign Direct Investment (FDI) in single-brand retail has led to increased competition and upgradation of retail spaces. The surge in demand for key catchments in prominent malls is driving higher rentals, thereby increasing the cost of overheads.

## **1.3. Opportunity**

### **1.3.1. Online expansion**

Shopping behaviour is changing drastically in the post-pandemic era in terms of the kind of products purchased and the way customers go about their journey. It is also about discovery of new products and brands to suit new lifestyles. Online has been the first port of call when shopping for various categories and more consumers are moving their entire journey online - right up to purchase. Therefore, online shopping avenues are bound to play a significant role even after movement restrictions are relaxed.

### **1.3.2. Premiumisation and access to global brands**

India is witnessing a growing trend for consumers to trade-up and choose global brands, because of rising incomes and increased internet penetration coupled with online price promotions. This is fuelling aspirations among local consumers. The Indian consumer is no longer afraid to spend more on premium products and high-street retail is increasingly gaining ground, online platforms notwithstanding.

The COVID-19 crisis limited mobility of even the wealthiest consumers. This meant restricted access to premium brands across duty-free stores and foreign land. Shopping was never halted altogether, with consumers remaining at home, even the most luxury and premium brands started focusing on e-commerce.

### **1.3.3. Further growth of private brands**

Our private brands - Stop, Life and Fratini are well established in their respective categories across our stores and online. In Indianwear, we have Kashish and Haute Curry. During the year, we launched a sleepwear brand, In-sense, and a, athleisure brand called Alt-life, to cater to the growing demand in these categories. We also expanded our babywear and infant brand called Karrot. All of these brands have strong customer adoption, and is poised for rapid growth.

### **1.3.4. Expanding Beauty and Personal Care categories**

One of the fastest growing markets globally, India's beauty and personal care retail scene continues to be redefined by an evolving landscape of consumer preferences and trends, coupled with intense industry competition and innovation. A combination of higher discretionary spending, rising awareness towards personal hygiene and grooming have been favourable for consumption. Being the leader in physical retail in beauty, coupled with the growth online, give us a good opportunity to expand in this area.

### 1.3.5. Digital innovation

Digitalisation has transformed the industry, with technology enabling discovery, revolutionised customer experiences online and purchase pattern alternations. The path to purchase is not linear, which is birthing digital innovation in the retail industry as retailers use creative ways to guide consumers. Customers use our app in stores for seamless shopping, access to services and discovery of merchandise, making it a truly omni-channel experience.

We marketed the omni-channel shopping methods through a campaign titled 'My Shoppers Stop, My Way' with celebrities. This boosted app downloads to 1.7 million year on year, and also increased digital adoption of Personal Shopper with a significant number of customers shopping remotely through the White Glove service.

### 1.3.6. Focus on analytics

As retail market becomes extensively competitive, optimising processes while satisfying customer expectations is crucial. We are a forerunner in using consumer data for better planning of sales and marketing, sharper consumer targeting and personalised services. Besides, giving real-time update of stocks and inventory, data offers great potential for growing online sales through inventory ads on digital media. We are leveraging our data analytics capabilities by aggregating customer interactions, both in-store and online. Focus remains on enabling personalised consumer experiences, using data collected from loyalty programmes and customer

data models – key enablers in the high contribution of repeat sales of over 60% offline and online for us.

## 1.4 Threat

### 1.4.1. Economic conditions

Economic slowdowns have a direct impact on consumption, in which retail, being the end service provider of consumption in the value chain, faces maximum difficulties. A subdued GDP growth performance, lowered market confidence, unanticipated policy reforms and rising oil prices, along with the ramifications of the pandemic are some macroeconomic factors affecting retail performance.

### 1.4.2. Increased competition

With India presenting an attractive retail market, there is a continuous influx of new entrants into the sector. Our nationwide footprint, seamless service offers, diversified format presence and capable management team help us retain our competitive edge.

### 1.4.3. Industry disruptions

Increased competition among leading national retailers, compounded by foreign brands entering the market has led to rivalry for locations, footfalls and offering price-based discounts to attract the customer. Our robust pipeline of stores and an array of insightful promotions help us navigate a tough operating context.

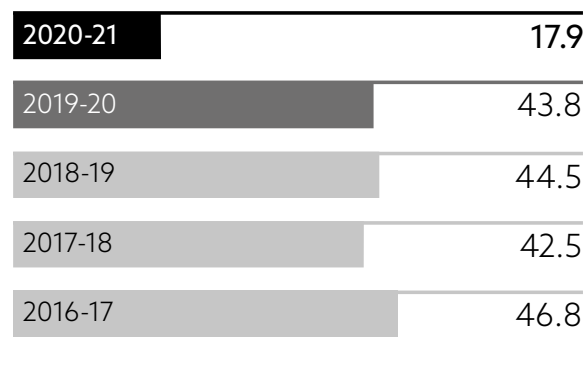
### 1.4.4. Marketplace scale in fashion and beauty

The existence of online marketplaces in fashion and beauty with all-season discounts on new and old merchandise can pose a threat to department stores.

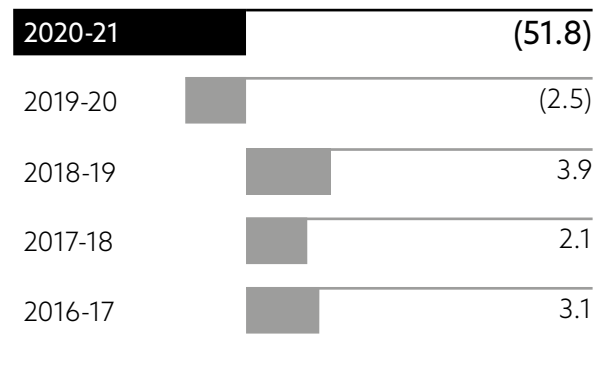
## 2. Performance review

### 2.1. Operational metrics

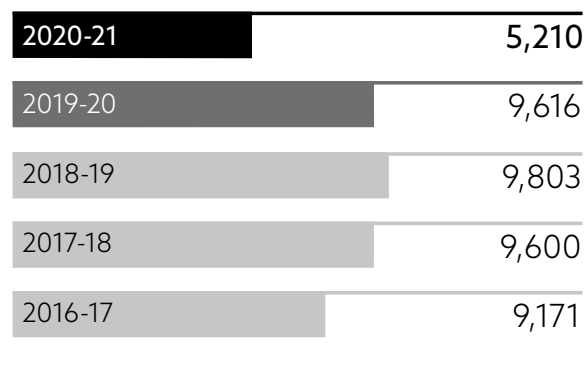
#### Customer entry in departmental stores (in million)



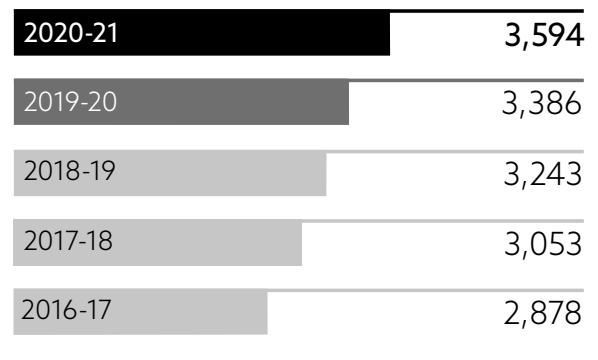
#### Sales (like-to-like growth) in departmental stores (in %)



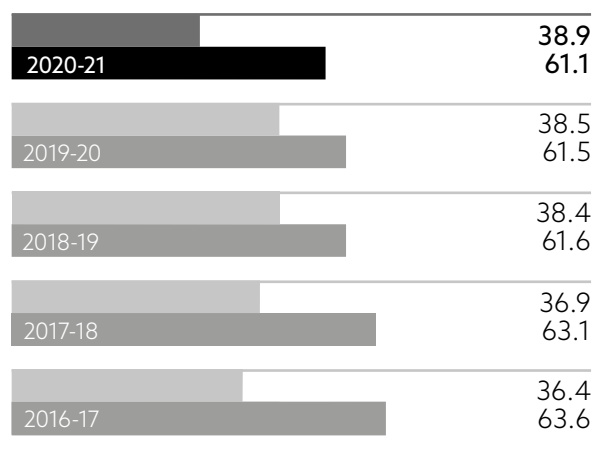
#### Sales per square feet in departmental stores (in ₹)



#### Transaction size in departmental stores (in ₹)

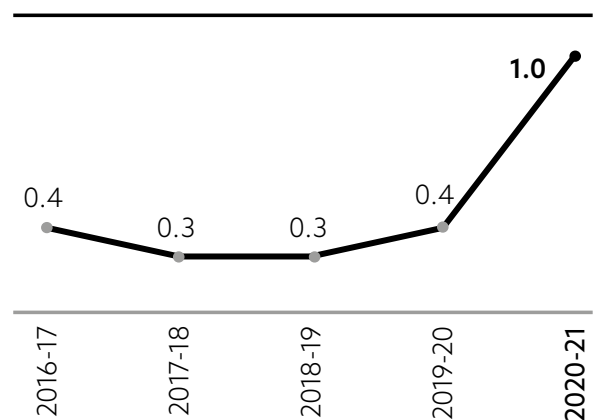


#### Sales mix in departmental stores (in %)



■ Apparel ■ Non-apparel

#### Shrinkage (as a % of sales)



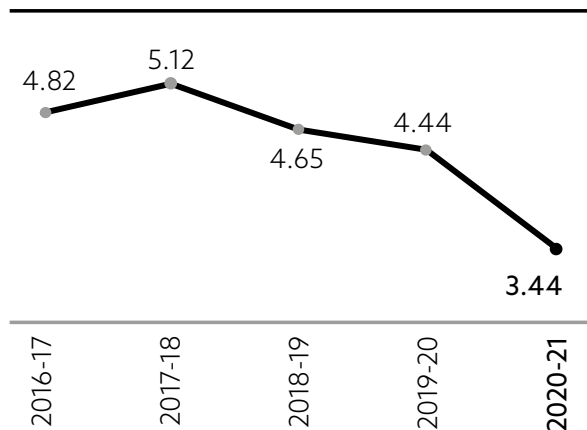


## Merchandising purchase

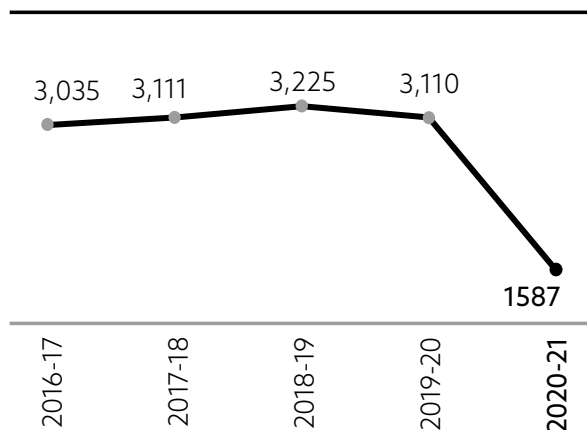
### 2.2. Efficiency metrics

We evaluate our gross margin with reference to space, inventory and labour to monitor efficiency with the help of three indicators, including gross margin return on inventory (GMROI), gross margin return on floor space (GMROF) and gross margin return on labour (GMROL).

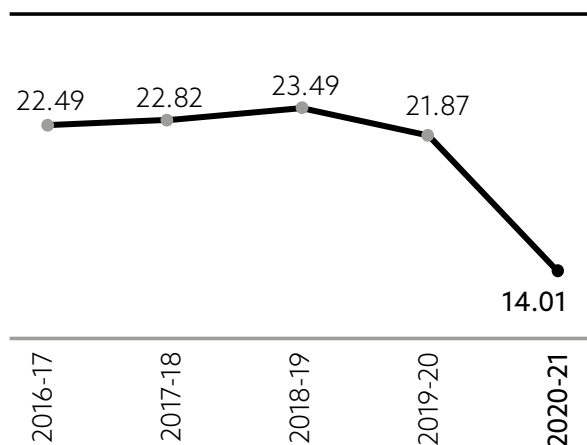
#### GMROI (₹ in lakh)



#### GMROF (₹ per unit of retail space)



#### GMROL (₹ in lakh per employee)



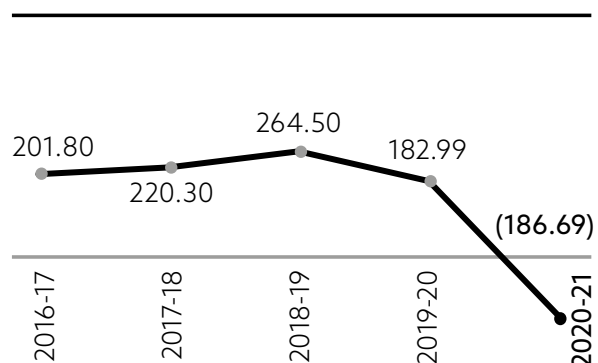
## 3. Financial Review

### 3.1. Financial metrics

#### • EBITDA/Operating profit (Non-GAAP):

Operating profit (without exceptional items) in FY 2021 is ₹186.69 crores as compared to ₹182.99 crores in FY 2020.

#### EBITDA (₹ in crores)



- **Finance costs:** Interest cost increased to ₹219.97 Crore, as against ₹194.38 crores last year; interest costs for the last fiscals include interest on ROU liabilities, amounting to ₹186.92 crores and ₹187.84 crores, respectively.

- **Dividend:** No dividend is recommended for the year under review.

- **Inventory:** The inventory at the end of current year is ₹847.19 crores as against ₹1,223.92 crores as at the end of last year. The inventory has been valued at lower of cost or net realisable value.

- 3.2. Financial ratios:** The significant changes in the financial ratios of our Company, which are more than 25% as compared to the previous year in terms of Listing Regulations are summarised below:

Ratios*	2020-21	2019-20	Change
Interest coverage	1.24	3.00	(58.75%)
PAT margin	(16.9%)	(4.5%)	272.92%
Stock turnover	1.03	1.72	(40.12%)
Return on net worth	(151.5%)	(103.2%)	46.86%
Return on capital employed	(83.0%)	(54.1%)	53.23%

\* Ratios are computed as per GAAP financials

Notes:

- Interest Coverage declined due to Lower EBITDA due to the impact of COVID-19 in retail pandemic.
- All the other Ratios such as PAT Margin, Stock Turnover, Return on Net-worth and Capital Employed are impacted due to the reason stated above.

#### 4. Marketing campaigns

Our dedicated team with unmatched marketing talent focuses on understanding consumer behaviour, transparently communicating with them across platforms, including both traditional and new-age digital media. During the year, we altered the nature of our marketing activities and reached out to customers to stand with them during the difficult times.

##### • EYESTOPPERS 2020

We launched a beauty talent show for makeup artists, beauty advisers and influencers under the umbrella of EyeStoppers 2020. This talent hunt gave professional makeup artists a platform to showcase their favourite trends to audiences on the digital universe. The campaign resulted in 30+ brand exclusive and branded video content, and 4 films covering themes like representation of acid attack victims, LGBT community, body shaming and differently abled people.

# 32 million

CAMPAIGN IMPRESSIONS

# 123 hours

OF USER GENERATED CONTENT OVER 4 DAYS

##### • GOOD BUY 2020

We created a campaign to help our customers celebrate new beginnings, with a series of activations across Watches, Fragrance, Home, Beauty, Kids, Womenswear, Menswear, and Athleisure categories. For the first time, we offered an immersive experience to our customers under each category. We also curated videos under each category with engaging storytelling and witty voiceovers. The campaign saw 6 celebrities, 30 brand collaborations, 28 industry experts in live sessions, and 20 Instagram influencers participating in them, with 2.02 lakh organic views on the live events.

# 15%

WOW ON CUSTOMER ENTRY

GENERATED

# ₹ 243 crores

SALES WITH

# ₹ 26 crores

INCREMENTAL SALES

##### • FIRST CITIZEN BLACK

First Citizen Black is a by-invitation programme for the discerning few with a singular objective of bringing the magic of 'personal touch' back to large format retail shopping. First Citizen Black is the only retail 'relationship' and 'experience' programme in the country with incentives like no-queue billing, a Black assist service with easy access to Personal Shoppers and store managers, dedicated trial rooms, one year of no-questions-asked garments exchange, beauty makeovers and exclusive access to sales, among others. The most premium loyalty programme in the country today, it contributes to 3% of overall sales with the ticket size of First Citizen Black at 2 times of the business.

# 31,000+

COVETED FIRST CITIZEN BLACK MEMBERS

#### 5. Understanding First Citizen customer behaviour

We are providing our diverse customer base with different shopping behaviour and patterns, for a more personalised experience. Becoming more technology driven, and receptive to consumer behaviour, shopping preference across age, gender, geography, card mix holder and so on are being given priority. First Citizen members are a part of the growth story over the last 25 years and provide us in-depth insight. During the year, our First Citizen customer base expanded to over 7.8 million customers, with approximately 78% of our sales coming from our First Citizen customer buys. We introduced a new tier of First Connect, especially for our online customers, to enable them to become a part of our First Citizen programme with ease.

## 6. Customer service effectiveness

Our customer-centric initiatives have had positive response from customers. The objective of the programmes is to increase customer satisfaction by providing them 360 degrees of flawless service. Some of the initiatives included:

**Retention and recovery:** A customer retention programme was implemented during the year, which helped retain an average of 35% of customers that had a poor experience and redemption value of ₹3.4 crores between the period of July 2020 and March 2021.

**Reduced leakages:** We trained our store associates for a customer reach out programme wherein 'payment gateway' drops and 'abandoned cart' customers received a call to understand the reason and provide any guidance on the process if required. The initiative constantly achieved an average of 11% conversion.

**Optimisation:** We implemented workflow based self-service IVR without additional costs, resulting in reduction of 'calls landing to associates' by an average of 40% and a simultaneous cost savings.

**Reduced open complaints:** Open complaints reduced from 15,000 in June to less than 1,000 in September and were at a similar level for the remaining part of the year.

**Complaints Root Cause Analysis (RCA):** There was an overall reduction in customer complaints. Complaints reduced from 22% in April to 10% for the rest of the year. This also resulted in increased conversion on payment gateway leading to an improvement of 10%. While optimisation of process resulted in reduction of returns as a percentage of total complaints came down from 33% to 20%.

**Reviews and ratings:** The biggest achievement was the increase in Customer Satisfaction Score (CSAT) across the board.

Improvement	2020-21	2019-20
Shopping CSAT	3.5	4.1
Post-order CSAT	1.8	2.6
Play store	1.9	3.2
Net Promoter Score (NPS)	40	90

## 7. Supply chain partners

Architecting a faster, more flexible and responsive omni-channel supply chain, we are a 100% GS1-compliant Company. This enables system-led traceability of our products at all points along the value chain. We maintain a cost-effective warehouse management system for transparent management of our omni-channel supply chain. All the processes in the distribution centre are automated and centrally monitored. Our dispatch schedules ensure timely deliveries before the store opens. The inventory for our digital channels is integrated with our distribution centres, to service online orders with equal ease and play a significant role in supporting our Ship-from-store facility. We are investing in our supply chain capabilities to ensure consistency across channels and reducing delivery time from days to hours.

We are increasing our focus on the material quality and emphasising the recycling of packaging cartons in our warehouses. With a network of 874 vendors across the country, we are actively working to create business relationships built on trust and respect, ensuring sustained and efficient supply of high-quality products to our consumers.

# 4

DISTRIBUTION CENTRES FOR EACH REGION CATERING TO ALL OUR STORES, INCLUDING HOMESTOP AND BEAUTY DOORS

# 100%

BILL MATCHING DONE BY SCM TEAM

# 100%

STOCK PICK ACCURACY

# 95%

STOCK PICKED AND TAGGED THE SAME DAY

# 95%

NEW SHIPMENT IS ALLOCATED THE SAME DAY

# 1 million

SHIPPING CARTONS REUSED

### Key highlights

- Ship-from-store facility to enhance the customer service levels along with direct store
- Customer experience improved with order delivery turnaround time coming to 3.9 days for omni-channel
- Developed network capacity to deliver online B2C orders for 25,000+ pin codes
- Set up 4 zonal distribution centres with cold chain to make supply chain more efficient for Estee Lauder group
- Launched and efficiently managed end-to-end supply chain from fulfilment to last-mile delivery and return for all 4 brands of Estee Lauder group.

## 8. Human capital

Our initiatives towards managing and developing its people are disclosed on Page 36 of the Annual Report as well as the Business Responsibility Report.

## 9. Corporate Social Responsibility

Our initiatives in corporate social responsibility are disclosed on Page 37 of the Annual Report, as well as the Annexure II of the Directors Report.

## 10. Information technology and digital initiatives

We have been on the forefront of leveraging technology for business. This year we invested in digital technologies to enhance customer experiences, improve operational productivity and aid in better decision-making.

A robust technology backbone supports our digital experiences, as we tap into new and emerging opportunities. From our processes at the backend to our abilities at the front, adoption of digital technology is helping deliver unique value to customers.

### Digital at the heart

We are activating new digital solutions across business functions to enable data-driven decision-making, insight-led actions and improved efficiency through advanced process automation. We are mapping customer journeys at every point, to better inform our communication strategies. End-to-end digital capabilities and skills allow us to adapt to continuously changing behaviours and deliver an improved offering.

### Key initiatives

**New digital core:** As informed last year, we launched a project to implement SAP ERP. The migration from multiple, decentralised and best-of-breed applications to a single instance of SAP S/4HANA was successfully undertaken. This was a large and complex project that required synchronisation across business domains. The transition was managed smoothly during the lockdown. A large parallel initiative was undertaken to up skill associates across locations for easier adoption to new platform.

### Loyalty and customer engagement platform:

We completed implementation of the digital tool for loyalty management, Gravy, which supports innovative ideas and campaigns to build and maintain a loyal customer base.

**Leveraging the power of data analytics:** We have been on the path of becoming a more data-driven organisation through analytics and insights. We are leveraging data analytics to improve in terms of demand forecasting, merchandise financial planning, allocation, replacement and assortment planning, among others.

### Enhance digital touch points in customer journey:

We rolled out numerous 'virtual' engagement programmes to serve customers during the pandemic-induced lockdown. Programmes, such as 'White Glove' and 'Personal Shopper' ensured that our customers receive the best personalised services. The digital experiences delivered through the mobile apps and websites were kept contemporary through a series of UI/UX improvements.

**Store digitisation initiatives:** Empowering associates with on-the-go, mobility-based solutions to engage and serve our customers better.

**Technology supporting business continuity:** While the pandemic had a major impact, technology played a vital role during this crisis, especially for workforce connectivity and enabling associates to work from anywhere.

### Compliance to best standards of InfoSec and governance:

Information security and data privacy continue to remain among the key focus and we are making investments to secure its systems and information assets.

### Reimagining shopping as we know it

Endless Aisle was introduced to help customers find what they are looking for, by widening their choice and ensuring they do not walk away from the store empty-handed. We empower them with access to the stock at any other store, while mitigating the need to stock every variant in every store.

Click-and-collect is about providing customers with the convenience of buying online and collecting their orders from the store, ensuring faster fulfilment.

Ship-from-store feature leverages the full might of our store and warehouse inventory to promptly fulfil customer orders.

Google directs customers, when they initiate a search on the platform, to digital ads promoting specific offers from Shoppers Stop. The customer is provided first-hand information on offers, product range and availability as well as on brands, which influence the customers' visit to the nearest store.

### Seamless blend of bricks and clicks

A strong digital presence and our local stores create a proximity to customers. We are making incremental adjustments to our website and app, with features for searching, discovering and shopping, as well as for sharing inspiration. We are incorporating new digital features, from image recognition and personalised product feeds to fashion shopping via social media. We have further integrated our physical stores and

digital channels with facilities like 'click and collect' and 'ship from store' to give customers an easy, inspiring and convenient shopping experience no matter where, when and how they shop.

## 11. Risk governance and internal controls

We adopted a risk universe encompassing key external and internal risks, which can be faced by organisations. Those with potential to impact the achievement of Shoppers Stop's objectives and goals were highlighted to the Risk Committee. The Committee assesses each risk on the probability of occurrence and probable impact on the business should it occur. The principal risks and the initiatives undertaken by the Management for mitigation of the same are disclosed on Page 34 of the Annual Report.

We have laid down a sound system of internal controls for financial reporting of various transactions, efficiency of operations and compliance with relevant laws and regulations commensurate with the size and nature of business.

We have a well-defined system of management reporting and periodic review of businesses to ensure timely decision-making.

The MIS forms an integral part of our control mechanism. All operating parameters are monitored and controlled, with material deviations from the annual planning, budgeting and business outlook,

including capital expenditure reported to the Board on a quarterly basis.

In adherence to the Companies Act 2013, we have documented and tested all the key internal controls related to both financial reporting and operational controls. Reports of internal auditors are reviewed by the Audit Committee and corrective measures are carried out towards further improvement in systems and procedures as well as compliance with the internal controls. The Board recognises the work of the auditors as an independent check on the information received from the management on our operations and performance.

## 12. Corporate governance

We have taken adequate steps to ensure that the corporate governance guidelines are adopted and fully complied with. The detailed Corporate Governance Report can be referred to on Page 80 of the Annual Report.

## 13. Cautionary Statement

Statements in this Annual Report, particularly those that relate to Management Discussion and Analysis, describing our Company's objectives, projections, estimates and expectations, may constitute 'forward-looking statements' within the meaning of applicable laws and regulations. Although the expectations are based on reasonable assumptions, the actual results may differ.

# Directors' Report

To the Members,

Your Board of Directors present the 24<sup>th</sup> Annual Report of Shoppers Stop Limited on the business and operations of the Company together with the Audited Financial Statements, for the financial year ended March 31, 2021 ("the year under review" or "the year" or "FY 2021").

This report is in accordance with the applicable provisions of the Companies Act, 2013 ("the Act") and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations").

## Financial Performance - An Overview

	(in ₹ crores)	
	<b>Year Ended March 31, 2021</b>	Year Ended March 31, 2020
<b>Retail Turnover</b>		
Own merchandise – Gross of tax	1,834.07	3,507.79
Less: Goods and Service Tax	208.20	402.69
	<b>1,625.87</b>	<b>3,105.10</b>
Other Retail Operating Revenue	99.22	275.88
Revenue from Operations	1,725.09	3,380.98
Other Income	218.77	33.49
<b>Total Income</b>	<b>1,943.86</b>	<b>3,414.47</b>
Profit before Depreciation, Tax & Exceptional Items	52.16	388.55
Less: Depreciation	384.69	439.21
<b>Profit before Tax &amp; Exceptional Items</b>	<b>(332.53)</b>	<b>(50.66)</b>
Exceptional Items	22.40	20.00
<b>Profit before Tax</b>	<b>(354.93)</b>	<b>(70.66)</b>
Less: Provision for Tax	(79.71)	70.28
<b>Profit for the year (A)</b>	<b>(275.22)</b>	<b>(140.94)</b>
<b>Other comprehensive loss / (income) (B)</b>	<b>(22.84)</b>	<b>177.03</b>
<b>Total comprehensive income/(loss) for the year (A)-(B)</b>	<b>(252.38)</b>	<b>(317.97)</b>

## 1. Review of Operations

The COVID-19 pandemic has emerged as a global challenge, creating disruption across the world. Global solutions are needed to overcome the challenges posed by COVID-19 pandemic. Businesses & business models have transformed to create a new work order in these challenging times. Your Company also swiftly transitioned to a remote work model.

The COVID-19 pandemic and the nation-wide lockdown during the year under review severely affected the operations of your Company. The nationwide lockdown which started from March 2020, continued up to June 2020 all India. It was only thereafter that the states started lifting the lockdown progressively. Your Company had to close all the stores for most of the first quarter and the operations begun from 2nd quarter. In the first 2 quarters of FY 2021, we barely had any operations.

The retail and the travel sector were impacted most during Covid-19. All the stores of your Company were temporarily closed during nationwide lockdown and based on the instructions received from each state, your Company opened its stores with restricted timings.

Even after the commencement of stores, customers were generally vary of the pandemic and we could not witness the same footfall, as we had a year before. In view of the reduced scale of operations, your Company worked towards significantly improving the operational efficiency, such as :

- Optimised the operational costs such as employment and other operating expenses in line with the sales.
- Negotiated with the lessors / licensors for a near variable rent proportionate to sales.
- Reduced all the discretionary expenses to negligible.
- More importantly, we evaluated near loss making stores and decided to close to improve the overall profitability (We had closed 6 stores in FY 2021 and plan to close 3 stores in FY 2022)
- We are happy to inform that your Company saved ₹433 crores in operating costs, which is more than 1/3rd of the costs of FY 2020, despite 11 new stores opening in FY 2020.

To improve the cash flow situation, your Company took the following measures:

- Secured Term Loans of ₹150 crores from HDFC Bank and IDFC First Bank to tide over any crises.
- Negotiated with vendors for a longer credit period.
- Had a rights issue of ₹300 crores in November 2020, which was fully subscribed.

The physical and emotional wellbeing of employees continues to be a top priority for your Company, with several initiatives to support employees and their families during the pandemic. The Company

has reimagined employee engagement with various employee friendly measures.

Your Company continues to evaluate the operations and has firm plans to bounce back from the present crises. Our key investments in Digitalisation, and further strengthening our strategic pillars of First Citizen Members, Personal Shoppers, Exclusive Brands and Beauty, will help us put forth a resilient and sustainable business model.

As at the end of the year under review, your Company has 84 departmental stores, 11 HomeStop stores, 127 beauty stores and 26 airport stores in India, under its operations.

Your Company posted revenue from operations of ₹1,725.09 crores (as per GAAP financials), a decline of 48.98% over the previous year. The EBITDA stood at ₹272.13 crores (as per GAAP financials) a decline of 53.30% over the previous year.

Some of the important changes during the year in Accounting are:

- i. The accumulated GAAP losses of our wholly owned subsidiary Crossword Bookstores Limited (Crossword) of ₹59.68 crores on March 31, 2021, have substantially eroded its net worth. Whilst, Crossword continues to take steps to revamp its operations (including store right sizing, and brand positioning). The gestation period to achieve the desired level of turnaround is taking longer than previously envisaged. Based on a business valuation, the Company has recognised impairment loss of ₹22.40 crores during the year with respect to its total equity investment and financial assistance of ₹68.72 crores.
- ii. As per Indian Accounting Standard (Ind AS) 116, which has come into effect from April 01, 2019, and is a significant deviation from the earlier Ind AS 17, which recognised the lease expense as an expense on accrual basis, under Ind AS 116 the expense is split into interest & depreciation. Consequently, the EBITDA as per GAAP accounts is significantly higher by ₹458.82 crores. Further, Ministry of Corporate Affairs vide notification dated July 24, 2020 issued an amendment to Ind AS 116- Leases, by inserting a practical expedient w.r.t. "COVID-19 Related Rent Concessions" effective from the period beginning on or after April 01, 2020. Pursuant to the above amendment, the Company has applied the practical expedient by accounting the unconditional rent concessions in "Other income" amt. to ₹174.09 crores in the Statement of Profit and Loss.

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

**Right Issue:** During the year under review, your Company successfully completed the right issue of 2,13,68,982 equity shares of the face value of ₹5 each at an issue price of ₹140 per share (including premium of ₹135 per share), aggregating to ₹299.17 crores. Your Company received trading permission from BSE Limited and National Stock Exchange of India Limited on December 21, 2020, permitting trading from December 22, 2020. Your Company has fully utilised the right issue proceeds as on March 31, 2021, as per the objects stated in the Letter of Offer dated November 13, 2020.

## 2. Dividend

In accordance with Regulation 43A of the Listing Regulations, your Company has adopted the 'Dividend Distribution Policy', which sets out the parameters and circumstances that will be taken into account by the Board in determining the distribution of dividend to its Members and / or retaining profits earned by your Company, from time to time. This Policy is annexed as Annexure I to this report and is also available on the Company's corporate website at <https://corporate.shoppersstop.com/Investors/Policies.aspx>.

In view of the financial position of your Company, and losses during the year under review, the Board of Directors of your Company are unable to recommend dividend on equity shares (previous year dividend - Nil).

## 3. Reserves

There is no amount proposed to be transferred to the Reserves, for the year under review.

## 4. Subsidiaries, Associates and Joint Venture

As on March 31, 2021, your Company has five wholly owned subsidiaries, details whereof are as under:

### **Crossword Bookstores Limited (Crossword):**

Crossword with its wide portfolio of books, movies, toys, confectionary and stationery, is the definitive place and space for those who seek information, knowledge or just the pleasure of reading. Crossword has chain strength of 29 stores (previous year 41) across the country with a revenue of ₹21.58 crores (previous year ₹81.46 crores). Crossword posted net loss of ₹12.91 crores for the year under review, against a net loss of ₹12.49 crores in the previous year.

The COVID-19 pandemic and the nation-wide lockdown during the year under review severely affected operations of Crossword. Crossword has increased its focus on online sales and is taking various initiatives to meet the challenging business environment being faced by it. Crossword has further evaluated the low profit and loss-making stores and decided to close them down to improve the overall profitability, resulting in reduction in 57% of its operating costs.

Consequently, the EBITDA is largely same as last year, despite 75% decline in Sales. Crossword is confident of turning around with profitable stores besides reducing its operating costs.

**Shoppers' Stop.Com (India) Limited (SSCL):** SSCL was incorporated in year 2000 with an objective of advancing the online presence, which after taking a slow start became operationalised to a large extent, during the year under review, with the high focus on online business activities. SSCL posted net loss of ₹1.37 crores for the year under review, against a net profit of ₹0.29 crores in the previous year. During the year the SSCL's turnover was ₹2.32 crores (previous year ₹2.35 crores). The higher costs are primarily investments made in the Digital play.

The other 3 (three) wholly owned subsidiaries of your Company viz.: Upasna Trading Limited; Shopper's Stop Services (India) Limited and Gateway Multichannel Retail (India) Limited; had no operations during the year under review. Your Company has no joint venture or associate company. Further, no company has become or ceased to be subsidiary, joint venture or associate company of your Company, during the year under review.

A separate statement containing the salient features of the Financial Statement of all above subsidiaries is prescribed format of AOC - 1 and forms part of this Annual Report.

In accordance with the provisions of Section 136(1) of the Act, the Financial Statements of each of the aforesaid subsidiaries along with related information are available on your Company's corporate website at <https://corporate.shoppersstop.com/Investors/annual-report.aspx> and the same are also available for inspection by the Members. The Members desiring inspection / interested in obtaining a copy of the Financial Statements may write at [company.secretary@shoppersstop.com](mailto:company.secretary@shoppersstop.com) or to the Company Secretary.

Your Company has adopted a policy for determining material subsidiaries, which is part of the Company's Policy on Related Party Transactions. The same is available on the Company's corporate website at <https://corporate.shoppersstop.com/Investors/Policies.aspx>. As per this Policy, as on March 31, 2021, your Company does not have any material subsidiary.

## 5. Consolidated Financial Statements

In accordance with the provisions of Section 129(3) of the Act and Regulation 34 of the Listing Regulations, the Consolidated Financial Statements forms part of this Annual Report. The Consolidated Financial Statements have been prepared in accordance with the Indian Accounting Standards (IND AS) and Section 133 of the Act.

## 6. Employees Stock Option Scheme / Plan And Statutory Information Thereon

### Shoppers Stop Employee Stock Option Scheme 2008

**(ESOP - 2008):** The Members at 11<sup>th</sup> Annual General Meeting held on July 29, 2008, had approved ESOP -2008 for issuance of the employee stock options ("Options") to the eligible employees of the Company.

### Shoppers Stop Employee Stock Option Scheme 2020

**(ESOP - 2020):** The Members have by a special resolution passed by the way of postal ballot (remote e-voting) on December 3, 2020, approved ESOP-2020 for issuance of Options, in one or more tranches, not exceeding 10,00,000 (Ten Lakhs) to the eligible employees of the Company. Your Company has received in-principle approval for the same from the two stock exchanges where the Company is listed.

The ESOP 2008 and ESOP 2020 (collectively "ESOP") have been issued with the objective to promote desired behavior among employees for meeting the Company's long-term objectives and enable retention of employees for desired objectives and duration, through a customised approach.

The Nomination, Remuneration & Corporate Governance Committee of your Company, inter-alia, administers and monitors ESOP, implemented by your Company in accordance with the Act and the SEBI (Share Based Employee Benefits) Regulations, 2014, as amended ("the SEBI Regulations"). During the year under review, your Company granted 2,99,042 Options under ESOP - 2008 to the eligible employees of the Company, out of the pool of Options available under the ESOP - 2008 (including 89,866 Options surrendered during the year under review). Similarly, 3,45,114 Options were granted under ESOP - 2020 to the eligible employees of the Company.

Statutory Information on ESOP : The disclosures requirements under the SEBI Regulations, for the aforesaid ESOP Scheme, in respect of the year ended March 31, 2021 are disclosed on the Company's website and can be accessed using the link <https://corporate.shoppersstop.com/Investors/annual-report.aspx>. Further, a certificate from KP Capital Advisory Private Limited-ESOP Direct, with respect to implementation of Employee Stock Option Plan in compliance with the Act, the SEBI Regulations and the Members' approval, is obtained and shall be available for inspection by the Members. The Members desiring inspection may write at [company.secretary@shoppersstop.com](mailto:company.secretary@shoppersstop.com) or to the Company Secretary.

## 7. Human Resources

Your company has been designing its Human Resources initiatives in line with the trends shaping the future of work and enabling us to create the best possible environment for the workforce. During the year under review, your Company built on a number



of initiatives to improve existing HR systems and processes as well as develop new tools to enhance the employee experience. These efforts, spanned around recruitment and employer brand; development; engagement; performance and recognition; leadership and succession.

Key HR processes of recruitment has gone digital and implemented All India based Recruitment Management System, which provides a seamless experience to newly hired employees and at the same time developed a robust database of potential candidate for future requirements. As on date of the Balance Sheet, your Company has a total of 5,132 Customer Care Associates.

As we adopt digital tools and new ways of working, we also needed to ensure our employees are equipped with the right skills. To support this objective, we provide access to learning available anywhere and anytime via our innovative Learning Planet program. Learning Planet is a cloud-based Learning Management System implemented this year. It covers the entire range of mandatory training and available learning at Shoppers Stop. Furthermore, reflecting our commitment to help employees develop professionally and personally and advance their careers.

It is crucial for us to understand what motivates and engages our employees and how they perceive their work environment. Therefore, we encourage open and regular dialogue between managers and their team members, conduct surveys and offer a framework, which ensures that they feel comfortable to speak up, raise concerns and are empowered to initiate improvements. We are pleased to inform that this has helped in creating a more trusting and open working environment. Furthermore, the team provided support by coaching and training senior managers to prepare them for the foundational changes your Company is going through.

As your Company continued to execute its strategy, the HR function helped manage significant organisation change such as the reframing of its competencies and updated them in line with the changing work environment, at the same time simplified its competency framework. Keeping an eye on the future, it introduced competencies such as being Digital Savvy and Agility.

Your Company was conferred the Most Inclusive Workplace award by TRRAIN at the TRRAIN Retail Awards Annual Event and also won four prestigious awards at 'The Customer Fest Show' 2021.

## 8. Corporate Social Responsibility (CSR)

Your Company remains committed as a good Corporate Citizen to integrate social, environmental and economic concerns in its values and operations,

to improve the welfare of the stakeholders and the Society as a whole.

Your Company has in place the CSR Committee ("the Committee"), which performs the functions as mandated under the Act and the Rules framed thereunder. The composition of the Committee is detailed in the Corporate Governance Report.

Further, your Board has adopted a Policy on CSR, in terms of the Act and the Rules framed thereunder and in accordance thereof, your Company undertakes activities / projects / initiatives and makes contributions, from time to time. The salient features of the said Policy are outlined in the Corporate Governance Report and the said Policy is made available on the Company's corporate website.

Pursuant to the provisions of Section 135 of the Act and Schedule VII thereto read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the prescribed CSR expenditure for the financial year 2020-21 amounts to ₹1.05 crores. Due to the COVID-19 related restrictions, your Company could incur CSR expenditure of ₹0.30 crores till March 31, 2021. Your Company has transferred the unspent amount of ₹0.75 crores to a special account on April 12, 2021, and shall utilise the same for completion of the ongoing project. A brief outline of the CSR Philosophy and the report on CSR activities containing therein, the reasons for unspent CSR amount, for the period under review is enclosed as Annexure II, to this report.

## 9. Board of Directors & Key Managerial Personnel

### i. Non-Independent Directors - Director Retiring by Rotation.

During the year under review, the Members at 23<sup>rd</sup> AGM held on August 13, 2020, approved re-appointment of Mr. Ravi C. Raheja (DIN: 00028044) as the Director of the Company, who was due to retire by rotation at the said AGM and being eligible, had offered himself for appointment.

In accordance with the Act and the Article of Association of the Company, Mr. Neel C. Raheja (DIN: 00029010) is liable to retire by rotation at the ensuing AGM and being eligible, has offered himself for re-appointment as a Director liable to retire by rotation. Accordingly, the re-appointment of Mr. Neel C. Raheja is being placed for the approval of the Members at the ensuing AGM. A brief profile of Mr. Neel C. Raheja along with other related information forms part of the Notice convening the ensuing AGM.

### ii. Independent Directors

During the year under review, Prof. Nitin Sanghavi (DIN: 00863107), on expiry of his term, retired/ ceased to be an Independent Non-Executive Director and Member of the Audit and Risk Management Committee & Nomination,

Remuneration & Corporate Governance Committee of the Company with effect from July 31, 2020. The Board places on record its appreciation for contribution made by him during his tenure as Independent Director of the Company.

During the year under review, the Members at 23<sup>rd</sup> AGM held on August 13, 2020, approved the appointment of Mr. William Kim (DIN: 08750326) as an Independent Director of the Company. Mr. William Kim (DIN: 08750326) was initially appointed as an Additional and Independent Director of the Company by the Board of Directors on June 15, 2020, for a term of 5 (five) consecutive years effective June 15, 2020, subject to approval of the Members at 23<sup>rd</sup> AGM of the Company.

In terms of recent regulatory requirement, in respect of establishment of an on-line database of Independent Directors by Indian Institute of Corporate Affairs, every Independent Director, shall pass an online proficiency self-assessment test conducted by said Institute. However, immunity has been granted to an individual who has served for a period of at least 10 years as on the date of inclusion of his name in the databank, as director or key managerial personnel in a listed public company or in an unlisted public company having a paid-up share capital of ₹10 crores or more. The Independent Directors of your Company, who do not have this exemption, shall ensure clearance of online proficiency self- assessment test within the stipulated timeframe.

### **iii. Declaration by Independent Directors**

Your Company has received necessary confirmations/ declarations from each Independent Director of your Company confirming that they meet the criteria of independence as prescribed under the Act and the Listing Regulations. Based on such confirmations/ declaration, in the opinion of the Board, the Independent Directors of your Company fulfil the conditions specified under the Act, the Rules made thereunder and Listing Regulations and are independent of the Management of your Company.

Further, your Company has received declaration from all Independent Directors confirming that they have ensured inclusion of their names in the Independent Directors' data bank created and maintained by Indian Institute of Corporate Affairs within stipulated timeframe, as mandated by the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended.

### **iv. Key Managerial Personnel**

Mr. Rajiv Suri, Managing Director & Chief Executive Officer (DIN: 08124971) of the Company, resigned as the Managing Director & Chief Executive Officer effective from close of business hours of August 25, 2020. He has stepped down to pursue a career in a company outside India /other interest, his personal commitments and other engagements. The Board of Directors place on record their deep appreciation for the contributions made by Mr. Rajiv Suri during his association with the Company.

Further, the Board of Directors at its meeting held on October 16, 2020, on the recommendation of the Nomination, Remuneration & Corporate Governance Committee, appointed Mr. Venugopal Nair (DIN: 00046163) 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 November 6, 2020, 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 attention of member is invited to the relevant item in the Notice convening 24th Annual General Meeting, the explanatory statement and brief profile attached thereto.

Your Board had formed an opinion that above mentioned Managing Director & Chief Executive Officer, who got appointed during the year under review, is of utmost integrity and that he possesses requisite expertise relevant to support and scale up the business model of your Company.

Mr. Bharat Sanghavi, Company Secretary of the Company, resigned as the Company Secretary effective from close of business hours of January 15, 2021. Mr. Vijay Kumar Gupta, Head Legal of the Company has been appointed as to the Interim Company Secretary of the Company w.e.f. January 16, 2021.

## **10. Performance Evaluation**

In compliance with the relevant provisions of the Act read with the Rules made thereunder and the Listing Regulations, the performance evaluation as the Board as a whole, its specified Statutory Committees, the Chairman of the Board and the Individual Directors was carried out for the year under review. The manner in which the annual evaluation was carried out and the outcome of the evaluation are explained in the Corporate Governance Report.

## 11. Nomination, Remuneration & Corporate Governance Committee and Company's Policy on Nomination, Remuneration, Board Diversity, Evaluation and Succession

Your Company has in place the Nomination, Remuneration & Corporate Governance Committee, which performs the functions as mandated under the Act and the Listing Regulations. The composition of the Committee is detailed in the Corporate Governance Report.

In terms of the Act and the Listing Regulations, the Board of Directors of your Company has framed and adopted a policy on appointment and remuneration of Directors, Key Managerial Personnel (KMP) and Senior Management Personnel (SMP) of the Company, which, inter-alia, includes Board Diversity, process of Evaluation of Directors, KMPs and SMPs of the Company, criteria for determining qualifications, positive attributes, independence of a Director and other related matters. The remuneration paid to Directors, KMP and SMP of the Company are as per the terms laid down in this Policy. The Managing Director & CEO of your Company does not receive remuneration or commission from any of the subsidiaries of your Company. The salient features of the said Policy are outlined in the Corporate Governance Report and the said Policy is made available on the Company's corporate website.

## 12. Disclosures under the Act

**Annual Return:** The Annual Return filed for the year 2019-20 in prescribed form MGT - 7, pursuant to Section 92 of the Act read with the Rules framed thereunder, is available on your Company's corporate website at <https://corporate.shoppersstop.com/investors/AnnualReturnNew.aspx> The Company shall immediately after the filing of the Annual Return for the year 2020-21, make the same available on the website of your Company.

**Meetings of the Board of Directors:** A calendar of Meetings is prepared and circulated in advance to the Directors. The Board of Directors of your Company met 8 (eight) times during the year under review. The intervening gap between the Meetings was within the period prescribed under the Act and the Listing Regulations. The details of the board meetings, the attendance of the Directors thereof and other particulars are provided in the Corporate Governance Report.

**Change in the share capital:** During the year under review, pursuant to the right issue of your Company, your Company issued and allotted 2,13,68,982 equity shares of the face value of ₹5 each at an issue price of ₹140 per share (including premium of ₹135 per share). Pursuant to the same, the paid-up share capital of your

Company increased from ₹43,99,49,640 (consisting of 8,79,89,928 equity share of ₹5 per share) to ₹54,67,94,550 (consisting of 10,93,58,910 equity share of ₹5 per share)

**Audit and Risk Management Committee:** As on date, the Committee comprises of three Independent- Non-Executive Directors i.e., Mr. Deepak Ghaisas (Chairman), Ms. Ameera Shah and Mr. William Kim (Members) and Mr. Ravi C. Raheja, Promoter and Non-Executive Director (Member). During the year under review, Prof. Nitin Sanghavi, on expiry of his term retired/ ceased to be the Independent Non-Executive Director and Member of the Audit and Risk Management Committee of your Company with effect from July 31, 2020. Further, Mr. Manish Chokhani, Independent Non-Executive Director of your Company, resigned as the member of the Audit and Risk Management Committee of your Company with effect from August 13, 2020. Mr. William Kim, Independent Non- Executive Director of your Company was appointed as the member of the Audit and Risk Management Committee on August 13, 2020. The powers and role of the Committee are included in the Corporate Governance Report. During the year under review, all the recommendation made by the Committee were accepted by the Board.

**Related Party Transactions:** All transactions with related parties are placed before the Audit and Risk Management Committee ("the Committee") for its approval. An omnibus approval from the Committee is obtained for the related party transactions which are repetitive in nature, based on the criteria specified and approved by the Board, based on recommendation of the Committee and transactions which are unforeseen for each financial year. The Committee and the Board reviews on a quarterly basis, all transactions entered into by your Company pursuant to the omnibus approvals so granted.

All transactions with Related Parties entered into during FY 2021, were in ordinary course of business and at arm's length basis and in accordance with the provisions of the Act and the Rules made thereunder, the Listing Regulations and your Company's Policy on Related Party Transactions.

During the year under review, there were no transactions which were material, considering the aforesaid Policy. Accordingly, no disclosure is made in respect of related party transaction in Form AOC - 2 in terms of Section 134 of the Act and Rules framed thereunder. There are no related party transactions that may have potential conflict with the interest of the Company at large or which warrants the approval of shareholders. The attention of the Members is drawn to the notes to the Standalone Financial Statement setting out the related party transactions disclosures, for FY 2021.

The policy on Related Party Transactions as formulated and adopted by your Company is available on the Company's corporate website at <https://corporate.shoppersstop.com/Investors/Policies.aspx>.

**Particulars of loans, guarantees or investments:**

The details of the loans, guarantees or investments covered under Section 186 of the Act, forms part of the Notes to the Standalone Financial Statement provided in this Annual Report.

**Other Disclosures:** The Board hereby states that no disclosure and / or reporting and / or details is required, in respect of the following matters, as there were no transactions on these matters and / or instances / requirement / applicability, during the year under review:

- Deposits covered under Sections 73 and 74 of the Act read with Companies (Acceptance of Deposits) Rules, 2014.
- Issue of shares (including sweat equity shares) to employees of your Company under any scheme save and except ESOPs referred to in this report.
- Issue of equity shares with differential rights as to dividend, voting or otherwise.
- No significant or material orders were passed by the Regulators or Courts or Tribunals, impacting the going concern status of your Company and its operations in future.
- There was no revision in the financial statements.
- Maintenance of cost records in terms of Section 148 of the Act is not applicable to your Company.
- Material changes and commitments affecting the financial position of your Company that have occurred between the end of the financial year to which the financial statements relate and the date of this report, unless otherwise stated in the report.

### 13. Prevention of Sexual Harassment (PoSH)

Your Company continues to follow all the statutory requirements and guidelines in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules framed thereunder. The POSH Committee established as per the statutory requirements, continues to operate in every Unit and the registered office. In case of any instances, employees are advised to approach the local POSH Committee and appropriate action in this regard is initiated post-detailed review of the matter. Your Company stands strong against any kind of sexual harassment and has zero tolerance for sexual harassment at workplace.

Every associate at the time of joining undergoes an extensive training on POSH through an E-learning module that covers the definition, guidelines and

detailed coverage of policy on POSH. It also covers the rights and responsibilities of the employees under the POSH guidelines and company's policy. POSH Policy is uploaded on the internal intranet site. POSH helpline details are placed on the notice boards at all locations, for employees & other staff, to be aware about the provisions of the POSH policy.

Your Company maintains a repository of all inquiries and documents as per the statutory guidelines and Company's POSH policy. The Internal Complaints Committee members of the POSH have been trained to update them with the best practices in this area, including for circumstances of POSH arising in a virtual environment. There were 16 POSH cases received during the financial year and they were resolved as per the guidelines of POSH Act and Rules made thereunder.

### 14. Risk Management

Your Company has established a robust risk management system to identify, assess the key risks and mitigate them appropriately. Further such system ensures smooth and efficient operations of the business. Your Company has adopted a Risk Management Policy, pursuant to Section 134 of the Act. The Policy is available on the company website. Your Company has in the light of the COVID-19 pandemic outbreak, reviewed the major risks including risks on account of business continuity, supply chain management, third party risks, legal compliance and other risks which may affect or has affected its operations, employees, customers, vendors and all other stakeholders from both the external and the internal environment perspective. Basis this review, appropriate actions have been initiated to mitigate, partially mitigate, transfer or accept the risk (if need be) and monitor such risks on a regular basis.

Details of various risks faced by your Company are provided in the Management Discussion & Analysis Report.

Your Company has its Risk Management Committee subsumed with Audit Committee, which assists the Board in monitoring and reviewing the risk management plan, implementation of the risk management framework of your Company and such other functions as the Board may deem fit. The detailed terms of reference of the Audit and Risk Management Committee and composition thereof, forms part of the Corporate Governance Report.

### 15. Internal Financial Control

Internal financial controls are an integral part of the risk management process, addressing financial and financial reporting risks. The internal financial controls have been documented and embedded in the business processes. Your Company has laid down internal financial controls, 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 your 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 was done through the internal audit process, established within your Company and also through appointing professional firm as the internal auditors to carry out such tests by way of systematic internal audit program. Based on the review of the reported evaluations, we believe that these systems provide reasonable assurance that our internal financial controls are designed effectively and are operating as intended and for the preparation of financial statement for the year under review, 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.

#### **16. Whistle Blower / Vigil Mechanism**

Your Company has established a Vigil Mechanism and adopted a Whistle Blower policy in line with the Regulations 18 and 22 of the Listing Regulations and Section 177 of the Act. Your Company has engaged a third party for managing the "Ethics Hotline", which can be used by employees including brand staff, vendors and third-party vendor personnel. The whistle Policy is available on the website of the Company.

Under this Policy, the Whistle Blower can raise concerns relating to reportable matters such as unethical behavior, actual or suspected fraud or violation of your Company's code of conduct or ethics policy or any other malpractice, impropriety or wrongdoings, illegality, of regulatory requirements. The mechanism adopted by your Company encourages to report genuine concerns or grievances and provides for adequate safeguards against victimisation of Whistle Blower, who avail of such mechanism and also provide for direct access to the Chairman of the Audit Committee in appropriate or exceptional cases. We affirm that no employee of your Company was denied access to the Audit Committee. The guidelines are designed to ensure that stakeholders may raise any concern on integrity, value adherence without fear of being punished for raising that concern.

This third party managed 'Ethics Hotline' provide independence and comfort to the designated personnel to blow the whistle in case they have any issues worth reporting. The reach of this hotline facility is also expanded further for placing complaints against sexual harassment, Insider Trading & other specific HR related matters.

#### **17. Corporate Governance Report**

Pursuant to the Regulation 34 of the Listing Regulations, a separate report on Corporate Governance along with the certificate from S R B C & CO LLP, the Statutory Auditors of the Company, confirming its compliance, forms part of this Annual Report.

#### **18. Management Discussion and Analysis Report**

Management Discussion and Analysis Report for the year under review, on the business operations / performance review, as stipulated under the Listing Regulations, forms part of this Annual Report.

#### **19. Business Responsibility Report**

The Business Responsibility Report for the year under review, as stipulated under the Listing Regulations, describing the initiatives taken by your Company from social and governance perspective, forms an integral part of this Annual Report.

#### **20. Auditors & Auditors' Report Statutory Auditors**

S R B C & CO LLP, (Registration No. 324982E/E300003) Chartered Accountants were appointed as the Statutory Auditors of your Company by the Members at the 20th Annual General Meeting (AGM) held on July 28, 2017, for a term of 5 years, to hold office until the conclusion of the 25th AGM, in accordance with the provisions of the Act and will continue to be the Statutory Auditors of your Company till their term expires. Your Company has received confirmation from the Statutory Auditors that their continued appointment shall be in accordance with the criteria as provided under Section 141 of the Act.

The Auditors' Report for the year under review, forms part of the Annual Report. The said report was issued with unmodified opinion and does not contain any qualification, reservation, adverse remark or disclaimer made by the statutory auditors in their report on the Financial Statements for the Financial Year 2020-21. However, the statutory auditor has drawn attention i.e. an Emphasis of Matter with regard to Note Nos. 30(ii) and 41 of the Standalone Ind AS Financial Statements [Note Nos.29(ii) and 42 of the Consolidated Ind AS Financial Statements] in their report, details of which are as follows:

##### **(i) Litigation**

We draw attention to Note 30(ii) to the standalone Ind AS financial statements which, describes the uncertainty related to the outcome of the appeal filed before the Supreme Court regarding non provision of retrospective levy of service tax for the period from June 1, 2007 to March 31, 2010 on renting of immovable properties given for commercial use, aggregating to ₹16.60 crores.

## (ii) COVID

We draw attention to Note 41 of the statement which describes management's assessment of the impact of the COVID-19 pandemic on the financial results of the Company.

The auditor has clarified that their opinion is not qualified in respect of these matters.

Detailed explanation in respect of the matter at Item No. (i) and (ii) has been provided under Note No 30(ii) and 41 of the Standalone Ind AS Financial Statements [Note No.29(ii) and 42 of the Consolidated Ind AS Financial Statements].

The auditors have also informed that the remuneration paid to the Managing Director for the year ended March 31, 2021 is in excess of the limits applicable under section 197 of the Act, read with Schedule V thereto, by ₹1.03 crores; and that the Company is in process of obtaining approval from shareholders for such excess remuneration paid. The Company would like to inform that the managerial remuneration paid by the Company is as per contractual obligations and subject to approval of Shareholders. The company is in the process of obtaining approval from its shareholders in the ensuing annual general meeting by way of a special resolution.

During the year under review, the Auditor has not reported any fraud and therefore no detail are required to be disclosed under Section 134(3)(ca) of the Act.

### Secretarial Auditors

The Secretarial Audit Report for FY 2021 issued by Kaushal Dalal & Associates, the Secretarial Auditor for the year under review, is annexed as Annexure III to this report. The said report does not contain any qualification, reservation, adverse remark or disclaimer.

During the year under review, the above Auditors have not reported any fraud and therefore no details are required to be disclosed under Section 134(3) (ca) of the Act.

## 21. Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo

The information on conservation of energy and technology absorption, as stipulated under the Act read with the Rules made thereunder, is annexed as Annexure IV to this Report. The foreign exchange earnings were ₹12.99 crores (Previous Year ₹85.50 crores) and outgo was ₹1.83 crores (Previous Year ₹18.60 crores), for the year under review.

## 22. Particulars of Employees and Related Disclosures

In terms of the provisions of Section 197(12) of the Act 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 and the disclosures pertaining to ratio of remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the said Rules are annexed to 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 and others entitled thereto. The said information is available for inspection by the Members. The Members desiring inspection/ interested in obtaining copy thereof, may write at [company.secretary@shoppersstop.com](mailto:company.secretary@shoppersstop.com) or to the Company Secretary. The Annual Report including the aforesaid information is made available on the Company's corporate website.

## 23. Directors' Responsibility Statement

Pursuant to Section 134(3)(c) of the Act, the Directors of your Company, to the best of their knowledge and based on the information and explanations received from the Company, hereby confirm that:

- a. in the preparation of the annual accounts for the year under review, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any.
- b. the Directors have selected appropriate accounting policies and have applied them consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on March 31, 2021, and of the loss 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 Act 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. proper internal financial controls to be followed by the Company were laid down and such internal financial controls were adequate and operating effectively.
- f. proper systems to ensure compliance with the provisions of all applicable laws were devised and that such systems were adequate and operating effectively.

## 24. Secretarial Standards

During the year under review, your Company has complied with the Secretarial Standards 1 and 2 on meetings of the Board of Directors and on General Meetings, respectively, issued by the Institute of

Company Secretaries of India and notified by the Ministry of Corporate Affairs, in terms of Section 118(10) of the Act.

## 25. Awards And Accolades

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

- Shoppers Stop ELCA was conferred the most Inclusive Workplace Award at TRRAIN Retail Awards 2021 and were felicitated at the virtual TRRAIN Retail Awards ceremony online.
- Shoppers Stop won four awards at 'The Customer Fest Show' 2021 in the below categories:
- Best Integrated Media Campaign
- Best Use of Voice of Customer

- Best Contactless Employee to Customer Experience
- Champion of Champions – Loyalty Program of the Year

## 26. Acknowledgement

We thank our customers, business partners, suppliers, bankers and shareholders for their continued support during the year. We thank the Government of India, the State Governments where we have business operations and other government agencies for their support and look forward to their continued support in the future.

We place on record our sincere appreciation towards the contribution made by all Customer Care Associates at all levels.

For **Shoppers Stop Limited**

**B S Nagesh**  
Chairman

Mumbai,  
Date: May 21, 2021

# Annexure I to the Directors' Report

## DIVIDEND DISTRIBUTION POLICY

### 1. Introduction

Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, requires top 1000 listed entities (based on market capitalisation of every financial year), to formulate a Dividend Distribution Policy.

Shoppers Stop Ltd; being one of the top 1000 listed entities as per market capitalisation as on the last day of immediately preceding financial year, has framed this Dividend Distribution Policy in compliance with this regulation.

### 2. Objective

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

### 3. Definitions

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

### 4. Parameters for declaration of dividend

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

#### Financial Parameters / Internal factors

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

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

#### External factors

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

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

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

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

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

### 6. Utilisation of Retained Earnings

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

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

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

### 8. Dissemination of Policy

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

### 9. Review and amendment

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



# Annexure II to the Directors' Report

## Annual Report on Corporate Social Responsibility (CSR) activities for the Financial Year 2020-21.

1 A brief outline of the Company's CSR policy. The Company has framed the CSR Policy in compliance with provisions of the Companies Act, 2013. The same is placed on the website of the Company and link for the same is [https://corporate.shoppersstop.com/uploaded\\_files/3097b50-750a.pdf](https://corporate.shoppersstop.com/uploaded_files/3097b50-750a.pdf)

Composition of the CSR Committee:				
Sl. No.	Name of Directors	Designation/ Nature of Directorship	Number of Meetings of CSR Committee held during the year. (The CSR Committee met once during the year on October 16, 2020)	Number of Meetings of CSR Committee attended during the year
i.	Mr. Ravi C. Raheja	Chairman, Non Independent Director	1	1
ii.	Mr. Robert Bready	Independent Director	1	1
iii.	Mr. Rajiv Suri (Resigned w.e.f. August 13, 2020).	Managing Director & CEO	N.A.	N.A.
iv.	Mr. Manish Chokhani (Appointed w.e.f August 13, 2020).	Independent Director	1	1
v.	Ms. Uma Talreja	Chief Ecommerce Officer acts as Secretary to the Committee.	1	1

3 The web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company. [https://corporate.shoppersstop.com/uploaded\\_files/3097b50-750a.pdf](https://corporate.shoppersstop.com/uploaded_files/3097b50-750a.pdf)

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report): **Not Applicable**

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any: **Not Applicable**

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount Required to be set-off for the financial year, if any (in ₹)
		Not Applicable	
<b>Total</b>		-	-

6. Average Net Profit of the Company for last 3 financial years (as per Section 135(5)) ₹52.5 crores

7. a. Two percent of average net profit of the company as per section 135(5) ₹1.05 crores  
 b. Surplus arising out of the CSR projects or programmes or activities of the previous financial years. Not Applicable\*  
 c. Amount required to be set off for the financial year. Not Applicable\*  
 d. Total CSR obligation for the financial year (7a+7b-7c) ₹1.05 crores

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in ₹) FY 2021	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6). Amount.	Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).			
		Date of transfer.	Name of the Fund	Amount.	Date of transfer.
₹0.30 crores	₹0.75 crores	April 12, 2021	Not Applicable		

8.b.Details of CSR amount spent against ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
S. No.	Name of the CSR Project	Item from the list of activities in Schedule VII of the Act.	Local Area (Yes/No).	Location of the Project.	Project Duration	Amount allocated for the project (in ₹)	Amount Spent in the current financial year (in ₹)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹).	Mode of Implementation Direct (Yes/No).	Mode of Implementation - Through Implementing Agency
			State. District	State. District						Name of CSR implementing Agency
1	Recycling old clothes for a cause (Women Empowerment through generating Livelihood and Menstrual Health Awareness & Access)	Women Empowerment & Healthcare	Yes (PAN India)	PAN India	September 01, 2020 to December 31, 2021	₹1.05 crores	₹0.30 crores	₹0.75 crores	Yes	Implementing Agency - GOONJ Registration No. CSR00000291

8. c Details of CSR amount spent against other than ongoing projects for the financial year: **Not Applicable**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/ No).	Location of the project.	Amount spent for the project (in ₹).	Mode of implementation - Direct (Yes/No).	Mode of implementation - Through implementing agency.
			State. District.	State. District.			Name. CSR registration number.
1.				Not Applicable			

8. d Amount spent in Administrative Overheads: **NIL**

8. e Amount spent on Impact Assessment, if applicable: **Not Applicable**

8. f Total amount spent for the Financial Year (8b+8c+8d+8e) = ₹0.03 crores

8. g Excess amount for set off, if any: **NIL**

Sl. No.	Particular	Amount (in ₹)
(i)	Two percent of average net profit of the company as per section 135(5)	₹1.05 crores
(ii)	Total amount spent for the Financial Year	₹0.30 crores
(iii)	Excess amount spent for the financial year [(ii)-(i)]	NIL
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Not Applicable*
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	NIL

9. a Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year.	*Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Amount spent in the reporting Financial Year (in ₹).	*Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.	*Amount remaining to be spent in succeeding financial years. (in ₹)
1.	2019-20	Not Applicable	₹0.85 crores	Name of the Fund	Not Applicable
2.	2018-19	Not Applicable	₹1.39 crores	Date of transfer.	Not Applicable
3.	2017-18	Not Applicable	₹0.84 crores		
<b>Total</b>			<b>₹3.08 crores</b>		

9. b \*Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): **Not Applicable**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID.	Name of the Project.	Financial Year in which the project was commenced.	Project duration.	Total amount allocated for the project (in ₹).	Amount spent on the project in the reporting Financial Year (in ₹).	Cumulative amount spent at the end of reporting Financial Year. (in ₹)	Status of the project - Completed /Ongoing.
1								
2								
3								
<b>Total</b>								

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year: **Not Applicable** (asset-wise details).

- (a) Date of creation or acquisition of the capital asset(s): **Not Applicable**
- (b) Amount of CSR spent for creation or acquisition of capital asset. : **Not Applicable**
- (c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.: **Not Applicable**
- (d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset): **Not Applicable**

11. Specify the reason(s), if the Company has failed to spend two percent of the average net profits as per section 135(5):

The collection of old clothes could not take place due to the pandemic Covid-19 and the project had to be suspended. During this time, the women were also immobile and could not make sanitary napkins and the program was stopped. The project could pick up pace only in February-March, 2021. Goonj has reverted in April, 2021 stating that due to the lockdown declared due to the second wave of Covid-19, the CSR project had to be again suspended for the time being and they shall restart once the situation improves. They have further indicated that they would try to complete the project by December, 2021. The Company is working in co-ordination with Goonj and shall continue to release funds out of the approved expenditure based on requests and utilization certificates received from Goonj.

*\*The provisions with respect to unspent CSR amount for ongoing project being carried forward or in other cases being transferred, came into effect from January 22, 2021, hence for period prior to Financial Year 2020-21, there is no carried forward of unspent CSR amount.*

**Venugopal Nair**  
Managing Director & Chief Executive Officer

For **Shoppers Stop Limited**

**Ravi C. Raheja**  
Chairman CSR Committee

# Annexure III to the Directors' Report

## Form No. MR-3 SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2021

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

To,  
The Members,

### SHOPPERS STOP LIMITED

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **SHOPPERS STOP LIMITED** (hereinafter called "the Company"), incorporated on 16th June, 1997 having CIN:L51900MH1997PLC108798 and Registered office at Umang Tower, 5th Floor, Mindspace, Off. Link Road, Malad (West), Mumbai-400064. Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2021 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company and have relied on the records, documents and information shared electronically to me by the Company due to extra-ordinary circumstance of COVID-19, for the Financial Year ended on 31st March, 2021 as made available to me, according to the following provisions of (including any statutory modifications, amendments or re-enactment thereof for the time being in force):

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and the Bye-Laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

- a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- e) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018- **NOT APPLICABLE**
- f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009- **NOT APPLICABLE**
- h) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008- **NOT APPLICABLE**

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

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

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

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

### I further report that

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

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent as per the provisions of the Companies Act, 2013 and the rules made thereunder, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting including meeting through the video conference.

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

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report during the audit period the Company has following specific events / actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc:

- a) The members of the Company have approved 'Shoppers Stop Limited Employee Stock Option Plan-2020' by passing a Special Resolution through Postal Ballot on 03rd December, 2020 and have duly complied with the provisions of the Act and all the regulations applicable under Securities and Exchange Board of India regulations.
- b) The Board of Directors through its committee formed for the purpose of right issue has issued and allotted 2,13,68,982 Equity Shares of ₹5/- each at an issue price of ₹140/- per share in its meeting held on 17th December, 2020 and have duly complied with the provisions of the Act and all the regulations applicable under Securities and Exchange Board of India regulations.

For **Kaushal Dalal & Associates**  
Company Secretaries

**Kaushal Dalal**

Proprietor

Date: May 21, 2021

Place: Mumbai

M. No: 7141 CP No: 7512

UDIN: F007141C000356061

To,

The Members,

**SHOPPERS STOP LIMITED**

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

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

For **Kaushal Dalal & Associates**  
Company Secretaries

**Kaushal Dalal**

Proprietor

Date: May 21, 2021

Place: Mumbai

M. No: 7141 CP No: 7512

UDIN: F007141C000356061

# Annexure IV to the Directors' Report

## Conservation of Energy & Technology absorption.

### A. Conservation of Energy

Your Company's Stores being on lease / license, your Company has limited right to do improvements in the premises. Your Company however within the limitations it has with respect to the premises, ensures the fit-out of the stores are done with sustainable material and with minimum carbon foot-print. It at the same times makes every effort to minimise the power consumption and air-conditioning.

Some of the green initiatives that your Company undertook during the year under review are listed here :

- LED lighting, VFD installations at stores. This resulted in control and optimisation of power consumption.
- Proposed and planned IOT base Automation for the energy Optimisation at stores.
- Audited stores for extra fixed load and Reduced the Fixed power load in Coimbatore store, which resulted in saving of 100 KVA demand load;
- Generated 42,000 renewable electricity units from earlier installed solar plant in one of the store.
- Harvested rainwater @60 KL in one of the store at Hyderabad.
- Revamped and reused, refurbished floor fixtures and used environment-friendly alternatives wherever possible, in line with best-in-class store planning and maintenance practices.
- Adopted good maintenance practice to avoid energy losses and optimised energy consumption.
- There is major reduction in the energy cost, which is primarily due to lockdown against the COVID-19.

During the year under review, there was no capital investment on energy conservation equipment.

### B. Technology absorption.

There has been no import of technology during the year under review.

For **Shoppers Stop Limited**

**B S Nagesh**

Chairman

DIN: 00027595

Place: Mumbai

Date: May 21, 2021

# Business Responsibility Report

(Pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

## SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1	Corporate Identity Number (CIN)	L51900MH1997PLC108798
2	Name	Shoppers Stop Limited
3	Registered office Address	Umang Tower, 5th Floor, Mindspace, Off. Link Road, Malad (West), Mumbai - 400 064.
4	Website	<a href="http://www.shoppersstop.com">www.shoppersstop.com</a>
5	E-mail id	<a href="mailto:company.secretary@shoppersstop.com">company.secretary@shoppersstop.com</a>
6	Financial Year reported	April 1, 2020 to March 31, 2021
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	Fashion Retail business NIC: 477
8	List three key products/services that the Company manufactures/provides (as in balance sheet)	Retailing of Apparels and Non-Apparels
9	Total number of locations where business activity is undertaken by the Company (a) Number of International Locations (Provide details of major 5) (b) Number of National Locations	(a) Number of International Locations - Nil (b) Number of National Locations - The Company has 84. departmental stores and 11 HomeStop stores in India. Details of these store locations are provided in 'General Shareholders Information' section of the Corporate Governance Report. In addition, under the 'Beauty segment', the Company also operates 127 beauty stores (under M.A.C, Clinique, Estee Lauder, Bobbi Brown and Smash Box formats) and 26 airport stores.
10	Markets served by the Company - Local/State/National/International	National

## SECTION B - FINANCIAL DETAILS OF THE COMPANY

1	Paid up Capital	₹54.68 crores
2	Total Turnover	₹1,725.09 crores
3	Total profit/(loss) after taxes	(₹354.93 crores)
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	CSR Expenditure undertaken - ₹0.03 Lacs % of PAT - NA (the Company incurred a loss during the year under review) Due to the ongoing pandemic, the Company could not complete the CSR project undertaken; and shall endeavour to complete the same on or before December 31, 2021.
5	List of activities in which expenditure in 4 above has been incurred	Creating livelihood for women Empowering women employment Enhancing vocation skills for women The details of the above CSR activities are provided in Principle 8 - Inclusive Growth and Equitable Development and as Annexure to the Directors' Report.

## SECTION C - OTHER DETAILS

1	Does the Company have any Subsidiary Companies?	The Company has five wholly-owned subsidiaries. The details of these subsidiaries is provided in provided in prescribed format of AOC-1 and forms part of this Annual Report.
2	Do the Subsidiary Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	No
3	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	The Company has not mandated any vendors, suppliers, business partners etc. to participate in the BR initiatives of the Company. However, they are encouraged to adopt such initiatives and practices and follow the concept of being responsible business entities.

## SECTION D - BR INFORMATION

### 1 Details of Director responsible for BR

#### (a) Details of the Director responsible for implementation of the BR policies

	Till August 25, 2020	From November 6, 2020 to till date
1 DIN	08124971	00046163
2 Name	Mr. Rajiv Suri	Mr. Venugopal Nair
3 Designation	Managing Director and Chief Executive Officer	Managing Director and Chief Executive Officer

#### (b) Details of the BR head

	Till August 25, 2020	From August 26, 2020 to November 5, 2020	From November 6, 2020 to till date
1 DIN	08124971	08166316	00046163
2 Name	Mr. Rajiv Suri	Mr. Karunakaran Mohanasundaram	Mr. Venugopal Nair
3 Designation	Managing Director and Chief Executive Officer	Chief Financial Officer	Managing Director and Chief Executive Officer
4 Telephone number	022-42497000		
5 e-mail id	<a href="mailto:company.secretary@shoppersstop.com">company.secretary@shoppersstop.com</a>		

### 2 Principle-wise (as per NVGs) BR policies:

P1: Ethics, Transparency and Accountability

P2: Product Responsibility

P3: Wellbeing of Employees

P4: Responsiveness to Stakeholders

P5: Human Rights

P6: Environmental Responsibility

P7: Public Policy Advocacy

P8: Inclusive Growth and Equitable Development

P9: Engagement with Customers



**(a) Details of compliance (Reply in Y/N)**

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have policies for	Y	Y	Y	Y	Y	Y	N	Y	Y
2	Has the policy been formulated in consultation with the relevant stakeholders? Note 1	Y	Y	Y	Y	Y	Y	-	Y	Y
3	Does the policy conform to any national/international standards? If yes, specify.	The Business Responsibility Policy is in accordance with principles laid down in the National Voluntary Guidelines (Guidelines) on Social, Environmental and Economic responsibilities of Business published by the Ministry of Corporate Affairs. Additionally the spirit and content of the Code of Conduct and the applicable laws are captured in the policies framed by the Company.								
4	Has the policy been approved by the Board? If yes, has it been signed by MD/owner/CEO/appropriate Board Director?	Policies mandated under the Companies Act, 2013 (the Act) and the Listing Regulations are approved by the Board and is signed by the Managing Director & Chief Executive Officer. Other policies are approved by the Managing Director & Chief Executive Officer/Functional Heads of the Company, as appropriate from time to time.								
5	Does the company have a specified committee of the Board/Director/Official to oversee the implementation of the policies? Note 2	Y	Y	Y	Y	Y	Y	-	Y	Y
6	Indicate the link for the policies to be viewed online?	Policies mandated to be displayed on website of the Company as per the Act and Listing Regulations are displayed at <a href="https://corporate.shoppersstop.com/Investors/Policies.aspx">https://corporate.shoppersstop.com/Investors/Policies.aspx</a> and all other policies are displayed on intranet platform 'Spandhan'								
7	Has the policy been formally communicated to all relevant internal and external stakeholders? Note 1	Y	Y	Y	Y	Y	Y	-	Y	Y
8	Does the Company have in-house structure to implement the policies?	Y	Y	Y	Y	Y	Y	-	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policies to address stakeholders' grievances related to the policies?	Y	Y	Y	Y	Y	-	-	-	Y
10	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency? Note 3	Y	Y	Y	Y	Y	Y	-	Y	Y

Note 1: There have been consultations with all stakeholders wherever required and possible and accordingly the relevant policies have evolved over a period of time. The same has been communicated to them wherever possible.

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

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

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

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

### 3 Governance related to BR

(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, annually, more than 1 year	The various parameters of BR performance are assessed periodically by the Management/ Board of Directors and its Committees.
(b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	The Business Responsibility Report being published for the FY 2021 by the Company is available on the website of the Company at <a href="http://www.shoppersstop.com">www.shoppersstop.com</a>

## SECTION E - PRINCIPLE-WISE PERFORMANCE

### PRINCIPLE 1: ETHICS, TRANSPARENCY AND ACCOUNTABILITY

WE AIM TO CONDUCT AND GOVERN OUR BUSINESS WITH ETHICS, TRANSPARENCY AND ACCOUNTABILITY. ALL STAKEHOLDERS WHO WORK WITH THE COMPANY ARE EXPECTED TO ADHERE TO THESE PRINCIPLES.

ShoppersStop abides by the principles of ethics, transparency and accountability in every aspect of its business, across stores, offices, distribution centres and online sales. This has played a central role in ensuring that the Company is seen as a professionally managed and widely respected brand.

#### Key supporting policies

- **Unified Code of Conduct framework** formalises our governance practices, articulating the principles and policies that ensure financial, business and workplace integrity. We are nurturing a work environment that is conducive for the growth of all stakeholders.
- **Whistle Blower Policy** serves as a platform for the Board of Directors as well as employees to bring to light a breach of conduct or any potential concern over unethical behaviour and actual or suspected fraud and violation. The Policy entails a transparent approach, with safeguards in place to protect the victimisation of those who raise concerns. An external agency is appointed to receive and monitor complaints through a direct helpline as well as a post box, which protects the divulgence of the whistle blower's identity.

We have not received any complaints or concerns under this policy, in the year under review.

- **Code of Practices and Procedures** facilitates fair disclosure of Unpublished Price Sensitive Information (UPSI) and Code of Internal Procedures and Conduct regulates, monitors and reports on insider trading activities in the securities of the Company. These practices ensure timely compliance towards disclosures and fulfil regulatory requirements while instilling a sense of responsibility within pertinent stakeholders.

In addition, we have in place dedicated resources and mechanisms to respond to concerns/complaints raised by stakeholders. There are dedicated resources to respond to these stakeholder complaints within a time-bound manner. We received 1 (one) complaints/communications from the shareholders during the year under review, which have been resolved satisfactorily.

### PRINCIPLE 2: PRODUCT RESPONSIBILITY

WE STRONGLY BELIEVE THAT 'WE ARE RESPONSIBLE FOR WHAT WE SELL'. GENUINE PRODUCT AND QUALITY ASSURANCE IS OUR PROMISE TO OUR CUSTOMERS WHO SHOP WITH US IN-STORE OR ONLINE.

As a multi-brand retail company, Shoppers Stop curates a portfolio of high quality fashion and lifestyle products from its brand and manufacturing partners. We have stringent guidelines on procurement of high quality products and quality control checks in place for assuring the customers of the very best. We are also committed to continuously raising the bar in sustainable product and service supply chain to be a socially responsible Company.

- **Sourcing:** We have stated standards and robust practices, procedures and policy to source merchandise on a sustainable basis. We also encourage and empower small and medium scale businesses by sourcing our private label merchandise through them and supporting their technological and financial capability enhancement.
- **Vendor partner selection:** We follow stringent norms to select and procure vendor partners. Further, we encourage vendors/manufacturing partners to abide by and improve upon applicable environmental health, labour welfare and safety standards.
- **Vendor partner engagement:** Shoppers Stop continuously engages with vendor partners to surpass agreed benchmarks on better design, product performance and aesthetics as well as leverage best-in-class technology infrastructure and platforms.  
  
Aside from this, we formally engage with our vendor partners through an annual partnership forum 'Partnership for Progress'.
- **Supply chain:** At every step along our supply chain, we seek to maximise the reuse and recycle of packaging material, while disposing electronic waste through authorised agencies.
- **Products:** HomeStop, our retail format, promotes and celebrates sustainability through its organic, recyclable and environment-friendly offering through 'Back to Earth' homeware products.

- **Customers:** We also have a comprehensive return policy that enables our customers to return products to our stores. On both customer and vendor side, we have an effective mechanism to track stakeholder feedback, Net

Promoter Score (NPS) and Partner Satisfaction Index (PSI) respectively.

### **PRINCIPLE 3: WELLBEING OF EMPLOYEES**

WE NURTURE THE HOLISTIC GROWTH AND DEVELOPMENT OF OUR PEOPLE, OFFERING EQUAL OPPORTUNITY FOR EVERY EMPLOYEE.

Shoppers Stop is constantly striving to foster a healthy work environment that draws its strength from gender as well as cultural diversity. We have framed various standards and practices to support the overall health, safety, and wellbeing of associates and ensure that workplaces are free from discrimination and harassment, with equal opportunity for everyone.

#### **Capability building**

Shoppers Stop strongly believes that true growth lies in developing capacity and ability of every employee to perform their job better bearing in mind the current business environment. Their growth in turn fuels the exemplary and delightful service to the customers. Investing in upskilling and reskilling our people is the key to how the Company continues to respond to the ever-changing retail environment and unprecedented situations like the pandemic.

- **Competency framework:** In a constant pursuit to make development and learning relevant, competencies were strengthened by assessing and training employees on being agile and digital savvy. The new framework that has nine dimensions, is based on the experience gained by internal and external experts, is being used. Agile and digital methods are placed on the same level as existing ones and are used wherever they are appropriate.
- **Staying abreast with customer trends and evolving preferences** is a business imperative for us. It's also pertinent for a new joiner to understand the nuances of Retail and aspects of Fashion & Styling. All our associates were earlier trained through the internationally acclaimed "City and Guilds Organisation". However, with the pandemic setting in, the Company had to revisit its approach. The Company transitioned its approach into a digital one and a blended induction program was created.
  - **Induction course:** All our associates mandatorily undergo induction training, comprising 27.5 hours of blended training immediately after their joining.
- **Internal talent pipeline:** We groom our teams and provide them with an array of learning and professional growth opportunities, which have enabled us to fill more than 60% positions internally.
  - **Front-end associates**
    - **Baby Kangaroo** programme is intended towards our large base of front-end associates, nurturing them as future managers. This comprises a nationwide assessment centre of all front-end associates, who have completed two years with the Company.

- More than 1,200 associates undergo these assessments twice a year. Various scientific tools like online tests, group discussions, role-plays, in-basket exercises and competency interviews are conducted by internal assessors to select the best from the talent pool.

- **Managerial and Supervisory Training (M.A.S.T.) :** Those aspiring to be Department Managers undergo this intensive program. It comprises of Blended training and simulation learning, including sessions with internal as well as external speakers. At the end of the programme, each participant receives a certificate and are relocated to a new store as effective Retail Operations Managers. Despite the pandemic, the Company continued to manage this initiative effectively by converting and delivering it through a blended learning format.

- **Mid-management**

- **Learn Excel Achieve and Perform Programme (L.E.A.P.)** programme is intended towards those aspiring to be Retail Operations Managers. It comprises Blended training and simulation learning, including sessions with internal as well as external speakers. At the end of the programme, each participant receives a certificate and are relocated to a new store as effective Retail Operations Managers.

- **Leadership Excellence Accreditation Development (L.E.A.D.)** programme is mandatory for all the Retail Operations Managers who have cleared the assessment. They undergo a 56-hour training programme, which comprises internal as well as external speakers.

- **Personal Shoppers Training Programme:** In order to provide expert advice and extend the highest level of customised and personalised customer service, the Company selects a section of employees after a thorough set of assessments. This set of employees are referred to as Personal Shoppers. This program is intended to groom and nurture a Personal Shopper. A Personal Shopper needs to demonstrate passion about his/her job, exercise strong Relationship Management and exhibit advanced knowledge in products and trends thus delighting customers with high standards in service. The training hence includes specialised topics, such as body shape analysis and recommendations, personal colour analysis and recommendations, face shape analysis and recommendations, grooming based on body types and personal colouring, responsibilities, telephone etiquette, among others. For this, we have partnered with Times Professional, an award winning professional and vocational learning brand of Times Professional Learning (the education initiative from the Times of India Group, India's largest and most diversified media conglomerate).

The trainers are certified image consultants who also train corporates, beauty pageants and high net worth individuals.

- **Personal Shoppers in Training:-** To create a robust pipeline of Personal Shoppers and in an attempt to identify and nurture associates who could be groomed to become Personal Shoppers, the PSIT program was launched this year. This program focusses on introducing fashion jargons and concepts of styling. The key objective of this program is to also intensify focus on Customer Relationship Management. More than 130 plus PSITs were trained through Blended Training through this program.
- We arrange series of leadership talks, wherein celebrity authors and eminent personalities share their thoughts and ideologies on particular subjects with our associates and relate them to the inherent values at Shoppers Stop. The authors include Mr. Ankur Warikoo, an Internet entrepreneur, motivational speaker and angel investor based in India and Mr Ashwin Sanghi who ranks among India's highest selling English fiction authors.
- **Learning Planet** is one stop, comprehensive online learning platform for all our product and policy trainings as well as for our functional and behavioural initiatives. We acquire young talent and train them in technical, functional or management matters.

• **Digital Dexterity**

The pandemic posed a serious challenge to the entire world and changed the way businesses operated. This change compelled organisations to restructure their businesses and reskill the employees on completely new competencies. As a part of its ongoing Omni Channel journey, Shoppers Stop continued to upskill its employees on the current and future technologies and trained its employees on the newer competency of being Digital Savvy. Programs on understanding the Omni Channel business, technical training on all the new technologies to reach out to the customer virtually and behavioural programs on having an agile mind set were conducted through internal and external speakers.

- **Associate Growth Opportunity Map:** Shoppers Stop is wholeheartedly invested in developing its associates in their chosen streams as well as encourages cross-functional movements with appropriate trainings/ qualifications based on the associate's ambition. While eligibility for promotions and lateral movements has been well defined for several years, we tried to crystallise the entire upward and lateral movement opportunity process into clear and concise opportunity maps – allowing the associate to quickly gauge their eligibility and requirements to move into various roles.

**Prevention of Sexual Harassment (POSH)**

In line with the statutory requirements, each of our units and services office incorporates a POSH Committee to safeguard employees. The POSH Internal Complaints Committee (ICC) attends a two-day certification programme on the procedures and documentation of POSH cases.

On the other hand, employees, including housekeeping, security, and other contractual staff, undergo POSH training. Awareness sessions are conducted through e-learning platforms and classroom training to empower employees across all groups to seek help when needed.

We encourage stakeholders to report their concerns and the POSH Committee takes a detailed review, adopting corrective actions to promptly resolve the same. To maintain anonymity, a dedicated helpline number has been made available wherein direct employees as well as third-party staff members can voice their concerns without disclosing their identity.

**COVID-19 perspective: Employee wellness**

Faced with a pandemic that was characterised by both unfamiliarity and uncertainty, Shoppers Stop was quick to respond through its precautionary measures, stringently followed throughout all its stores and offices. We went the extra mile to meet and exceed the guidelines laid down by WHO, state and central government authorities, to prevent exposure to the virus and ensure the safety of our employees. We have enabled our teams to work remotely, while establishing strict social distancing norms and enforcing mandatory health check-ups for those resuming work. We are sanitising all our spaces periodically and implementing all necessary precautions, so that we can provide a safe environment for both employees and customers.

COVID -19 Status (Apr 2020-Mar 2021)	SSL Employees	Brand Staff/ HK/Security	Grand Total
Total No. of Employees Affected	266	162	428
Total No. of Employees Recovered	264	161	425

**Safety Measures taken by the organisation:**

- 1) Tracing measures for every COVID infected employees at Stores/Service Office reported on daily basis.
- 2) Any associates in contact/having contacted the infected employee are advised by the respective HR Single Point of Contact ("SPOC") to be in self-isolation for 14 days as per the COVID Norms.
- 3) Infected employees are immediately advised by the respective HR SPOC to consult a doctor for proper treatment.

- 4) Employees are advised by the respective HR SPOC to be in quarantine for 14 days on coming in contact with any infected COVID Family members/ Friends/ Relatives.
- 5) Employee has to submit a negative COVID (RT-PCR) report to resume work.
- 6) Stores have been immediately sanitised after a COVID case is reported.
- 7) COVID Antigen/ Antibody test conducted at Services Office for the employees to assess COVID infection probability.
- 8) Expenses for Covid treatment are covered under employee's Medclaim policy.
- 9) Employees can avail max. upto his/her sum assured amount of one's Medclaim amount in case of hospitalisation, and upto ₹7000 in case of Domicile.
- 10) Employee who lost their lives, due to COVID-19 are covered under Life Security Plan of the organisation whereby family members of the deceased employee(s) will be entitled to a sum of amount equal to 3 times the average grade CTC of the employee.
- 11) Daily Dashboard is published with Executive Management for visibility on active cases and measures taken.
- 12) Emergency Committee has been formed to report any Covid infected person at Services Office and Stores.
- 13) COVID-19 Employee Support Team has been formed at regional and central level to provide Covid19 related

medical support for employees and their family members. Help is extended to get access to Medical facilities, Diagnostic Testing and Doctor Consultations. Communication has been shared through Mailers, Trrain Circle App, WhatsApp groups to reach the Employee Support Team with a dedicated email ID - [EmployeeSupport.Covid19@shoppersstop.com](mailto:EmployeeSupport.Covid19@shoppersstop.com).

We are making extensive use of technology and social media platforms to engage and communicate with employees.

In times of crisis such as the one we experienced in 2020, we assessed and contributed to a broader response that embedded our organisation's values, and societal impact with a focus on the well-being of our staff, stakeholders, and the community. We also included strategies for business continuation that also addressed how people can stay psychologically resilient.

It was key for HR to promote a climate of calm while also engaging leadership to respond with timely, accurate, assertive, clear, and consistent communication from all levels of the organisation. In addition, communication needed to be honest, open and as transparent as possible to maintain credibility. The approach had to come from a place of empathy and understanding of the different impacts that situations like these have on people, from the physical to the mental.

Senior leadership often spoke at virtual town-halls, to boost employee morale. Further, during the lockdown, we shared a significant amount of training content with employees via the TRRAIN App as well as our Learning Management System (LMS).

1	Total number of employees	5132		
2	Total number of employees hired on temporary/contractual/casual basis	1375		
3	Number of permanent women employees	1465		
4	Number of permanent employees with disabilities	25		
5	Do you have an employee association that is recognised by management?	No		
6	What percentage of your permanent employees are members of this recognised employee association?	Not Applicable		
7	No. of complaints related to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.			
		<b>Category</b>	<b>No. of complaints received during the year</b>	<b>No. of complaints pending as on end of the financial year</b>
		Child labour/forced labour/involuntary labour	0	0
		Sexual Harassment	16	0
		Discriminatory employment	0	0
8	What percentage of your under mentioned employees were given safety and skill up-gradation training in the last year?	98%		

### **Golden Mirror Awards**

Golden Mirror Awards provide a standard platform of recognition for all our associates across stores and offices. Our award categories try to cover all unique operations and support roles and the parameters are strongly aligned to the associate's goals.

### **Other key highlights**

- Shoppers Stop ELCA was conferred the most Inclusive Workplace Award at TRRAIN Retail Awards 2021 and were felicitated at the virtual TRRAIN Retail Awards ceremony online
- Shoppers Stop won four awards at 'The Customer Fest Show' 2021 in the below categories:
  - Best Integrated Media Campaign
  - Best Use of Voice of Customer
  - Best Contactless Employee to Customer Experience
  - Champion of Champions - Loyalty Program of the Year

### **PRINCIPLE 4: RESPONSIVENESS TO STAKEHOLDERS**

WE RESPECT THE INTERESTS OF AND ARE RESPONSIVE TOWARDS ALL STAKEHOLDERS.

Shoppers Stop has identified its stakeholders and ensures periodic and effective communication with them. Key categories of internal and external stakeholders comprise customers, vendors and suppliers, employees, shareholders, investors, government and regulatory authorities and communities at large. We regularly interact with these stakeholders. We have well-established, adequate grievance redressal systems for customers, employees and shareholders. We disclose all relevant information about our products, business and financial performance and other statutory information on our website and other media communications to ensure effective and continuous stakeholder engagement from time to time.

Special initiatives taken by the Company to engage with the marginalised stakeholders are outlined in Principle 8, as part of Company's CSR initiatives and in CSR Report - the Annexure II to the Directors' Report.

### **PRINCIPLE 5: HUMAN RIGHTS**

WE UPHOLD, PROTECT AND ADVOCATE HUMAN RIGHTS IN EVERY SPHERE OF OUR BUSINESS.

Human rights are a non-negotiable priority for Shoppers Stop. Our Unified Code of Conduct, which extends to all employees, business partners and third-party contractors, clearly articulates our values of promoting utmost respect for human rights. We adhere to all statutes that embody the principles of human rights, such as prevention of child labour, empowerment of women, civil liberties, non-discrimination, etc. We proactively take corrective measures to mitigate any breach in the above-mentioned matters. We did not receive any complaints related to human rights violation during the year under review.

### **PRINCIPLE 6: ENVIRONMENTAL RESPONSIBILITY**

WE RESPECT AND PROTECT THE ENVIRONMENT. WE ARE SENSITIVE TO OPTIMISING OUR RESOURCE FOOTPRINT AND MONITORING OUR BUSINESS ON SUSTAINABILITY PARAMETERS.

Shoppers Stop consistently identifies and assesses potential environmental risks. Our Energy Management Policy applies to all business units, employees and contractors in service to the business of the Company. It is built on the principles of 3R's: Reduce, Reuse and Recycle. We are continuously seeking to optimise energy consumption, reduce operating costs, minimise threats to business continuity and appeal to consumers with sustainable brands; thereby increasing shareholder value.

Our in-house intranet network, Think Green facilitates insightful discussions on environmental issues between employees.

In view of the Stores of the Company being on lease / license, Shoppers Stop has limited right to do improvements in the premises. Shoppers Stop however within the limitations it has with respect to the premises, ensures the fit-out of the stores are done with sustainable material and with minimum carbon foot-print. It at the same times makes every effort to minimise the power consumption and air-conditioning. Some of the green initiatives that we undertook in the year are listed here :

- LED lighting, VFD installations,
- Proposed and planned IOT based automation for the energy optimisation at stores.
- Audited stores for extra fixed load and reduced the Fixed Power Load in Coimbatore store, which resulted in saving of 100 KVA demand load;
- Generated 42,000 renewable electricity units from earlier installed solar plant in one of the store.
- Harvested rainwater @60 KL in one of the store at Hyderabad.
- Revamped and reused, refurbished floor fixtures and used environment-friendly alternatives wherever possible, in line with best-in-class store planning and maintenance practices.

During the year under review, the Company has not received any show cause / legal notice from CPCB or SPCB. The details of our initiatives towards energy conservation during the year under review are shared in Annexure IV of the Directors' Report.

### **PRINCIPLE 7: PUBLIC POLICY ADVOCACY**

WE MEANINGFULLY ENGAGE WITH INDUSTRY BODIES TO ENSURE A CONTINUOUS AND RESPONSIBLE DIALOGUE OVER RELEVANT MATTERS.

Shoppers Stop generally conveys its policy positions through its membership with the Retailers Association of India (RAI). A non-profit entity, RAI acts as effective retailer

voice and works towards overall industry development. We also hold memberships of other industry associations such as the Clothing Manufactures Association of India (CMAI), Confederation of Indian Industry (CII) and Federation of Indian Chambers of Commerce & Industry (FICCI). Internationally, we are a part – and the only Indian member – of Intercontinental Group of Department Stores (IGDS). IGDS is the largest association of department stores the world over.

While we do not have a stated Policy on Advocacy, we actively participate in various seminars, conferences and other forums on industry issues and policy matters that impact the interest of our countless stakeholders.

### **PRINCIPLE 8: INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT**

OUR AIM IS TO MAINTAIN A SYMBIOTIC RELATIONSHIP WITH THE WIDE NETWORK OF CUSTOMERS, BRAND PARTNERS AND EMPLOYEES TO OPTIMISE OUR STRENGTH TO BETTER SERVE THE COMMUNITIES IN WHICH WE OPERATE.

Inclusive growth is critical to enhancing our business resilience. Shoppers Stop's CSR programmes are aimed to address some of the important challenges faced in the areas of employability generation and skilling, development and empowerment, livelihood generation, health, sanitation, environment and sustainable initiatives among others.

We follow a stringent governance process to review each of our CSR initiatives and assess their progress and impact on the community every quarter.

We had approved a CSR Budget of ₹1.05 crores to be spent on a focused program for Women Empowerment through Generating Livelihood and Menstrual Health Awareness & Access, to be run by an NGO, Goonj in partnership with the Company. Out of the budgeted amount, ₹0.30 crores could be spent during the year under review.

Due to the ongoing pandemic related lockdown and related restrictions, the work on the CSR project had to be suspended and could be undertaken only during a very small part of the year under review by the NGO in various parts of the country. The work had to be again suspended in beginning of April, 2021 due to the lockdown pursuant to the second wave of COVID-19. The NGO has confirmed that they would restart once the situation improves and try to complete the project by December, 2021. The Company is working in co-ordination with the NGO.

### **Environment and sustainability**

We collaborated with non-profit organisation, to conduct the #FashionForGood campaign, encouraging individuals to donate their old and unused clothes at any of the Shoppers Stop stores round the year. These were then segregated into two piles: one was donated to those in need and the other was upcycled to be made into shopping jholas, bags and sanitary napkins, among others.

### **Health, water and sanitation**

Our pan-India blood donation drive, "Ayushman Ho" was held on the Foundation Day – October 27, across all stores. This united our associates at the Services Office and across all stores to come forward for the common cause of 'Saving a Life'. A total of 1,866 units of blood was collected on the day.

### **PRINCIPLE 9: ENGAGEMENT WITH CUSTOMERS**

WE AIM TO PROVIDE BEST VALUE IN TERMS OF PRODUCTS AND SERVICES AND ADOPT BEST PROCESSES FOR CUSTOMERS, THEREBY MATCHING GLOBAL STANDARDS OF PERFORMANCE.

We are focused on providing an enhanced shopping experiences to our diverse network of customers, who shop with us through multiple media. To empower them to make their purchase decision, we display all the requisite information on product labels as per the guidelines. We keep our ears to the ground to understand evolving customer needs and collect feedback on their shopping experience through the rollout of our periodic surveys via formal and informal mechanisms. This also helps us to understand consumer satisfaction levels and latest trends.

To reach our young audience, apart from our Shoppers Stop handles on social media, we also launched a specific Shoppers Stop beauty handle on Instagram to educate them through engaging content. The social media channels help us with a two-way dialogue with our customers to help resolve their queries, simplify product return and handle other issues, as well as provide product information and demos to help customers make an informed purchase decision; all within a quick turnaround time of 24-48 hours on a case-to-case basis. Direct unbiased feedback from the customers have gone a long way in upgrading business operational practices.

With an aim to delight our First Citizen members, we proactively celebrate their birthdays, anniversaries and special occasions with them in-store or with prior permission a team goes to their home to celebrate the special occasion. We also invite our loyal members and their families periodically for a 'Meet & Dine' with a member from our Leadership Team. To create memorable experiences for our customers and social media fans, we invite them for an exclusive 'Meet & Greet' sessions with celebrities in-store over a new product, brand, service or store launch.

As on March 31, 2021, there are 5 (online and offline) customer complaints pending, which are being meticulously attended to, to redress the grievances. Further, the Company is defending nineteen ongoing consumer cases as well. There are no cases pending in relation to unfair trade practices, irresponsible advertising and/or anti-competitive behaviour. However, dissatisfied customers of the Company generally file their cases in the consumer protection forums for alleged deficiency in expected level of service by the Company, in the normal course of business, which the Company defends appropriately.

# Independent Auditor's Certificate

## Independent Auditor's Report on compliance with the conditions of Corporate Governance as per provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

The Members of Shoppers Stop Limited  
Umang Tower,  
5th Floor, Mindspace,  
Off Link Road, Malad (West),  
Mumbai - 400 064

1. The Corporate Governance Report prepared by Shoppers Stop Limited (hereinafter the "Company"), contains details as specified in regulations 17 to 27, clauses (b) to (i) and (t) of sub - regulation (2) of regulation 46 and para C, D, and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") ('Applicable criteria') for the year ended March 31, 2021 as required by the Company for annual submission to the Stock exchange.

### Management's Responsibility

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

### Auditor's Responsibility

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to provide a reasonable assurance in the form of an opinion whether, the Company has complied with the conditions of Corporate Governance as specified in the Listing Regulations.
5. We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits

and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

7. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. Summary of procedures performed include:
  - i. Read and understood the information prepared by the Company and included in its Corporate Governance Report;
  - ii. Obtained and verified that the composition of the Board of Directors with respect to executive and non-executive directors has been met throughout the reporting period;
  - iii. Obtained and read the Register of Directors as on March 31, 2021 and verified that at least one independent woman director was on the Board of Directors throughout the year;
  - iv. Obtained and read the minutes of the following committee meetings / other meetings held between April 1, 2020 to March 31, 2021:
    - (a) Board of Directors Meeting;
    - (b) Audit and Risk Management Committee;
    - (c) Annual General Meeting (AGM);
    - (d) Nomination, Remuneration & Corporate Governance Committee ;
    - (e) Stakeholders Relationship Committee ;
    - (f) Corporate Social Responsibility Committee
  - v. Obtained necessary declarations from the directors of the Company.
  - vi. Obtained and read the policy adopted by the Company for related party transactions.
  - vii. Obtained the schedule of related party transactions during the year and balances at the year- end. Obtained and read the minutes of the audit committee meeting where in such related party transactions have been pre-approved prior by the audit committee.
  - viii. Performed necessary inquiries with the management and also obtained necessary specific representations from management.
8. The above-mentioned procedures include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole.



## Opinion

9. Based on the procedures performed by us, as referred in paragraph 7 above, and according to the information and explanations given to us, we are of the opinion that the Company has complied with the conditions of Corporate Governance as specified in the Listing Regulations, as applicable for the year ended March 31, 2021, referred to in paragraph 4 above.

## Other matters and Restriction on Use

10. This report is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.
11. This report is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations with reference to compliance with the relevant regulations of Corporate Governance and

should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

For **SRBC & CO LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 324982E/E300003

**per Vijay Maniar**  
Partner  
Membership Number: 36738  
UDIN: 21036738AAAADO8225

Place of Signature: Mumbai  
Date: May 21, 2021

# Corporate Governance Report

The Board of Directors ("the Board") of Shoppers Stop Limited ("the Company" or "Your Company") present herewith, report on the Corporate Governance for the year ended March 31, 2021 ("FY 2021" or "the year under review"), enumerating the current Corporate Governance systems and processes at the Company, in terms of Regulation 34 read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations"). This report on Corporate Governance is divided into the following parts:

- A. Your Company's philosophy on Code of Corporate Governance;
- B. The Board of Directors;
- C. The Committees of the Board;
- D. Remuneration of Directors;
- E. General Body Meetings & Postal Ballot;
- F. Means of Communication;
- G. General Shareholder information; and
- H. Other Disclosures/ Compliances/ Certifications/ Disclosure from Senior Management

## A. Your Company's philosophy on Code of Corporate Governance

Your Company remains committed to continuously adopt and adhere to the good corporate governance practices, to ensure the ultimate goal of making your Company a value driven organisation. Your Company's philosophy on Corporate Governance is to:

- (i) Ensure adequate control systems to enable the Board to efficiently conduct the business and discharge its responsibilities towards shareholders;
- (ii) Ensure that the decision-making process is fair and transparent;
- (iii) Ensure fullest involvement and commitment of the Management for maximisation of shareholders' value;
- (iv) Imbibe the corporate values in the associates and encourage them in their conduct; and
- (v) Encourage to follow the globally recognised corporate governance practices.

Corporate Governance is witnessing far reaching structural changes, basis the various steps taken by the Government from time to time. Your Company confirms compliance to the Corporate Governance requirements prescribed under the applicable law.

Your Company also believe that good Corporate Governance encompasses not only regulatory and legal requirements. The role of corporate laws, though essential, is only complementary and supplementary, whereas Corporate Governance extends beyond the

realms of such laws. Your Company strives to comply with both the "spirit and letter" of each such law and hence, it makes conscious efforts to institutionalise good practices and believes that it shall go beyond adherence to the regulatory framework, in order to enhance stakeholder's value.

## B. The Board of Directors ("the Board")

An independent and well-informed Board goes a long way in protecting the Stakeholders' interest and simultaneously maximise long-term corporate values. Various Committees of the Board handling specific responsibilities mentioned under the applicable laws empower the functioning of the Board through flow of information amongst each other and by delivering a focused approach and expedient resolution of diverse matters. The Board along with its Committees provides leadership and guidance to the Senior Management with a strategic direction and thrust to the operations of the Company.

Your Company has an appropriate blend of Directors to maintain its diversity and independence and has a strong Board with optimum combination of Non-Executive Directors, Non-Executive Independent Directors including a Woman Director and an Executive Director. The Company has a Non-Executive Chairman and number of Independent directors are more than half of the total strength of Board of Directors. The day to day management of the Company is entrusted with the senior management personnel and is headed by Managing Director & Chief Executive Officer, functioning under the overall supervision, direction and control of the Board.

The composition of the Board, during the year under review, was in conformity with the provisions of the Act, as amended and the Listing Regulations.

The key decisions are taken after detailed deliberations and discussions by the Board and is ensured that the relevant information prescribed to be provided, under the Listing Regulations, is presented to the Board. The Board of Directors of the Company on a quarterly basis, reviews the compliance reports pertaining to the laws applicable to the Company.

In terms of the provisions of Section 184 of the Act and Regulation 26 of the Listing Regulations, the Directors present necessary disclosures regarding the positions held by them on the Board and/or Committees of other public and/or private companies, from time to time. On basis of such disclosures, it is confirmed that as on the date of this Report, none of the Directors of your Company:

- a) hold directorship in more than 20 (twenty) companies, including 10 (ten) public companies (of which not more than 6 are listed companies); and

- b) hold membership of more than 10 (ten) and act as chairman/ chairperson of more than 5 (five) Committees (considering only Audit Committee and / or Stakeholders Relationship Committee) across all public companies (listed or unlisted) in which they are Directors.

All the Independent Directors have confirmed that they meet the criteria of independence as stated under Regulations 16(1)(b) read with Regulation 25(8) of the Listing Regulations and Section 149(6) of the Act. None of the Independent Director of the Company serve as an Independent Director in more than 3 (three) listed companies. Further, there is an Independent Director on the Board of your Company, who is Managing Director with another listed Company. The maximum tenure of the Independent Directors is in compliance with the provisions of the Act and the Listing Regulations.

The terms and conditions of the appointment of Independent Directors are hosted on the Company's website. Based on the confirmation / declaration as above from the Independent Directors, your Board has formed an opinion that the Independent Directors of your Company fulfil the conditions specified in the Act and the Listing Regulations and are independent of the Management of the Company.

• **Key Board skills, expertise and competencies**

The Board comprises of competent members who bring in proficiency, skills and competencies in the business in which Company operates. The Board has identified the following skill set with reference to its business and retail sector and which are required for and available with the Board. Also, individual director possessing such skills/expertise/competence is appended hereunder.

Particulars of Skills/expertise/competence	Board of Directors along with designation									
	B. S. Nagesh	Ravi C. Raheja	Neel C. Raheja	Venugopal Nair	Deepak Ghaisas	Nirvik Singh	Manish Chokhani	William Kim	Ameera Shah	Robert Bready
	Chairman & Non-Executive Director	Promoter & Non-Executive Director	Promoter & Non-Executive Director	MD & CEO			Independent Directors			
	<b>Expertise</b>									
Finance & Accounting	-	√	√	√	√	-	√	√	-	-
Marketing - digital, Consumer & E commerce	√	-	-	√	√	√	-	√	√	√
Retail & GTM	√	√	√	√	-	-	√	√	√	√
Corporate and strategic planning	√	√	√	√	√	√	√	√	√	√
Entrepreneurship	√	√	√	√	√	-	√	√	√	√
Brand building	√	√	√	√	-	√	√	√	-	√
	<b>Skills</b>									
Specialist knowledge to assist with the ongoing aspects of the business.										
Outstanding in capability with extensive and varied senior commercial experience with strategic capability and track record of achievement.						√				
Entrepreneurial spirit.										
	<b>Competence</b>									
Ability to be independent and capable of lateral thinking.										
Excellent interpersonal, communication and representational skills and established/ demonstrable leadership qualities.						√				

• **Attendance of the Board Members**

During the year under review, the Board met 8 (eight) times i.e. on June 15, 2020, July 10, 2020, August 13, 2020, October 16, 2020, October 30, 2020, November 13, 2020, January 15, 2021 and March 11, 2021. The composition of the Board, the number of directorship, and committee chairmanship/membership held by them in other public companies, attendance at the said Board meetings and at 23rd Annual General Meeting ("AGM") held, during the year under review and their shareholding as on March 31, 2021, are as given below:

Name of Directors	DIN	Category	Attendance particulars		No. of Directorships & Committee Memberships / Chairmanships (Excluding Shoppers Stop Ltd)			No. of Equity Shares of ₹5 each
			Board Meetings	Last AGM held on August 13, 2020	Directorships <sup>1</sup>	Committee Membership <sup>1&amp;2</sup>	Committee Chairmanship <sup>1&amp;2</sup>	
Mr. B. S. Nagesh <sup>3</sup>	00027595	Chairman of the Board & Non-Executive Director	8 of 8	Yes	3	2	0	7,41,855
Mr. Ravi C. Raheja <sup>4</sup>	00028044	Promoter & Non-Executive Director	8 of 8	Yes	5	5	0	24,87,417
Mr. Neel C. Raheja <sup>4</sup>	00029010	Promoter & Non-Executive Director	8 of 8	Yes	5	6	0	24,87,419
Prof. Nitin Sanghavi <sup>5</sup>	00863107	Independent & Non-Executive Director	2 of 2	NA	-	-	-	-
Mr. Deepak Ghaisas <sup>9</sup>	00001811	Independent & Non-Executive Director	8 of 8	Yes	2	2	1	9,874
Mr. Nirvik Singh	01570572	Independent & Non-Executive Director	6 of 8	Yes	0	0	0	0
Mr. Manish Chokhani	00204011	Independent & Non-Executive Director	8 of 8	Yes	3	3	2	0
Mr. Rajiv Suri <sup>6</sup>	08124971	Executive Director (Managing Director & CEO)	3 of 3	Yes	-	-	-	0
Mr. Venugopal Nair <sup>7</sup>	00046163	Executive Director (Managing Director & CEO)	3 of 3	NA	1	0	0	0
Ms. Ameera Shah <sup>9</sup>	00208095	Independent & Non-Executive Director	8 of 8	No	3	4	0	5,160
Mr. Robert Bready	06842835	Independent & Non-Executive Director	5 of 8	No	0	0	0	0
Mr. William Kim <sup>8</sup>	08750326	Independent & Non-Executive Director	4 of 7	Yes	0	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 8 of the Act (u/s 25 of erstwhile Companies Act, 1956) are excluded.
2. As per the Listing Regulations, the Chairmanship and Membership of Audit Committee and Stakeholders Relationship Committee alone are considered.
3. Off the number of equity shares held by Mr. B. S. Nagesh, 18,642 shares are held by him jointly with his relative, as a second holder.
4. Mr. Ravi C. Raheja and Mr. Neel C. Raheja are related to each other as brothers and both are also promoters of the Company. Apart from these two directors, none of Director of the Company are inter-related to each other.
5. Prof. Nitin Sanghavi, retired/ceased to be the Independent Director of the Company from July, 31, 2020.
6. Mr. Rajiv Suri ceased to be the Managing Director & CEO of the Company from August 25, 2020.
7. Mr. Venugopal Nair was appointed as the Managing Director & Chief Executive Officer of the Company from November 06, 2020.
8. Mr. William Kim was appointed an Additional/ Independent Director of the Company from June 15, 2020.
9. All equity shares are held jointly with their relative, as a second holder.

Mr. Neel C. Raheja retires by rotation at the ensuing 24th Annual General Meeting of the Company ("AGM") and being eligible has offered himself for re-appointment. Details thereof form part of the Notice convening the said AGM.

The profiles of the Directors of your Company are available on the Company's corporate website at <https://corporate.shoppersstop.com/corporate/board-of-directors-new.aspx>

Further, your Company in compliance with the applicable provisions of the Companies Act, 2013, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations") read with MCA Circulars and SEBI Circular, has conducted all the Board and Committee meetings through video conferencing/ audio video conferencing mode (VC/OAVM).

### Other directorship details of the Board Members

There are 6 (six) Board members, who are also on the Board of other companies, whose equity shares are listed on Stock Exchanges in India. The details thereof as on March 31, 2021 are, as under:

Name of the Directors	Name of other listed entities in which they hold Directorship	Category of directorship
Mr. B. S. Nagesh	Marico Limited Kaya Limited	Independent & Non-Executive Director
Mr. Ravi C. Raheja	Chalet Hotels Limited Whispering Heights Real Estate Private Limited (NCD listed) K Raheja Corp Investment Managers LLP	Promoter & Non-Executive Director Promoter & Non-Executive Director Designated Partner on governing Board of K Raheja Corp Investment Managers LLP, Manager of Mindspace Business Parks REIT, which got listed on August 7, 2020.
Mr. Neel C. Raheja	Chalet Hotels Limited K Raheja Corp Investment Managers LLP	Promoter & Non-Executive Director Designated Partner on governing Board of K Raheja Corp Investment Managers LLP, Manager of Mindspace Business Parks REIT, which got listed on August 7, 2020.
Mr. Manish Chokhani	Zee Entertainment Enterprises Limited Westlife Development Limited Laxmi Organic Industries Limited	Independent & Non-Executive Director Independent & Non- Executive Director Independent & Non- Executive Director
Ms. Ameera Shah	Kaya Limited Torrent Pharmaceuticals Limited Metropolis Healthcare Limited	Independent & Non-Executive Director Independent & Non-Executive Director Managing Director
Mr. Deepak Ghaisas	K Raheja Corp Investment Managers LLP  Citicorp Finance (India) Ltd (NCD listed)	Chairperson on governing Board of K Raheja Corp Investment Managers LLP, Manager of Mindspace Business Parks REIT, which got listed on August 7, 2020.  Independent & Non-Executive Director

#### • Board meeting process

The Board meets atleast once in every calendar quarter and 4 times in a year with a maximum time gap of not more than 120 (one hundred and twenty) days between two consecutive meetings. Dates for the Board meetings are decided well in advance and communicated to the Directors. Additional Board meetings are held as and when deemed necessary. In case of exigencies or urgency of matters, resolutions may be passed by circulation, for such matters as permitted by law. Such circular resolution(s) are noted at the subsequent Board meeting. The Managing Director and CEO apprise the Board, at its meeting about the overall performance of the Company with presentations on business operations on a regular basis. The members of Senior Management are invited at the Board meetings to provide necessary insights into the performance of the Company and for discussing corporate strategies with the Board members.

In order to support go green initiatives and sustainability, reduce the paper consumption and adopting newer technology, the Company uses a web based digital Board Application for disseminating, inter-alia, the Notices, agenda papers, relevant background papers, circular resolutions, minutes for Board and Committee meetings. The Directors can access them for the Board and Committee meetings through iPad/ web. In the exceptional circumstances, few documents are tabled at the Meeting, with the approval of the Board of Directors.

#### • Separate meeting of the Independent Directors

During the year under review, the Independent Directors met once on June 15, 2020, without the presence of Non-Independent Directors and Management representatives, inter-alia, to discuss the performance of Non-Independent Directors, the Chairman of the Board and the Board as a whole and assess the quality, quantity and timeliness of flow of information between the Management of the Company and the Board, that is necessary for the Board to effectively and reasonably perform its duties. All the Independent Directors were present at the said meeting.

#### • Familiarisation programme

Your Company has designed a familiarisation programme for its Independent Directors which also extends to other Non-Executive Directors of the Company. The said programme is imparted at the time of appointment on the Board, vide periodic Board and Committee meets and as and when required, from time to time. It aims to provide insights into the Company to enable them to understand the nature of the retail industry, business model in depth, functionalities, processes and policies of the Company etc., and also seeks to update them on their roles, responsibilities, rights and duties as a Director under the Act, the Listing Regulations and other applicable statutes. On appointment, the concerned Independent Director is issued letter of appointment setting out in detail, the terms of appointment, duties, responsibilities and

expected commitments. He/she is also taken through a formal induction program by the Managing Director & CEO of the Company.

The Presentations are regularly made to the Board, Audit and Risk Management Committee and Nomination, Remuneration & Corporate Governance Committee on various relevant matters, where Directors interact with the respective senior management officials. These Presentations, inter-alia, include Company's strategy, business model, operations, markets, products, financial matters including performance, risk management framework, annual budget and control process and such other areas as may arise, from time to time. Besides these the Independent Directors and Company's senior management officials interact as well, with each other to get insight on the business developments, regulatory changes, competition, strategy, etc. Pursuant to Regulation 46 of the Listing Regulations, the details of the familiarisation programme imparted to the Directors are available on the Company's corporate website at <https://corporate.shoppersstop.com/Investors/Training.aspx>.

### C. The Committees of the Board ("the Committees")

The Committees plays a crucial role in the overall management of day to day affairs and the governance structure of the Company. They have been constituted to deal with specific areas and activities which concern the Company and require a closer review. The Committees comprise of a combination of Executive, Non-Executive and Independent Directors, as requisite, to discharge various functions, duties and responsibilities cast upon them under the various laws, statutes, rules and regulations applicable to the Company, from time to time. The Board is responsible for constituting, assigning and fixing the terms of reference of the Committees in line with the regulatory requirements. The Committees meets at regular intervals and takes necessary steps to perform the duties entrusted to it by the Board. There is seamless flow of information between the

Board and its committees, as the Committees report their recommendations and opinions to the Board, which in turn supervises the execution of respective responsibilities of the Committees.

The proceedings of the Committee meetings are documented in form of draft minutes and circulated to the Members of the respective Committees for their comments/confirmation. On confirmation, the minutes are signed by the Chairperson of the respective Committees. The Board also takes note of the minutes of the meetings of these Committees. The following statutory Committees have been constituted by the Board and were in force, during the year under review:

1. Audit and Risk Management Committee;
2. Nomination, Remuneration and Corporate Governance Committee;
3. Stakeholders Relationship Committee; and
4. Corporate Social Responsibility Committee.

#### 1. Audit and Risk Management Committee

In line with Regulation 18 read with Part C of Schedule II of the Listing Regulations and Section 177 of the Act and Rules framed thereunder, your Company has constituted the Audit Committee. Further, as required under Regulation 21 of the Listing Regulations as to constitution of Risk Management Committee, the Board has decided and delegated Audit Committee with the responsibility of discharging the responsibility of the Risk Management Committee, and accordingly termed the Committee as the Audit and Risk Management Committee (ARMC).

ARMC comprises of 4(four) Non-Executive Directors, out of which 3 (three) are Independent Directors. All ARMC members are financially literate. ARMC met 5 (five) times via audio video conferencing meeting, during the year under review i.e., on June 15, 2020, August 13, 2020, October 16, 2020, October 30, 2020, and January 15, 2021. The Composition of ARMC along with the details of the meetings held and attended by the members, are as follows:

Name of the Director	Nature of Membership	Designation	No. of meetings attended
Mr. Deepak Ghaisas	Chairman	Independent Director	5 of 5
Mr. Ravi C. Raheja	Member	Non-Executive Director	5 of 5
Prof. Nitin Sanghavi*	Member	Independent Director	1 of 1
Mr. Manish Chokhani**	Member	Independent Director	2 of 2
Mr. William Kim***	Member	Independent Director	1 of 3
Ms. Ameera Shah	Member	Independent Director	4 of 5

\* Prof. Nitin Sanghavi retired/ceased to be an Independent Director w.e.f. July 31, 2020.

\*\*Mr. Manish Chokhani, Independent Director, resigned as the member of the Committee w.e.f. August 13, 2020.

\*\*\*Mr. William Kim, Independent Director was appointed as the member of the Committee w.e.f. August 13, 2020.

The Managing Director & Chief Executive Officer and Chief Financial Officer are the permanent invitees to ARMC Meetings. The Company Secretary acts as Secretary to the Committee. ARMC invites such other official(s) / executive(s), as it may considers appropriate to be present at the meeting(s). The representatives of the Internal Auditors and Statutory Auditors are also present at ARMC Meetings. The Chairman of ARMC was present at 23rd Annual General Meeting of the Company held on August 13, 2020.

Role / terms of reference of ARMC, inter-alia, articulates its role, responsibility and powers as follows:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
3. Approval of payment to statutory auditors for any other services rendered by them;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Act;
  - changes, if any, in accounting policies and practices and reasons for the same;
  - major accounting entries involving estimates based on the exercise of judgment by management;
  - significant adjustments made in the financial statements arising out of audit findings;
  - compliance with listing and other legal requirements relating to financial statements;
  - disclosure of any related party transactions;
  - modified opinion(s) in the draft audit report;
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
6. Reviewing, with the management, the statement of uses / application of funds;
7. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the Company with Related Parties and granting of omnibus approvals based on the criteria / mechanism thereof approved by the Board, for related party transactions of repetitive nature as well as for unforeseen transactions, in accordance with the Act and the Listing Regulations;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the Company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors of any significant findings and follow up there on;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To review the payment of creditors and dividend to shareholders and ensure that commitments are adhered to;
18. To review the functioning of the whistle blower mechanism;
19. Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;
20. Reviewing the utilisation of loans and/ or advances from/investment by the Company in the subsidiaries, in terms of the Listing Regulations;
21. To undertake specific duties as may be prescribed under the Act, the Listing Regulations, other applicable laws and/or carrying out any other function as may be decided and delegated by the Board of Directors;

22. To formulate a detailed risk management policy which shall include:
  - a framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee;
  - measures for risk mitigation including systems and processes for internal control of identified risks;
  - business continuity plan;
23. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
24. To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
25. To periodically review w.e.f. May 21, 2021, the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
26. To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
27. The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.

**2. Nomination, Remuneration & Corporate Governance Committee (NRCGC)**

The composition and role of NRCGC are in line with the Regulation 19 read with Part D of Schedule II of the Listing Regulations, Section 178 of the Act and Rules framed thereunder. NRCGC comprise of 4 (four) Non-Executive Directors with 3 (three) being Independent Directors. NRCGC met 6 (six) times, via audio video conferencing meeting, during the year under review i.e. on June 15, 2020, July 10, 2020, August 13, 2020, October 16, 2020, October 30, 2020, and January 15, 2021. The Composition of NRCGC with the details of the meetings held and attended by the members, are as follows:

Name of the Director	Nature of Membership	Designation	No. of meetings attended
Mr. Nirvik Singh	Chairman	Independent Director	6 of 6
Prof. Nitin Sanghavi*	Member	Independent Director	2 of 2
Mr. Neel C. Raheja	Member	Non-Executive Director	6 of 6
Mr. William Kim**	Member	Independent Director	1 of 3
Ms. Ameera Shah	Member	Independent Director	6 of 6

\* Prof. Nitin Sanghavi retired/ceased to the Independent director and member of the Committee w.e.f. July 31, 2020.

\*\*Mr. William Kim was appointed as the member of the Committee w.e.f. August 13, 2020.

The Managing Director and Chief Executive Officer is the permanent invitee to NRCGC Meetings. The Chief Human Resource Officer of the Company acts as Secretary to NRCGC.

Role / terms of reference of NRCGC, inter-alia, articulates its role, responsibility and powers as follows:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and senior management i.e. the officers/personnel of the Company who are members of its core management team excluding Board of Directors comprising all members of management one level below the chief executive officer/managing director/whole time director (including chief executive officer, in case he is not part of the board) and shall specifically include company secretary and chief financial officer.
2. In formulating the aforesaid policy, following needs to be considered:
  - a) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully;
  - b) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
  - c) Remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.
3. Formulation of the criteria for evaluation of performance of independent directors and the board of directors;



4. Devising a policy on diversity of board of directors;
5. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal and shall specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance;
6. To determine and recommend to the board of directors extension or continuation of the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
7. Recommend to the board of directors, all remuneration, in whatever form, payable to the Directors and Senior Management;
8. Grant of Employee Stock Options to eligible employees and allotment of equity shares on account of exercise of vested ESOPs and to attend incidental and ancillary matter thereto from time to time;
9. To undertake specific duties as may be prescribed by the Act, the Listings Regulations other applicable laws and or as may be prescribed by the Board of Directors of the Company, from time to time.

NRCGC acts as the Compensation Committee for the purpose of administration and superintendence of Shoppers Stop Employee Stock Option Scheme - 2008 and Shoppers Stop Employee Stock Option Scheme - 2020, both implemented in accordance with the SEBI (Share Based Employee Benefits) Regulations, 2014.

### 3. Stakeholders' Grievance Committee / Stakeholders Relationship Committee (SRC)

In line with the Regulation 20 read with Part D of Schedule II of the Listing Regulations and Section 178 of the Act, your Company has constituted SRC. The Company Secretary & Compliance Officer of the Company acts as the secretary to SRC.

SRC comprises of 4 (four) Non-Executive Directors with 1 (one) being an Independent Director. SRC met once via audio video conferencing meeting, during the year under review i.e. on January 15, 2021. The Composition of SRC along with the details of the meeting held and attended by the members, are as follows:

Name of the Director	Nature of Membership	Designation	No. of meetings attended
Mr. Ravi C. Raheja	Chairman	Non-Executive Director	1 of 1
Mr. Neel C. Raheja	Member	Non-Executive Director	1 of 1
Mr. B. S. Nagesh	Member	Non-Executive Director	1 of 1
Mr. Deepak Ghaisas	Member	Independent Director	1 of 1

The Chairman of SRC was present at 23rd Annual General Meeting of the Company held on August 13, 2020. There was no change in the composition of SRC, during the year under review.

The primary objective of SRC is to specifically look into various aspects of interest of the shareholders, debenture holders and other security holders. Role / terms of reference of SRC, inter-alia, include:

1. Resolving the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.;
2. Review of measures taken for effective exercise of voting rights by shareholders;
3. Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent;
4. Review of the various measures and initiatives taken by the Company for reducing the

quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company;

5. To undertake specific duties as may be prescribed by the Act and the Listing Regulations other applicable laws and/or carrying out any other function as may be decided and delegated by the Board of Directors.

#### • Report of Investor complaints and certifications

During the year under review, apart from the complaints received with respect to the Right Issue, your Company received 1 (one) complaint, which was attended and resolved to the satisfaction of the shareholders. No grievances were pending at the end of the year. The Company has not received any complaint during the year under review from SEBI - SCORES, a web based centralised grievance redressal system of SEBI.

The Company and RTA had received 309 complaint with regards to the Right Issue carried out during the year under review. All the complaints with regards to the right issue were resolved to the satisfaction of the shareholders except for the complaint of one investor

(the complaint is closed by National Stock Exchange, where the complaint was filed). No complaints are pending at the end of the year.

Pursuant to Regulation 40 of the Listing Regulations, your Company obtained half-yearly compliance certificate, from a Company Secretary in Practice confirming issue of certificates for transfer, sub-division, consolidation etc., if any, within prescribed time limit and submit a copy thereof to the Stock Exchanges. No request for transfer and dematerialisation were received and pending for approval as on March 31, 2021. Further, the compliance certificate under Regulation 7 of the Listing Regulations confirming that all activities in relation to both physical

and electronic share transfer facility are maintained by Registrar and Transfer Agent is also submitted to the Stock Exchanges, on a half yearly basis.

#### 4. **Corporate Social Responsibility Committee (CSRC)**

In accordance with the provisions of Section 135 of the Act, and rules framed thereunder, the Board has constituted CSRC.

CSRC comprises of 3 (three) Non-Executive Directors out of which 2(two) are Independent Directors. During the year under review CSRC met 1 (one) time via audio video conferencing, i.e. on October 16, 2020. The Composition of CSRC along with the details of the meetings held and attended by the members, are as follows:

Name of the Director	Nature of Membership	Designation	No. of meetings attended
Mr. Ravi C. Raheja	Chairman	Non-Executive Director	1 of 1
Mr. Rajiv Suri*	Member	Executive Director	NA
Mr. Robert Bready	Member	Independent Director	1 of 1
Mr. Manish Chokhani**	Member	Independent Director	1 of 1

\* Mr. Rajiv Suri resigned as the member of the committee w.e.f. August 13, 2020.

\*\* Mr. Manish Chokhani, Independent director of the Company, was appointed as the member of the CSRC w.e.f August 13, 2020.

#### **Policy on Corporate Social Responsibility (CSR)**

In terms of the applicable provisions of the Act and the rules framed thereunder, the Board of Directors of your Company has framed and adopted a policy on CSR, which, inter-alia, regulates and monitor, your Company's CSR budget, activities / projects / initiatives and contributions thereof, from time to time. The salient features of the said Policy is outlined hereunder. The policy is also available on the Company's corporate website at <https://corporate.shoppersstop.com/Investors/Policies.aspx>.

##### **Salient features of the CSR Policy:**

- CSR philosophy and objective;
- Projects for / initiatives towards CSR contributions;
- Governance and responsibility: Management, CSR Committee and at Board level; and
- Mechanisms over CSR budget and expenditure.

#### **D. Remuneration of Directors**

- **Policy on Nomination, Remuneration, Board Diversity, Evaluation and Succession**

In terms of applicable provisions of the Act and the Listing Regulations, the Board of Directors of your Company has framed and adopted a policy on appointment and remuneration of Directors, Key Managerial Personnel (KMP) and Senior Management Personnel (SMP) of the Company, which, inter-alia, includes Board Diversity, process of performance evaluation of Directors, KMPs, and SMPs of the Company, criteria for

determining qualifications, positive attributes, independence of a Director and other related matters. The remuneration paid to Directors, KMPs and SMPs of the Company are as per the terms laid down in this Policy. The salient features of the said Policy is outlined hereunder. The policy is also available on the Company's corporate website at <https://corporate.shoppersstop.com/Investors/Policies.aspx>.

##### **Salient features of the Policy:**

- Selection, appointment and removal of Directors, Key Managerial Personnel and employees in Senior Management;
- Remuneration to the Directors, Key Managerial Personnel and employees in Senior Management;
- Board Diversity; and
- Formulation of criteria for evaluation of individual Directors, Chairperson of the Board, the Board as a whole, the Committees of the Board and the employees in Senior Management.

- **Criteria for making payment of Commission to Non-Executive Directors**

NRCGC and the Board had decided that the criteria for payment of commission to Non-Executive Directors would be on the basis of collective performance of both self and the Company and not only on individual performance basis.

However, the Chairman of ARMC & Chairman of NRCGC would be paid an additional amount as commission, for the year under review.

NRCGC opined and Board has approved that those Independent Directors, who possess the requisite qualification and impart training / advisory services to the senior management of the Company, would be compensated with professional fees, the services rendered by them being of a professional nature. Non-Executive Directors are not entitled to any stock options of the Company.

The NRCGC opined and the Board has proposed for approval by Members at the 24th Annual General Meeting of the Company to be held on July 29, 2021, the payment of remuneration to the Non-Executive Directors of a sum not exceeding 1% of the net profits of the Company for each year for the three years commencing from Financial Year 2020-21; and further that in case in any year where there are in-adequate profits or no profits, remuneration may be paid within the ceiling as specified in Schedule V - Part II - Section II A of the Act, including any statutory amendments, modifications or re-enactments thereof, as may be made thereto and for the time being in force. Such payment will be in addition to the sitting fees for attending Board/Committee meetings, other permissible reimbursements and services rendered of a professional nature as provided under Section 197(4) of the Act.

- **Remuneration to Non-Executive Directors (NEDs)**

Remuneration payable to NEDs, as under, for the year under review, is subject to the approval of the Shareholders at the ensuing annual general meeting.

Name of Non-Executive Directors	(Amount in ₹ crores)		
	Commission <sup>1</sup>	Sitting Fees <sup>2</sup>	Total
Mr. Ravi C. Raheja	0.030	0.065	0.095
Mr. Neel C. Raheja	0.030	0.070	0.100
Prof. Nitin Sanghavi	-	0.035	0.035
Mr. Deepak Ghaisas	0.060	0.065	0.125
Mr. Nirvik Singh	0.060	0.070	0.130
Mr. Manish Chokhani	0.030	0.060	0.090
Ms. Ameera Shah	0.030	0.080	0.110
Mr. Robert Bready	0.030	0.030	0.060
Mr. B. S. Nagesh	0.030	0.050	0.080
Mr. William Kim	0.030	0.030	0.060
<b>Total</b>	<b>0.330</b>	<b>0.555</b>	<b>0.885</b>

**Notes:**

1. The Commission to Non-Executive Directors will be paid after the financial statements are approved by the Members at the ensuing 24th

Annual General Meeting, scheduled to be held on July 29, 2021.

2. A sitting fees of ₹1 lac is paid to the Directors for attending each meeting of the Board, ₹0.50 lac for attending each meeting of the Audit & Risk Management Committee and the Nomination, Remuneration & Corporate Governance Committee and ₹0.25 lac for attending each meeting of the Corporate Social Responsibility Committee. There is no sitting fees payable for attending the meeting(s) of Stakeholders Relationship Committee. The sitting fees paid to the Non-Executive Directors is excluded whilst calculating the limits of remuneration in accordance with Section 197 of the Act.
3. As per the Management decision no directors were paid any sitting fees during the period October 16, 2020 till January 14, 2021.

- **Pecuniary relationship with the Non-Executive Directors**

There is no pecuniary or business relationship between the Non-Executive/Independent Directors and the Company, except for the sitting fees for attending meetings of the Board / Committees thereof and commission payable to them.

- **Remuneration and ESOPs to the Managing Director & CEO of the Company**

Particulars	(Amount in ₹ crores)	
	Mr. Rajiv Suri*	Mr. Venugopal Nair**
Salary	1.71	1.17
Perquisites	0.03	0.10
Share Based Payment	-	0.06
<b>Total</b>	<b>1.74</b>	<b>1.33</b>
Number of stock options granted***	-	41,436

\* Mr. Rajiv Suri, resigned/ceased to be the Managing Director & CEO with effect from August 25, 2020. The Remuneration provided is from beginning of the year i.e. April 01, 2020 till date of resignation i.e. August 25, 2020. The ESOP's granted to Mr. Rajiv Suri, which have not yet vested or which had vested and not yet exercised, have lapsed.

\*\*Mr. Venugopal Nair was appointed as Managing Director & CEO w.e.f. November 06, 2020. The Remuneration provided is from date of joining till end of the financial year i.e. March 31, 2021 and is subject to approval of shareholders at the ensuing annual general meeting.

\*\*\*ESOP includes ESOP granted under the Employee Stock Option Scheme 2008 - XXI on January 15, 2021 at ₹181 per stock option, and subject to the terms of the Scheme, 20,718 ESOPs shall be time based and vest on January 15, 2022 and the balance 20,718 ESOPs shall vest based on achievement of agreed KPI's, equally on January 15, 2022 and June 15, 2022. The same may be exercised within 2 years from the date of vesting.

- **Service Contract, Severance Fees and Notice Period:**

Mr. Rajiv Suri was appointed as a Managing Director & CEO of the Company for a period of 3 years w.e.f. June 8, 2018, by the Board and Members of the Company at their meetings held on June 8, 2018 and July 27, 2018, respectively. Pursuant to his resignation, he ceased to be the Managing Director & CEO with effect from August 25, 2020. Mr. Venugopal Nair was appointed as a Managing Director & CEO of the Company for a period of 3 years w.e.f. November 6, 2020, by the Board of the Company.

The Ministry of Corporate Affairs, Government of India, has duly approved their appointment under clause (e) Part I of Schedule V of the Act. There is no separate provision for payment of any severance fees to the Managing Director. There is a notice period of 3 (three) months and 6 (six) months from either side for Mr. Rajiv Suri and Mr. Venugopal Nair respectively.

- **Board Evaluation**

In compliance with the relevant provisions of the Act read with the Rules made thereunder, the Listing Regulations and the Policy made in this regard, your Company has devised a framework for performance evaluation of the Board as a whole, its specified statutory Committees, the Chairman of the Board and the individual directors.

For the year under review, the Board carried out the performance evaluation of the Board as a whole, its specified statutory Committees, the Chairman of the Board and the individual directors. The exercise was carried out through a structured questionnaire covering various aspects, as under:

- **For evaluation of Board as a whole:** Evaluation of functioning of the Board based on board composition, its functions viz: guidance on corporate strategy, budgets, investor grievances, effectiveness of governance practices, CSR initiatives, risk management etc., its relationship with the Management and board meetings and procedures.

- **For evaluation of Committees of the Board:**

Evaluation of functioning of the Committees based on its composition, adherence to its terms of reference, participation at the meetings, independence of the Committee, its recommendations to the Board and Committee meetings and procedures.

- **For evaluation of individual director including independent directors:**

Based on their understating and knowledge of the Company, commitment to Board and concerned committee(s), adherence to code of conduct, possession of sufficient skills, expertise etc., demonstration of level of integrity etc. and additionally, for independent directors, fulfilment of the independence criteria as specified in the Act and the SEBI Regulations, their independence from the Management, adherence to code of conduct for them etc.

- **For evaluation of Chairman of the Board:**

Based on his effective connect with MD & CEO / CFO and other senior management, efficient and effective leadership, encouragement on active participation and sharing of opinion by other Board members, demonstration of high-test level of integrity etc.

The Board of Directors expressed their satisfaction towards the process followed by the Company for performance evaluation of the Directors, Board as a whole, its Committees and the Chairman of the Board.

**Outcome of the evaluation**

The Board of your Company was satisfied with the functioning of the Board and its Committees. The Committees are functioning well and besides the Committee's terms of reference, as mandated by law and important issues are brought up and discussed in the Committee meetings. The Board was also satisfied with the contribution of directors, in their respective capacities, which reflects the overall engagement of the individual directors.

## E. General Body Meetings & Postal Ballot

- Details of the past three Annual General Meetings, are as under:

AGM for Financial Year ended	Date & Time	Nature of special resolution(s) passed	Venue
2019-2020	August 13, 2020 at 4:00 p.m.	NIL	In compliance with the applicable provisions of the Act, and the Listing Regulations read with MCA Circulars and SEBI Circular, the 23rd AGM of the Company was convened as an e-AGM.
2018-2019	July 30, 2019 at 3:30 p.m.	Re-appointment of Mr. Nirvik Singh, Mr. Deepak Ghaisas, Prof Nitin Sanghavi and Mr. Manish Chokhani, for their second term as an Independent Directors of the Company.	Boundary Hall, First Floor, MCA Recreation Centre, RG-2, G-Block, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051
2017-2018	July 27, 2018 at 3:30 p.m.	Appointment of Mr. Rajiv Suri as the Managing Director & CEO of the Company.	

- Details of special resolutions passed by postal ballot during the year under review:

During the year under review, the Company has conducted Postal Ballot process (including e-voting), for obtaining the approval of members of the Company for below mentioned Special Resolution, prescribed under Section 108 and 110 of the Act, read with the Companies (Management and Administration) Rules, 2014, as amended from time to time, and other applicable provisions, if any of the Act, as per details below:

Postal Ballot during Financial Year ended	Date & Time	Nature of resolution(s) passed
2020-2021	December 03, 2020	Approval of 'Shoppers Stop Limited Employee Stock Option Plan 2020'

The Company had appointed Mr. Kaushal Dalal of Kaushal Dalal & Associates, Practicing Company Secretaries, as Scrutiniser for conducting the Postal Ballot / e-voting process in a fair and transparent manner. All postal ballot forms received upto December 3, 2020 and e-votes received upto 5.00 p.m. on the said date were considered for scrutiny. Envelopes/e-votes received after this date were not considered for scrutiny. The results of the Postal Ballot were announced on December 4, 2020 declaring that the special resolution set out in the Postal Ballot Notice was duly passed by the Members of the Company, with requisite majority. The details of the results are as under

Item no.	Brief particulars of business transacted	No. of Votes in favour	% of Votes in favour	No. of Votes against	% of Votes against	No. of invalid votes
1.	Special Resolution - Approval of 'Shoppers Stop Limited Employee Stock Option Plan 2020'.	6,96,99,932	99.87	89,544	0.13	12,58,607

Further, none of the business proposed to be transacted at the ensuing Annual General Meeting requires passing of special resolution through Postal Ballot.

## F. Means of Communication

- The quarterly and annual financial results for the Company and consolidated financial results for the subsidiaries are published in newspapers within 48 hours of the Board Meeting, generally in Free Press Journal and Navshakti and the same are also posted on the Company's website immediately.

However, in adherence to the relaxation granted by the Securities and Exchange Board of India (SEBI) vide its Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 regarding exemption from publication of advertisements in newspapers as required under Regulation 47 of the Listing Regulations, for all events scheduled till June

30, 2020, the Company decided not to publish the extract of the Financial Results in the newspapers for the Quarter ended June 30, 2020.

At the end of each quarter, the Company arranges a conference call with the analysts in order to clarify their doubts and queries as regards quarterly financial performance. The transcript thereof is posted on the Company's website. Presentations made to institutional investors/analysts are also displayed on the Company's website.

- The Quarterly and annual financial Results, Shareholding Pattern and all other corporate communication to the Stock Exchanges are filed

through NSE Electronic Application Processing System (NEAPS) and BSE Listing Centre, for dissemination on their respective websites. The same is also published on the Company's website. The Company interacts on a regular basis with stakeholders through announcements, investor meetings, investor calls, annual report, results, press releases, media interactions, interviews and the Company's website. Operational updates are also posted on social media, such as LinkedIn and Facebook from time to time.

- In line with the "Green Initiative" undertaken by the Ministry of Corporate Affairs, the Company will be sending this year's Annual Report (including subsequent notices and communications, as permissible) to the shareholders who have registered their email address with the Company/ Depository. The Annual Reports of the Company are also available in the Investor Relations section of the Company's website.

## G. General Shareholders Information

**Annual General Meeting :** Thursday, July 29, 2021 at 4.00 p.m. through Video Conferencing/ Other Audio- Visual Means facility

**Date of Book Closure :** Saturday, July 24, 2021 to Thursday, July 29, 2021 (both days inclusive)

**Financial Calendar :** April 1, 2020 to March 31, 2021

### Listing on the Stock Exchanges:

BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 Stock Code : 532638	National Stock Exchange of India Limited Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051. Symbol : SHOPERSTOP
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The requisite Listing Fees for the Financial Year 2021-22 has been paid to both the above Stock Exchanges where the equity shares of the Company are listed.

### • **Transfer of Unclaimed Dividend to Investor Education and Protection Fund (IEPF)**

Section 124 of the Act, read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("the Rules") stipulates transfer of dividend that has remained unclaimed for a period of seven years, from the unpaid dividend account to the Investor Education and Protection Fund

(IEPF). Further, the Rules also stipulate transfer of shares in respect whereof the dividend has not been paid or claimed for a period of seven consecutive years or more to the demat account of the IEPF Authority.

Accordingly, during FY 2021, your Company, has transferred unpaid & unclaimed dividend declared for the Financial Year 2012-13 to IEPF. The details of future transfer to IEPF Authority of unclaimed / unpaid dividends and the corresponding shares, is available on the Company's corporate website at <https://corporate.shoppersstop.com/Investors/UnclaimedDividendN.aspx>

### • **Transfer of shares to IEPF**

Pursuant to the provisions of the Act, read with the Rules, the Company is required to transfer equity shares in respect of which dividends have not been claimed for a period of seven consecutive years to IEPF. Accordingly, your Company transferred 12 Equity shares to the demat account of IEPF Authority, during FY 2021. The details of these shares are available on the corporate website under "Investors Section" at <https://corporate.shoppersstop.com/Investors/UnclaimedDividendN.aspx>.

Members may note that both unclaimed dividend and corresponding shares transferred to IEPF including all benefits accruing thereon, if any, can be claimed back from IEPF in accordance with the procedure prescribed in the Rules. No claim shall lie in respect thereof with the Company.

### • **Demat suspense account for unclaimed shares**

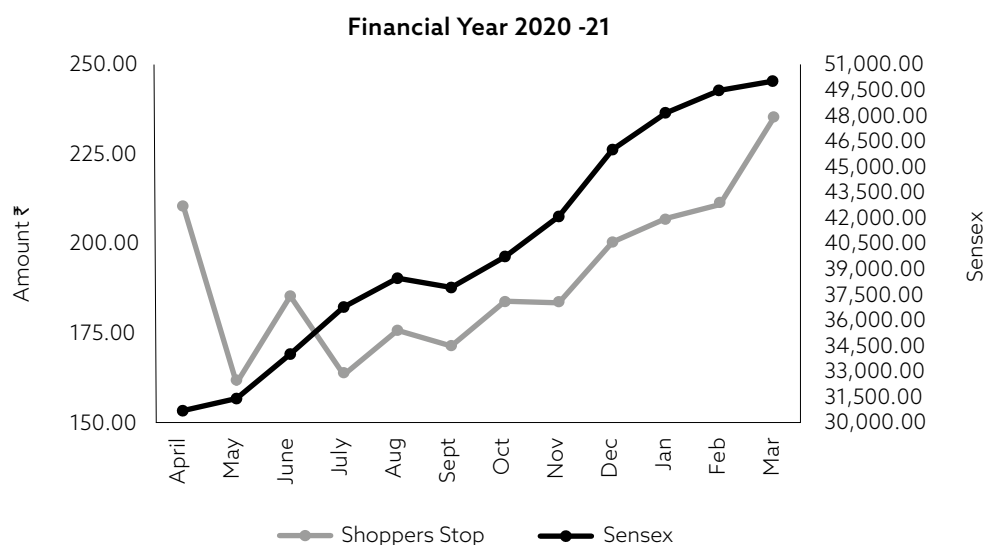
There are 2 shareholders, holding 100 equity shares of ₹5 each (post sub-division) allotted in Initial Public Offering of 2005, lying in the escrow account due to non-availability of their correct particulars. Despite various reminders to them by KFin Technologies Private Limited, Registrar and Share Transfer Agent of the Company, no response has been received. As a result, the said unclaimed shares continue to be 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 the Company's Demat Suspense Account to their individual Demat Account. During the year under review no such shareholders have approached the Company and consequently, no equity shares were transferred from the Suspense account to any of the shareholders account. The voting rights on these shares continue to remain frozen till the rightful shareholder claims such shares.

## Stock Market Data for the period - April 1, 2020 to March 31, 2021

Share price performance in comparison on BSE Limited:

Month (Financial Year 2020-21)	BSE		Sensex		No. of Shares transacted
	High (₹)	Low (₹)	High	Low	
April	238.95	183.05	33,887.25	27,500.79	24,869
May	190.60	131.35	32,845.48	29,968.45	1,10,973
June	226.65	144.00	35,706.55	32,348.10	7,95,761
July	179.10	147.50	38,617.03	34,927.20	3,61,646
August	199.00	152.50	40,010.17	36,911.23	23,48,168
September	185.70	157.10	39,359.51	36,495.98	1,95,020
October	197.85	169.85	41,048.05	38,410.20	3,48,432
November	195.00	171.85	44,825.37	39,334.92	3,17,070
December	228.60	172.25	47,896.97	44,118.10	9,17,095
January	221.00	193.05	50,184.01	46,160.46	5,79,971
February	224.70	196.95	52,516.76	46,433.65	3,70,461
March	269.60	200.40	51,821.84	48,236.35	11,97,841

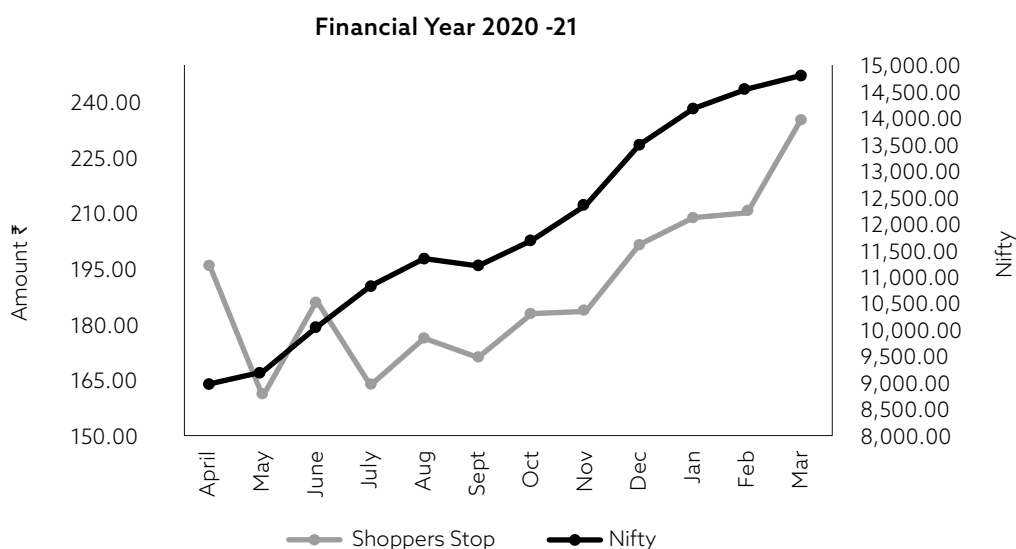
## Shoppers Stop Price Movement Chart - BSE



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

Month (Financial Year 2020-21)	NSE		Nifty		No. of Shares transacted
	High (₹)	Low (₹)	High	Low	
April	210.55	182.00	9,889.05	8,055.80	5,44,302
May	190.00	131.00	9,598.85	8,806.75	29,17,644
June	226.60	146.00	10,553.15	9,544.35	1,01,36,694
July	179.00	148.00	11,341.40	10,299.60	29,34,208
August	199.00	153.50	11,794.25	10,882.25	1,04,85,539
September	185.90	156.15	11,618.10	10,790.20	28,04,192
October	197.80	168.00	12,025.45	11,347.05	43,56,948
November	195.40	171.50	13,145.85	11,557.40	31,13,523
December	229.00	174.05	14,024.85	12,962.80	94,97,102
January	225.00	192.60	14,753.55	13,596.75	58,83,574
February	223.20	196.95	15,431.75	13,661.75	41,50,530
March	269.95	200.50	15,336.30	14,264.40	1,51,69,418

## Shoppers Stop Price Movement Chart - NSE



### Shareholding Pattern:

Distribution of Shareholding as on March 31, 2021 and March 31, 2020:

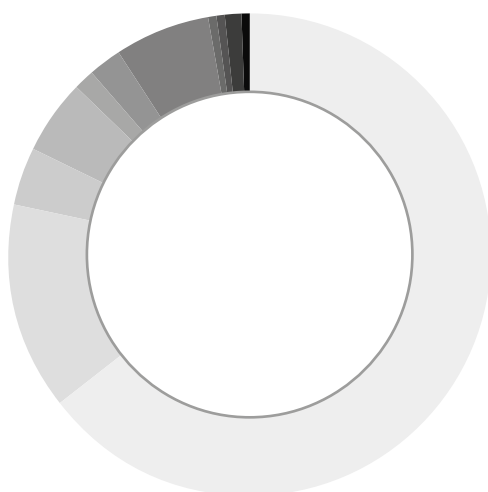
Shareholding of Nominal Value	As on March 31, 2021				As on March 31, 2020			
	Shareholders				Shareholders			
	₹	Number of shareholders	%	₹	%	Number of shareholders	%	₹
Upto 5000	30,327	97.76	1,27,70,955	2.34	16,521	97.07	10,203,605	2.32
5001-10000	308	0.99	22,28,185	0.41	213	1.25	1,473,170	0.33
10001-20000	186	0.60	26,62,665	0.49	117	0.69	1,695,475	0.39
20001-50000	104	0.34	32,08,575	0.59	66	0.39	1,997,665	0.46
50001-100000	34	0.11	25,93,355	0.47	20	0.12	1,650,260	0.38
100001 & above	63	0.20	52,33,30,815	95.71	83	0.49	422,929,465	96.13
<b>Total</b>	<b>31,022</b>	<b>100</b>	<b>54,67,94,550</b>	<b>100.00</b>	<b>17,020</b>	<b>100.00</b>	<b>439,949,640</b>	<b>100.00</b>

The categories of shareholdings as on March 31, 2021 and March 31, 2020:

Category	As on March 31, 2021		As on March 31, 2020	
	No. of Shares Held	%	No. of Shares Held	%
Promoters	7,15,83,725	65.46	56,189,674	63.86
Mutual Funds	1,62,39,554	14.85	13,510,261	15.35
Qualified Institutional Buyer/Insurance Co's	50,58,259	4.63	4,053,216	4.61
Foreign Institutional & Portfolio Investors	62,98,609	5.76	6,125,803	6.96
Alternate Investment Funds	4,98,840	0.46	1,002,046	1.14
Bodies Corporate #	24,10,929	2.20	2,088,910	2.37
Indian Public, HUF & Trust	69,36,529	6.34	4,184,044	4.76
Indian Financial Institution, Bank & NBFC	11,689	0.01	44,496	0.05
Non Residents	1,25,568	0.11	447,947	0.51
Clearing Members (Transit)	1,93,356	0.18	341,691	0.39
IEPF	1,852	0.00	1,840	0.00
<b>Total</b>	<b>10,93,58,910</b>	<b>100.00</b>	<b>87,989,928</b>	<b>100.00</b>



## Shareholding Pattern as on March 31, 2021



- Promoters
- Mutual Funds
- Qualified Institutional Buyer
- Foreign Institutional & Portfolio Investors
- Alternate Investment Funds
- Bodies Corporate
- Indian Public, HUF & Trust
- Indian Financial Institution, Bank & NBFC
- Non Residents (NRI's & NRINR)
- Clearing Members (Transit)
- IEPF

**Share Transfer System:** The Company's equity shares which are in dematerialised form are transferable through the depository system. The ISIN allotted to the equity shares of ₹5 each of the Company is INE498B01024. Equity Shares in physical form are processed by the RTA viz. KFin Technologies Private Limited (Erstwhile Karvy Fintech Private Limited) and approved by the Stakeholders Relationship Committee. During the year under review, the Company has not received any physical share transfer request. The requests received by the Company/RTA for dematerialisation/rematerialisation are disposed-off expeditiously.

**Dematerialisation of Shares & Liquidity:** Equity shares of the Company are compulsorily traded in demat form for all Investors. As on March 31, 2021, entire share capital of the Company except 222 equity shares are being held in the dematerialised mode. The shares of the Company are regularly traded at both the Stock Exchanges where they are listed, which ensures the necessary liquidity to shareholders.

**Outstanding GDRs/ADRs/Warrants:** The Company has not issued any ADR or GDR or warrants or any convertible instruments which has likely impact on equity share capital.

**Commodity price risk or foreign exchange risk and hedging activities:** As of now foreign currency payments for trade imports & service imports are not substantial, it has been decided not to take forward cover for foreign exchange payments. However, we evaluate periodically and assess the requirement in case the forward cover to the policy accordingly.

The Company does not enter into any derivative instruments for trading and speculative purposes.

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

**1. India Ratings & Research Private Limited:**

The rating was affirmed as

- IND A1+ for Commercial Paper of ₹25 crores.
- IND A1+ for Short -Term Debt /Commercial Paper of ₹25 crores.

**2. CARE Ratings Limited:**

The credit rating was changed as follows on September 11, 2020:

- CARE AA-; Stable (Double A Minus; Outlook: Stable) for the long-term bank facilities amounting to ₹369 crores was changed to CARE A+; Negative (Single A Plus; Outlook: Negative).
- CARE A1+ (A One Plus) for the short-term bank facilities amounting to ₹ 38 crores was changed to CARE A1; (A One).
- CARE AA-; Stable (Double A Minus; Outlook: Stable) for Non-Convertible Debenture issue amounting to ₹100 crores was changed to CARE A+; Negative (Single A Plus; Outlook: Negative).

**3. CRISIL Limited:**

- The credit rating for Commercial Paper of ₹100 crores, was changed from CRISIL A1+ to CRISIL A1 on November 2, 2020.

## Shareholders Service Centre & Registrar and Share Transfer Agent:

Mr. Balaji Reddy – Manager, Corporate Registry  
**KFin Technologies Pvt Ltd** (Erstwhile Karvy Fintech Pvt Ltd)  
Selenium, Tower B, Plot 31 & 32, Financial District,  
Nanakramguda, Serilingampally Mandal, Hyderabad,  
Telangana - 500 032.  
Toll Free No: 18003454001  
Email ID : [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) [balaji.reddy@kfintech.com](mailto:balaji.reddy@kfintech.com)  
Web Address: [www.kfintech.com](http://www.kfintech.com)

Mr. Vijay Kumar Gupta – Head Legal, Company Secretary &  
Compliance Officer  
Shoppers Stop Limited  
Umang Tower, 5th Floor,  
MindSpace, Off. Link Road,  
Malad (West), Mumbai - 400 064. India.  
Tel: (022) 4249 7000  
E-mail: [company.secretary@shoppersstop.com](mailto:company.secretary@shoppersstop.com)  
Web Address: [www.shoppersstop.com](http://www.shoppersstop.com)

### Store Locations:

#### Western Region

1. 211-D, S. V. Road, Andheri (W), Mumbai 400 058.
2. Suburbia, Old Bandra Talkies, Linking Road, Bandra (West), Mumbai - 400 050.
3. Inorbit Mall, Link Road, Malad (West), Mumbai - 400 064.
4. Dynamix Mall, Sant Dhyaneswar Marg, JVPD Scheme, Next to Chandan Cinema Hall, Vile Parle (West), Mumbai - 400 049.
5. Elpro City Square Mall, Chinchwad Gaon, Pimpri-Chinchwad, Maharashtra - 411 033.
6. HomeStop, Inorbit Mall, 2nd Floor, Link Road, Malad (West), Mumbai - 400 064.
7. Prozone Mall, Plot Sector - C, Chikalthana Ind. Area, Masantpur, Aurangabad, 431 210.
8. Inorbit Mall, Vashi, Navi Mumbai - 400 705.
9. Seawoods Grand Central, Plot No. - R-1, Sector - 40, Seawoods Railway Station, Navi Mumbai - 400 706
10. Alpha G, Near Vastrapur Lake, Vastrapur, Ahmedabad - 380 054.
11. JK Square, opposite Police Training Centre, situated at Trimbak Road, Nashik - 422 002
12. R City Mall, LBS Marg, Ghatkopar (West), Mumbai - 400 086.
13. Big India Mall, Godbunder Road, Thane West, Maharashtra- 400 607
14. Pacific Mall, Shankar Seth Road, Pune 411 037.
15. Opposite Alankar Talkies, Chainsukh Road, Latur - 413 512.
16. HomeStop, R City, LBS Marg, Ghatkopar (West), Mumbai - 400 086.
17. HomeStop, FP No. 216, TP Scheme -1, Vastrapur, Ahmedabad - 380 054.
18. Metro Junction Mall, Shil Road, Kalyan - 421 306.
19. VR Mall, Near Magdalia Chokdi, Dumas Road, Surat - 395 007.
20. Viviana Mall, Eastern Express Highway, Thane - 400 062.

21. Inorbit Mall, Vadodara, Alembic Road, Subhanpura, Vadodara - 390 003.
22. Seasons Mall, South Magarpatta City, Pune - 411 028.
23. HomeStop, First floor, Seasons Mall, South Magarpatta City, Pune - 411 028.
24. D Y Patil Mall, 2104/15, E Ward, Kavda Naka, Kolhapur - 416 001.
25. Orion Mall, Near Panvel Bus Depot, Panvel - 410206.
26. Unit No. GFN03 & GFS10, West End Mall, Aundh, Taluka Haveli, Pune - 411 007.
27. Mall De Goa, Nova Cidade Complex, Alto Porvorim, Goa - 403 521.

#### Southern Region

1. Garuda Star Mall, Magrath Road, Ashok Nagar, Bengaluru - 560 025.
2. Commerce@Mantri, N.S. Palya, Bannerghatta Road, Bengaluru - 560 076.
3. Mantri Square, Sampige Road, Malleshwaram, Bengaluru - 560 003.
4. Plot No. 1-11-251/1, Alladin Mansion, Begumpet, Hyderabad - 500 016.
5. Harrington Road, Chetpet, Chennai - 600 031.
6. GVK One Mall, Road No. 01, Banjara Hills, Hyderabad - 500 034.
7. Inorbit Mall, APIIC Software Layout, Hitech City, Madhapur, Hyderabad - 500 081.
8. Passenger Terminal Building, Shamshabad Airport, Rangareddy, Hyderabad - 500 409.
9. Hyderabad-Next Galleria-Punjagutta Mall, Punjagutta, Hyderabad.
10. HiLite Mall, Kozhikode Bypass, Kozhikode, Kerala 673 014.
11. Passenger Terminal Building, Bengaluru International Airport, Devanahalli, Bengaluru - 560 300.
12. HomeStop, Raheja Point No. 17/2, Magrath Road, Bengaluru - 560 025.
13. HomeStop, Royal Meenakshi Mall, Bannergetta Road, Bengaluru - 560 076.

14. LEPL Icon Mall, Vijayawada - 520 008.
15. OMR, Gopalan Signature Towers, Opp. RMZ Infinity, Old Madras Road, Bengaluru - 560 096.
16. Mall of Mysore, Indira Nagar Extension, Nazarabad Mohalla, M.G. Road, Mysore - 570 010.
17. HomeStop, Inorbit Mall, Hitech City, Cyberabad, Hyderabad - 500 081.
18. Inorbit Mall - Whitefield, EPIP Area, Whitefield, Bengaluru - 560 066.
19. E-City Mall, Avinash Road, Coimbatore - 641 004.
20. Sarath City Capital Mall, Gachibowli - Miyapur Rd, Whitefields, Hyderabad - 500 084.
21. Orion Mall, Rajajinagar Extension, Malleswaram West, Bangalore 560 055.
22. HomeStop, Phoneix Market City, Velachery, Chennai - 600 042.
23. Palladium Mall, Phoneix Market City, Velachery, Chennai, 600 042.
24. Royal Meenakshi Mall, Opp. Meenakshi Temple, Bannerghatta Road, Bengaluru - 560 076.
25. SRK Destiny, VIP Road, near CBM Compound, Visakhapatnam - 530 016.
26. Soul Space Arena, Outer Ring Road, K R Puram Hubli, Bengaluru - 560 037.

#### **Northern Region**

1. The Metropolitan Mall, Mehrauli-Gurgaon Road, Gurgaon, Haryana - 122 002.
2. Shipra Mall, Shipra Suncity, 9 Vaibhav Khand, Indirapuram, Ghaziabad -201 012.
3. HomeStop, Plot No. A/3, Select City Walk, District Centre, Saket, New Delhi - 110 017.
4. E-City Mall, Opp. Paryatan Bhavan, Gomti Nagar, Lucknow - 226 010.
5. Crown Mall, Chinhat, Faizabad Road, Lucknow - 226 028
6. The Great India Palace, New Okhla Industrial Development Area, Noida - 201 301.
7. Omaxe Connaught Place, Sector Beta II, Great Noida, Gautam Budh Nagar, Noida.
8. Gaur City Mall, C-01B/GH-01 sector-04 Greater Noida West, Greater Noida - 201301
9. Metropolitan Mall, Press Enclave Road, District Centre Saket, Sector II, New Delhi - 110 017.
10. Alpha One Mall, MBM Farms, Sultan Wind, Main G. T. Road, Amritsar - 143 010.
11. Ambience Mall, Nelson Mandela Road, Vasant Kunj, New Delhi - 110 070.
12. DB City Mall, Arera Hills, Bhopal - 462 011.
13. Spaze I, Tech Park, Gurgaon, Spaze Mall, Sohna Road, Gurgaon - 122 002.

14. Rohini, Sector - 10, Adjacent to Rithala Metro Station, Rohini, New Delhi -110 085.
15. R-Cube, Monad, Shivaji Place, Rajouri Garden, New Delhi - 110027.
16. BPK Star Building, Opp. Lig Gurudwara, A.B. Road, Indore - 452 001.
17. HomeStop, 2nd Floor, Fun Republic Mall, Gomti Nagar, Lucknow - 226 010.
18. MBD Neopolis Mall, Civil Lines, BMC Chowk, GT Road, Jalandar - 144 001.
19. World Trade Park, South Block, Malviya Nagar, Jaipur - 302 017.
20. Elante Mall, Industrial Area Phase - 1, Chandigarh - 160 002.
21. OMaxe SRK Mall, Nagala Padi, Agra - 280 002.
22. Tapasya One, Golf Course Road, Sector 53, Gurugram -122 003
23. HomeStop, Elante Mall, Industrial Area Phase - 1, Chandigarh - 160 002.
24. Gaur Central Mall, Rajnagar, Ghaziabad - 201 002.
25. Pavillion Mall, Old Sessions Court Road, Ludhiana - 141 001.
26. Shopprix Mall, Sports Good Complex, Major Dhyanchand Nagar, Hapur By-pass, Meerut - 250 001.
27. IP Sagra Mall, Shastri Nagar, Sagra, Varanasi- 221 002.
28. Man-Upasna Plaza, C-44, Sardar Patel Marg, C-Scheme, Jaipur - 302 001.
29. Unity One Jankpuri, Next to Janakpuri West Metro Station, New Delhi - 110 058.
30. Logix City Centre Mall, Noida City Centre Metro Station, Noida, - 201 301.
31. Terminal 1D, Indira Gandhi International Airport, New Delhi 110 037.

#### **Eastern Region**

1. 10/3, Lala Lajpat Rai Sarani (Elgin Road), Kolkata - 700 020.
2. CityCentre, DC -1, Sector-1, Salt Lake, Kolkata - 700 064.
3. South City Mall, 375, Prince Anwar Shah Road, Kolkata - 700 068.
4. 164/1 Mani Square Mall, Maniktala Main Road, Kolkata-700 054.
5. Junction Mall, Mouza - Faridpur, City Centre, Durgapur - 713 216.
6. City Centre, Siliguri Uttarayan Township, NH-31, Matigara, Siliguri - 734 010.
7. Vidhan Sabha Road, Mowa, Raipur - 492 005.
8. City Center 2, Rajarhat, New Town, Major Arterial Road, Action Area IID, Kolkata - 700 156.

9. Acropolis Mall, Plot No. 1858, Rajdanga Main Road, Near Siemens Corporate Office, Kolkata - 700 107.
10. Nucleus Mall, Circular Road, Opp East Jail Road, Ranchi, Jharkhand - 834 001.
11. Utkal Kanika Galleria, Opp. State Museum, Gautam Nagar, Bhubaneswar - 751 014.
12. City Center Mall, Near Apollo Hospital, GS road, Guwahati - 781 005.

## H. Other Disclosures / Compliances / Certifications Disclosure from Senior Management

### • Related Party Transactions, Conflict of Interest & Material Subsidiaries

The Company has formulated a Related Party Transaction Policy including therein the materiality of related party transaction and determination of material subsidiaries, which is available on the corporate website of the Company at <https://corporate.shoppersstop.com/Investors/Policies.aspx>

During the year under review, all related party transactions were on arm's length basis and in the ordinary course of business. These Related Party Transactions have been approved by the Audit Committee and noted by the Board of Directors. There were no materially significant related party transactions that may have potential conflict with the interests of the Company at large.

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

### • Details of non-compliance on matters relating to Capital Market

Equity shares of the Company are listed and traded on BSE Limited and National Stock Exchange of India Limited w.e.f. May 23, 2005. The Company has complied with the Rules, Regulations and Guidelines prescribed by Securities and Exchange Board of India (SEBI) and Stock Exchange as applicable to the Company, from time to time. During the last three years, there were no penalties or strictures imposed on the Company by the Stock Exchange(s), SEBI and/or any other statutory authorities on matters relating to capital market.

### • Vigil Mechanism / Whistle Blower Policy

The Board's Report gives a detailed report on the

- Risk Management
- Whistle Blower Policy/Vigil Mechanism

### • Website

All the information and disclosures required to be disseminated pursuant to the Listing Regulations and the Act are being posted at Company's corporate website at [www.shoppersstop.com](http://www.shoppersstop.com).

### • Disclosure of commodity price risks and commodity hedging activities

The Company does not deal in commodities and hence disclosure with regard to commodity price risks and commodity hedging activities was not applicable to the Company, for the year under review.

### • Proceeds from preferential allotment or qualified institutions placement

The Company has not raised any amount from preferential allotment or qualified institutional placement, etc., during the year under review.

### • Code of Conduct

The Company is committed to compliance with all laws and regulations that apply to it, with the spirit and intent of high business ethics, honesty and integrity.

In compliance with the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended, from time to time ("the SEBI Regulations"), the Board has formulated its own code termed as 'Shoppers Stop Limited's Insider Trading Code' and 'Code of Fair Disclosure of Unpublished Price Sensitive Information (UPSII)', for Regulating, Monitoring and Reporting Trading by Designated Persons. Further in accordance with the SEBI Regulations, your Company has licensed a software with requisite audit trail and time stamping to ensure non-tampering with it, which is used for multipurpose viz: repository of database of Designated Persons, database of UPSII recipient, tracking of trading and compliance thereof by DPs and their immediate relatives etc.

The Company has adopted the Code of Conduct and Ethics for its Independent Directors. All Independent Directors have confirmed compliance to the said Code.

The Company has adopted the Code of Conduct for its Board members and senior management personnel of the Company. This Code is posted on the website of the Company. All Board members and senior management personnel have confirmed compliance to the Code of Conduct. A declaration to this effect, duly signed by the Managing Director and CEO of the Company forms part of this Annual Report.

The above codes are also displayed on the Company's website '[www.shoppersstop.com](http://www.shoppersstop.com)'.

### • Compliance Report on Corporate Governance:

The Company submits on quarterly basis a compliance report on corporate governance in the format prescribed by the Securities and Exchange Board of India, within the statutory period, from the close of the quarter with the Stock Exchanges. The said

report is placed before the Board every quarter at its subsequent meeting, for its noting and comments/ observations/advice, if any.

- **Disclosure of Accounting Treatment**  
The Financial Statements of the Company comply with the Accounting Standards referred to in the Act.
- **CEO & CFO Certificate**  
As required under Regulation 17(8) of the Listing Regulations, the Chief Executive Officer and the Chief Financial Officer of the Company have furnished to the Board, a certificate regarding the Financial Statements for the year ended March 31, 2021.
- **Certificate from Practicing Company Secretary**  
Kaushal Dalal & Associates, Practicing Company Secretaries, have issued certificate pursuant to the provisions of the Listing Regulations, certifying that as on March 31, 2021, none of the directors of the Company have been debarred or disqualified from being appointed/re-appointed or continuing as directors of the Company, by the Securities and Exchange Board of India / Ministry of Corporate Affairs or any such statutory authority(ies). The said certificate forms part of this Annual Report.
- **Recommendations of the Committees of the Board**  
There was no instance during the financial year, where the Board of Directors of the Company has not accepted any recommendations, if any, of its Committees.
- **Fees to Statutory Auditor and its affiliates**  
Details relating to the fees paid to the Statutory Auditors are given in Note 25 to the Standalone Financial Statements and Note 24 to the Consolidated Financial Statements.
- **Prevention of Sexual Harassment (PoSH)**  
As per the requirement of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 ("PoSH Act") and Rules made thereunder, your Company has adopted a policy for prevention of sexual harassment at workplace, 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, 16 cases were received and all the cases have been resolved in accordance with the PoSH Act. 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 trainings being conducted for sensitising all the Customer Care Associates on PoSH.
- **Compliance with Discretionary Requirements**  
The following non-mandatory requirements as provided under Regulation 27 (1) of the Listing Regulations read with Part E of Schedule II thereto, to the extent they have been adopted are as under:

Non-Executive Chairman's Office: The Company has Non-Executive Non-Independent Chairman and his position is distinct from the office of the Managing Director and CEO. The Chairman's office is maintained by the Chairman himself.

Shareholders Rights: The Company has not adopted the practice of sending, half-yearly declaration of financial performance including summary of the significant events in last six-months, to shareholders. The quarterly financial results are approved by the Board based on the recommendation made by the Audit & Risk Management Committee and thereafter are disseminated to Stock Exchanges, public at large and updated on the website of the Company.

Modified Opinion in Auditors Report: The Company's financial statements for the year ended March 31, 2021 do not contain any modified audit opinion.

Reporting of Internal Auditor: In accordance with the provisions of Section 138 of the Act, the Company has appointed Internal Auditors who directly reports to the Audit & Risk Management Committee. The Head - Governance, Risk & Compliance co-ordinates with Internal Auditors and their quarterly internal audit reports are presented to the Audit & Risk Management Committee, which in turn reviews and suggests necessary steps and action.

- **Details of Compliance with Mandatory Requirements:**  
The Company is in compliance with Corporate Governance requirements specified in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations.
- **Compliance with requirement of Corporate Governance Report**  
There Company is in compliance with the requirement of the Corporate Governance Report in terms of Schedule V of the Listing Regulations.
- **Declaration by Chief Executive Officer**  
Declaration signed by Mr. Venugopal Nair, Managing Director & Chief Executive Officer of the Company, stating that the Board of Directors and Senior Management Personnel have affirmed compliance with the 'Code of Conduct of Board of Directors and Senior Management' is annexed to this Report at Annexure - A.
- **Compliance Certificate from Statutory Auditors regarding compliance of conditions of Corporate Governance:**  
A certificate from the Statutory Auditors of the Company regarding compliance of conditions of Corporate Governance forms part of this Annual Report.
- **Disclosures with respect to demat suspense account/ unclaimed suspense account**  
Details provided hereinabove.

# Declaration on adherence to the Code of Conduct

**Annexure - A**

To,  
The Members of **Shoppers Stop Limited**  
I hereby declare that the Directors and Senior Managerial Personnel of the Company have affirmed in writing, their compliance with the Company's Code of Conduct for the Board of Directors and senior management, during the year ended March 31, 2021.

For **Shoppers Stop Limited**

Venugopal Nair  
Customer Care Associate &  
Managing Director and Chief Executive Officer

Date: May 21, 2021  
Place: Mumbai

## CEO and CFO Certification

**Annexure - B**

To,  
The Board of Directors  
**Shoppers Stop Limited**  
Umang Tower, 5th Floor, Mindspace, Off. Link Road, Malad (West), Mumbai - 400 064.

Dear Sirs,

We hereby certify that:

- (a) We have reviewed the financial statements and the cash flow statement for the financial year 2020-21 and that to the best of our knowledge and belief:
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) these statements together present a true and a fair view of the Company's affair and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies, if any, in the design or operation of such internal controls, 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) there were no significant changes in internal control over the financial reporting during the year;
  - (ii) there were no significant changes in accounting policies during the year; and
  - (iii) there were no instances of significant fraud of which we have become aware.

For **Shoppers Stop Limited**

Venugopal Nair  
Customer Care Associate &  
Managing Director and Chief Executive Officer

Karunakaran Mohanasundaram  
Customer Care Associate &  
Chief Financial Officer

Date: May 21, 2021  
Place: Mumbai

# Independent Auditor's Report

To the Members of **Shoppers Stop Limited**

## Report on the Audit of the Standalone Financial Statements

### Opinion

We have audited the accompanying standalone financial statements of Shoppers Stop Limited ("the Company"), which comprise the Balance sheet as at 31 March 2021, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2021, its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

## Emphasis of Matters

### 1. Litigation

We draw attention to Note 30 to the standalone Ind AS financial statements which, describes the uncertainty related to the outcome of the appeal filed before the Supreme Court regarding non provision of retrospective levy of service tax for the period from 1 June 2007 to 31 March 2010 on renting of immovable properties given for commercial use, aggregating to ₹ 16.60 Crores.

### 2. COVID

We draw attention to Note 41 to the standalone IND AS financial statements which describes management's assessment of the impact of the COVID-19 pandemic on the operations of the Company.

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

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the financial year ended 31 March 2021. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone financial statements.

Key audit matters	How our audit addressed the key audit matter
<p><b>(a) Allowance for Inventory obsolescence and shrinkage (as described in Note 2.4 of the standalone Ind AS financial statements)</b></p> <p>As at 31 March 2021, the carrying amount of inventories amounted to ₹ 847.19 Crores after considering allowance for Inventory obsolescence and shrinkage of ₹ 34.62 Crores. These inventories are held at the stores and distribution Centers of the Company.</p> <p>Allowance for Inventory obsolescence and shrinkage was an audit focus area since inventory cycle counts were carried out during the year at periodic intervals and further significant judgement is involved in identifying the amount of provision for shrinkages. In addition, the Company also makes specific provisions for obsolescence as per its policy.</p>	<p>Our procedures over allowance for Inventory obsolescence and shrinkage included the following:</p> <ul style="list-style-type: none"> <li>We obtained an understanding, evaluated the design and tested the operating effectiveness of controls that the Company has in relation to allowance for inventory obsolescence and shrinkage;</li> <li>We performed testing on the Company's controls over the inventory cycle count process. In testing these controls, we observed the inventory cycle count process at selected store and distribution centers on a sample basis, inspected the results of the inventory cycle count and confirmed variances were accounted for and approved by management;</li> <li>We tested the accuracy of the aging report of inventories. On a sample basis we agreed the purchase date recorded in the inventory ageing report to the supplier invoice, obtained inventory provision calculation from the Company and re-performed the calculation of the inventory provision as per the policy of the Company;</li> <li>We assessed the Company's disclosures concerning this in Note 2A on significant accounting estimates and judgements and Note 9 Inventories to the financial statements.</li> </ul>
<p><b>Revenue recognition – Point award (Loyalty) Financial Statements)</b></p> <p>The Company's revenue recognition policy requires the management to make assumptions about expected redemption of Point award (Loyalty) schemes to the total issued points based on historical trends in determining the reported revenue for the period.</p> <p>We focused on this area for the estimate involved in determining the provisioning and the amounts involved are material. (₹ 33.35 Crores as at 31 March 2021).</p>	<p><b>schemes (as described in the Accounting Policies in Note 2.3 to the</b></p> <p>Our audit procedures in respect of the Provision for liability on account of Point award (Loyalty) schemes accrued to customers included the following:</p> <ul style="list-style-type: none"> <li>We obtained an understanding, evaluated the design and tested the operating effectiveness of controls that the Company has in relation to provision for Point award (Loyalty) schemes accrued to the customers;</li> <li>For the key assumptions used in the Point award (Loyalty) schemes provisions, we reviewed the historic rates of redemption and compared these to the managements 'estimate;</li> <li>We assessed the methodology applied by comparing the outstanding points from the system generated reports and recomputed the liability as per historic rates and management estimate of redemption;</li> <li>We also assessed the Company's disclosures concerning this in Note 2A on significant accounting estimates and judgements and Note 20 Retail sale of Merchandise to the financial statements.</li> </ul>
<p><b>Impairment Evaluation of Investment and inter corporate Deposit in Crossword Bookstores Limited (as described in Note 2.6.1 of the standalone Ind AS financial statements)</b></p> <p>The Company has gross investment amounting to ₹ 35.06 crores and inter-corporate deposit (ICD) amounting to ₹ 33.66 Crores as at 31 March 2021 in its subsidiary Crossword Bookstores Limited. This subsidiary has had continued losses, which provides an indicator for impairment in the investment. Management has used external specialists to support the recoverable amounts of its Investment based on value-in-use computation after taking into consideration potential impact of COVID-19 basis which the Company has taken impairment of ₹ 15.06 Crores (PY ₹ 20 Crores) on its investment in subsidiary and ₹ 7.34 Crores (PY ₹ Nil) on its ICD to subsidiary Crossword Bookstores Limited.</p> <p>We focused this area because of the judgmental factors involved which led to impairment of the investment.</p>	<p>Our audit procedures in respect of impairment evaluation of Investment and ICD in Crossword Bookstores Limited included the following:</p> <ul style="list-style-type: none"> <li>We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the assessment of investment to determine whether any impairment was required;</li> <li>We assess the appropriateness of the Company's valuation methodology applied in determining the recoverable amount. In making this assessment, we evaluate the objectivity and independence of Company's specialists involved in the process;</li> <li>We involved valuation expert to assist in evaluating the assumptions around the key drivers of the cash flow forecasts including discount rates, expected growth rates and terminal growth rates used;</li> <li>We evaluated the sensitivity in the valuation, resulting from changes to key assumptions applied and compared the assumptions to corroborating information, historic performance, local economic developments and industry outlook.</li> <li>We obtained and read the audited financial statements of the Subsidiary, Crossword to determine the net worth, cash flows and other financial indicators</li> <li>We also assessed the Company's disclosures concerning this in Note 2A on significant accounting estimates and judgements , Note 4 of investments and Note 5 of loans to the financial statements.</li> </ul>



IND AS 116 – Leases (Accounting for rent concession arrangements) (as described in Note 2.10 of the Standalone IND AS Financial Statements)

As at 31 March 2021, the Company has ₹ 1,209.60 Crores of Right of use (RoU) assets and ₹ 1,911.57 Crores of Lease liabilities recognised under Ind AS 116 pertaining to the premises leased by the Company.

During the year, considering the impact of COVID-19 pandemic on its business, the Company negotiated rent concessions with its lessors for its retail outlets across malls, high street stores and other leased premises.

The Ministry of Corporate Affairs vide notification dated 24 July 2020, issued an amendment to Ind AS 116 - Leases, by inserting a practical expedient w.r.t. "Covid-19-Related Rent Concessions" effective from the period beginning on or after 01 April 2020.

Pursuant to the above amendment, the Company has applied the practical expedient with effect from 01 April 2020. Accordingly, the Company accounted unconditional rent concessions of ₹ 174.09 Crores during the year in "Other income" in the Standalone Statement of Profit and Loss.

Accounting of rent concessions pursuant to amendment to Ind AS 116 is considered as a key audit matter considering the number of lease arrangements the assessment of whether individual rent concession arrangements meet the criteria of the practical expedient under Ind AS 116, and the amounts involved.

Our audit procedures included the following:

- Assessed the Company's accounting policy with respect to recognition of leases and for assessing compliance with Ind AS 116, including accounting for rent concession arrangements.
- Obtained an understanding, evaluated the design and tested the operating effectiveness of controls that the Company has in relation to accounting of rent concession arrangements under Ind AS 116.
- Tested on a sample basis, the rent concessions accounted by the Company, to agreed rent concession arrangements/ underlying documents, calculations and assessed the terms of the same against the requirements of the practical expedient under Ind AS 116.
- Assessed the Company's disclosures made in accordance with the requirements of Ind AS 116 in this matter.

### Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the corporate governance report and director's report, but does not include the standalone financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements

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

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either

intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude

that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements for the financial year ended 31 March 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books ;
- (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors as on 31 March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls with reference to these standalone financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (g) In our opinion, and to the best of our information and according to the explanations given to us, the contractual remuneration paid to the Managing Director for the year ended 31 March 2021 is in excess of the limits applicable under section 197 of the Act, read with Schedule V thereto, by ₹ 1.03 Crores. The Company is in process of obtaining approval from shareholders for such excess remuneration paid.
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 29 to the standalone financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company

For **SRBC & COLLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per **Vijay Maniar**

Partner

Membership Number: 36738

UDIN: 21036738AAAADR3901

Mumbai: May 21, 2021

# Annexure 1

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

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

Name of the statute	Nature of the dues	Amount* (₹ in crores)	Period to which the amount relates	Forum where the dispute is pending
The Income Tax Act, 1961	TDS	212.08	2011-12, 2012-13, 2013-14, 2014-15, 2016-17 2017-18, 2018-19,	Commissioner of Income Tax (Appeals)
The Income Tax Act, 1961	Disallowance u/s 14A and other matters	16.12	2012-13, 2015-16, 2016-17, 2017-18, 2018-19	Commissioner of Income Tax (Appeals)
The Income Tax Act, 1961	Short Credit of TDS	0.07	2012-13	Commissioner of Income Tax
The Customs Act, 1962	Duty of Customs	0.43	2007-08 to 2011-12	Appellate Authority - Tribunal Level
Goods and Service Tax, 2017	GST	0.34	July 17-March 18	GST Appellate Authority
Maharashtra VAT	VAT	4.75	2015-16 and 2016-17	Deputy Commissioner

\*Net Amounts paid

- (viii) Based on our audit procedures performed for the purpose of reporting the true and fair view of financial statements and according to information and explanations given by the Management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders. The Company has not taken any loans or borrowings from the Government.
- (ix) In our opinion and according to the information and explanations given by the management and audit procedures performed by us, the Company has utilised the monies raised by way of public offer in the nature of Rights Issue and term loans for the purpose for which they were raised.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanation given by the management and audit procedures performed by us, we report that remuneration of the Managing Director for the year ended 31 March 2021 is in excess of the limits applicable under section 197 of the Act, read with Schedule V thereto, by ₹ 1.03 Crores. We are informed by the management that it proposes to obtain approval of the shareholders in a general meeting by way of a special resolution.
- (xii) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Act where applicable and the details have been disclosed in the Notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Act.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **SRBC & CO LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 324982E/E300003

per **Vijay Maniar**  
Partner  
Membership Number: 36738  
UDIN: 21036738AAAADR3901

Mumbai: May 21, 2021

## Annexure 2

### To the Independent Auditor's Report of Even Date on the Standalone Financial Statements of Shoppers Stop Limited

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

We have audited the internal financial controls over financial reporting of Shoppers Stop Limited ("the Company") as of 31 March 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these standalone

financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

#### **Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Financial Statements**

A company's internal financial control over financial reporting with reference to these standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these standalone financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Standalone Financial Statements**

Because of the inherent limitations of internal financial controls over financial reporting with reference to these standalone financial statements, including the possibility

of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these standalone financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, maintained in all material respects, adequate internal financial controls over financial reporting with reference to these standalone financial statements and such internal financial controls over financial reporting with reference to these standalone

financial statements were operating effectively as at 31 March 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **SRBC & CO LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 324982E/E300003

per **Vijay Maniar**  
Partner  
Membership Number: 36738  
UDIN: 21036738AAAADR3901

Mumbai: May 21, 2021

# Standalone Balance Sheet

as at 31 March 2021

(All amounts in ₹ crores)

	Notes	As at 31 March 2021	As at 31 March 2020
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	419.28	501.71
Capital work in progress	3B	2.93	10.03
Intangible assets	3	81.77	50.97
Intangible assets under development	3B	-	34.23
Right of Use Assets	27	1,209.60	1,325.68
Financial Assets			
(i) Investments	4	0.10	51.63
(ii) Loans	5	26.54	18.88
(iii) Other financial assets	6	106.82	78.28
Deferred tax assets (net)	7	342.43	264.08
Other non-current assets	8	55.53	79.34
<b>Total non-current assets</b>		<b>2,245.00</b>	<b>2,414.83</b>
<b>Current assets</b>			
Inventories	9	847.19	1,223.92
Financial assets			
(i) Investments	4	127.78	154.04
(ii) Trade Receivables	10	34.79	35.08
(iii) Cash and cash equivalents	11	12.34	0.97
(iv) Bank balances other than (iii) above	12	29.28	0.28
(v) Other financial assets	6	51.64	69.87
Other current assets	8	226.03	166.11
<b>Total current assets</b>		<b>1,329.05</b>	<b>1,650.27</b>
<b>Total assets</b>		<b>3,574.05</b>	<b>4,065.10</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Equity share capital	13	54.69	44.00
Other equity	14	126.98	92.64
<b>Total equity</b>		<b>181.67</b>	<b>136.64</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
(i) Borrowings	15	93.75	-
(ii) Lease liability	27	1,695.01	2,055.54
<b>Total non-current liabilities</b>		<b>1,788.76</b>	<b>2,055.54</b>
<b>Current liabilities</b>			
Financial liabilities			
(i) Borrowings	15A	0.09	123.70
(ii) Lease liability	27	216.56	12.21
(iii) Trade payables	16		
(a) Total outstanding dues of Micro enterprises and small Enterprises		21.27	3.59
(b) Total outstanding dues of creditors other than Micro Enterprises and small Enterprises		1,118.62	1,493.11
(iii) Other financial liabilities	17	94.36	69.71
Provisions	18	6.17	10.77
Other current liabilities	19	146.55	159.83
<b>Total current liabilities</b>		<b>1,603.62</b>	<b>1,872.92</b>
<b>Total liabilities</b>		<b>3,392.38</b>	<b>3,928.46</b>
<b>Total equity and liabilities</b>		<b>3,574.05</b>	<b>4,065.10</b>
Summary of significant accounting policies	2		

The accompanying Notes 1 to 43 are an integral part of the financial statements.

In terms of our attached report of even date For and on Behalf of the Board of Directors

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

**B.S.Nagesh**  
Customer Care  
Associate & Chairman  
(DIN:00027595)

**Ravi Raheja**  
Director  
(DIN:00028044)

**Venugopal Nair**  
Customer Care Associate &  
Managing Director & Chief Executive Officer  
(DIN:00046163)

**Vijay Maniar**  
Partner  
Membership No.36738

**Karunakaran M**  
Customer Care Associate  
& Chief Financial Officer

**Vijay Gupta**  
Customer Care Associate &  
Company Secretary  
Membership No.A14545

Mumbai: 21 May 2021

Mumbai: 21 May 2021



# Statement of Profit and Loss

for the year ended 31 March 2021

(All amounts in ₹ crores)

	Notes	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Income</b>			
Revenue from Operations	20	1,725.09	3,380.98
Other income	21	218.77	33.49
<b>Total Income</b>		<b>1,943.86</b>	<b>3,414.47</b>
<b>Expenses</b>			
Purchase of Stock-in-Trade	22a	688.35	2,137.98
Changes in Inventories of stock-in-trade	22b	376.73	(170.37)
Employee benefits expense	23	257.47	321.92
Finance costs	24	219.97	194.38
Depreciation and amortisation expense	3A	384.69	439.21
Other expenses	25	349.18	542.01
<b>Total expenses</b>		<b>2,276.39</b>	<b>3,465.13</b>
<b>Profit before exceptional item and tax</b>		<b>(332.53)</b>	<b>(50.66)</b>
Exceptional Item - impairment in value of investments	31	22.40	20.00
<b>Profit before tax</b>		<b>(354.93)</b>	<b>(70.66)</b>
Tax expense	26		
i) Current tax		-	25.14
ii) Tax adjustment of earlier years		(1.48)	-
iii) Deferred tax		(78.23)	45.14
<b>Income tax expense</b>		<b>(79.71)</b>	<b>70.28</b>
<b>Profit / (Loss) for the year [A]</b>		<b>(275.22)</b>	<b>(140.94)</b>
<b>Other comprehensive (income) / loss</b>			
Items that will not be reclassified to profit or loss :			
i) Remeasurement of employee defined benefit obligation		0.47	2.91
Income tax relating to (i) above		(0.12)	(0.73)
ii) Fair value in the value of investments		(23.19)	174.85
Income tax relating to (ii) above	26.1	-	-
<b>Total other comprehensive income / (loss) [B]</b>		<b>(22.84)</b>	<b>177.03</b>
<b>Total comprehensive income / (loss) for the year [A] - [B]</b>		<b>(252.38)</b>	<b>(317.97)</b>
<b>Earning per equity share</b>			
Equity shares of face value ₹ 5 each	28		
Basic (₹ )		(29.24)	(16.02)
Diluted (₹ )		(29.24)	(16.02)
Summary of significant accounting policies	2		

The accompanying Notes 1 to 43 are an integral part of the financial statements.

In terms of our attached report of even date For and on Behalf of the Board of Directors

## For S R B C & CO LLP

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

## Vijay Maniar

Partner  
Membership No.36738

Mumbai: 21 May 2021

## B.S.Nagesh

Customer Care  
Associate & Chairman  
(DIN:00027595)

## Karunakaran M

Customer Care Associate  
& Chief Financial Officer

Mumbai: 21 May 2021

## Ravi Raheja

Director  
(DIN:00028044)

## Venugopal Nair

Customer Care Associate &  
Managing Director & Chief Executive Officer  
(DIN:00046163)

## Vijay Gupta

Customer Care Associate &  
Company Secretary  
Membership No.A14545

# Statement of Cash Flows

for the year ended 31 March 2021

(All amounts in ₹ crores)

	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Cash flows from operating activities</b>		
<b>Net profit after exceptional item and before tax</b>	<b>(354.93)</b>	<b>(70.66)</b>
<b>Adjustments to reconcile profit before tax to net cashflow :</b>		
Depreciation and amortisation	384.69	439.21
Allowance for doubtful debts / advances	0.15	1.51
Impairment of investment in Crossword Bookstores Ltd.	22.40	20.00
Share-based payment expense	1.44	0.55
Finance costs	219.97	194.38
Loss on sale of property, plant and equipment / investments	(0.30)	0.55
Loss on sale of investments in shares	1.98	0.01
Covid-19-Related Rent Concessions (Refer Note 27.3)	(174.09)	-
Gain on account of remeasurement in lease term	(28.00)	(15.25)
Profit from sale of mutual fund investments	(2.86)	(3.78)
Interest (time value) recognised on interest free lease deposit	(11.04)	(12.04)
Interest income	(4.43)	(1.66)
<b>Operating profit before working capital changes</b>	<b>54.98</b>	<b>552.82</b>
<b>Working capital adjustment :</b>		
(Increase) / Decrease in inventories	376.73	(170.37)
(Decrease) / Increase in trade receivables	0.29	8.92
Decrease / (Increase) in Financial assets (others)	(62.28)	(11.47)
(Increase) / Decrease in Lease deposits	2.37	(33.12)
(Decrease) / Increase in Short term provisions	(5.07)	(1.48)
Increase in Trade payables and other current liabilities	(369.51)	261.31
<b>Cash generated from operations</b>	<b>(2.49)</b>	<b>606.61</b>
Refunds (Income taxes paid)	12.37	(42.22)
<b>Net cash from operating activities (A)</b>	<b>9.88</b>	<b>564.39</b>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment	(83.44)	(179.53)
Proceeds from disposal of property, plant and equipment	1.17	0.90
Loan given to subsidiaries companies	(15.00)	(3.21)
Investment in Fixed Deposit	(29.00)	-
Net proceeds from sale of investment in FRL	57.69	4.56
Purchases of investments in mutual funds	(437.99)	(1,366.57)
Proceeds from sale of investments in mutual funds	467.11	1,258.76
Finance Income (Interest Received)	3.46	1.64
<b>Net cash used in investing activities (B)</b>	<b>(36.00)</b>	<b>(283.45)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of equity shares (Refer Note 13.6)	10.69	-
Securities premium on issue of share capital	288.48	-
Share issue expenses	(3.21)	-
Dividend and dividend tax paid	-	(7.96)
Repayment of actual lease rentals	(55.77)	(180.91)
Proceeds from long term borrowings	150.00	-
Repayment of long term borrowings	-	(40.00)
Finance costs paid	(219.45)	(194.38)
<b>Net cash from / (used in) financing activities (C)</b>	<b>170.74</b>	<b>(423.24)</b>
<b>Net (Decrease) / Increase in cash and cash equivalents (A) + (B) + (C)</b>	<b>144.62</b>	<b>(142.30)</b>
Cash and cash equivalents as at beginning of the year	(132.38)	9.92
Cash and cash equivalents as at the end of the year	12.24	(132.38)
	<b>144.62</b>	<b>(142.30)</b>
<b>Note (i)</b>		
<b>Components of cash and cash equivalents (Refer Note 11.3)</b>		
Cash and Cash Equivalents	12.34	0.97
Add: Bank overdraft / Cash credit / Overdrawn bank balances	(0.10)	(133.35)
<b>Total cash and cash equivalents</b>	<b>12.24</b>	<b>(132.38)</b>

# Statement of Cash Flows (Contd.)

for the year ended 31 March 2021

(All amounts in ₹ crores)

## Note (ii)

### Reconciliation between the opening and closing balances for liabilities arising from financing activities

Particulars	Long - term borrowings
<b>31 March 2019 including current maturities of long term borrowings</b>	<b>40.00</b>
Cash flow	(40.00)
Non- Cash Changes	
Foreign exchange movement	-
Classified as current maturity	-
Accrual for the year	-
<b>31 March 2020 including current maturities of long term borrowings</b>	<b>-</b>
Cash flow	150.00
Non- Cash Changes	
Foreign exchange movement	-
Classified as current maturity	56.25
Accrual for the year	-
<b>31 March 2021 including current maturities of long term borrowings</b>	<b>150.00</b>
Summary of significant accounting policies	Note 2

The accompanying Notes 1 to 43 are an integral part of the financial statements.

In terms of our attached report of even date For and on Behalf of the Board of Directors

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

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

#### Vijay Maniar

Partner  
Membership No.36738

Mumbai: 21 May 2021

#### B.S.Nagesh

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Managing Director & Chief Executive Officer  
(DIN:00046163)

#### Vijay Gupta

Customer Care Associate &  
Company Secretary  
Membership No.A14545

# Statement of changes in equity

for the year ended 31 March 2021

## a. Equity share capital

	No. of shares	(₹ in Crores)
Equity shares of ₹ 5/- each issued, subscribed and fully paid up		
<b>Balance as on 31 March 2019</b>	<b>8,79,89,928</b>	<b>44.00</b>
Issue of equity shares	-	-
<b>Balance as on 31 March 2020</b>	<b>8,79,89,928</b>	<b>44.00</b>
Issue of equity shares under right issue (Note 13.6)	2,13,68,982	10.69
<b>Balance as on 31 March 2021</b>	<b>10,93,58,910</b>	<b>54.69</b>

## b. Other equity

Particulars:	(All amounts in ₹ Crores)				
	Securities premium account	General reserve	Retained earnings	Share Options outstanding account	Total
<b>Balance as on 31 March 2019</b>	655.44	19.09	258.91	0.21	933.65
Profit for the year	-	-	(140.94)	-	(140.94)
Other comprehensive income for the year, net of income tax	-	-	177.03	-	177.03
<b>Total comprehensive income / (loss) for the year</b>	-	-	<b>(317.97)</b>	-	<b>(317.97)</b>
Recognition of share based payments *	-	-	-	-	-
Arising on employee stock option scheme	-	-	-	0.55	0.55
Payment of dividends on equity shares	-	-	(6.60)	-	(6.60)
Payment of tax on dividends on equity shares	-	-	(1.36)	-	(1.36)
IND-AS Adjustments #	-	-	(515.63)	-	(515.63)
<b>Balance as on 31 March 2020</b>	<b>655.44</b>	<b>19.09</b>	<b>(582.65)</b>	<b>0.76</b>	<b>92.64</b>
Loss for the year	-	-	(275.22)	-	(275.22)
Other comprehensive income for the year, net of income tax	-	-	22.84	-	22.84
<b>Total comprehensive income / (loss) for the year</b>	-	-	<b>(252.38)</b>	-	<b>(252.38)</b>
Recognition of share based payments *	-	-	-	1.44	1.44
Transferred to general reserves for vested cancelled options	-	-	-	(1.07)	(1.07)
Transferred from stock options reserved for vested cancelled options	-	-	1.07	-	1.07
Securities premium proceeds received on issue of equity shares (Note 13.6)	288.48	-	-	-	288.48
Right Issue Expenses	(3.21)	-	-	-	(3.21)
<b>Balance as on 31 March 2021</b>	<b>940.71</b>	<b>19.09</b>	<b>(833.95)</b>	<b>1.13</b>	<b>126.98</b>

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

# IND-AS 116 transitional impact ₹ 517.17 crores (Refer Note 27) and reversal of straightling rental provision of earlier year ₹ 1.54 crores (net of deferred tax)

Summary of significant accounting policies Note 2

The accompanying Notes 1 to 43 are an integral part of the financial statements.

In terms of our attached report of even date For and on Behalf of the Board of Directors

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

**B.S.Nagesh**  
Customer Care  
Associate & Chairman  
(DIN:00027595)

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**Vijay Maniar**  
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Membership No.36738

**Karunakaran M**  
Customer Care Associate  
& Chief Financial Officer

**Vijay Gupta**  
Customer Care Associate &  
Company Secretary  
Membership No.A14545

Mumbai: 21 May 2021

Mumbai: 21 May 2021

# Notes to the Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ crores)

## 1. General Background

Shoppers Stop Limited ('SSL' or 'the Company') is a Company limited by shares and is domiciled in India. The Company was incorporated on 16 June 1997. The Company's registered office is at Umang Tower, 5th Floor, Mindspace, Off. Link Road, Malad (West) Mumbai, Maharashtra India 400064.

The Company is engaged in the business of retailing a variety of household and consumer products through departmental stores. At 31 March 2021, the Company operated through 84 such departmental stores located in different cities of India.

The financial statements were approved for issue by the board of directors on 21 May 2021.

## 2. Significant Accounting Policies

### 2.1.1 Statement of compliance

Statement of Compliance with Indian Accounting Standards (Ind ASs): The standalone financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) prescribed under the Section 133 of the Companies Act 2013, other relevant provisions of the Act and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind-AS compliant Schedule III).

### 2.1.2 Basis of preparation and presentation

These standalone Financial Statements which comprise the Balance Sheet as at 31 March 2021, the Statement of Profit and Loss, the Statement of changes in equity and the Statement of Cash flows for the year ended 31 March 2021, and other explanatory information (together hereinafter referred to as "Standalone Financial Statements" or "financial statements").

These financial statements have been prepared on historical cost basis, except for certain assets and liabilities that are measured at fair values at the end of each reporting period. The financial statements are presented in Indian Rupees (₹) and all values are rounded to the nearest crores, except where otherwise indicated.

### 2.1.3 Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, (regardless of whether that price is directly observable or estimated using another

valuation technique). In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability, if market participants would take those characteristics into account when pricing the asset or liability, at the measurement date.

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

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

Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 116, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 or value in use in Ind AS 36.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.2 CURRENT VERUS NON-CURRENT CLASSIFICATION

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

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

All other assets are classified as non-current.

# Notes to the Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ crores)

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

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

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

## 2.3 Revenue from contract with customer

**2.3.1** Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements except for the agency services because it typically controls the goods before transferring them to the customer and sales under sale or return basis arrangements where in the Company has w.e.f. 1st April 2018 adopted modified retrospective approach in line with Ind As 115, Revenue from Contracts with customers.

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

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

Where the Company is the principal in the transaction the Sales are recorded at their gross values. Where the Company is effectively the agent in the transaction, the difference between the revenue and the cost of the merchandise is disclosed as other operating income. (Refer Note 20)

**Point award schemes:** The fair value of the consideration on sale of goods that result in award credits for customers, under the Company's point award schemes, is allocated between the goods supplied and the award credits granted. The consideration allocated to the award credits is measured by reference to fair value from the standpoint of the holder and is recognised as revenue on redemption and / or expected redemption after breakage.

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

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

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

## 2.4 Inventories

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

## 2.5 Property, Plant and Equipment and Intangible Assets

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

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

# Notes to the Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ crores)

Sr no	Property, Plant and Equipment:	Useful Life as Prescribed by Schedule II of the Companies Act, 2013 (In Years)	Estimated Useful Life (In Years)
<b>A</b>	<b>Tangible Asset</b>		
<b>1</b>	<b>Air Conditioning and other equipment</b>		
a)	Plant and Machinery	15	5 to 17
b)	Electrical Installations	15	Life as per below or lease term whichever is lower
	Components -		
	Cabling	-	5 to 11
	LED Bulbs & Non LED Fixtures	-	5 to 7
	Electrical works	-	5 to 17
	Firefighting systems/CCTV System	-	5 to 17
	EAS Systems	-	5 to 17
<b>2</b>	<b>Furniture, fixtures and other fittings</b>	10	5 to 10
<b>3</b>	<b>Office Equipment's</b>	5	5 to 6
<b>4</b>	<b>Computers</b>		
a)	Servers and networks	6	5 to 6
b)	End user devices such as, desktops, laptops, etc.	3	3
<b>5</b>	<b>Leasehold Improvements</b>	On lease term	Life as per below or lease term whichever is lower
	Components -		
	Partition Works	-	5 to 10
	Flooring & Cladding	-	5 to 11
	False Ceiling	-	5 to 11
	Fit out works	-	5 to 12
	Civil & Painting Works	-	5 to 10
	Other Components	-	5 to 10
<b>6</b>	<b>Vehicles</b>	8	8
<b>B</b>	<b>Intangible Asset</b>		
<b>1</b>	<b>Computer Software</b>	-	6
<b>2</b>	<b>Trademark and Patents</b>	10	10

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

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

In F.Y.2019-20, effective 1 Jan 2020, the Company has reviewed the estimated economic useful lives of all components within the broad category of Leasehold improvements as specified in the above table and Electrical Equipments as specified in the above table of its property, plant and equipment, based on the combination of evaluation conducted by an independent consultants and management estimate (Refer Note 3)

**2.5.3 Impairment losses:** At the end of each reporting period, the Company reviews the carrying amounts of the assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication of impairment loss exists, the recoverable amount, (i.e. higher of fair value less costs of disposal and value in use) of the asset is estimated,

or, when it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is estimated. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount and an impairment loss is recognised immediately in profit or loss.

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

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

# Notes to the Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ crores)

## 2.6 Financial Instruments

### Classification:

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

### Measurement:

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through the Statement of Profit and Loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through the Statement of Profit and Loss are expensed in the Statement of Profit and Loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

### Debt instruments:

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

### Amortised cost:

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

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

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

### Fair value through profit and loss:

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through Statement of Profit and Loss. A gain or loss on a debt investment that is subsequently measured at fair value through Statement of Profit and Loss and is not part of a hedging relationship is recognised in the Statement of Profit and Loss and presented net in the Statement of Profit and Loss in the period in which it arises. Interest income from these financial assets is included in other income.

### Equity instruments:

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

### Impairment of financial assets:

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



# Notes to the Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ crores)

## Derecognition of financial assets:

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

## Offsetting financial instruments:

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

## 2.6.1 Investments in subsidiaries and joint ventures:

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

## 2.6.2 Financial liabilities are initially measured at fair value.

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

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

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

## 2.7 Taxation

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

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

The Company elected to exercise the option permitted u/s.115BAA of the Income Tax Act,1961 as introduced by the Taxation Laws (Amendment) Ordinance,2019. According the Company has recognised provision for Income tax and re-measured its deferred tax assets basis the rate prescribed in the said section. The impact of this change has been recognised in the previous financial year.

## 2.7.2 Deferred tax:

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

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax

# Notes to the Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ crores)

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

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

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

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

## 2.8 Employee benefits

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

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

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

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

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

Defined benefit costs are composed of:

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

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

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

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

**Other long-term benefits:** Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

## 2.9 Share based payment arrangements:

Equity-settled share-based payments to employees of the Company and employees of subsidiary companies are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled

# Notes to the Financial Statements

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share-based transactions are set out in Note 34. The fair value determined at the grant date of the equity-settled share-based payments to employees of the Company is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity at the end of year. At the end of each year, the Company revisits its estimate of the number of equity instruments expected to vest and recognises any impact in profit or loss, such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

## 2.10 Leases

Ind AS 116 Leases was notified by MCA on 30 March 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after 1 April 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees - leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less).

The Company assesses at contract inception whether a contract is or contains a lease. That is, of the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

### Where the Company is the lessee:

The Company applies a single recognition and measurement approach for all leases, except for short term leases and leases of low value assets. The Company recognises lease liabilities to make lease payments and right of use assets representing the right to use the underlying assets.

### Right of use assets :

The Company recognises right of use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right of use assets are measured at cost, less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct cost incurred, and lease payments made at or before the commencement date less any lease incentives received. Right of use assets are depreciated on a straight line basis over

the shorter of the lease term and the estimated useful lives of the assets.

The right of use assets are also subject to impairment.

### Lease liabilities :

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assetsii)

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

### Where the Company is the Lessor:

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an assets are classified the asset are

# Notes to the Financial Statements

for the year ended 31 March 2021

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classified as operating leases. Rental income arising is accounted for on a straight line basis over the lease terms. Initial direct costs incurred in negotiating and arranging on operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

## **Covid-19-Related Rent Concessions:**

The Ministry of Corporate Affairs vide notification dated 24 July 2020, issued an amendment to Ind AS 116- Leases, by inserting a practical expedient w.r.t. "Covid-19-Related Rent Concessions" effective from the period beginning on or after 01 April 2020. Pursuant to the above amendment, the Company has applied the practical expedient by accounting the unconditional rent concessions in "Other income" in the Statement of Profit and Loss. The details of the same are disclosed in Note 27.3 of the financial statement.

## **2.11 Foreign Currency transactions**

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

## **2.12 Borrowing Costs**

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

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

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

## **2.13 Provisions**

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

The amount recognised as a provision is the best estimate of the consideration required to settle

the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

## **2.14 Cash and cash equivalents**

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

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

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

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

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

## **2.16 Earnings Per Share**

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

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

# Notes to the Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ crores)

## 2.A Critical accounting judgments and key sources of estimation uncertainty

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

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

### Impairment of equity investment in a subsidiary Company

The accumulated losses of Crossword Bookstores Limited, a wholly owned subsidiary Company have eroded its net worth. Crossword Bookstores Limited continues to take steps to revamp its operations, (such as store right sizing, brand positioning, closing of loss making stores, etc), the gestation period to achieve the turnaround may be longer owing to the present Covid situation. Based on the business valuation obtained by the Company and Management estimate Company has recorded an impairment loss during the current financial year and the same has been disclosed as exceptional items (refer note 31 for detailed disclosures)

### Share based payment

The Company has a share option scheme for certain employees of the Company and its subsidiaries. In accordance with the terms of the share option scheme, as approved by shareholders at a previous

general meeting, employees with a pre-defined grade and having more than five years of service may be granted options to purchase equity shares. Each share option converts into one equity share of the Company on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised within two-four years from the date of grant, as per vesting schedule. The share options vests based on a pre-determined vesting schedule from the date of grant.

### Equity settled transactions

The Company initially measures the cost of equity-settled transactions with employees using a binomial model to determine the fair value of the liability incurred. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 34.

## Taxes

### Current tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities.

As stated in Note 26, tax expense is calculated using applicable tax rates and tax laws that have been enacted or substantively enacted.

In arriving at taxable profit and tax bases of assets and liabilities, the Company recognised taxability of amounts in accordance with tax enactments, case law and opinions of tax counsel, as relevant. Where differences arise on tax assessment, these are booked in the period in which they are agreed or on final closure of assessment.

### Deferred tax

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

# Notes to the Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ crores)

Deferred assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Further details on taxes are disclosed in Note 26.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised.

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

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

The Company reviews the estimated useful lives of property, plant and equipment and intangible assets at the end of each reporting period.

In F.Y.2019-20, effective 1 Jan 2020, the Company has reviewed the estimated economic useful lives of all components within the broad category of Leasehold improvements and Electrical Equipments of its property, plant and equipment, based on the combination of evaluation conducted by an independent consultants and management estimate. The impact of the same on current financial year is disclosed in note 3(iv)

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

## **Point award schemes**

Customer award credits having a predetermined life are granted to customers when they make purchases. The fair value of the consideration on sale of goods

resulting in such award credits is allocated between the goods supplied and the award credits granted. The consideration allocated to the award credits is measured by reference to fair value from the standpoint of the holder and revenue is deferred. The Company at the end of each reporting period estimates the number of points redeemed and that it expects will be further redeemed, based on empirical data of redemption / lapses, and revenue is accordingly recognised.

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

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

## **Inventories**

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

## **Employee Benefits**

Provision for employee benefits in the nature of gratuity and unpaid leave balance is estimated on actuarial basis using a number of assumptions which include assumptions for discount rate, future salary increases, mortality rates, attrition rates for employees, return on planned assets etc. Any changes in these assumptions will impact the carrying amount of these provisions. Key assumptions are disclosed in Note 35.

## **Leases:**

The Company applied Ind AS 116 Leases for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

## **Ind AS 116 Leases - Estimating the lease term**

The Company adopted Ind AS 116 using the modified retrospective -2A method of adoption, with the date of initial application on 1 April 2019. The comparative

# Notes to the Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ crores)

figures are not restated and the cumulative effect of initially applying the standard is recognised as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the date of initial application. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is

reasonably certain to exercise the option to renew or terminate the lease. It considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

Please refer Note 27 for detail disclosures on leases.

## **Leases - Estimating the incremental borrowing rate**

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

# Notes to the Financial Statements

for the year ended 31 March 2021

## 3. Property, Plant and Equipment and Intangible Assets

	(All amounts in ₹ Crores)									
	Leasehold improvements	Air conditioning and other equipments	Furniture, fixtures and other fittings	Office Equipments	Computers	Vehicles	Total PPE	Trademarks	Software	Total Intangible assets
<b>Cost</b>										
As at 31 March 2019	262.46	255.14	256.11	19.87	75.50	1.23	870.31	1.27	119.11	120.38
Additions	54.32	44.23	65.28	6.95	9.83	0.16	180.77	0.10	10.65	10.75
Disposal	(12.33)	(11.86)	(8.34)	(0.22)	(3.10)	(0.66)	(36.51)	-	-	-
As at 31 March 2020	304.45	287.51	313.05	26.60	82.23	0.73	1,014.57	1.37	129.76	131.13
Additions	15.17	8.43	22.78	0.90	12.54	-	59.82	0.14	57.61	57.75
Disposal	(19.91)	(15.85)	(14.25)	(0.74)	(7.65)	(0.73)	(59.13)	-	(11.87)	(11.87)
As at 31 March 2021	<b>299.71</b>	<b>280.09</b>	<b>321.58</b>	<b>26.76</b>	<b>87.12</b>	<b>(0.00)</b>	<b>1,015.26</b>	<b>1.51</b>	<b>175.51</b>	<b>177.02</b>
<b>Depreciation and Amortisation</b>										
As at 31 March 2019	(81.23)	(83.48)	(116.49)	(11.17)	(41.84)	(0.59)	(334.80)	(0.76)	(60.29)	(61.05)
Depreciation and amortisation expense for the year (Refer Note iv)	(85.34)	(69.85)	(41.28)	(3.87)	(12.67)	(0.12)	(213.13)	(0.09)	(19.01)	(19.10)
Disposal	12.05	11.53	7.93	0.20	3.05	0.31	35.07	-	-	-
As at 31 March 2020	(154.52)	(141.80)	(149.84)	(14.84)	(51.46)	(0.40)	(512.86)	(0.86)	(79.30)	(80.16)
Depreciation and amortisation expense for the year	(52.36)	(39.23)	(33.44)	(3.51)	(12.01)	(0.37)	(140.92)	(0.10)	(26.86)	(26.94)
Disposal	19.76	15.85	13.34	0.59	7.53	0.73	57.80	-	11.87	11.87
As at 31 March 2021	<b>(187.12)</b>	<b>(165.18)</b>	<b>(169.94)</b>	<b>(17.76)</b>	<b>(55.94)</b>	<b>(0.04)</b>	<b>(595.98)</b>	<b>(0.96)</b>	<b>(94.29)</b>	<b>(95.25)</b>
<b>Net Book Value</b>										
As at 31 March 2020	149.93	145.71	163.21	11.76	30.77	0.33	501.71	0.51	50.46	50.97
As at 31 March 2021	112.59	114.91	151.64	9.00	31.18	(0.04)	419.28	0.55	81.21	81.77

### Note :

- Movable assets have been pledged to secure borrowings of the Company (Refer Note 15)
- Depreciation for the year includes accelerated amounts aggregating to ₹ 9.01 Crores (2020: ₹ 52.46 Crores) on account of change in estimate of useful lives of property, plant & equipment resulting from store closures/shifting premises.
- During the year, the Company has capitalised the following expenses to cost of Property, plant and equipment

	As at 31 March 2021	As at 31 March 2020
Employee Costs	10.32	10.57
Travelling	-	0.05
Consultancy	3.07	8.33
Miscellaneous expenditure	-	0.99
<b>Total</b>	<b>13.39</b>	<b>19.94</b>

- Effective 1 Jan 2020, the Company has reviewed the estimated economic useful lives of all components within the broad category of Leasehold improvements and Electrical Equipments of its property, plant and equipment, based on the combination of evaluation conducted by an independent consultants and management estimate (Refer Note 2.5)



# Notes to the Financial Statements

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## 3A Depreciation and amortisation expenses

	As at 31 March 2021	As at 31 March 2020
Depreciation of tangible assets (Refer Note 3)	140.92	213.13
Depreciation of intangible assets (Refer Note 3)	26.94	19.10
Depreciation on right to use assets (Refer Note 27)	216.83	206.98
	<b>384.69</b>	<b>439.21</b>

## 3B Capital work in progress and Intangible assets under development

	As at 31 March 2021	As at 31 March 2020
<b>Cost or deemed cost</b>		
Opening	10.03	30.54
Additions	52.72	130.48
Capitalisation	(59.82)	(150.99)
	<b>2.93</b>	<b>10.03</b>
<b>Intangible assets under development</b>		
Opening	34.23	4.53
Additions	23.06	40.64
Capitalisation	(57.29)	(10.94)
	<b>-</b>	<b>34.23</b>

## 4. Investments - Non current

	As at 31 March 2021	As at 31 March 2020
<b>a. Unquoted (at cost unless otherwise stated)</b>		
<b>Investments in equity instruments</b>		
<b>i) In subsidiary companies</b>		
Shoppers' Stop Services (India) Limited		
50,000 (2020 : 50,000) Equity Shares of ₹ 10/- each Fully Paid	0.05	0.05
Less: Impairment in value	(0.05)	(0.05)
	-	-
Upasna Trading Limited		
5,000 (2020 : 5,000) Equity Shares of ₹ 100/- each Fully Paid	0.05	0.05
Less: Impairment in value	(0.05)	(0.05)
	-	-
Shoppers' Stop.com (India) Limited		
50,000 (2020 : 50,000) Equity shares of ₹ 10/- each Fully Paid	0.05	0.05
Less: Impairment in value	(0.05)	(0.05)
	-	-
Gateway Multichannel Retail (India) Limited		
50,000 (2020 : 50,000) Equity shares of ₹ 10/- each Fully Paid	0.05	0.05
Less: Impairment in value	(0.05)	(0.05)
	-	-
Crossword Bookstores Limited		
1,35,62,500 (2020: 1,35,62,500) Equity shares of ₹ 10/- each Fully Paid	35.06	35.06
Less: Impairment in value (Refer Note 31)	(35.06)	(20.00)
	-	15.06
<b>ii) Other investments</b>		
<b>(At fair value through Profit and Loss)</b>		
Stargaze Properties Private Limited		
1,000 (2020:1,000) equity shares of ₹ 10/- each Fully paid	0.00	0.00
Retailers Association of India		
10,000 (2020:10,000) equity shares of ₹ 10/- each Fully paid	0.01	0.01
Retailers Association's Skill Council of India		
500 (2020: 500) equity shares of ₹ 100/- each Fully paid	0.00	0.00

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	As at 31 March 2021	As at 31 March 2020
Aesthetic Realtors Private Limited		
66 (2020: 66) Equity Shares of ₹ 10/- each Fully Paid	0.00	0.00
Less: Impairment in value	(0.00)	(0.00)
	-	-
<b>iii) Deemed equity investments in*:</b>		
Crossword Bookstores Limited	0.09	0.09
Being share options to employees of subsidiary companies		
<b>Total (A)</b>	<b>0.10</b>	<b>15.17</b>
<b>b. Quoted (fair value through Other Comprehensive Income)</b>		
Investments in equity instruments		
Future Retail Limited	-	248.64
Nil (2020 : 46,30,115) equity shares of ₹ 2/- each Fully paid		
Less: Provision for diminution in the value of investment	-	212.18
	-	36.46
<b>Total (B)</b>	<b>-</b>	<b>36.46</b>
<b>Total (A) + (B)</b>	<b>0.10</b>	<b>51.63</b>
<b>Aggregate amount of impairment in value of unquoted equity investments</b>	<b>35.26</b>	<b>20.20</b>

## 4. Investments - Current

	As at 31 March 2021	As at 31 March 2020
Investments in mutual funds		
<b>Unquoted (At fair value through Profit and Loss)</b>		
SBI Mutual Fund	24.46	43.02
73,691.201 (2020 : 1,33,427.655 ) units in Overnight fund - Regular Growth		
Axis Mutual Fund	23.64	34.00
217,582.807 (2020 : 3,22,382.475 ) units in Overnight fund - Regular Growth		
Kotak Mutual Fund	-	34.01
Nil ( 2020 : 3,19,283.89 ) units in Overnight fund - Regular Plan Growth		
ICICI Prudential Mutual Fund	15.26	-
1,378,658.027 (2020 : Nil) units in Overnight Fund -Regular Growth		
Aditya Birla Sun Life Mutual Fund	19.67	-
177,230.161 (2020 : Nil ) units in Overnight fund - Regular Growth		
Nippon India Mutual Fund	24.07	-
2,183,173.296 (2020 : Nil ) units in Overnight fund - Regular Growth		
UTI Mutual Fund	20.68	-
74,017.219 (2020 : Nil ) units in Overnight fund - Regular Growth		
<b>Total (A)</b>	<b>127.78</b>	<b>111.03</b>
<b>Quoted (At fair value through Profit and Loss)</b>		
HDFC Mutual Fund	-	43.01
Nil ( 2020:1,45,541.385) units in Overnight fund - Regular Growth		
<b>Total (A)</b>	<b>-</b>	<b>43.01</b>
<b>Total (A) + Total (B)</b>	<b>127.78</b>	<b>154.04</b>
<b>Aggregate value of quoted investment</b>	<b>-</b>	<b>79.47</b>
<b>Aggregate value of unquoted investment</b>	<b>127.88</b>	<b>126.20</b>
<b>Aggregate amount of impairment in value of investments</b>	<b>35.26</b>	<b>20.20</b>
<b>Aggregate amount of increase/(decrease) due to change in fair value of investments</b>	<b>-</b>	<b>(212.18)</b>

# Notes to the Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ crores)

## 5. Loans

	As at 31 March 2021	As at 31 March 2020
<b>Non-current (Unsecured)</b>		
Loans to subsidiary companies (Refer Note 38)		
- Considered good	26.54	18.88
- Considered credit impaired	30.63	23.29
	57.17	42.17
Less: Impairment Allowance (allowance for bad and doubtful debts)		
- Considered credit impaired (Refer Note 31)	30.63	23.29
	<b>26.54</b>	<b>18.88</b>

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

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

**5.3** Disclosure as per Regulations 34(3) of the SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015 and section 186 of the Companies Act, 2013

### a) Loan given to subsidiaries :

Name of the subsidiaries companies	Terms	Maximum Balance Outstanding* during the		Amount outstanding* as on	
		31 March 2021	31 March 2020	31 March 2021	31 March 2020
Crossword Bookstores Limited	Interest rate 9.00% p.a.; payable on demand (2020: 9.00%)	33.66	18.66	33.66	18.66
Shoppers' Stop.com (India) Limited	Interest rate 9.00% p.a.; payable on demand (2020: 9.00%)	0.20	0.20	0.20	0.20
Gateway Multichannel Retail (India) Limited	Payable on demand	23.31	23.31	23.31	23.31

\* after grossing of provision towards impairment allowance.

b) Refer Note 36.1 for details of Company's Subsidiaries at the end of the reporting year.

## 6. Other financial assets

	As at 31 March 2021	As at 31 March 2020
(unsecured)		
<b>Non-current</b>		
Premises and other deposits		
- Considered good	106.82	78.28
- Considered doubtful	5.42	5.27
	112.24	83.55
Less: Impairment Allowance (allowance for bad and doubtful debts)	5.42	5.27
	<b>106.82</b>	<b>78.28</b>
<b>Current</b>		
Advances to employees	0.72	0.89
Advances to subsidiary companies (refer Note 38)	0.02	0.02
Premises and other deposits (unsecured, considered good)	46.21	66.87
Other receivables		
- Considered good	4.69	2.09
- Considered credit impaired	3.45	3.45
	8.14	5.54
Less: Impairment Allowance (allowance for bad and doubtful debts)		
- Considered credit impaired	3.45	3.45
	4.69	2.09
	<b>51.64</b>	<b>69.87</b>

# Notes to the Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ crores)

6.1 These are carried at amortised cost.

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

## 7. Deferred tax assets / Liabilities (net)

	As at 31 March 2021	As at 31 March 2020
Deferred tax assets	342.43	264.08
Deferred tax liabilities	-	-
	<b>342.43</b>	<b>264.08</b>

### Deferred tax assets/(liabilities) relates to the following:

	Balance Sheet		Statement of Profit and Loss	
	As at 31-Mar-2021	As at 31-Mar-2020	As at 31-Mar-2021	As at 31-Mar-2020
<b>Deferred tax Liabilities</b>				
Property, plant and equipment & Intangible assets	-	-	-	-
<b>Deferred tax Assets</b>				
Property, plant and equipment & Intangible assets	56.64	44.00	12.64	(29.83)
Right to use assets	190.47	203.63	(13.16)	74.17
Impairment allowance (allowance for bad and doubtful debts)	3.29	7.79	(4.50)	(4.32)
Provision for expenses	3.51	2.90	0.61	1.21
Employee benefits	4.11	3.02	0.97	1.52
Lease Deposits	1.54	1.54	-	0.60
Short Term Capital Loss	0.48	1.20	(0.72)	1.79
Business loss & Unabsorbed depreciation	82.39	-	82.39	-
<b>Net deferred tax assets / (liabilities)</b>	<b>342.43</b>	<b>264.08</b>	<b>78.23</b>	<b>45.14</b>

## 8. Other assets

	As at 31 March 2021	As at 31 March 2020
(Unsecured, considered good )		
<b>Non-current</b>		
Capital Advances	3.14	17.02
Service tax deposited under protest (Note 30)	35.41	35.41
Advance Income tax (Net of provision)	16.98	26.91
	<b>55.53</b>	<b>79.34</b>
<b>Current</b>		
Recoverables - Statutory dues	204.65	145.44
Advance for Goods & Services		
- Considered good	19.46	18.38
- Considered doubtful	6.39	4.60
	25.85	22.98
Less: Impairment Allowance (allowance for bad and doubtful debts)		
- Considered credit impaired	6.39	4.60
	19.46	18.38
Prepaid Expenses	1.92	2.02
Other assets		
- Considered good	-	0.27
- Considered doubtful	2.36	2.36
	2.36	2.63
Less: Impairment Allowance (allowance for bad and doubtful debts)		
- Considered credit impaired	2.36	2.36
	-	0.27
	<b>226.03</b>	<b>166.11</b>

# Notes to the Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ crores)

## 9. Inventories

	As at 31 March 2021	As at 31 March 2020
(At lower of cost and Net realisable value)		
Stock-in-trade: Retail merchandise	<b>847.19</b>	<b>1,223.92</b>

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

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

## 10. Trade receivables - current

	As at 31 March 2021	As at 31 March 2020
(Unsecured)		
Considered good	34.79	35.08
Considered credit impaired	0.72	0.72
	35.51	35.80
Less: Impairment Allowance (allowance for bad and doubtful debts)		
Considered credit impaired	(0.72)	(0.72)
	<b>34.79</b>	<b>35.08</b>

10.1 Trade receivables are carried at amortised cost

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

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

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

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

## 11. Cash and cash equivalents

	As at 31 March 2021	As at 31 March 2020
Balance with banks in current accounts	9.90	0.44
Cash on hand	2.44	0.53
	<b>12.34</b>	<b>0.97</b>

11.1 These financial assets have been pledged as secure borrowings ( Refer Note 15)

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

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

	As at 31 March 2021	As at 31 March 2020
Balance with banks in current accounts	9.90	0.44
Cash on hand	2.44	0.53
	<b>12.34</b>	<b>0.97</b>
Less : Bank overdraft / Cash credit (Refer Note 15)	(0.10)	(133.35)
	<b>12.24</b>	<b>(132.38)</b>

## 12. Other bank balances

	As at 31 March 2021	As at 31 March 2020
Margin money accounts (under lien against bank guarantee)	0.28	0.28
Deposit with original maturity for more than 3 months but less than 12 months	29.00	-
Earmarked accounts (for unpaid dividend)	0.00	0.00
	<b>29.28</b>	<b>0.28</b>

# Notes to the Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ crores)

## 13. Share capital

### 13.1 Authorised

	As at 31 March 2021	As at 31 March 2020
200,000,000 equity shares of ₹ 5/- each	100.00	100.00

### 13.2 Issued, subscribed and fully paid up shares

	As at 31 March 2021	As at 31 March 2020
109,358,910 (2020 : 87,989,928) equity shares of ₹ 5/- each fully paid up	54.69	44.00
	<b>54.69</b>	<b>44.00</b>

### 13.3 Reconciliation of number of equity shares:

Particulars	31 March 2021		31 March 2020	
	Numbers	₹ Crores	Numbers	₹ Crores
Balance at the beginning of the year	8,79,89,928	44.00	8,79,89,928	44.00
Issued during the year (Refer Note 13.6)	2,13,68,982	10.69	-	-
<b>Balance at the end of the year</b>	<b>10,93,58,910</b>	<b>54.69</b>	<b>8,79,89,928</b>	<b>44.00</b>

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

Name of the Shareholder	As at 31 March 2021		As at 31 March 2020	
	Shares held (Nos)	Shares held (%)	Shares held (Nos)	Shares held (%)
Palm Shelter Estate Development LLP	89,59,058	8.19%	84,71,534	9.63%
Anbee Construction LLP	1,32,31,919	12.10%	1,03,86,401	11.80%
Cape Trading LLP	1,32,31,919	12.10%	1,03,86,401	11.80%
Aditya Birla Sun Life Trustee Private Limited	76,24,513	6.97%	62,25,597	7.08%
Raghukool Estate Development LLP	89,59,060	8.19%	55,93,300	6.36%
Capstan Trading LLP	89,59,060	8.19%	70,32,417	7.99%
Casa Maria Properties LLP	89,59,060	8.19%	70,32,417	7.99%

### 13.5 Other disclosures :

The Company has one class of equity shares having a par value of ₹ 5 per share. Each equity shareholder is eligible for one vote per share held. Each equity shareholder is entitled to dividends as and when the Company declares and pays dividend after obtaining shareholders' approval. In the event of liquidation of the company, the holders of equity shares will be entitled to receive the remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

### 13.6 The Company has issued and allotted Nil (2020 : Nil ) number of shares under Share options schemes to certain employees- Refer Note 34

The Board of Directors of the Company on 16 October 2020 approved the offer and issuance of equity shares of the Company by way of rights issue to the shareholders of the Company. The Rights issue Committee of Board of Directors at its meeting held on 17 December 2020, inter-alia, considered and approved allotment of 2,13,68,982 Rights Equity Shares of face value ₹ 5 each at a price of ₹ 140 per Rights Equity Share, to the eligible equity shareholders of the Company as on record date for an amount aggregating to ₹ 299.17 crores. Funds received pursuant to allotment are being utilised towards the objects stated in the Letter of Offer.

# Notes to the Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ crores)

## 14. Other equity

	As at 31 March 2021	As at 31 March 2020
Securities premium	940.71	655.44
General reserves	19.09	19.09
Retained earnings	(833.95)	(582.65)
Share options outstanding account	1.13	0.76
	<b>126.98</b>	<b>92.64</b>

### 14.1 Securities premium

Securities premium is used to record the premium received on issue of shares. The securities premium can be utilised only in accordance with the provisions of the Companies Act 2013.

### 14.2 General reserve

The General Reserve is mainly created/built by the Company from time to time by transferring the profits from retained earnings. This reserve may be utilised mainly to declare dividend as permitted under the Companies Act 2013.

### 14.3 Share options outstanding account

Share options outstanding account relates to share options granted by the Company to certain employees under share option plan. Further information about share based payments to employees is set out in Note 34.

## 15. Borrowings

	As at 31 March 2021	As at 31 March 2020
<b>Non-current</b>		
Term Loans (Secured) from banks	150.00	-
Less : Current maturities (Refer Note 17)	56.25	-
	<b>93.75</b>	<b>-</b>

**15.1** Term Loans are secured by First Pari Passu charge on entire Current Assets including Stocks & Books debts, the entire movable fixed assets, Lease deposit excluding exclusive lien on lease Deposit to the extent of ₹ 26.62 Crores by Axis Bank Ltd, Escrow Account of debit card and credit card receivables.

### 15.2 Terms of the Facilities :-

<b>Non-current borrowings</b>			Loan Balance	
Name of the Bank	Rate of Interest	Repayment Schedule	31 March 2021	31 March 2020
HDFC Bank	8.45% (2020: Nil)	Repayable in 8 equal quarterly installments from 8 Aug 2021 to 8 May 2023	75.00	-
IDFC First Bank	9.50% (2020: Nil)	Repayable in 8 equal quarterly installments from 30 Sep 2021 to 30 Jun 2023	75.00	-
<b>Current maturities of long-term borrowings</b>				
HDFC Bank	8.45% (2020: Nil)	Repayable in 8 equal quarterly installments from 8 Aug 2021 to 8 May 2023	28.13	-
IDFC First Bank	9.50% (2020: Nil)	Repayable in 8 equal quarterly installments from 30 Sep 2021 to 30 Jun 2023	28.12	-

**15.3** Borrowings are carried at amortised cost.

### 15A Current

	As at 31 March 2021	As at 31 March 2020
<b>From banks</b>		
- Secured	0.09	123.70
	<b>0.09</b>	<b>123.70</b>

# Notes to the Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ crores)

**15.A1** Loans are secured by a first pari passu charge on stock, book debts, hypothecation charge on credit card/debit card receivables (Escrow account) and all the movable fixed assets of the Company, both present & future except ICICI Bank loan which is secured by first pari passu charge on the current assets and all the movable fixed assets of the company both present & future excluding leasehold rights, lease deposits & Shoppers Stop brands.

**15.A2** Terms of the Facilities :-

Name of the Bank	Rate of Interest	Repayment Schedule	Loan Balance	
			31 March 2021	31 March 2020
<b>Secured :</b>				
Axis Bank (Cash Credit)	Nil (2020 : 8.70%)	On demand	-	14.65
ICICI Bank (Cash Credit)	8.40% (2020 : 9.50%)	On demand	0.09	13.79
Bank of India (Cash Credit)	Nil (2020 : 9.40%)	On demand	-	4.85
Kotak Mahindra Bank Ltd. (Cash Credit)	Nil (2020 : 8.75%)	On demand	-	32.00
HDFC Bank Ltd. (Cash Credit)	Nil (2020 : 9.00%)	On demand	-	9.78
IDFC Bank (Overdraft)	Nil (2020 : 9.75%)	On demand	-	48.63
			<b>0.09</b>	<b>123.70</b>

## 16. Trade payables

	As at 31 March 2021	As at 31 March 2020
- Total outstanding dues of micro enterprises and small enterprises	21.27	3.59
- Total outstanding dues of creditors other than micro enterprises and small enterprises	1,118.62	1,493.11
	<b>1,139.89</b>	<b>1,496.70</b>

**16.1** There are no micro, small and medium enterprises, to whom the Company owes dues which are outstanding for more than 45 days during the year except stated in Note 16.1.b. This information as required to be disclosed under the Micro, small and Medium Enterprise Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

	As at 31 March 2021	As at 31 March 2020
a) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	21.27	3.59
b) The amount of interest paid by the buyer in terms of section 16 of the Micro and Small enterprise Development Act, 2006, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	0.08	-
c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro and Small Enterprise Development Act, 2006.	-	-
d) The amount of interest accrued and remaining unpaid at the end of each accounting year;	-	-
e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro and Small Enterprise Development Act, 2006.	-	-

## 17. Other financial liabilities

	As at 31 March 2021	As at 31 March 2020
<b>Other financial liabilities measured at amortised cost</b>		
Current maturities of long term borrowings at amortised cost	56.25	-
Interest accrued but not due on borrowings	0.56	0.04
Unpaid dividends	0.00	0.00
Creditors for capital expenditure	17.69	39.23
Accrued payroll	16.53	15.22
Income received in advance	1.80	3.00
Security deposits	0.36	1.22
Related parties payables (Refer Note 38)	1.16	1.35
Overdrawn bank balances	0.01	9.65
	<b>94.36</b>	<b>69.71</b>



# Notes to the Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ crores)

## 18. Provisions

	As at 31 March 2021	As at 31 March 2020
Provision for employee benefits:		
Gratuity ( Refer Note 35(2)(d) )	2.30	4.49
Leave encashment	3.87	6.28
	<b>6.17</b>	<b>10.77</b>

## 19. Other current liabilities

	As at 31 March 2021	As at 31 March 2020
Statutory liabilities	64.46	59.61
Award schemes and gift vouchers	77.06	94.88
Others	5.03	5.34
	<b>146.55</b>	<b>159.83</b>

## 20. Revenue from operations

	For the year ended 31 March 2021	For the year ended 31 March 2020
Sale of Products		
Retail Sales	<b>1,625.87</b>	<b>3,105.10</b>
Other Retail operating revenue		
Net proceeds from SOR	63.55	170.86
Net income from concessionaire & consignment model	20.02	60.27
Facility management fees	3.97	22.26
Gift vouchers lapsed	8.66	14.13
Income from store displays and sponsorship	0.12	0.35
Direct marketing	2.90	8.01
	<b>99.22</b>	<b>275.88</b>
	<b>1,725.09</b>	<b>3,380.98</b>

### 20.1 Disaggregated revenue information

Set out below is the disaggregation of the Company's revenue from contracts with customers:

	For the year ended 31 March 2021	For the year ended 31 March 2020
Type of goods or service		
Sale of goods	1,625.87	3,105.10
Net proceeds from SOR	63.55	170.86
Net income from concessionaire & consignment model	20.02	60.27
Other operating income	15.65	44.75
<b>Total revenue from contracts with customers</b>	<b>1,725.09</b>	<b>3,380.98</b>
India	<b>1,725.09</b>	<b>3,380.98</b>
Outside India	-	-

### 20.2 Contract balances

	For the year ended 31 March 2021	For the year ended 31 March 2020
Trade receivables*	34.79	35.08

\*Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

### 20.3 Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price.

Particulars	31 March 2021	31 March 2020
Revenue as per contracted price	2,434.76	4,721.89
Adjustments		
Loyalty points	(15.92)	(48.40)
Discount	(693.75)	(1,292.51)
<b>Revenue from contract with customers</b>	<b>1,725.09</b>	<b>3,380.98</b>

# Notes to the Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ crores)

## 21. Other income

	<b>For the year ended 31 March 2021</b>	For the year ended 31 March 2020
<b>Interest on financial assets:</b>		
Inter-corporate deposit to subsidiary companies (Refer Note 38)	2.39	1.63
Bank deposits	1.08	0.03
Interest on IT Refund	0.96	-
Lease deposits measured at amortised cost	11.04	12.04
Profit on sale of Fixed Assets	0.30	-
Profit on sale of mutual fund investment	0.88	3.78
Covid-19 Related Rent Concessions	174.09	-
Gain on account of remeasurement of lease life	28.00	16.01
Miscellaneous Income	0.03	-
	<b>218.77</b>	<b>33.49</b>

	<b>For the year ended 31 March 2021</b>	For the year ended 31 March 2020
<b>22a. Purchase of Stock in trade</b>		
Retail Merchandise		
Apparels	448.52	1,322.77
Non-apparels	239.83	815.21
	(A) <b>688.35</b>	<b>2,137.98</b>
<b>22b. Changes in inventories of stock in trade</b>		
Opening inventory	1,223.92	1,053.55
Closing inventory	847.19	1,223.92
Decrease / (Increase)	(B) <b>376.73</b>	<b>(170.37)</b>
<b>22c. Cost of inventories recognised as an expenses*</b>	(A)+(B) <b>1,065.08</b>	<b>1,967.61</b>
* Includes write-downs/offers (net) of inventory to net realisable value on account of old season stock and shrinkages arising from stock count.	34.62	30.19

## 23. Employee costs

	<b>For the year ended 31 March 2021</b>	For the year ended 31 March 2020
Salaries and Wages	235.76	291.96
Contribution to provident and other funds (Refer Note 35)	17.64	21.05
Share-based payments cost *	1.44	0.55
Staff welfare expenses	2.63	8.36
	<b>257.47</b>	<b>321.92</b>

\* Measured at fair value

For details of share options granted by the Company to the certain employees, Refer Note 34

## 24. Finance costs

	<b>For the year ended 31 March 2021</b>	For the year ended 31 March 2020
Interest on borrowings	32.61	6.34
Interest on Lease Liabilities	186.92	187.84
Bank charges	0.44	0.20
	<b>219.97</b>	<b>194.38</b>

## 25. Other expenses

	<b>For the year ended 31 March 2021</b>	For the year ended 31 March 2020
Lease rent and hire charges (Note 27.1)	19.56	56.02
Business conducting fees	0.01	3.94
Rates and taxes	5.44	2.92
Repairs and maintenance		

# Notes to the Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ crores)

	For the year ended 31 March 2021	For the year ended 31 March 2020
- Buildings	94.22	100.43
- Others	8.20	11.18
Legal and professional fees (Note 25.1)	12.45	22.05
Housekeeping charges	11.41	18.68
Security charges	13.68	26.67
Computer expenses	43.75	41.32
Conveyance and travelling expenses	1.84	14.23
Electricity charges	63.13	96.74
Advertisement and publicity	22.00	59.26
Charges on credit card transactions	11.11	24.01
Allowances for bad and doubtful financial assets*	0.15	1.52
Loss on sale of property, plant and equipment (net)	-	0.55
Foreign exchange gain / loss (net)	0.01	(0.25)
Corporate Social Responsibility expenses	0.30	0.85
Miscellaneous expenses	41.92	61.89
	<b>349.18</b>	<b>542.01</b>

\*excludes exceptional items

## 25.1 Payments to Auditors (excluding GST):

	For the year ended 31 March 2021	For the year ended 31 March 2020
i) Audit fees	0.59	0.59
ii) Other matters **	0.54	0.04
iii) Out of pocket expenses	0.01	0.04

\*\* ₹ 0.50 crores paid towards right issue certification work adjusted against share premium account

## 25.2 Expenditure related to corporate social responsibility as per Section 135 of the Companies Act, 2013 read with schedule VIII thereof:

	For the year ended 31 March 2021	For the year ended 31 March 2020
a) Gross amount required to be spent by the Company**	1.05	1.68
b) Details of amount spent are as under:		
Sustained livelihood throughout the year for women involved in kit development and making of mypads	0.30	-
Livelihood creation for persons with disabilities (Employment linked training)	-	0.31
Livelihood creation for young underprivileged women (Employment linked training)	-	0.13
Promote sustainable fashion through reuse, recycle and reduce	-	0.30
Promoting healthcare, empowering women employment, enhancing vocation skill for women	-	0.11
<b>Total</b>	<b>0.30</b>	<b>0.85</b>

\*\* The Company has transferred unspent amount of ₹ 0.75 crores to a special bank account called as Unspent Corporate Social Responsibility Account (UCSRA) within 30 days from the end of the financial year.

## 26. Income tax expense recognised in profit or loss

	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Current income tax:</b>		
Current income tax charge	-	25.14
Adjustments in respect of current income tax of previous year	(1.48)	-
	<b>(1.48)</b>	<b>25.14</b>
<b>Deferred tax</b>		
In respect of current year	(78.23)	36.19
Deferred tax reversal on opening balance on account of change in income tax rate to 25.17%	-	8.95
	<b>(78.23)</b>	<b>45.14</b>
<b>Income tax expense reported in the statement of profit and loss</b>	<b>(79.71)</b>	<b>70.28</b>

# Notes to the Financial Statements

for the year ended 31 March 2021

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OCI section - Deferred tax related to items recognised in OCI during the year:

	<b>For the year ended 31 March 2021</b>	For the year ended 31 March 2020
Net loss / (gain) on remeasurements of defined benefit plans	(0.12)	(0.73)
<b>Income tax expense charged to OCI</b>	<b>(0.12)</b>	<b>(0.73)</b>

## Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31 March 2021 and 31 March 2020:

	<b>For the year ended 31 March 2021</b>	For the year ended 31 March 2020
Accounting Profit before income tax (before exceptional item)	(354.93)	(70.66)
Income tax expense calculated at 25.17% (2020 :25.17%)	(89.34)	(17.79)
<b>Effect of expenses that are not deductible in determining taxable profit</b>		
Corporate social responsibility expenses	0.08	0.21
Interest disallowances u/s.14A	0.32	0.73
Loss/ (profit) on sale of Fixed assets	(0.08)	-
Impairment provision on investments in Crossword Bookstores Limited	5.64	-
<b>Adjustments in respect of current income tax of previous year</b>		
Adjustments in respect of current income tax of previous year	(1.48)	-
Deferred tax reversal on opening balance on account of change in income tax rate	-	8.95
<b>Others</b>		
Deferred tax reversal on reserves created on IND-AS 116 Transition (Note 26.2)	-	77.45
Deferred tax reversal on impairment provision on investment in Crossword Bookstores Limited	5.03	-
Others	0.12	0.73
<b>Income tax expense recognised in profit or loss</b>	<b>(79.71)</b>	<b>70.28</b>

**26.1** In the absence of reasonable certainty, the Company has not recognised deferred tax assets (DTA) on mark to market loss on equity shares of Future Retail Ltd.

**26.2** The Company elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has recognised Provision for Income Tax and re-measured its Deferred tax assets basis the rate prescribed in the said section. The impact of this change has been recognised during the year ended 31 March 2020.

	<b>For the year ended 31 March 2021</b>	For the year ended 31 March 2020
Deferred tax reversal on opening balance on account of change in income tax rate to 25.17% (2020 : 25.17%)	-	8.95
Deferred tax reversal on reserves created on IND-AS 116 Transition	-	77.45

**27.** Ind AS 116 Leases was notified by MCA on 30 March 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after 1 April 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less).

At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under Ind AS 116 is substantially unchanged from today's accounting under Ind AS 17. Lessors will continue to classify all leases using the same classification principle as in Ind AS 17 and distinguish between two types of leases: operating and finance leases.

# Notes to the Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ crores)

The Company has lease contracts for offices, store premises and warehouses used in its operations which has lease terms between 3 and 24 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets.

The Company also has certain leases of offices, store premises and warehouses with lease terms of 12 months or less and with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

The Company has adopted modified retrospective approach as per para C8 (C) (i) of IND-AS 116, Leases to its leases effective from accounting period beginning from 1 April 2019. This has resulted in recognizing a Right of Use assets of ₹ 1,145.76 Crores and Lease Liability of ₹ 1,940.73 Crores as on 1 April 2019 and difference between Right of Use Assets and Lease Liability amt.to ₹ 517.17 Crores (net of deferred tax of ₹ 277.80 Crores) has been adjusted in retained earnings.

**27.1** Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

Particulars	31 March 2021	31 March 2020
Opening Balance	1,325.68	1,201.61
Additions during the year	30.02	345.75
Modifications during the year	70.73	(14.70)
Depreciation Expenses for the year	(216.83)	(206.98)
<b>Balance at the end of the year</b>	<b>1,209.60</b>	<b>1,325.68</b>

**27.2** Set out below are the carrying amounts of lease liabilities and the movements during the year:

Particulars	31 March 2021	31 March 2020
Opening Balance	2,067.75	1,940.73
Additions	30.02	324.30
Finance Charge	186.92	187.84
Modifications	42.71	(29.95)
Others	0.96	13.56
Repayment	(242.70)	(368.73)
Lease waivers	(174.09)	-
<b>Balance at the end of the year</b>	<b>1,911.57</b>	<b>2,067.75</b>
Current	216.56	12.21
Non-current	1,695.02	2,055.54

The effective interest rate for lease liabilities is 8.50% as on 31 March 2021 (8.50 % as on 31 March 2020)

## 27.3 Covid-19-Related Rent Concessions :

As described in Note 2.10 on Leases, the Ministry of Corporate Affairs vide notification dated 24 July 2020 issued an amendment to Ind AS 116- Leases, by inserting a practical expedient w.r.t. Covid-19 Related Rent Concessions effective from the period beginning on or after 1 April 2020.

Many lessors have provided rent concessions to the Company as a result of the Covid-19 pandemic. Rent concession include rent holidays or rent reductions for a period of time. The amendment is to provide lessees that have been granted Covid-19 related rent concessions with practical relief, while still providing useful information about leases to users of the financial statements.

As a practical expedient, the Company elected not to assess a Covid-19 related rent concession from a lessor as a lease modification. and change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under Ind AS 116, if the change were not a lease modification. The practical expedient applies only to rent concessions occurring as a direct consequence of the Covid-19 pandemic.

Pursuant to the above amendment, the Company has applied the practical expedient by accounting the unconditional rent concessions in Other income in the Statement of Profit and Loss as under:

	For the year ended 31 March 2021	For the year ended 31 March 2020
	174.09	-

# Notes to the Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ crores)

**27.4** The following are the amounts recognised in profit or loss:

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Depreciation expense of right-of-use assets	216.83	206.98
Interest expense on lease liabilities	186.92	187.84
Expense relating to short-term leases (included in other expenses)	7.82	4.03
Expense relating to leases of low-value assets (included in other expenses)	0.21	0.10
Fixed rentals	-	-
Variable lease payments (included in other expenses)	11.53	55.83
<b>Total amount recognised in profit or loss</b>	<b>423.31</b>	<b>454.78</b>

**27.5** The following provides information on the Company's variable Lease payments including the magnitude in relation to fixed payments

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Fixed rent	69.32	122.38
Variable rent with minimum payment	168.21	262.12
Variable rent only	17.52	17.43

The Company has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Company's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

**27.6** Set out below are the future minimum lease rentals payments in respect of lease for offices, store premises and warehouses are as follows:

Particulars	As at 31 March 2021	As at 31 March 2020
Within one year	385.73	426.97
After one year but not more than five years	1,470.47	1,449.88
More than five years	1,057.23	1,639.15
<b>Grand Total</b>	<b>2,913.43</b>	<b>3,516.00</b>

## 28. Earning Per Equity Share

Basic EPS amounts are calculated by dividing the loss for the year attributable to equity holders of the Company by weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

The following reflects the income and share data used in the basic and diluted EPS computations:

Particulars	As at 31 March 2021	As at 31 March 2020
(a) Profit attributable to equity share holders (₹ In Crores)	(275.22)	(140.94)
(b) Weighted Number of equity shares outstanding during the year	9,41,37,169	8,79,89,928
(c) Weighted Number of equity shares outstanding during the year after adjustment for dilution	9,41,37,169	8,79,89,928
(d) Nominal value per share (₹)	5	5
(e) EPS:		
Basic (₹)	(29.24)	(16.02)
Diluted (₹)	(29.24)	(16.02)
<b>Weighted Average number of Equity shares for basic EPS</b>	<b>9,41,37,169</b>	<b>8,79,89,928</b>
Effect of dilution :		
Share options	*	*
Weighted average number of Equity shares adjusted for the effect of dilution	9,41,37,169	8,79,89,928

\*Note- Since there is loss hence it becomes antidilutive.

# Notes to the Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ crores)

## 29. Contingent liabilities and commitments:

	31 March 2021	31 March 2020
<b>i) Contingent liabilities</b>		
<b>a) Claims against the Company not acknowledged as debts, comprising of :</b>		
Income tax claims disputed by the Company relating to disallowances aggregating*	226.12	142.60
* As of March 31, 2021, the Company had outstanding demands amounting to ₹ 224.33 crores w.r.t to TDS disallowances and amounting to ₹ 1.79 crores w.r.t. disallowances under Section 14A.		
Update in FY 20-21 : The IT department has passed order directing the company to pay tax w.r.t.TDS for A.Y.14-15, AY 2015-16 & AY 2016-17 amounting to ₹ 112.17 crores on account of non deduction on contract manufacturing goods in line with earlier years. The Company has filed appeals for all years before the higher authorities.		
The Company has received favourable order from CIT(A) for AY 2012-13 for ₹ 23.41 crores on the same matter and hence, The Company is confident of getting relief for all the other years viz AY 2013-14 to AY 2018-19 hence no provision on the same has been made and the same is disclosed under contingent liabilities as on 31 March 2021.		
Further, the Company has also filed an appeals to higher authorities against disallowances of Section 14A and other matters amounting to ₹ 1.79 crores .The Company has received favourable order for A.Y.2014-15 for ₹ 3.18 crores towards disallowances of section 14A. Further, the Company had filed VSV for A.Y.2009-10 towards penalty on service tax and A.Y.2011-12 towards other matters aggregating to ₹ 2.06 crores and has achieved certainty.		
* 2020 : The IT department has passed order directing the company to pay tax w.r.t.TDS for A.Y.13-14 ₹ 25.93 crores on account of non deduction on contract manufacturing goods. The Company has also received similar orders in F.Y.2018-19 to pay tax w.r.t. TDS for A.Y.12-13, A.Y.17-18 and A.Y.18-19 aggregating to amount of ₹ 109.61crores on account of non deduction on contract manufacturing goods.		
Further, the Company has also filed an appeals to higher authorities against disallowances of Section 14A and other matters notional interests amounting to ₹ 21.11 Crores with respect to Block assessment years AY 2013-14 to AY 2017-18 and AY 2018-19. The Company is confident of getting relief at higher authorities as these issues are squarely covered in favour of assessee's own case for earlier years however the Company has already created a provision of ₹ 14.06 Crores. Also, in case of AY 2013-14, AY 2014-15 and AY 2015-16, CIT(A) has already granted relief in relation to appeal filed for the same disallowances as per the original assessment order, of which the assessing officer has not taken cognizance of in the Block assessment orders.		
Indirect tax claims disputed by the Company relating to issues of applicability and classification aggregating		
- Service tax other than on rent (Refer Note 30 (i))	-	11.20
- Service tax on rent (Refer Note 30 (ii))	16.60	16.60
- VAT/ Sales tax @	5.37	-
- Customs Duty #	0.47	0.47
@ The demand is on account of disallowance of VAT set off due to J1-J2 mis-match or GSTR 1 Vs 3B (amount paid under protest ₹ 0.33 Crores). The Company has filed an appeal and matter is still pending before Asst.Commissioner Commercial Tax.		
# Aggrieved with the decision of custom department for demanding the payment of SAD refund of ₹ 0.42 Crores the Company has filed an appeal before CESTAT. Futher, the company has received demand order of ₹ 0.05 Crores on account of misclassification of imported goods. Against the said order the Company has filed an appeal before CESTAT. Both these matters are pending with CESTAT.		
<b>b) Other matters</b>	0.25	0.25
<b>c) Bank Guarantees</b>	8.71	9.16
Note: Future cash outflows in respect of (a) (b), and (c) above are determinable only on receipt of judgements/decisions pending with various forums/authorities.		
<b>ii) Commitments</b>		
a) Estimated amount of contracts remaining to be executed on capital account and not provided for	7.52	44.89
b) Corporate guarantee given to bank jointly and severally :		
- Shoppers Stop Limited has given the corporate guarantee for loans taken by Crossword Bookstores Ltd. ₹ 18.40 Crores (2020:Crossword Bookstores Ltd. ₹ 18.40 Crores)	18.40	18.40

# Notes to the Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ crores)

## 30. Service tax

- i) The Service tax authority had raised demand through SCN amounting to ₹ 3.45 Crores (Basic Duty of ST) towards business support services (concessionaire business model) for the period from May 2006 to May 2007. The final liability after considering the penalty and interest amounting to ₹ 11.20 Crores (deposit paid under protest ₹ 3.45 Crores). The Company had filed an appeal before Mumbai High Court. The Company subsequently filed for Sabka Vishwas - (Legacy Dispute Resolution) Scheme, 2019 (SVLDRS) and basis the final order, the matter is concluded without any further liability.
- ii) Pursuant to levy of service tax on renting of immovable properties given for commercial use, retrospectively with effect from 1 June 2007, the Company has challenged the said levy and, inter-alia, its retrospective application based on a legal advice,. Pending the final disposal of the matter, which is presently before the Supreme Court, the Company continues not to provide for the retrospective levy aggregating ₹ 16.60 Crores out of total demand of ₹ 35.41 Crores for the period 1st June 2007 to 31st March 2010 which has been paid under protest.

The Company has made an aggregate deposit of ₹ 35.41 Crores in respect of the liability for such service tax.

## 31. Exceptional Items :

Crossword Bookstores Limited, a wholly owned subsidiary company has accumulated losses and has negative net worth of ₹ 46.12 Crores as at 31 March 2021. It continues to take steps to revamp its operations including optimizing costs to improve operating efficiency, closed 15+ loss making stores in FY21, foraying into Digital and Ecommerce operations and other measures to improve profitability. Due to the prevailing Covid situation, the turnaround is longer than we had anticipated. The Company had recorded an impairment of ₹ 22.40 Crores during the year ended 31 March 2021 (31 March 20: ₹ 20 Crores) against total of the equity investment and financial assistance of ₹ 68.72 Crores.

## 32. Segment reporting

The Company is primarily engaged in the business of retail trade through retail and departmental store facilities, which in the terms of Ind AS 108 on 'Operating Segments', constitutes a single reporting segment which is also reviewed by the Chief Operating Decision Maker (CODM).

- i) The Company operates in a single geographical environment i.e. in India.
- ii) No single customer contributed 10% or more to Company's revenue.

## 33. Derivatives / Forward foreign exchange contracts

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

There are no outstanding Forward Exchange Contracts entered into by the Company as at 31 March 2021.

### b) Unhedged Foreign Currency exposure

The following are the foreign currency exposures that have not been hedged by a derivative instrument or otherwise at the end of the year.

Particulars	31 March 2021		31 March 2020	
	Numbers	₹ Crores	Numbers	₹ Crores
Trade Payable	-	-	0.16	USD 21,269
	-	-	0.14	GBP 14,820
Creditors for capital expenditure	-	-	0.74	EURO 89,652
	0.05	USD 7,242	0.14	USD 18,099
	0.21	EURO 24,127	0.03	GBP 3,200
Creditors for expenses (professional fees)	2.11	USD 2,87,934	0.65	USD 86,562



# Notes to the Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ crores)

## 34. Share-based payments

The expense recognised for employee services received during the year is show in the following table :

	For the year ended 31 March 2021	For the year ended 31 March 2020
Expense arising on Employee Stock Option Scheme	1.44	0.55
<b>Total expense arising from share-based payment transactions</b>	<b>1.44</b>	<b>0.55</b>

### 34.1 Employee share option plan of the Company

The Company has a share option scheme for certain employees of the Company and its subsidiaries. In accordance with the terms of the share option scheme, as approved by shareholders at general meeting, employees with a pre-defined grade may be granted options to purchase equity shares. Each share option converts into one equity share of the company on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised within four years from the date of grant, as per vesting schedule. The share options vests based on a pre-determined vesting schedule from the date of grant.

The fair value of the share options is estimated at the grant date using a binomial option pricing model, taking into account the terms and conditions upon which the share options are granted. However, the above performance condition is only considered in determining the number of instruments that will ultimately vest.

The Contractual term of each option granted is three years. There are no cash settlement alternatives. The Company does not have a past practice of cash settlement for these share options.

The following share-based payment arrangements were in existence during the current and prior years:

Options series	Number	Grant date	Expiry date	Exercise Price (₹)	Fair value at grant date (₹)
Granted on 8 June 2018	9,191	08.06.2018	07.06.2021	544.00	219.45
Granted on 8 June 2018	5,253	08.06.2018	08.06.2021	544.00	189.71
Granted on 27 July 2018	28,720	27.07.2018	27.07.2021	546.00	167.93
Granted on 28 January 2019	17,210	28.01.2019	28.01.2022	514.00	160.20
Granted on 30 April 2019	10,684	30.04.2019	29.04.2021	468.00	137.41
Granted on 30 April 2019	24,197	30.04.2019	30.04.2022	468.00	139.39
Granted on 30 July 2019	21,582	30.07.2019	30.07.2022	387.00	110.22
Granted on 30 Jan 2020	26,452	30.01.2020	31.01.2023	383.00	135.80
Granted on 10 July 2020	2,03,097	10.07.2020	10.07.2021	174.00	45.27
Granted on 13 August 2020	8,485	13.08.2020	13.08.2021	165.00	43.97
Granted on 30 October 2020	43,718	30.10.2020	29.10.2023	171.00	50.59
Granted on 15 January 2021	41,436	15.01.2021	14.06.2024	181.00	73.79
Granted on 15 January 2021	54,509	15.01.2021	14.06.2026	181.00	86.16
Granted on 15 January 2021	3,45,114	15.01.2021	14.06.2026	192.00	82.06

All options vested based on the pre determined vesting schedule (i.e. three years) from the date of grant and expire after 12 months from the last date of vesting schedule, six months from the date of retirement or twelve months after the resignation of the employee, whichever is the earlier.

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

The following are the new grants during the F.Y.2020-21

Options series	Number	Grant date	Expiry date	Exercise Price (₹)	Fair value at grant date (₹)
Granted on 10 July 2020	2,03,097	10.07.2020	10.07.2021	174.00	45.27
Granted on 13 August 2020	8,485	13.08.2020	13.08.2021	165.00	43.97
Granted on 30 October 2020	43,718	30.10.2020	29.10.2023	171.00	50.59
Granted on 15 January 2021	41,436	15.01.2021	14.06.2024	181.00	73.79
Granted on 15 January 2021	54,509	15.01.2021	14.06.2026	181.00	86.16
Granted on 15 January 2021	3,45,114	15.01.2021	14.06.2026	192.00	82.06

# Notes to the Financial Statements

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## 34.3 Movements in share options during the year

Number of Employee Stock Option Outstanding :	Number of Options	Weighted average exercise price	Number of Options	Weighted average exercise price
	31 March 2021		31 March 2020	
Outstanding at the beginning of the year	1,24,294	465.26	55,464	536.40
Granted during the year	6,96,359	183.59	82,915	419.80
Lapsed/Cancelled during the year	60,787	-	14,085	-
Exercised during the year	-	-	-	-
Surrendered during the year	89,866	-	-	-
Outstanding at the end of the year	<b>6,70,000</b>	<b>183.59</b>	<b>1,24,294</b>	<b>465.26</b>

Of the above outstanding share options 6,70,000 (2020: 1,24,294) shares are exercisable at the end of the respective years.

Details of yearwise grant and exercise:

Year / (date of Grant)	Options granted (net of lapsed)	Exercised till 31.3.2019	Exercised in 2019-20	Exercised till 31.3.2020	Outstanding 31.3.2020	Lapsed in 2020-21	Surrender in 2020-21	Outstanding 31.3.2021
2018-19 (08.06.2018)	9,191	-	-	-	9,191	9,191	-	-
2018-19 (08.06.2018)	5,253	-	-	-	5,253	-	5,253	-
2018-19 (27.07.2018)	23,810	-	-	-	23,810	6,718	17,092	-
2018-19 (08.06.2018)	6,610	-	-	-	6,610	-	6,610	-
2019-20 (30.04.2019)	10,684	-	-	-	10,684	10,684	-	-
2019-20 (30.04.2019)	20,712	-	-	-	20,712	7,835	12,877	-
2019-20 (30.07.2019)	21,582	-	-	-	21,582	-	21,582	-
2019-20 (30.01.2020)	26,452	-	-	-	26,452	-	26,452	-
2020-21 (10.07.2020)	2,03,097	-	-	-	-	20,896	-	1,82,201
2020-21 (13.08.2020)	8,485	-	-	-	-	-	-	8,485
2020-21 (30.10.2020)	43,718	-	-	-	-	5,463	-	38,255
2020-21 (15.01.2021)	41,436	-	-	-	-	-	-	41,436
2020-21 (15.01.2021)	54,509	-	-	-	-	-	-	54,509
2020-21 (15.01.2021)	3,45,114	-	-	-	-	-	-	3,45,114
					<b>1,24,294</b>	<b>60,787</b>	<b>89,866</b>	<b>6,70,000</b>

## 34.4 Share options exercise during the year

There are no share options were exercised during the year.

## 34.5 New Schemes Launched

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

	2020-21						2019-20			
	10.07.2020	13.08.2020	30.10.2020	15.01.2021	15.01.2021	15.01.2021	30.04.2019	30.04.2019	30.07.2019	30.01.2020
Date of grant										
Number of option granted	2,03,097	8,485	43,718	41,436	54,509	3,45,114	10,684	20,712	21,582	26,452
Contractual life	1 years	2 years	1 years	2.41 years	4.42 years	4.42 years	2 years	3 years	3 years	3 years
Vesting Schedule (from the date of grant)										
First Year	100%	100%	100%	-	25%	25%	-	30%	30%	30%
Second Year	-	-	-	-	50%	50%	100%	30%	30%	30%
Third Year	-	-	-	100%	25%	25%	-	40%	40%	40%
Method of settlement	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity
Estimated Fair Values (Arrived at by applying Binomial Option Pricing Model)	45.27	43.97	50.59	73.79	86.16	82.06	137.41	139.39	110.22	135.80

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(All amounts in ₹ crores)

	2020-21						2019-20			
Model inputs (share price at the grant date) ₹	174	165	171	181	181	192	468	468	387	383
Exercise Price ₹	174	165	171	181	181	192	468	468	387	383
Expected Volatility	42.84%	43.56%	41.25%	44.00%	39.00%	43.00%	33.08%	33.50%	33.01%	32.52%
Risk free rate of return	0.99%	1.05%	1.05%	1.00%	1.00%	1.00%	1.73%	1.73%	1.52%	1.52%

**34.6** The weighted average contractual life of the options outstanding is 3.09 years

## 35. Employee Benefits

### 35.1 Defined contribution plans

The Company operates defined contribution plan (Provident fund) for all qualifying employees of the Company. The employees of the company are members of a retirement contribution plan operated by the government. The Company is required to contribute a specified percentage of payroll cost to the retirement contribution scheme to fund the benefits. The only obligation of the Company with respect to the plan is to make the specified contributions. The Company's contribution to Provident Fund aggregating ₹ 13.56 Crores (2020: ₹ 15.65 Crores) has been recognised in the Statement of Profit and Loss under the head Employee Benefits Expense.

### 35.2 Defined benefit plan

The Company sponsors funded defined benefit (Gratuity) plan for qualifying employees, covered under the Payment of Gratuity Act, 1972. The defined benefit plan is administered by a third-party insurer (Life Insurance Corporation of India). This third-party insurer is responsible for the investment policy with regard to the assets of the plan.

Under the plan, the employees are entitled to a lump-sum amounting to 15 days' final basic salary for each year of completed service payable at the time of retirement / resignation provided the employee has completed 5 years of continuous service.

a) The principal actuarial risks to which the Company is exposed are investment risk, interest rate risk, salary risk and longevity risk.

Investment risk	The probability or likelihood of occurrence of losses relative to the expected return on any particular investment.
Interest risk	The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability.
Longevity risk	The Company has used certain mortality and attrition assumptions in the valuation of the liability. The Company is exposed to the risk of actual experience turning out to be worse compared to the assumption.
Salary Risk	The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.
Demographic risk	The Company has used certain mortality and attrition assumptions in the valuation of the liability. The Company is exposed to the risk of actual experience turning out to be worse compared to the assumption.
Regulatory risk	Gratuity benefit is paid in accordance with the requirements of the Payment of Gratuity Act, 1972 (as amended from time to time). There is a risk of change in the regulations requiring higher gratuity payouts.
Asset liability mismatching or market risk	The duration of liability is longer as compare to duration of assets, exposing the Company to market risk for volatilities / fall in the interest rate.

**b) The principal assumptions used for the purposes of the actuarial valuations were as follows.**

Particulars	As at 31 March 2021	As at 31 March 2020
Discount rate	5.65% p.a.	5.60% p.a.
Expected rate of salary increase	4.50% p.a.	4.50% p.a.
Average Longevity at retirement age for current beneficiaries of the plan (years)	Indian Assured Lives	Mortality 2012-14
<b>Rate of employee turnover</b>		
Upto 5 Year	40.00% p.a.	35.00% p.a.
Above 5 Year	14.00% p.a.	12.00% p.a.

# Notes to the Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ crores)

## c) Amount recognised in statement of profit and loss in respect of these defined benefit plan

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Current service cost	2.31	2.37
Net interest cost	0.25	0.19
<b>Components of defined benefits costs recognised in profit or loss.</b>	<b>2.56</b>	<b>2.56</b>
Remeasurements on the net defined benefit liability :		
- Return on plan assets, excluding amount included in interest expense/(income)	0.30	0.17
- Actuarial (gain)/loss from change in demographic assumptions	(0.09)	(0.00)
- Actuarial (gain)/loss from change in financial assumptions	(0.05)	1.44
- Actuarial (gain)/loss from change in experience adjustments	0.31	1.30
<b>Total amount recognised in other comprehensive income</b>	<b>0.47</b>	<b>2.91</b>
<b>Total</b>	<b>3.03</b>	<b>5.47</b>

## d) The amount included in the balance sheet arising from Company's obligation in respect of its defined benefit plan is as follows:

Particulars	As at 31 March 2021	As at 31 March 2020
Present value of funded defined benefit obligation	16.14	17.08
Fair value of plan assets	13.84	12.59
<b>Net asset arising from defined benefit obligation</b>	<b>2.30</b>	<b>4.49</b>

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

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Opening defined benefit obligation	17.08	14.05
Current service cost	2.31	2.37
Interest cost	0.96	0.99
Remeasurements (gains)/losses:		
- Actuarial (gain)/loss from change in demographic assumptions	(0.09)	(0.00)
- Actuarial (gain)/loss from change in financial assumptions	(0.05)	1.44
- Actuarial (gain)/loss from change in experience adjustments	0.31	1.30
Benefits paid	(4.37)	(3.07)
<b>Closing defined benefit obligation</b>	<b>16.14</b>	<b>17.08</b>

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

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Opening fair value of plan assets	12.58	11.28
Interest income	0.70	0.79
Remeasurement (gains)/losses:		
- Return on plan assets, excluding amount included in net interest expense	(0.07)	(0.18)
Contributions from the employer	4.99	3.75
Benefits paid/transferred	(4.37)	(3.06)
<b>Closing fair value of plan assets</b>	<b>13.84</b>	<b>12.59</b>

g) Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase, attrition rate and mortality. The sensitivity analysis below have been determined based on reasonable possible changes of the assumptions occurring at the end of the years, while holding all other assumptions constant. The results of sensitivity analysis is as follows:

Particulars	31 March 2021	31 March 2020
Defined benefit obligation (base)	16.14	17.08

# Notes to the Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ crores)

Particulars	31 March 2021		31 March 2020	
	Decrease	Increase	Decrease	Increase
Discount rate (- / +1%)	17.14	15.25	18.27	16.03
% change compared to base due to sensitivity	6.20%	-5.50%	6.90%	-6.20%
Salary growth rate (- / +1%)	15.24	17.14	16.01	18.27
% change compared to base due to sensitivity	-5.60%	6.20%	-6.30%	7.00%
Attrition rate (- / +50%)	16.47	15.71	17.48	16.62
% change compared to base due to sensitivity	2.00%	-2.70%	2.30%	-2.70%
Mortality rate (- / +10%)	16.15	16.15	17.08	17.08
% change compared to base due to sensitivity	0.00%	0.00%	0.00%	0.00%

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the years, which is the same as that applied in calculating the defined benefit obligation asset recognised in the balance sheet.

There is no change in the method of valuation for the prior periods in preparing the sensitivity analysis. For change in assumptions refer to Note 36.2b above.

## h) Asset liability matching strategies:

The Company has purchased insurance policy, which is basically a year-on-year cash accumulation plan in which the interest rate is declared on yearly basis and is guaranteed for a period of one year. The insurance Company, as part of the policy rules, makes payment of all gratuity outgoes happening during the year (subject to sufficiency of funds under the policy). The policy, thus, mitigates the liquidity risk. However, being a cash accumulation plan, the duration of assets is shorter compared to the duration of liabilities. Thus, the Company is exposed to movement in interest rate (in particular, the significant fall in interest rates, which should result in a increase in liability without corresponding increase in the asset).

## i) Effect of plan on entity's future cash flows

- Every year, the insurance company carries out a funding valuation based on the latest employee data provided by the Company. Any deficit in the assets arising as a result of such valuation is funded by the Company.
- The Company expects to contribute ₹ 4.43 crores to its gratuity plan for the next year.
- Weighted average duration of the defined benefit obligation is 6 years (based on discounted cashflows).

Expected cash flows over the next (valued on undiscounted basis):	₹ In Crores
1 year	2.49
2 to 5 years	8.27
6 to 10 years	6.27
More than 10 years	6.71

# Notes to the Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ crores)

## 36. Subsidiaries

### 36.1 Details of the Company's subsidiaries at the end of the years are as follows:

Sr. No	Name of subsidiary	Principal activity	Place of incorporate and operation	Proportion of ownership interest and voting rights held	
				As at 31 March 2021	As at 31 March 2020
1	Crossword Bookstores Limited	Retailing in books and other allied items through departmental stores operated by self or by franchisees	India	100%	100%
2	Shoppers' Stop Services (India) Limited	The Company is non-operational	India	100%	100%
3	Upasna Trading Limited	Supervising distribution and logistics operations (The Company is non-operational)	India	100%	100%
4	Shoppers' Stop.com (India) Limited	Retailing a variety of consumer products through online channel	India	100%	100%
5	Gateway Multichannel Retail (India) Limited	Catalogue retailing business (Discontinued operations) (The Company is non-operational)	India	100%	100%

36.2 The company has given corporate guarantee to banks for loans taken by subsidiaries - Refer Note 29 (ii) (b).

### 37. Utilisation of Right Issue Proceeds

During the year, the Company has allotted 2,13,68,982 Rights Equity Shares of face value ₹ 5 each at a price of ₹ 140 per Rights Equity Share, to the eligible equity shareholders of the Company as on record date for an amount aggregating to ₹ 299.17 crores.

The proceeds of the issue are utilised in accordance with the details set forth below :-

S. No.	Item Head*	Amount as proposed in Issue Document	Amount utilised during the year	Total unutilised as on 31 March 2021
1.	Repayment of Working Capital Borrowings	125.00	125.00	-
2	Funding Working Capital Requirements. (Including Issue Expenses)	100.00	100.00	-
3	General Corporate Purpose*	70.83	70.83	-
4	Share Issue Expenses	3.34	3.21	-
	<b>Total</b>	<b>299.17</b>	<b>299.04</b>	<b>-</b>

\* For "General corporate purposes", the Company has invested the proceeds in mutual fund and relied on the confirmation provided by the lawyers to the Rights Issue that amount invested in mutual fund can be considered as amount spent towards objects of the issue as per Letter of Offer.

## 38. Related party disclosures

### Names of related parties and description of relationship:

<b>(a) Subsidiaries</b>	Crossword Bookstores Limited.	
	Gateway Multi Channel Retail (India) Limited.	
	Upasana Trading Limited.	
	Shoppers Stop Services (India) Limited.	
	Shoppers Stop.com (India) Limited.	
<b>(b) Key Management Personnel</b>	Executive Director :	Rajiv Suri (upto 25 August 2020)
		Venu Nair (w.e.f. 6 November 2020)
	Non Executive Directors:	Ravi Raheja
		Neel Raheja
		B.S.Nagesh
		Nitin Sanghavi (upto 31 July 2020)
		Deepak Ghaisas
		Nirvik Singh
		Ameera Shah
		Manish Chokani
		Robert Bready

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for the year ended 31 March 2021

(All amounts in ₹ crores)

	William Kin (w.e.f. 15 June 2020)
Chief Executive Officer	Rajiv Suri (upto 25 August 2020)
	Venu Nair (w.e.f. 6 November 2020)
Chief Financial Officer	Karunakaran M
Company Secretary	Bharat Sanghavi ( upto 15 January 2021)
	Vijay Gupta ( w.e.f. 16 January 2021)
<b>(c) Directors</b>	Ravi C. Raheja, Neel C. Raheja
<b>(d) Entities in which a director is a director</b>	Ivory Properties and Hotels Private Limited *
	Avacado Properties and Trading India Private Limited *
	Trion Properties Private Limited *
	Retailers Association of India
	K.Raheja Corp. Private Limited*
	Inorbit Malls (India) Private Limited*
	K.Raheja Private Limited*,
	Chalet Hotels Limited*
	Magna Warehousing & Distribution Private Limited*
	Juhu Beach Resorts Ltd.*,
	Genext Hardware and Parks Private Limited *
<b>(e) Entities in which other directors are directors / trustees</b>	Sanghavi Associates Ltd.,
	Trust for Retailers & Retailers Associates of India
	Trrain Circle Private Limited
	Trrain Foundation,
	JW Marriott Sahar Mumbai unit of Chalet Hotels Pvt Ltd *

Nature	Subsidiaries	Entities in which the directors are directors / trustees (refer (d and e above)	Key Management Personnel	Total
<b>Trading transactions</b>				
<b>Recovery of purchase cost (Discounts reimbursed by brands)</b>	-	-	-	
Shoppers Stop.Com (India) Limited	-			
	(0.26)			
<b>Sale of Merchandise</b>	<b>14.09</b>	-	-	<b>14.09</b>
Shoppers Stop.Com (India) Limited	14.09	-	-	-
	(4.52)			
<b>Loan to related parties</b>				
<b>Loan Given</b>	<b>15.00</b>	-	-	<b>15.00</b>
	(3.20)			
Crossword Bookstores Limited	15.00	-	-	
	(3.00)			
Shoppers Stop.Com (India) Limited	-	-	-	-
	(0.20)	-	-	(0.20)
<b>Compensation to key management personnel</b>				
<b>Remuneration to managing director</b>			<b>1.79</b>	<b>1.79</b>
(Paid to Mr.Rajiv Suri till 25 August 2020)				
Short term benefits			1.74	
Post employment benefits			0.05	
Share based payments			-	
	-	-	(6.96)	(6.96)
<b>Remuneration to managing director</b>			<b>1.38</b>	<b>1.38</b>
(Paid to Mr.Venu Nair w.e.f. 6 November 2020) - Refer Note 1 below				
Short term benefits			1.27	
Post employment benefits			0.05	
Share based payments (41,436 equity share options)			0.06	
	-	-	-	-
<b>Remuneration to Company Secretary</b>			<b>0.52</b>	<b>0.52</b>
(Paid to Mr.Bharat Sanghavi upto 15 January 2021)				
Short term benefits			0.51	

# Notes to the Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ crores)

Nature	Subsidiaries	Entities in which the directors are directors / trustees (refer (d and e above))	Key Management Personnel	Total
Post employment benefits	-	-	0.01	
Share based payments	-	-	-	
			(0.54)	(0.54)
<b>Remuneration to Company Secretary</b>			<b>0.14</b>	<b>0.14</b>
(Paid to Mr.Vijay Gupta w.e.f. 16 January 2021)				
Short term benefits	-	-	0.13	
Post employment benefits	-	-	0.01	
Share based payments	-	-	-	
			-	-
<b>Remuneration to Chief Financial Officer</b>			<b>1.47</b>	<b>1.47</b>
Short term benefits	-	-	1.29	
Post employment benefits	-	-	0.07	
Share based payments (57,804 equity share options)	-	-	0.11	
			(1.59)	
<b>Other related party transactions</b>				
<b>Sale of Assets</b>				
Crossword Bookstores Ltd	-	-	-	-
	(0.03)	-	-	(0.03)
<b>Payment of Business conducting fees</b>	-	<b>2.14</b>	-	<b>2.14</b>
	-	(4.31)	-	(4.31)
Ivory Properties and Hotels Private Limited *	-	2.14	-	-
		(4.31)		
<b>Payment of Variable Lease rent</b>	-	<b>0.16</b>	-	<b>0.16</b>
	-	(2.08)	-	(2.08)
Ivory Properties and Hotels Private Limited *		-		
		(0.92)		
Inorbit Malls (India) Private Limited *	-	0.06	-	-
	-	(1.05)	-	-
Chalet Hotels Pvt Ltd *		(0.00)		
		-		
Trion Properties Private Limited *	-	0.11	-	-
		(0.11)		
<b>Repayment of lease liability - IND-AS 116</b>	-	<b>26.91</b>	-	<b>26.91</b>
	-	(20.37)	-	(20.37)
Ivory Properties and Hotels Private Limited *		10.20		
		(9.28)		
Inorbit Malls (India) Private Limited *		11.56		
		(10.12)		
Chalet Hotels Ltd *		-		
		-		
Trion Properties Private Limited *		1.07		
		(0.97)		
<b>Repayment of finance charges - IND-AS 116</b>	-	<b>26.28</b>	-	<b>26.28</b>
	-	(28.13)	-	(28.13)
Ivory Properties and Hotels Private Limited *		2.44		
		(3.36)		
Inorbit Malls (India) Private Limited *		12.81		
		(13.82)		
Chalet Hotels Ltd *		4.09		
		(3.92)		
Trion Properties Private Limited *		6.94		
		(7.03)		
<b>Waiver of Lease Rentals due to COVID-19 - IND-AS 116</b>	-	<b>22.09</b>	-	<b>22.09</b>
	-	-	-	-
Ivory Properties and Hotels Private Limited *		5.27		
		-		



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for the year ended 31 March 2021

(All amounts in ₹ crores)

Nature	Subsidiaries	Entities in which the directors are directors / trustees (refer (d and e above)	Key Management Personnel	Total
Inorbit Malls (India) Private Limited *		11.11		
		-		
Chalet Hotels Ltd *		2.96		
		-		
Trion Properties Private Limited *		2.75		
		-		
<b>Payment of common area maintenance (Repair &amp; Maintenance- Building)</b>	<b>-</b>	<b>9.50</b>	<b>-</b>	<b>9.50</b>
		(11.13)		<b>(11.13)</b>
Ivory Properties and Hotels Private Limited *		-		
		(0.25)		
Inorbit Malls (India) Private Limited *		5.99		
		(7.06)		
Chalet Hotels Ltd *		0.35		
		(0.96)		
Trion Properties Private Limited *		3.15		
		(2.86)		
<b>Reimbursement of Expenses</b>	<b>0.44</b>	<b>2.56</b>	<b>-</b>	<b>3.00</b>
	(0.61)	(7.15)	(0.03)	<b>(7.79)</b>
Crossword Bookstores Limited	0.44			
	(0.61)			
Inorbit Malls (India) Private Limited *		1.05		
		(4.42)		
Trion Properties Private Limited *		0.89		
		(1.46)		
Chalet Hotels Ltd*		0.55		
		(1.22)		
Trrain Circle Pvt Ltd		0.07		
		(0.04)		
K.Raheja Corp.Pvt.Ltd.*		-		
		(0.01)		
B.S.Nagesh			-	
			(0.03)	
<b>Interest received on Inter-corporate deposit to subsidiary companies</b>	<b>2.39</b>	<b>-</b>	<b>-</b>	<b>2.39</b>
	(1.63)	-	-	<b>(1.63)</b>
Crossword Bookstores Limited	2.37			
	(1.62)			
Shoppers Stop.Com (India) Limited	0.02	-	-	-
	(0.01)			
<b>Advances given</b>	<b>0.00</b>	<b>-</b>	<b>-</b>	<b>0.00</b>
	(0.01)			<b>(0.01)</b>
Gateway Multi Channel Retail (India) Limited	0.00			
	(0.01)			
Shoppers Stop.Com (India) Limited	0.00			
	-			
<b>Paid against payables</b>	<b>0.01</b>	<b>-</b>	<b>-</b>	<b>0.01</b>
	-			
Upasna Trading Limited	0.01			
	-			
<b>Deposits Paid</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
		(0.18)		
Inorbit Malls (India) Private Limited *		-		
		(0.18)		
<b>Advance Rent</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
		(0.20)		<b>(0.20)</b>
Inorbit Malls (India) Private Limited		-		
		-		

# Notes to the Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ crores)

Nature	Subsidiaries	Entities in which the directors are directors / trustees (refer (d and e above)	Key Management Personnel	Total
		(0.20)	-	-
<b>Expenses Paid</b>	-	<b>0.14</b>	-	<b>0.14</b>
	-	(0.75)	-	<b>(0.75)</b>
Miscellaneous expenses				
Chalet Hotels Ltd.*	-	-	-	
		(0.03)		
Juhu Beach Resorts Ltd.*		-		
		(0.34)		
Retailers Association of India		0.07		
		(0.03)		
Legal and professional fees				
Retailers Association of India		-		
		(0.02)		
Advertisement and publicity				
Inorbit Malls (India) Private Limited *		0.06		
		-		
Salaries & Wages (Staff Welfare - Others)				
Trion Properties Private Limited *		0.01		
		(0.02)		
Corporate Social Responsibility expenses				
CSR- Trust for Retailers & Retail Association of India		-		
		(0.31)		
<b>Royalty Income</b>	<b>0.05</b>	-	-	<b>0.05</b>
	(0.10)	-	-	(0.10)
Shoppers Stop.Com (India) Limited	0.05	-	-	
	(0.10)	-	-	
<b>Recovery of Share cost</b>	<b>0.09</b>	-	-	<b>0.09</b>
	(0.04)	-	-	(0.04)
Shoppers Stop.Com (India) Limited	0.09	-	-	
	(0.04)	-	-	
<b>Expenses recovered</b>	<b>3.46</b>	-	-	<b>3.46</b>
	(4.03)	-	-	(4.03)
Crossword Bookstores Limited	1.70	-	-	
	(4.01)	-	-	
Shoppers Stop.Com (India) Limited	1.76	-	-	
	(0.02)	-	-	
<b>Commission and Sitting fees to Non Executive Directors - Refer Note 2 below</b>			<b>0.88</b>	
Ravi Raheja			0.10	
Neel Raheja			0.10	
B.S.Nagesh			0.08	
Nitin Sanghavi			0.04	
Deepak Ghaisas			0.13	
Nirvik Singh			0.13	
Ameera Shah			0.11	
Manish Chokhani			0.08	
Robert Bready			0.06	
William Kim			0.06	
	-	-	(0.81)	(0.81)

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for the year ended 31 March 2021

(All amounts in ₹ crores)

Balance outstanding at the year end	31 March 2021	31 March 2020
<b>Payable</b>		
Upasna Trading Limited	1.07	1.08
<b>Lease liability as per Ind-AS 116</b>		
Ivory Properties and Hotels Private Limited *	20.26	30.45
Inorbit Malls (India) Private Limited *	129.11	140.68
Chalet Hotels Ltd*	43.34	43.17
Trion Properties Private Limited*	72.80	73.87
<b>Receivables</b>		
Shoppers Stop Services (India) Limited	0.02	0.02
Shoppers Stop.Com (India) Limited	4.54	2.68
Ivory Properties and Hotels Private Limited *	9.47	10.16
Inorbit Malls (India) Private Limited *	7.34	8.70
Gateway Multi Channel Retail (India) Limited	23.31	23.29
Chalet Hotels Ltd*	2.06	2.03
Trion Properties Private Limited*	2.78	2.87
Crossword Bookstores Limited	33.82	19.38

# All the amount is provided for in the books

The figure in bracket pertain to previous year

\* These parties are not related to Shoppers Stop Ltd. per Ind AS 24 definition. These parties have been reported on the basis of their classification as related party under the Companies Act 2013.

\*\* Post employment benefits have been provided at gross level on totality basis and not available at individual employee level.

## Note 1

During the current year, the managerial remuneration paid by the Company as per contractual obligation (subject to approval of Shareholders) to Mr. Venugopal Nair, Managing Director & CEO is in excess of limits laid down under Section 197 of the Companies Act, 2013 ('the Act') read with Schedule V to the Act by ₹ 1.03 crores. The company is in the process of obtaining approval from its shareholders in the ensuing annual general meeting by way of a special resolution.

## Note 2

The Commission to Non-Executive Directors will be paid after the financial statements are approved by the Members at the ensuing Annual general meeting of the Company.

### (f) Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. The Company has given corporate guarantee to banks for loans taken by subsidiaries - Refer Note 29(ii)(b). As on 31 March 2021, the Company has recorded any impairment of ₹ 30.63 Crores relating to amounts owed by related parties (31 March 2020: ₹ 23.29 Crores). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

## 39. Financial Instruments

### A. Capital risk management

The Company's objectives when managing capital are to safeguard continuity as a going concern, provide appropriate return to shareholders and maintain a cost efficient capital structure. The Company determines the amount of capital required on the basis of an annual budget and a five-year plan, including, for working capital, capital investment in stores, technology, and strategic investment in subsidiary companies. The Company's funding requirements are met through internal accruals and a combination of both long-term and short-term borrowings. Majorly Company raise long term loan for it's CAPEX requirement and based on the working capital requirement utilise the working capital loans.

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

# Notes to the Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ crores)

Capital	As at 31 March 2021	As at 31 March 2020
Long term borrowings (including current maturities)	150.00	-
Short term borrowings	0.09	123.70
Interest accrued and not due on borrowings	0.56	0.04
<b>Total debt*</b>	<b>150.65</b>	<b>123.74</b>
Equity Share Capital	54.69	44.00
Other equity	126.98	92.64
<b>Total equity</b>	<b>181.67</b>	<b>136.64</b>
<b>Debt Equity Ratio</b>	<b>0.83:1</b>	<b>0.91:1</b>

\* Excluding lease liability as per IND-AS 116

The Company's objective is to keep the debt equity ratio below 1 which it has achieved in both these years.

## B. Financial risk management

A wide range of risks may affect the Company's business and operational / financial performance. The risks that could have significant influence on the Company are market risk, credit risk and liquidity risk. The Company's Board of Directors reviews the short term and long-term budgets and sets out policies for managing these risks and monitors suitable actions taken by management to minimise potential adverse effects of such risks on the Company's operational and financial performance.

### a) Market risk:

Market Risk is the risk that changes in market place could affect the future cash flows to the Company. The market risk for the Company arises primarily from product price risk, interest rate risk and, to some extent, foreign currency risk.

Product price risk: In a potentially inflationary economy, the Company expects periodical price increases across its retail product lines. Product price increases which are not in line with the levels of customers' discretionary spends, may affect the business/retail sales volumes. In such a scenario, the risk is managed by offering judicious product discounts to retail customers to sustain volumes. The Company negotiates with its vendors for purchase price rebates such that the rebates substantially absorb the product discounts offered to the retail customers. This helps the Company protect itself from significant product margin losses. This mechanism also works in case of a downturn in the retail sector, although overall volumes would get affected.

Interest risk: The Company is exposed to interest rate risk primarily due to borrowings having floating interest rates. The Company uses available working capital limits for availing short term working capital demand loans with interest rates negotiated from time to time so that the Company has an effective mix of fixed and variable rate borrowings. Interest rate sensitivity analysis shows that an increase / decrease of fifty basis points in floating interest rates would result in decrease / increase in the Company's profit before tax by approximately ₹ 0.41 Crores (2020: ₹ 0.11 Crores).

Currency risk: The Company's significant transactions are in Indian Rupees and therefore there is minimal foreign currency risk. Generally, the Company fully covers the foreign currency risk for transactions in foreign currency which are primarily for import of merchandise, by entering into forward cover contracts to hedge foreign currency exposure. Also Refer Note 33 for the forward cover contracts outstanding at the end of the years.

### b) Credit risk:

Credit risk is a risk that the counterparty will default on its contractual obligation resulting in financial loss to the Company. The credit risk for the Company primarily arises from credit exposures to trade receivables (mainly institutional customers), deposits with landlords for store properties taken on leases and other receivables including balances with banks.

Trade and other receivables: The Company's retail business is predominantly on 'cash and carry' basis which is largely through credit card collections. The credit risk on such collections is minimal, since they are primarily owned by customers' card issuing banks. The Company has adopted a policy of dealing with only credit worthy counterparties in case of institutional customers and the credit risk exposure for institutional customers is managed by the Company by credit worthiness checks. The Company also carries credit risk on lease deposits with landlords for store properties taken on leases, for which agreements are signed and property possessions timely taken for store operations. The risk relating to refunds after store shut down is managed through successful negotiations or appropriate legal actions, where necessary.

# Notes to the Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ crores)

The Company's experience of delinquencies and customer disputes have been minimal. Further, Trade and other receivables consist of a large number of customers, across geographies; hence, the Company is not exposed to concentration risks.

## c) Liquidity Risk:

Liquidity risk is a risk that the Company may not be able to meet its financial obligations on a timely basis through its cash and cash equivalents, and funds available by way of committed credit facilities from banks.

Management manages the liquidity risk by monitoring rolling cash flow forecasts and maturity profiles of financial assets and liabilities. This monitoring includes financial ratios and takes into account the accessibility of cash and cash equivalents and additional undrawn financing facilities.

The table below summarises the maturity profile (remaining period of contractual maturity at the balance sheet date) of the Company's financial liabilities based on contractual undiscounted cash flows.

	Less than 1 year	Between 1 and 5 years	More than 5 years	Carrying amounts
<b>At 31 March 2020</b>				
Borrowings (long term and short term)	123.70	-	-	123.70
Interest payable	0.04	-	-	0.04
Lease liability	12.21	1,031.76	1,023.78	2,067.75
Trade payables and other accruals	1,496.71	-	-	1,496.71
Other financial liabilities	69.67	-	-	69.67
<b>At 31 March 2021</b>				
Borrowings (long term and short term)	56.34	93.75	-	150.09
Interest payable	0.56	-	-	0.56
Lease liability	216.56	614.49	1,080.52	1,911.57
Trade payables and other accruals	1,139.89	-	-	1,139.89
Other financial liabilities	37.55	-	-	37.55

In respect of financial guarantee contracts, no amounts are recognised based on the results of the liability adequacy test for likely deficiency / defaults by the entities on whose behalf the Company has given guarantees, grounded on the Company's actual experience.

The Company has access to following financing facilities as at the end of financial year mentioned.

	As at 31 March 2021	As at 31 March 2020
<b>Total financing facility</b>		
<b>Secured working capital facilities</b>		
Amount used	13.03	122.75
Amount unused	173.97	26.25
<b>Total</b>	<b>187.00</b>	<b>149.00</b>

## C. Fair Value Measurement

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

	As at 31 March 2021	As at 31 March 2020
<b>Financial Assets (amortised cost)</b>		
Loan to subsidiary companies	26.54	18.88
Trade receivables	34.79	35.08
Cash & Cash equivalents	12.34	0.97
Other bank balances	29.28	0.28
Other financial assets		
- Premises and other deposits	153.03	145.15
- Others	5.43	3.00
<b>Total</b>	<b>261.41</b>	<b>203.36</b>
<b>Financial Liabilities (amortised cost)</b>		
Borrowings - long term	93.75	-
Borrowings - short term	0.09	123.70
Lease liability	216.56	12.21

# Notes to the Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ crores)

	<b>As at 31 March 2021</b>	As at 31 March 2020
Trade payables	1,139.89	1,496.71
Other financial liabilities	94.36	69.71
<b>Total equity</b>	<b>1,544.66</b>	<b>1,702.33</b>

The fair values of the above financial assets and liabilities approximate their carrying amounts.

Financial assets / Financial liabilities	Fair value as at		Fair value Hierarchy
	31 March 2021	31 March 2020	
<b>Fair Value through Profit and Loss</b>			
Forward foreign currency contracts	Assets Nil	Assets Nil	Level 2
Investment in subsidiary companies	Assets 0.10	Assets 15.17	Level 2
Investment in Mutual Funds	Assets 127.78	Assets 154.04	Level 2
<b>Fair Value through OCI</b>			
Investment in Future Retail Limited	Assets -	Assets 36.46	Level 1

Valuation technique and key input used: Fair value is determined using discounted future cash flows, which are estimated at the end of the years, discounted at a rate that reflects the credit risk of the Company.

The fair values of the quoted instruments (Investment in Mutual funds and Future Retail Limited) are based on the price quotations at the reporting date.

## 40 Events after the reporting period

The Board of Directors has not recommended any dividend for the financial year 2020-21. The Company has evaluated subsequent events from the balance sheet date through 21 May 2021, the date at which the financial statement were available to be issued, and determine that there are no material items to disclose other than those disclosed above.

**41** The current financial year has been a challenging year for our business. The year began amidst a strict lockdown post the emergence of the Coronavirus (Covid-19) towards the end of the last financial year. The economy gradually opened post June 20 and the second half of the year was progressing towards recovery. However, a much stronger second wave of Covid-19 infections hit the country towards the end of current financial year and has once again resulted in significant disruption to our business as several cities and towns have announced restrictions. As of now, the company believes this pandemic may not impact the recoverability of the carrying value of its assets. The Company is closely monitoring the developments and possible effects that may result from the present pandemic on its financial condition, liquidity and operations and working to minimise the impact of this unprecedented situation. As the situation is continuously evolving, the eventual impact may be different from the estimates made as of the date of approval of these Results.

**42** Amount appearing as zero 0.00 in financials are below the rounding off norm adopted by the Company.

**43** The previous year's figures have been regrouped / reclassified wherever necessary.

In terms of our attached report of even date

For and on Behalf of the Board of Directors

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

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

**Vijay Maniar**

Partner  
Membership No.36738

Mumbai: 21 May 2021

**B.S.Nagesh**

Customer Care  
Associate & Chairman  
(DIN:00027595)

**Karunakaran M**

Customer Care Associate  
& Chief Financial Officer

Mumbai: 21 May 2021

**Ravi Raheja**

Director  
(DIN:00028044)

**Venugopal Nair**

Customer Care Associate &  
Managing Director & Chief Executive Officer  
(DIN:00046163)

**Vijay Gupta**

Customer Care Associate &  
Company Secretary  
Membership No.A14545

# Notes to the Financial Statements

for the year ended 31 March 2021

## Statement pursuant to Section 129(3) of the Companies Act'2013

### PART A : SUBSIDIARIES F.Y.2020-21

Sr. No.	Name of Subsidiary Company	Reporting Currency	Share Capital	Reserves	Total Assets*	Total Liabilities**	Turnover/ Total Income	Profit / (Loss) Before Taxation	Provision for Taxation	Profit / (Loss) After Taxation	Proposed Dividend including Dividend distribution tax	% of shareholding	Country
1	Crossword Bookstores Limited	INR	13.56	(59.68)	27.62	73.74	29.55	(12.93)	-	(12.93)	-	100%	India
2	Upasana Trading Limited	INR	0.05	0.11	1.57	1.41	-	(0.01)	-	(0.01)	-	100%	India
3	Gateway Multi Channel Retail (India) Limited	INR	0.05	(45.08)	0.30	45.33	0.00	(0.00)	-	(0.00)	-	100%	India
4	Shoppers Stop Services (India) Limited	INR	0.05	(0.01)	0.07	0.02	-	(0.00)	-	(0.00)	-	100%	India
5	Shoppers Stop. com (India) Limited	INR	0.05	(1.12)	3.58	4.65	2.32	(1.37)	-	(1.37)	-	100%	India

\* Total Assets = Non Current Assets + Current Assets

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

### PART B : JOINT VENTURES

Name of the Joint Ventures	Latest audited Balance Sheet Date	(All amounts in ₹ Crores)	
		**	**
Share of Joint Ventures held on the year end		31 March 2021	31 March 2021
No. of equity shares (Face value of ₹ 10/- each fully paid)		(31 March 2020)	(31 March 2020)
Amount of Investments in Joint Ventures (₹ in Lacs)		-	-
Networth attributable to shareholding as per latest audited Balance Sheet		-	-
1. Considered in consolidation (₹ in Lacs) Profit / (Loss) for the year		-	-
Profit for F.Y.2020-21		-	-
2. Not considered in consolidation		-	-

\*\* The Company does not have any investments in Joint Ventures during the financial year ended 31 March 2021 and 31 March 2020

# Independent Auditor's Report

To the Members of **Shoppers Stop Limited**

## Report on the Audit of the Consolidated IND AS Financial Statements

### Opinion

We have audited the accompanying consolidated financial statements of Shoppers Stop Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the consolidated Balance sheet as at 31 March 2021, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and Notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2021, their consolidated profit/loss including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

### Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Financial Statements' section of our report. We are independent of the Group in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe

that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### Emphasis of Matters

#### Litigation

We draw attention to Note 29 to the standalone Ind AS financial statements which, describes the uncertainty related to the outcome of the appeal filed before the Supreme Court regarding non provision of retrospective levy of service tax for the period from 1 June 2007 to 31 March 2010 on renting of immovable properties given for commercial use, aggregating to ₹ 20.11 Crores.

#### COVID

We draw attention to Note 42 of the consolidated IND-AS financial statement which describes management's assessment of the impact of the COVID-19 pandemic on the operations of the Company.

Our opinion is not modified in respect of the above matters

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year ended 31 March 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of audit procedures performed by us and by other auditors of components not audited by us, as reported by them in their audit reports furnished to us by the management, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.



Key audit matters	How our audit addressed the key audit matter
<p><b>Allowance for Inventory obsolescence and shrinkage (as described in Note 2.5 of the consolidated Ind AS financial statements)</b></p> <p>As at 31 March 2021, the carrying amount of inventories amounted to ₹ 856.11 crores after considering allowance for Inventory obsolescence and shrinkage of ₹ 35.48 Crores. These inventories are held at the stores and distribution centres of the Group.</p> <p>Allowance for Inventory obsolescence and shrinkage was an audit focus area since inventory cycle counts were carried out during the year at periodic intervals and further significant judgement is involved in identifying the amount of provision for shrinkages. In addition, the Group also makes specific provisions for obsolescence as per its policy.</p>	<p>Our procedures over allowance for Inventory obsolescence and shrinkage included the following:</p> <ul style="list-style-type: none"> <li>We obtained an understanding, evaluated the design and tested the operating effectiveness of controls that the Group has in relation to allowance for inventory obsolescence and shrinkage;</li> <li>We performed testing on the Group controls over the inventory cycle count process. In testing these controls, we observed the inventory cycle count process at selected store and distribution centers on a sample basis, inspected the results of the inventory cycle count and confirmed variances were accounted for and approved by management;</li> <li>We tested the accuracy of the aging report of inventories. On a sample basis we agreed the purchase date recorded in the inventory ageing report to the supplier invoice, obtained inventory provision calculation from the Company and re-performed the calculation of the inventory provision as per the policy of the Group;</li> </ul> <p>We assessed the Group disclosures concerning this in Note 2A on significant accounting estimates and judgements and Note 9 Inventories to the financial statements.</p>
<p><b>Revenue recognition – Point award (Loyalty) Financial Statements)</b></p> <p>The Group's revenue recognition policy requires the management to make assumptions about expected redemption of Point award (Loyalty) schemes to the total issued points based on historical trends in determining the reported revenue for the period.</p> <p>We focused on this area for the estimate involved in determining the provisioning and the amounts involved are material. (₹ 33.91 Crores as at 31 March 2021).</p>	<p><b>schemes (as described in the Accounting Policies in Note 2.4 to the</b></p> <p>Our audit procedures in respect of the Provision for liability on account of Point award (Loyalty) schemes accrued to customers included the following:</p> <ul style="list-style-type: none"> <li>We obtained an understanding, evaluated the design and tested the operating effectiveness of controls that the Group has in relation to provision for Point award (Loyalty) schemes accrued to the customers;</li> <li>For the key assumptions used in the Point award (Loyalty) schemes provisions, we reviewed the historic rates of redemption and compared these to the managements 'estimate;</li> <li>We assessed the methodology applied by comparing the outstanding points from the system generated reports and recomputed the liability as per historic rates and management estimate of redemption;</li> <li>We also assessed the Group's disclosures concerning this in Note 2A on significant accounting estimates and judgements and Note 19 Retail sale of Merchandise to the financial statements.</li> </ul>

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**IND AS 116 - Leases (Accounting for rent concession arrangements) (as described in Note 2.7 of the Consolidated IND AS Financial Statements)**

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As at 31 March 2021, the Group has ₹ 1,216.48 crores of Right of use (RoU) assets and ₹ 1,919.79 crores of Lease liabilities recognised under Ind AS 116 pertaining to the premises leased by the Group.

During the year, considering the impact of COVID-19 pandemic on its business, negotiated rent concessions with its lessors for its retail outlets across malls, high street stores and other leased premises.

The Ministry of Corporate Affairs vide notification dated 24 July 2020, issued an amendment to Ind AS 116 - Leases, by inserting a practical expedient w.r.t. "Covid-19-Related Rent Concessions" effective from the period beginning on or after 01 April 2020.

Pursuant to the above amendment, the Group has applied the practical expedient with effect from 01 April 2020. Accordingly, the Group accounted unconditional rent concessions of ₹ 176.83 crores during the year in "Other income" in the Consolidated Statement of Profit and Loss.

Accounting of rent concessions pursuant to amendment to Ind AS 116 is considered as a key audit matter considering the number of lease arrangements and the assessment of whether individual rent concession arrangements meet the criteria of the practical expedient under Ind AS 116, and the amounts involved.

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Our audit procedures included the following:

- Assessed the Group's accounting policy with respect to recognition of leases and for assessing compliance with Ind AS 116, including accounting for rent concession arrangements.
- Obtained an understanding, evaluated the design and tested the operating effectiveness of controls that the Company has in relation to accounting of rent concession arrangements under Ind AS 116.
- Tested on a sample basis, the rent concessions accounted by the Group, to agreed rent concession arrangements/ underlying documents, calculations and assessed the terms of the same against the requirements of the practical expedient under Ind AS 116.
- Assessed the Group's disclosures made in accordance with the requirements of Ind AS 116 in this matter.

**Information Other than the Financial Statements and Auditor's Report Thereon**

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Management for the Consolidated Financial Statements**

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with [the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance

of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors and whose financial information we have audited, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the financial year ended 31 March 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Other Matter**

(a) We did not audit the financial statements and other financial information, in respect of three subsidiaries, whose financial statements include total assets of ₹ 1.93 Crores as at 31 March 2021, and total revenues of ₹ Nil and net cash outflows/(inflows) of ₹ \* for the year ended on that date. These financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the report(s) of such other auditors (\* amount below ₹ 1 lacs).

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

#### **Report on Other Legal and Regulatory Requirements**

As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, as Noted in the 'other matter' paragraph we report, to the extent applicable, that:

- (a) We/the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2021 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies, none of the directors of the Group's companies, incorporated in India, is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiary companies, incorporated in India, refer to our separate Report in "Annexure 1" to this report;
- (g) In our opinion and based on the consideration of reports of other statutory auditors of the subsidiaries, incorporated in India], the managerial remuneration

- paid for the year ended 31 March 2021 by the Holding Company, to the Managing Directors is in excess of the limits applicable under provisions of section 197 read with Schedule V to the Act, by Rs.1.03 Crores. The Company is in the process of obtaining approval from shareholders for such excess remuneration paid.
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries, as Noted in the 'Other matter' paragraph:
- i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group, in its consolidated financial statements - Refer Note 28 to the consolidated financial statements;
- ii. The Group did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended 31 March 2021
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its subsidiaries, incorporated in India during the year ended 31 March 2021.

For **SRBC & COLL**  
Chartered Accountants  
ICAI Firm Registration Number: 324982E/E300003  
per **Vijay Maniar**  
Partner  
Membership Number: 36738  
UDIN: 21036738AAAADS5293

Mumbai: May 21, 2021

# Annexure 1

## Annexure to the Independent Auditor's Report of Even Date on the Consolidated Financial Statements of Shoppers Stop Limited

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

In conjunction with our audit of the consolidated financial statements of Shoppers Stop Limited (hereinafter referred to as the "Holding Company") as of and for the year ended 31 March 2021, we have audited the internal financial controls with reference to consolidated financial statements of the Holding Company and its subsidiary companies, which are companies incorporated in India, as of that date.

### Management's Responsibility for Internal Financial Controls

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

### Auditor's Responsibility

Our responsibility is to express an opinion on the Holding Company's internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both, issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.

### Meaning of Internal Financial Controls With Reference to Consolidated Financial Statements

A company's internal financial control with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## **Inherent Limitations of Internal Financial Controls With Reference to Consolidated Financial Statements**

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## **Opinion**

In our opinion, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating

effectively as at 31 March 2021, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India.

## **Other Matters**

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements of the Holding Company, in so far as it relates to these three subsidiaries, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiary incorporated in India.

For **SRBC & CO LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 324982E/E300003

per **Vijay Maniar**  
Partner  
Membership Number: 36738  
UDIN: 21036738AAAADS5293

Mumbai: May 21, 2021

# Consolidated Balance Sheet

as at 31 March 2021

(All amounts in ₹ crores)

	Notes	As at 31 March 2021	As at 31 March 2020
<b>Assets</b>			
<b>Non-current assets</b>			
Property, Plant and Equipment	3	421.73	506.44
Capital work in progress	3B	2.93	10.19
Other Intangible Assets	3	82.53	52.06
Intangible assets under development	3B	-	34.23
Right of use Assets	26	1,216.48	1,342.22
<b>Financial Assets</b>			
i) Investments	4	0.01	36.47
ii) Other Financial Assets	6	108.36	79.66
Deferred tax assets (net)	7	342.43	264.08
Other non-current assets	8	57.22	81.10
<b>Total non-current assets</b>		<b>2,231.69</b>	<b>2,406.45</b>
<b>Current assets</b>			
Inventories	9	856.11	1,239.20
<b>Financial assets</b>			
i) Investments	4	127.78	154.04
ii) Trade Receivables	5	30.77	34.07
iii) Cash and cash equivalents	10	12.80	4.03
iv) Bank balances other than (iii) above	11	29.32	0.32
v) Other financial assets	6	54.53	73.98
Other current assets	8	229.42	168.76
<b>Total current assets</b>		<b>1,340.73</b>	<b>1,674.40</b>
<b>Total assets</b>		<b>3,572.42</b>	<b>4,080.85</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Equity share capital	12	54.69	44.00
Other equity	13	65.04	22.64
<b>Equity attributable to owners of the Company</b>		<b>119.73</b>	<b>66.64</b>
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
i) Borrowings	14	95.57	0.22
ii) Lease liability	26	1,699.56	2,077.17
iii) Other non-current financial liabilities	15	0.54	0.64
<b>Total non-current liabilities</b>		<b>1,795.67</b>	<b>2,078.03</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
i) Borrowings	14.3	33.27	155.26
ii) Lease liability	26	220.23	12.21
iii) Trade payables due to :	16		
(a) Total outstanding dues of micro enterprises and small Enterprises		21.27	3.59
(b) Total outstanding dues of creditors other than micro enterprises and small Enterprises		1,131.22	1,518.28
iv) Other financial liabilities	15	94.66	70.64
Provisions	17	6.32	11.08
Other current liabilities	18	150.05	165.12
<b>Total current liabilities</b>		<b>1,657.02</b>	<b>1,936.18</b>
<b>Total liabilities</b>		<b>3,452.69</b>	<b>4,014.21</b>
<b>Total equity and liabilities</b>		<b>3,572.42</b>	<b>4,080.85</b>
Summary of significant accounting policies	2		

The accompanying Notes 1 to 44 are an integral part of the Financial Statements

In terms of our attached report of even date For and on Behalf of the Board of Directors

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

**B.S.Nagesh**  
Customer Care  
Associate & Chairman  
(DIN:00027595)

**Ravi Raheja**  
Director  
(DIN:00028044)

**Venugopal Nair**  
Customer Care Associate &  
Managing Director & Chief Executive Officer  
(DIN:00046163)

**Vijay Maniar**  
Partner  
Membership No.36738

**Karunakaran M**  
Customer Care Associate  
& Chief Financial Officer

**Vijay Gupta**  
Customer Care Associate &  
Company Secretary  
Membership No.A14545

Mumbai: 21 May 2021

Mumbai: 21 May 2021



# Consolidated Statement of Profit and Loss

for the year ended 31 March 2021

(All amounts in ₹ crores)

	Notes	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>A) Continuing operations</b>			
<b>Income</b>			
Revenue from contracts with customers	19	1,748.96	3,463.88
Other income	20	224.24	34.23
<b>Total Income</b>		<b>1,973.20</b>	<b>3,498.11</b>
<b>Expenses</b>			
Purchase of stock-in-trade	21a	693.15	2,173.80
Changes in Inventories of stock-in-trade	21b	383.09	(167.27)
Employee benefits expense	22	265.04	334.63
Finance costs	23	222.96	197.32
Depreciation and amortisation expenses	3A	392.30	450.38
Other expenses	24	363.53	571.24
<b>Total expenses</b>		<b>2,320.07</b>	<b>3,560.10</b>
<b>Profit / (Loss) before exceptional items and tax</b>		<b>(346.87)</b>	<b>(61.99)</b>
Exceptional Item	30	-	9.65
<b>Profit / (Loss) before tax</b>		<b>(346.87)</b>	<b>(71.64)</b>
Tax expenses			
i) Current tax	25	-	25.25
ii) Tax adjustment of earlier years		(1.48)	-
iii) Deferred tax		(78.23)	45.14
<b>Income tax expenses</b>		<b>(79.71)</b>	<b>70.39</b>
<b>Profit / (Loss) for the year from continuing operations</b>		<b>(267.16)</b>	<b>(142.03)</b>
<b>B) Discontinued operations</b>	34		
Profit / (Loss) from discontinued operations		(0.00)	0.01
<b>Profit / (Loss) for the year from discontinued operations</b>		<b>(0.00)</b>	<b>0.01</b>
<b>C) Profit / (Loss) for the period (A) + (B)</b>		<b>(267.16)</b>	<b>(142.02)</b>
<b>D) Other comprehensive income / (Loss)</b>			
Items that will not be reclassified to profit or loss :			
i) Remeasurement of employee defined benefit obligation		(0.45)	(2.95)
Income tax relating to (i) above	25	0.12	0.73
ii) Changes in fair value of equity instruments		23.19	(174.85)
Income tax relating to (ii) above	25.1	-	-
<b>Other comprehensive income / (Loss) for the year [D]</b>		<b>22.86</b>	<b>(177.07)</b>
<b>Total comprehensive Income / (Loss) for the year [C] + [D]</b>		<b>(244.30)</b>	<b>(319.09)</b>
<b>Profit / (loss) for the period attributable to:</b>			
- Owners of the Company		(267.16)	(142.02)
- Non-controlling interests		-	-
<b>Other comprehensive income for the year attributable to :</b>			
- Owners of the Company		22.86	(177.07)
- Non-controlling interests		-	-
<b>Total comprehensive income for the year attributable to :</b>			
- Owners of the Company		(244.30)	(319.09)
- Non-controlling interests		-	-
<b>Earning per equity share (for continuing operations)</b>			
Equity shares of face value ₹ 5/- each (not annualised)	27		
Basic (₹)		(28.38)	(16.14)
Diluted (₹)		(28.38)	(16.14)
<b>Earning per equity share (for discontinued operations)</b>	27		
Equity shares of face value ₹ 5/- each (not annualised)			
Basic (₹)		-	-
Diluted (₹)		-	-
<b>Earning per equity share (for continuing and discontinuing operations)</b>	27		
Equity shares of face value ₹ 5/- each (not annualised)			
Basic (₹)		(28.38)	(16.14)
Diluted (₹)		(28.38)	(16.14)
Summary of significant accounting policies	2		

The accompanying Notes 1 to 44 are an integral part of the Financial Statements

In terms of our attached report of even date

For and on Behalf of the Board of Directors

## For S R B C & CO LLP

ICAI Firm Reg.No.324982E/E300003

Chartered Accountants

## Vijay Maniar

Partner

Membership No.36738

Mumbai: 21 May 2021

## B.S.Nagesh

Customer Care

Associate & Chairman

(DIN:00027595)

## Karunakaran M

Customer Care Associate

& Chief Financial Officer

Mumbai: 21 May 2021

## Ravi Raheja

Director

(DIN:00028044)

## Venugopal Nair

Customer Care Associate &

Managing Director & Chief Executive Officer

(DIN:00046163)

## Vijay Gupta

Customer Care Associate &

Company Secretary

Membership No.A14545

# Consolidated Statement of Cash Flows

for the year ended 31 March 2021

(All amounts in ₹ crores)

	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Cash flows from operating activities</b>		
Net profit (loss) before tax	(346.87)	(71.64)
Profit / (Loss) before tax from discontinued operations	-	0.01
<b>Net profit (loss) before tax</b>	<b>(346.87)</b>	<b>(71.63)</b>
<b>Adjustments to reconcile profit before tax to net cashflow :</b>		
Depreciation, Amortisation	392.30	450.38
Allowance for doubtful debts/advances	0.45	1.66
Impairment of investment in Crossword Bookstores Ltd.	-	9.65
Share based payment expenses	1.44	0.55
Interest and finance charges	222.96	197.32
Profit on disposal of property, plant and equipment	(0.42)	0.55
Loss on sale of investment in shares	1.98	0.01
Profit from sale of mutual fund investments	(2.86)	(3.78)
Covid-19-Related Rent Concessions	(176.83)	-
Gain on account of remeasurement in lease term	(32.33)	(15.25)
Interest (time value) recognised on interest free lease deposit	(11.56)	(12.49)
Interest income	(2.13)	(0.03)
<b>Operating Profit before working capital changes</b>	<b>46.13</b>	<b>556.94</b>
<b>Adjustments for :</b>		
(Increase) / Decrease in inventories	383.09	(167.27)
(Increase) / Decrease in trade receivables	3.00	12.61
(Increase) / Decrease in other financial assets and other non current assets	(62.90)	(11.95)
(Increase) / Decrease in Lease deposits	3.76	(33.77)
Increase / (Decrease) in Short term provisions	(5.21)	(1.53)
Increase / (Decrease) in Trade payables, other financial liabilities and other current liabilities	(383.53)	263.50
<b>Cash generated from operations</b>	<b>15.66</b>	<b>618.53</b>
Refunds (Income taxes paid)	12.71	(42.41)
<b>Net cash from operating activities (A)</b>	<b>(2.95)</b>	<b>576.12</b>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment	(83.71)	(181.90)
Proceeds from disposal of property, plant and equipment	1.27	0.95
Proceeds from sale of investment in Future Retail Ltd.	57.69	4.56
Investment in Fixed Deposit	(29.00)	-
Purchases of investments in mutual funds	(437.99)	(1,366.57)
Proceeds from sale of investments in mutual funds	467.11	1,258.76
Interest received	1.08	0.03
<b>Net cash used in investing activities (B)</b>	<b>(23.55)</b>	<b>(284.17)</b>
<b>Cash flows from financing activities</b>		
Proceeds from Issue of share capital	10.69	-
Securities premium on issue of share capital	288.48	-
Share issue expenses	(3.21)	-
Dividend and dividend distribution tax	-	(7.96)
Repayment of lease liability	(57.73)	(185.72)
Proceeds from long term borrowings	152.29	-
Repayment of long term borrowings	(1.55)	(42.21)
Finance costs paid	(222.07)	(197.32)
<b>Net cash used in financing activities (C)</b>	<b>166.90</b>	<b>(433.21)</b>
<b>Net (Decrease) / Increase in cash and cash equivalents (A) + (B) + (C)</b>	<b>140.40</b>	<b>(141.26)</b>
Cash and cash equivalents as at beginning of the year	(160.88)	(19.62)
Cash and cash equivalents as at the end of the year	(20.48)	(160.88)
	<b>140.40</b>	<b>(141.26)</b>
<b>Note (i)</b>		
<b>Components of cash and cash equivalents</b>		
Cash and Cash Equivalents	12.80	4.03
Add : Bank Overdraft / Cash Credit / Overdrawn bank balances	(33.28)	(164.91)
Cash and Cash Equivalent as reported above	(20.48)	(160.88)

# Consolidated Statement of Cash Flows (Contd.)

for the year ended 31 March 2021

(All amounts in ₹ crores)

## Note (ii)

### Reconciliation between the opening and closing balances for liabilities arising from financing activities

Particulars	Long - term borrowings
<b>31 March 2019 including current maturity of long term borrowings</b>	
Cash flow	<b>44.23</b>
Non- Cash Changes	(42.21)
Classified as current maturity	-
Accrual for the period	-
<b>31 March 2020 including current maturity of long term borrowings</b>	<b>2.02</b>
Cash flow	150.74
Non- Cash Changes	
Classified as current maturity	57.19
Accrual for the period	-
<b>31 March 2021 including current maturity of long term borrowings</b>	<b>152.76</b>
Summary of significant accounting policies	Note 2

The accompanying Notes 1 to 44 are an integral part of the Financial Statements

In terms of our attached report of even date

For and on Behalf of the Board of Directors

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

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

#### Vijay Maniar

Partner  
Membership No.36738

Mumbai: 21 May 2021

#### B.S.Nagesh

Customer Care  
Associate & Chairman  
(DIN:00027595)

#### Karunakaran M

Customer Care Associate  
& Chief Financial Officer

Mumbai: 21 May 2021

#### Ravi Raheja

Director  
(DIN:00028044)

#### Venugopal Nair

Customer Care Associate &  
Managing Director & Chief Executive Officer  
(DIN:00046163)

#### Vijay Gupta

Customer Care Associate &  
Company Secretary  
Membership No.A14545

# Consolidated Statement of Changes in Equity

for the year ended 31 March 2021

## a. Equity share capital

Particulars	As at 31 March 2021		As at 31 March 2020	
	No. of shares	(₹ in Crores)	No. of shares	(₹ in Crores)
<b>Authorised Share Capital</b>				
Equity shares of ₹ 5/- each	20,00,00,000	100.00	20,00,00,000	100.00
<b>Issued, Subscribed and Fully paid up shares</b>				
<b>Balance as on 1 April</b>	8,79,89,928	44.00	8,79,89,928	44.00
Issue of equity shares (Refer Note 12.6)	2,13,68,982	10.69	-	-
<b>Balance as on 31 March</b>	<b>10,93,58,910</b>	<b>54.69</b>	<b>8,79,89,928</b>	<b>44.00</b>

## b. Other equity

Particulars:	(All amounts in ₹ Crores)					
	Securities premium account	General Reserve @	Retained earnings	Share Options outstanding account	Attributable to owners of Company	Total
<b>Balance as on 31 March 2019</b>	<b>655.44</b>	<b>23.29</b>	<b>191.76</b>	<b>0.21</b>	<b>870.70</b>	<b>870.70</b>
Profit for the year	-	-	(142.02)	-	(142.02)	(142.02)
Other comprehensive loss for the year, net of income tax	-	-	(177.07)	-	(177.07)	(177.07)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>(319.09)</b>	<b>-</b>	<b>(319.09)</b>	<b>(319.09)</b>
Recognition of share-based payments*	-	-	-	0.55	0.55	0.55
IND-AS 116 adjustments#	-	-	(521.56)	-	(521.56)	(521.56)
Payment of dividends on equity shares	-	-	(6.60)	-	(6.60)	(6.60)
payments of tax on dividends on equity shares	-	-	(1.36)	-	(1.36)	(1.36)
<b>Balance as on 31 March 2020</b>	<b>655.44</b>	<b>23.29</b>	<b>(656.85)</b>	<b>0.76</b>	<b>22.64</b>	<b>22.64</b>
Loss for the year	-	-	(267.16)	-	(267.16)	(267.16)
Other comprehensive loss for the year, net of income tax	-	-	22.86	-	22.86	22.86
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>(244.30)</b>	<b>-</b>	<b>(244.30)</b>	<b>(244.30)</b>
Recognition of share-based payments*	-	-	-	1.44	1.44	1.44
Transferred to general reserves for vested cancelled options	-	-	-	(1.07)	(1.07)	(1.07)
Transferred from stock options reserved for vested cancelled options	-	-	1.07	-	1.07	1.07
Received on issue of shares (Refer Note 12.6)	288.48	-	-	-	288.48	288.48
Right Issue Expenses	(3.21)	-	-	-	(3.21)	(3.21)
<b>Balance as on 31 March 2021</b>	<b>940.71</b>	<b>23.29</b>	<b>900.09</b>	<b>1.13</b>	<b>65.04</b>	<b>65.04</b>

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

# IND-AS 116 transitional impact ₹ 523.09 crores and reversal of straightlining rental provision of earlier year ₹ 1.53 crores (net of deferred tax) (Refer Note 26)

@ Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. Consequent to introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of Companies Act, 2013

Summary of significant accounting policies Note 2

The accompanying Notes 1 to 44 are an integral part of the financial statements.

In terms of our attached report of even date For and on Behalf of the Board of Directors

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

**B.S.Nagesh**  
Customer Care  
Associate & Chairman  
(DIN:00027595)

**Ravi Raheja**  
Director  
(DIN:00028044)

**Venugopal Nair**  
Customer Care Associate &  
Managing Director & Chief Executive Officer  
(DIN:00046163)

**Vijay Maniar**  
Partner  
Membership No.36738

**Karunakaran M**  
Customer Care Associate  
& Chief Financial Officer

**Vijay Gupta**  
Customer Care Associate &  
Company Secretary  
Membership No.A14545

Mumbai: 21 May 2021

Mumbai: 21 May 2021

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ crores)

## 1. General Background

Shoppers Stop Limited ('SSL' or 'the Holding Company') is a Company limited by shares and is domiciled in India. The Company was incorporated on 16 June 1997. The Company is engaged in the business of retailing a variety of household and consumer products through departmental stores.

The Company has five subsidiaries, which along with the Company constitute "the Group". They are primarily engaged in the following activities:

SN	Entity	Business activity
1	Shoppers Stop Limited	Retailing a variety of household and consumer products through departmental stores
2	Crossword Bookstores Limited	Retailing in books and other allied items through departmental stores operated by self or by franchisees
3	Shoppers' Stop Services (India) Limited	The Company is non-operational
4	Upasna Trading Limited	Supervising distribution and logistics operations
5	Shoppers' Stop.com (India) Limited	Retailing a variety of consumer products through online channel
6	Gateway Multichannel Retail (India) Limited	Catalogue retailing business (Discontinued operations)

The financial statements were approved for issue by the board of directors on 21 May 2021.

## 2. Significant Accounting Policies

### 2.1.1 Statement of compliance

These Consolidated Financial Statements have been prepared in accordance with the requirements of Indian Accounting Standards prescribed under the Section 133 of the Companies Act 2013, other relevant provisions of the Act and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind-AS compliant Schedule III), as applicable to the Consolidated Financial Statements.

### 2.1.2 Basis of preparation and presentation.

These Consolidated Financial Statements which comprise the Consolidated Balance Sheet as at 31 March 2021, Consolidated Statement of Profit and Loss, the Consolidated Statement of changes in equity and the Consolidated Statement of Cash flows for the year ended 31 March 2021, and other explanatory information (together hereinafter referred to as "Consolidated Financial Statements" or "financial statements").

The aforesaid Consolidated financial statements include the financial statements of the Holding

Company and its subsidiaries (together referred to as 'the Group').

These Consolidated Financial statements have been prepared on historical cost basis except for certain assets and liabilities that are measured at fair values at the end of each reporting period. The Consolidated Financial Statement are presented in Indian Rupees (₹) and all values are rounded to the nearest crores, except where otherwise indicated.

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

### 2.1.3 Fair Value Measurement

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

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

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

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

### 2.2 Consolidation of financial statements

The consolidated financial statements of the Group incorporate the assets, liabilities, equity, income, expenses and cash flows of the Company and its

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ crores)

subsidiaries and are presented as those of a single economic entity. The Company has control of the subsidiaries as it has the rights to variable returns from its involvement and has the ability to affect those returns through its power over the subsidiaries.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. The consolidation procedures principally followed are: (a) Like items of assets, liabilities, equity, income, expenses and cash flows of the Company and those of its subsidiaries are combined; (b) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary are eliminated; (c) intragroup assets and liabilities, equity, income, expenses, and cash flows relating to transactions between entities of the Group are eliminated in full.

Goodwill is recognised when a change in the Group's ownership interest, (or otherwise), results in the Group acquiring control over a Company.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners)

Goodwill arising on consolidation is tested for impairment at each reporting date. If the recoverable amount of cash generating unit to which the goodwill is attributed is less than the carrying amount of the unit, an impairment loss is recognised, first to reduce the carrying amount of goodwill (and thereafter to the balance assets of the unit, pro rata to their carrying amounts).

Non-controlling interests are presented in the consolidated balance sheet within equity, separately from the equity of the owners of the Company. Total comprehensive income of subsidiaries is attributed to the owners and to the non-controlling interests, (even if this results in the non-controlling interests having a deficit balance).

## 2.3 Current versus Non-Current Classification

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

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

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

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

## 2.4 Revenue from contract with customer

**2.4.1** In Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements except for the agency services because it typically controls the goods before transferring them to the customer and sales under sale or return basis arrangements where in the company has w.e.f. 1st April 2018 adopted modified retrospective approach in line with Ind As 115, Revenue from Contracts with customers.

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

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

Where the Company is the principal in the transaction the Sales are recorded at their gross values. Where the Company is effectively the agent in the transaction, the difference between

# Notes to the Consolidated Financial Statements

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the revenue and the cost of the merchandise is disclosed as other operating income. (Refer Note 19)

**2.4.3** Point award schemes: The fair value of the consideration on sale of goods that result in award credits for customers, under the Group's point award schemes, is allocated between the goods supplied and the award credits granted. The consideration allocated to the award credits is measured by reference to their fair value from the standpoint of the holder and is recognised as revenue on redemption and/or expected redemption after breakage.

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

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

Income from services are recognised as they are rendered based on agreements/arrangements with the concerned parties and recognised net of service tax.

**2.4.6** Direct Marketing income: Such income is recognised on straight line basis over the validity of the cards.

**2.4.7** Franchisee income: Such income is recognised in accordance with the rates specified in the franchisee

agreements and is based on the sales recorded by the franchisees for the year.

## 2.4.8 Dividend and Interest income

Dividend income from Investments is recognised when the right to receive the payment has been established. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

## 2.5 Inventories

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

## 2.6 Property, plant and equipment and Intangible Assets

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

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

Property, Plant and Equipment	Useful Life as Prescribed by Schedule II of the Companies Act, 2013 (In Years)	Estimated Useful Life (In Years)
<b>Air conditioning and other equipment</b>		
Plant and Machinery	15	5 to 17
<b>Electrical Installations Components</b>		Life as per below or lease term whichever is lower
Cabling		5-11
LED Bulbs & Non LED Fixtures		5-7
Electrical works		5-17
Firefighting systems/CCTV System		5-17
EAS Systems		5-17
Furniture, fixtures and other fittings	10	5-10
Computer Equipment (other than desktops and laptops)	6	5 - 6
Desktops and laptops	3	3
<b>Leasehold Improvements Components</b>		Life as per below or lease term whichever is lower
Partition Works		5-10
Flooring & Cladding		5-11
Flase Ceiling		5-11
Fit out works		5-12
Civil & Painting Works		5-10
Other Components		5-10

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Property, Plant and Equipment	Useful Life as Prescribed by Schedule II of the Companies Act, 2013 (In Years)	Estimated Useful Life (In Years)
Office Equipment	5	2 to 6
Vehicles	8	8
<b>Intangible assets:</b>		
Computer Software		6
Trademark and Patents	10	10

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

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

Effective 1 Jan 2020, the Company has reviewed the estimated economic useful lives of all components within the broad category of Leasehold improvements as specified in the above table and Electrical Equipments in the above table of its property, plant and equipment, based on the combination of evaluation conducted by an independent consultants and management estimate (Refer Note 3)

## 2.6.3 Impairment losses

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

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

## 2.6.4 Deemed cost on transition to Ind AS

For transition to Ind AS, the Group has elected to continue with the carrying value of all of its property, plant and equipment and intangible assets recognised as of 1 April 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

## 2.7 Leases

Ind AS 116 Leases was notified by MCA on 30 March 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after 1 April 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees - leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less).

The Company assesses at contract inception whether a contract is or contains a lease. That is, of the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

### Where the Company is the lessee:

The Company applies a single recognition and measurement approach for all leases, except for short term leases and leases of low value assets. The Company recognises lease liabilities to make lease payments and right of use assets representing the right to use the underlying assets.

### Right of use assets :

The Company recognises right of use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right of use assets are measured at cost, less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct cost incurred, and lease payments made at or before



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the commencement date less any lease incentives received. Right of use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

The right of use assets are also subject to impairment.

## **Lease liabilities :**

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

## **Short-term leases and leases of low-value assets**

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

## **Where the Company is the Lessor:**

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

## **Covid-19-Related Rent Concessions:**

The Ministry of Corporate Affairs vide notification dated 24 July 2020, issued an amendment to Ind AS 116- Leases, by inserting a practical expedient w.r.t. "Covid-19-Related Rent Concessions" effective from the period beginning on or after 01 April 2020. Pursuant to the above amendment, the Company has applied the practical expedient by accounting the unconditional rent concessions in "Other income" in the Statement of Profit and Loss. The details of the same are disclosed in Note 26.3 of the financial statement.

## **2.8 Financial Instruments**

### **Classification:**

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

### **Measurement:**

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of financial asset not at fair value through the Statement of Profit and

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Loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through the Statement of Profit and Loss are expensed in the Statement of Profit and Loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

## **Debt instruments:**

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

## **Amortised cost:**

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

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

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

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

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

the Statement of Profit and Loss and presented net in the Statement of Profit and Loss in the period in which it arises. Interest income from these financial assets is included in other income.

## **Equity instruments:**

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

## **Impairment of financial assets:**

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

## **Derecognition of financial assets:**

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

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## Offsetting financial instruments:

- 2.8.1 Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default insolvency or bankruptcy of the Group or the counterparty.
- 2.8.2 Financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the issue of financial liabilities are deducted from the fair value of the financial liabilities on initial recognition. After initial recognition, all financial liabilities (other than financial guarantee contracts and derivative instruments – see below) are subsequently measured at amortised cost using the effective interest method. The Company has not designated any financial liability as FVTPL.
- 2.8.3 Financial guarantee contracts: The Group on a case to case basis elects to account for financial guarantee contracts as a financial instrument or as an insurance contract, as specified in Ind AS 109 on Financial Instruments and Ind AS 104 on Insurance Contracts. The Group has regarded all its financial guarantee contracts as insurance contracts. At the end of each reporting period the Group performs a liability adequacy test, (i.e. it assesses the likelihood of a pay-out based on current undiscounted estimates of future cash flows), and any deficiency is recognised in profit or loss.
- 2.8.4 Derivative instruments: The Group enters into foreign exchange forward contracts to manage its exposure to foreign exchange rate risks. These contracts are initially recognised at fair value and subsequently, at the end of each reporting period, re-measured at their fair values on reporting date. The resulting gain or loss is recognised in profit or loss in the same line as the movement in the hedged exchange rate.

## 2.9 Taxation

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

## 2.9.1 Current tax

The tax currently payable is based on the taxable profit for the year for each entity in the Group and is calculated using applicable tax rates and tax laws that have been enacted or substantively enacted.

The Group elected to exercise the option permitted u/s.115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. According the Group has recognised provision for Income tax and re-measured its Deferred Tax Assets basis the rate prescribed in the said section. The impact of this change has been recognised in the current financial year.

## 2.9.2 Deferred tax

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

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

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

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

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

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## 2.10 Employee benefits

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

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

The Group determines the present value of the defined benefit obligation and fair value of plan assets and recognises the net liability or asset in the balance sheet. The net liability or asset represents the deficit or surplus in the Group's defined benefit plans. (The surplus is limited to the present value of economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans).

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

Defined benefit costs are composed of:

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

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

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

### 2.10.3 Short-term benefits:

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

Other long-term benefits: Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

### 2.10.4 Share-based payment arrangements

Equity-settled share-based payments to employees of the Group are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 36. The fair value determined at the grant date of the equity-settled share-based payments to employees of the Group is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity at the end of each year, The Group revisits its estimate of the number of equity instruments expected to vest and recognises any impact in profit or loss, such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

## 2.11 Foreign currency transactions

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

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## 2.12 Borrowing costs

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

Borrowing costs directly attributable to the acquisition or construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred

## 2.13 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

## 2.14 Cash and cash equivalents

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

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

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

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

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

## 2.16 Earnings per Share

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

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

# Notes to the Consolidated Financial Statements

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## 2.A Critical accounting judgments and key sources of estimation uncertainty

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

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

### Income Tax

As stated in Note 25, tax expense is calculated using applicable tax rates and tax laws that have been enacted or substantively enacted. In arriving at taxable profit and tax bases of assets and liabilities the Group adjudges taxability of amounts in accordance with tax enactments, case law and opinions of tax counsel, as relevant. Where differences arise on tax assessment, these are booked in the period in which they are agreed or on final closure of assessment.

### Share based payment

The Company has a share option scheme for certain employees of the Company and its subsidiaries. In accordance with the terms of the share option scheme, as approved by shareholders at a previous general meeting, employees with a pre-defined grade and having more than five years of service may be granted options to purchase equity shares. Each share option converts into one equity share of the company on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised within four years from the date of grant, as per vesting schedule. The share options vests based on a pre-determined vesting schedule from the date of grant.

### Equity settled transactions

The Company initially measures the cost of equity-settled transactions with employees using a binomial model to determine the fair value of the liability incurred. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model,

which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 36.

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

The Group reviews the estimated useful lives of property, plant and equipment and intangible assets at the end of each reporting period.

In F.Y.19-20, effective 1 Jan 2020, the Company has reviewed the estimated economic useful lives of all components within the broad category of Leasehold improvements and Electrical Equipments of its property, plant and equipment, based on the combination of evaluation conducted by an independent consultants and management estimate. The impact of the same on current financial year is disclosed in note 3(iv)

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

### Point award schemes

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

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

As stated in Note 29, the Group has challenged the retrospective levy of service tax on renting of immovable properties given for commercial use and pending the final disposal of the matter, which is presently before the Supreme Court, the Group continues not to provide for the retrospective levy.

### Inventories

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

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2021

## Employee Benefits

Provision for employee benefits in the nature of gratuity and unpaid leave balance is estimated on actuarial basis using a number of assumptions which include assumptions for discount rate, future salary increases, mortality rates, attrition rates for employees, return on planned assets etc. Any changes in these assumptions will impact the carrying amount of these provisions. Key assumptions are disclosed in Note 31.

## Impairment of Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods. Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash generating unit retained.

An inventory provision is recognised for cases where the realisable value is estimated to be lower than the inventory

carrying value. The inventory provision is estimated taking into account various factors, including prevailing sales prices of inventory item, the seasonality of the item's sales profile and losses associated with obsolete / slow-moving inventory items.

## Leases:

The Group applied Ind AS 116 Leases for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

## Ind AS 116 Leases - Estimating the lease term

The Group adopted Ind AS 116 using the modified retrospective -2A method of adoption, with the date of initial application on 1 April 2019. The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains, a lease at 1 April 2019. The comparative figures are not restated and the cumulative effect of initially applying the standard is recognised as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the date of initial application. Instead, the Group applied the standard only to contracts that were previously identified as leases applying Ind AS 17 and Appendix C of Ind AS 17 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew or terminate the lease. It considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

Please refer Note 26 for detail disclosures on leases.

## Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2021

## 3. Property, Plant and Equipment and Intangible Assets

(All amounts in ₹ Crores)

Cost or deemed cost	Leasehold improvements	Air conditioning and other equipments	Furniture, fixtures and other fittings	Office Equipments	Computers	Vehicles	Total PPE	Trademarks	Software	Goodwill	Total Intangible assets
<b>As at 1 April 2019</b>	249.99	238.49	238.86	17.26	63.89	0.79	809.28	1.39	120.73	9.65	131.77
Additions	54.76	44.54	65.64	6.95	10.00	0.15	182.04	0.81	10.15	-	10.96
Disposal	(12.79)	(11.97)	(8.48)	(0.22)	(3.13)	(0.66)	(37.25)	-	-	(9.65)	(9.65)
<b>As at 31 March 2020</b>	<b>291.96</b>	<b>271.06</b>	<b>296.02</b>	<b>23.99</b>	<b>70.76</b>	<b>0.28</b>	<b>954.07</b>	<b>2.20</b>	<b>130.88</b>	-	<b>133.08</b>
Additions (Refer Note iii)	15.19	8.44	22.88	0.90	12.68	0.06	60.14	0.16	57.69	-	57.85
Disposal	(21.92)	(17.67)	(16.31)	(0.79)	(7.72)	(0.34)	(64.76)	-	(11.91)	-	(11.91)
<b>As at 31 March 2021</b>	<b>285.23</b>	<b>261.83</b>	<b>302.59</b>	<b>24.10</b>	<b>75.72</b>	<b>0.00</b>	<b>949.46</b>	<b>2.36</b>	<b>176.64</b>	-	<b>179.02</b>
<b>Accumulated Depreciation</b>											
<b>As at 1 April 2019</b>	(65.52)	(64.68)	(96.01)	(9.33)	(29.05)	(0.16)	(264.75)	(1.39)	(60.21)	-	(61.60)
Depreciation and amortisation expense for the year (Refer Note ii)	(87.84)	(71.34)	(42.08)	(3.93)	(13.21)	(0.12)	(218.52)	(0.81)	(18.62)	-	(19.43)
Disposal	12.35	11.64	8.07	0.20	3.07	0.31	35.64	-	0.01	-	0.01
<b>As at 31 March 2020</b>	<b>(141.01)</b>	<b>(124.38)</b>	<b>(130.02)</b>	<b>(13.06)</b>	<b>(39.19)</b>	<b>0.03</b>	<b>(447.63)</b>	<b>(2.20)</b>	<b>(78.82)</b>	-	<b>(81.02)</b>
Depreciation and amortisation expense for the period (Refer Note ii & iv)	(52.91)	(39.82)	(34.32)	(3.58)	(12.48)	(0.37)	(143.48)	(0.16)	(27.22)	-	(27.37)
Disposal	21.76	17.67	15.41	0.64	7.56	0.34	63.39	-	11.91	-	11.91
<b>As at 31 March 2021</b>	<b>(172.16)</b>	<b>(146.53)</b>	<b>(148.93)</b>	<b>(16.00)</b>	<b>(44.11)</b>	<b>0.00</b>	<b>(527.73)</b>	<b>(2.36)</b>	<b>(94.13)</b>	-	<b>(96.49)</b>
<b>Net Book Value</b>											
<b>As at 31 March 2021</b>	<b>113.07</b>	<b>115.30</b>	<b>153.66</b>	<b>8.09</b>	<b>31.61</b>	-	<b>421.73</b>	-	<b>82.53</b>	-	<b>82.53</b>
<b>As at 31 March 2020</b>	<b>150.95</b>	<b>146.68</b>	<b>166.00</b>	<b>10.93</b>	<b>31.57</b>	<b>0.31</b>	<b>506.44</b>	-	<b>52.06</b>	-	<b>52.06</b>

### Note :

- Movable assets have been pledged to secure borrowings of the Company
- Depreciation for the year includes accelerated amounts aggregating to ₹ 10.14 Crores (31 March 2020 ₹ 54.63 Crores) primarily in case of Leasehold improvements, electrical installation and software on account of change in estimate of useful lives of property, plant & equipment resulting from store closures/shifting premises.
- During the year ended 31 March 2021, the Company has capitalised the following expenses to cost of Property, plant and equipment.

	For the year ended 31 March 2021	For the year ended 31 March 2020
Employee Costs	10.32	10.57
Travelling	-	0.05
Consultancy	3.07	8.33
Miscellaneous expenditure	-	0.99
<b>Total</b>	<b>13.39</b>	<b>19.95</b>

- Effective 1 Jan 2020, the Company has reviewed the estimated economic useful life of all components within the broad category of Leasehold improvements and Electrical Equipments of its property, plant and equipments, based on the combination of evaluation of evaluation conducted by an independent consultants and management estimate



# Notes to the Consolidated Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ crores)

## 3A Depreciation and amortisation expenses

	As at 31 March 2021	As at 31 March 2020
Depreciation of tangible assets (Refer Note 3)	143.48	218.52
Amortisation of intangible assets (Refer Note 3)	27.37	19.43
Depreciation on right of use assets (Refer note 26.1)	221.45	212.43
	<b>392.30</b>	<b>450.38</b>

## 3B Capital work in progress and Intangible assets under development

	As at 31 March 2021	As at 31 March 2020
Capital work in progress		
Opening	10.19	30.56
Additions	52.88	130.64
Capitalisation	(60.14)	(151.01)
	<b>2.93</b>	<b>10.19</b>
Intangible assets under development		
Opening	34.23	4.53
Additions	23.62	40.64
Capitalisation	(57.85)	(10.94)
	<b>-</b>	<b>34.23</b>

## 4. Investments - Non current

	As at 31 March 2021	As at 31 March 2020
<b>A (Unquoted at cost unless otherwise stated)</b>		
<b>i) Equity investments</b>		
<b>(At fair value through Profit and Loss)</b>		
Stargaze Properties Private Limited	0.00	0.00
1,000 (2020: 1,000) equity shares of ₹ 10/- each Fully paid		
Retailers Association of India	0.00	0.00
10,000 (2020:10,000) equity shares of ₹ 10/- each Fully paid		
Aesthetic Realtors Private Limited	0.00	0.00
66 (2020 : 66) Equity Shares of ₹ 10/- each Fully Paid		
Retailers Association's Skill Council of India	0.01	0.01
500 (2020 : 500) equity shares of ₹ 100/- each Fully paid		
<b>Total (A)</b>	<b>0.01</b>	<b>0.01</b>
<b>B Quoted (fair value through Other Comprehensive Income)</b>		
<b>Investments in equity instruments</b>		
Future Retail Limited		
Nil (2020 : 46,30,115) equity shares of ₹ 2/- each Fully paid	-	248.64
Less: Provision for diminution in the value of investment	-	(212.18)
<b>Total (B)</b>	<b>-</b>	<b>36.46</b>
<b>Total (A) + (B)</b>	<b>0.01</b>	<b>36.47</b>

## 4. Investments - Current

	As at 31 March 2021	As at 31 March 2020
Investments in mutual funds		
<b>Unquoted (At fair value through Profit and Loss)</b>		
SBI Mutual Fund	24.46	43.02
73,691.201 (2020 : 1,33,427.655 ) units in Overnight fund - Regular Growth		
Axis Mutual Fund	23.64	34.00
217,582.807 (2020 : 3,22,382.475 ) units in Overnight fund - Regular Growth		
Kotak Mutual Fund	-	34.01
Nil (2020 : 3,19,283.894 ) units in Overnight fund - Regular Plan Growth		

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ crores)

	As at 31 March 2021	As at 31 March 2020
ICICI Prudential Mutual Fund	15.26	-
1,378,658.027 (2020 : Nil) units in Overnight Fund -Regular Growth		
Aditya Birla Sun Life Mutual Fund	19.67	-
177,230.161 (2020 : Nil ) units in Overnight fund - Regular Growth		
Nippon India Mutual Fund	24.07	-
2,183,173.296 (2020 : Nil ) units in Overnight fund - Regular Growth		
UTI Mutual Fund	20.68	-
74,017.219 (2020 : Nil ) units in Overnight fund - Regular Growth		
<b>Total (A)</b>	<b>127.78</b>	<b>111.03</b>
<b>Quoted (At fair value through Profit and Loss)</b>		
HDFC Mutual Fund	-	43.01
Nil ( 2020:1,45,541.385) units in Overnight fund - Regular Growth		
<b>Total (A) + (B)</b>	<b>127.78</b>	<b>154.04</b>
<b>Aggregate value of quoted investment</b>	<b>-</b>	<b>79.47</b>
<b>Aggregate value of unquoted investment</b>	<b>127.79</b>	<b>111.04</b>
<b>Aggregate amount of impairment in value of investments</b>	<b>0.00</b>	<b>0.00</b>
<b>Aggregate amount of Increase/(decrease) due to change in the fair value of investments</b>	<b>-</b>	<b>(212.18)</b>

## 5. Trade receivables - current

	As at 31 March 2021	As at 31 March 2020
(Unsecured)		
Considered good	30.77	34.07
Considered credit impaired	1.73	1.55
	32.50	35.62
Impairment allowance (allowance for bad and doubtful debts)		
Less : Considered credit impaired	1.73	1.55
	<b>30.77</b>	<b>34.07</b>

5.1 Trade receivables are carried at amortised cost.

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

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

5.4 For terms and conditions relating to related party receivables, (Refer Note 32)

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

## 6. Other financial assets

	As at 31 March 2021	As at 31 March 2020
(unsecured)		
<b>Non-current</b>		
Premises and other deposits		
- Considered good	108.36	79.66
- Considered credit impaired	5.42	5.27
	113.78	84.93
Less: Impairment allowance (allowance for bad and doubtful debts)		
- Considered credit impaired	5.42	5.27
	108.36	79.66
	<b>108.36</b>	<b>79.66</b>

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ crores)

	As at 31 March 2021	As at 31 March 2020
<b>Current</b>		
Advances to employees	0.77	0.95
Premises and other deposits	49.23	70.94
Other Receivables		
- Considered good	4.53	2.09
- Considered credit impaired	3.45	3.45
	7.98	5.54
Less: Impairment allowance (allowance for bad and doubtful debts)		
- Considered credit impaired	3.45	3.45
	4.53	2.09
	<b>54.53</b>	<b>73.98</b>

6.1 These are carried at amortised cost.

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

## 7. Deferred tax assets / Liabilities (net)

	As at 31 March 2021	As at 31 March 2020
Deferred tax assets	342.43	264.08
	<b>342.43</b>	<b>264.08</b>

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

	Balance Sheet		Statement of Profit and Loss	
	As at 31-Mar-2021	As at 31-Mar-2020	Year ended 31 March 2021	Year ended 31 March 2020
<b>Deferred tax Assets</b>				
Property, Plant and Equipment and Intangible Assets	56.64	44.00	12.64	(29.83)
Right to use assets	190.47	203.63	(13.16)	74.17
Impairment allowance (allowance for bad and doubtful debts)	3.29	7.79	(4.50)	(4.32)
Provision for expenses	3.51	2.90	0.61	1.21
Employee benefit expenses	4.11	3.02	0.97	1.52
Lease Deposits	1.54	1.54	-	0.60
Short Term Capital Loss	0.48	1.20	(0.72)	1.79
Business loss & Unabsorbed depreciation	82.39	-	82.39	-
<b>Net deferred tax assets / (liabilities)</b>	<b>342.43</b>	<b>264.08</b>	<b>78.23</b>	<b>45.14</b>

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

	Balance Sheet		Statement of Profit and Loss	
	As at 31-Mar-2021	As at 31-Mar-2020	Year ended 31 March 2021	Year ended 31 March 2020
Property, Plant and Equipment and Intangible Assets	4.28	3.45	0.83	(0.98)
Right to use assets (IND-AS 116) - Reserve movements	2.07	2.07	-	-
IND-AS 116 adjustments	0.80	0.06	0.74	(0.06)
Unused tax losses	20.91	15.14	5.77	(2.90)
Employee benefit expenses & others	0.99	0.84	0.15	(0.06)
<b>Deferred tax assets**</b>	<b>29.05</b>	<b>21.56</b>	<b>7.49</b>	<b>(4.00)</b>

\*\*In the absence of convincing evidence, the Company has not recognised deferred tax assets (DTA) on temporary differences arising on the above mentioned items.

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ crores)

## 8. Other assets

	As at 31 March 2021	As at 31 March 2020
(Unsecured, considered good)		
<b>Non-current</b>		
Capital advances	3.13	17.10
Service tax deposited under protest (Refer Note 29 (ii))	36.35	36.35
Advance income tax (net of provision)	17.74	27.65
Statutory recoverables		
- Considered good	-	-
- Considered doubtful	0.99	0.99
	0.99	0.99
Less : Allowance for doubtful advances	0.99	0.99
	-	-
	<b>57.22</b>	<b>81.10</b>
<b>Current</b>		
Balance with government authorities	204.12	143.73
Service tax deposited under protest (Note 29 (i))	3.45	3.45
Advance for Goods & Services		
- Considered good	19.85	19.08
- Considered credit impaired	6.49	4.60
	26.34	23.68
Less : Allowance for doubtful advances	6.49	4.60
	19.85	19.08
Prepaid Expenses	2.00	2.15
Other assets		
- Considered good	-	0.35
- Considered credit impaired	2.36	2.36
	2.36	2.71
Less : Allowance for doubtful assets	2.36	2.36
	-	0.35
	<b>229.42</b>	<b>168.76</b>

## 9. Inventories

	As at 31 March 2021	As at 31 March 2020
(At lower of cost and Net realisable value)	856.11	1,239.20
Stock-in-trade: Retail merchandise	<b>856.11</b>	<b>1,239.20</b>

**9.1** Inventories have been pledged as security for borrowings. ( Refer Note 14)

**9.2** The mode of valuation of inventories has been stated in Note 2.5

## 10. Cash and cash equivalents

	As at 31 March 2021	As at 31 March 2020
Balance with banks In		
- Current accounts	10.23	3.35
- Deposit accounts	0.07	0.07
Cash on hand	2.50	0.61
	<b>12.80</b>	<b>4.03</b>

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

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

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

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ crores)

	As at 31 March 2021	As at 31 March 2020
Balance with banks In		
- Current accounts	10.23	3.35
- Deposit accounts	0.07	0.07
Cash on hand	2.50	0.61
	12.80	4.03
Less : Bank overdraft / Cash credit (Refer Note 14.3 and 15)	(33.28)	(164.91)
	<b>(20.48)</b>	<b>(160.88)</b>

## 11. Other bank balances

	As at 31 March 2021	As at 31 March 2020
Margin money account (under lien against bank guarantee)	0.32	0.32
Deposit with original maturity for more than 3 months but less than 12 months	29.00	-
Earmarked accounts (for unpaid dividend)	0.00	0.00
	<b>29.32</b>	<b>0.32</b>

## 12. Share capital

### 12.1 Authorised

	As at 31 March 2021	As at 31 March 2020
200,000,000 equity shares of ₹ 5/- each	100.00	100.00

### 12.2 Issued, subscribed and fully paid up shares

	As at 31 March 2021	As at 31 March 2020
109,358,910 (2020 : 87,989,928) equity shares of ₹ 5/- each fully paid up	54.69	44.00
	<b>54.69</b>	<b>44.00</b>

### 12.3 Reconciliation of number of equity shares:

Particulars	31 March 2021		31 March 2020	
	Numbers	₹ Crores	Numbers	₹ Crores
Balance at the beginning of the year	8,79,89,928	44.00	8,79,89,928	44.00
Issued during the year (Refer Note 12.6)	2,13,68,982	10.69	-	-
<b>Balance at the end of the year</b>	<b>10,93,58,910</b>	<b>54.69</b>	<b>8,79,89,928</b>	<b>44.00</b>

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

Name of the Shareholder	As at 31 March 2021		As at 31 March 2020	
	Shares held (Nos)	Shares held (%)	Shares held (Nos)	Shares held (%)
Palm Shelter Estate Development LLP	89,59,058	8.19%	84,71,534	9.63%
Anbee Construction LLP	1,32,31,919	12.10%	1,03,86,401	11.80%
Cape Trading LLP	1,32,31,919	12.10%	1,03,86,401	11.80%
Aditya Birla Sun Life Trustee Private Limited	76,24,513	6.97%	62,25,597	7.08%
Raghukool Estate Development LLP	89,59,060	8.19%	55,93,300	6.36%
Capstan Trading LLP	89,59,060	8.19%	70,32,417	7.99%
Casa Maria Properties LLP	89,59,060	8.19%	70,32,417	7.99%

**12.5** The Company has one class of equity shares having a par value of ₹ 5 per share. Each equity shareholder is eligible for one vote per share held. Each equity shareholder is entitled to dividends as and when the Company declares and pays dividend after obtaining shareholders' approval. In the event of liquidation of the company, the holders of equity shares will be entitled to receive the remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ crores)

**12.6** The Company has issued and allotted Nil (2020 : Nil ) number of shares under Share options schemes to certain employees- Refer Note 36

The Board of Directors of the Company on 16 October 2020 approved the offer and issuance of equity shares of the Company by way of rights issue to the shareholders of the Company. The Rights issue Committee of Board of Directors at its meeting held on 17 December 2020, inter-alia, considered and approved allotment of 2,13,68,982 Rights Equity Shares of face value ₹ 5 each at a price of ₹ 140 per Rights Equity Share, to the eligible equity shareholders of the Company as on record date for an amount aggregating to ₹ 299.17 crores. Funds received pursuant to allotment are being utilised towards the objects stated in the Letter of Offer.

## 13. Other equity

	As at 31 March 2021	As at 31 March 2020
Securities Premium	940.71	655.44
General Reserves	23.29	23.29
Retained earnings	900.09	(656.85)
Share options outstanding account	1.13	0.76
	<b>65.04</b>	<b>22.64</b>

For addition and deductions under each of the above heads, refer Statement of changes in equity.

### 13.1 Securities premium

Securities premium account is used to record the premium received on issue of shares. The securities premium can be utilised only in accordance with the provisions of the Companies Act 2013.

### 13.2 General reserve

The General Reserve is mainly created/built by the Company from time to time by transferring the profits from retained earnings. This reserve may be utilised mainly to declare dividend as permitted under the Companies Act 2013.

### 13.3 Share Options outstanding account

Share options outstanding account relates to share options granted by the Company to certain employees under share option plan. Further information about share based payments to employees is set out in Note 36.

## 14. Borrowings

	As at 31 March 2021	As at 31 March 2020
<b>Non-current</b>		
Term loans (Secured) from banks	152.76	2.02
Less : Current maturities of long term debts	57.19	1.80
	<b>95.57</b>	<b>0.22</b>

**14.1** Term Loans are secured by First Pari Passu charge on entire Current Assets including Stocks & Books debts, the entire movable fixed assets, Lease deposit excluding exclusive lien on lease Deposit to the extent of ₹ 26.62 Crores by Axis Bank Ltd, Escrow Account of debit card and credit card receivables.

Term loans availed by Crossword Bookstores Ltd. amounting to ₹ 2.76 Crores (2020: 2.02 Crores) have corporate guarantees, joint and several, given by the Group.

Borrowings are carried at amortised cost.

### 14.2 Terms of the Facilities :-

Name of the Bank	Rate of Interest	Repayment Schedule	Loan Balance	
			31 March 2021	31 March 2020
<b>Non-current borrowings</b>				
HDFC Bank	8.45% (2020: Nil)	Repayable in 8 equal quarterly installments from 8 Aug 2021 to 8 May 2023	75.00	-
IDFC First Bank	9.50% (2020: Nil)	Repayable in 8 equal quarterly installments from 30 Sep 2021 to 30 Jun 2023	75.00	-
Kotak Mahindra Bank	9.80% (2020: 9.80%)	Repayable in 12 Equated quarterly Installments from February 2018 to November 2020	-	0.75

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ crores)

Name of the Bank	Rate of Interest	Repayment Schedule	Loan Balance	
			31 March 2021	31 March 2020
Kotak Mahindra Bank	10.15% (2020: 10.15%)	Repayable in 36 Equated quarterly Installments from November 2018 to October 2021.	0.47	1.27
Kotak Mahindra Bank	9.25% (2020: Nil)	Repayable in 36 Equated quarterly Installments from August 2021 to July 2024.	2.29	-
<b>Total Non-current borrowings</b>			<b>152.76</b>	<b>2.02</b>
<b>Current maturities of long-term borrowings</b>				
HDFC Bank	8.45% (2020: Nil)	Repayable in 8 equal quarterly installments from 8 Aug 2021 to 8 May 2023	28.13	-
IDFC First Bank	9.50% (2020: Nil)	Repayable in 8 equal quarterly installments from 30 Sep 2021 to 30 Jun 2023	28.12	-
Kotak Mahindra Bank	9.80% (2020: 9.80%)	Repayable in 12 equal quarterly Installments from February, 2018 to November 2020	-	1.00
Kotak Mahindra Bank	10.15% (2020: 10.15%)	Repayable in 36 equal quarterly Installments from November 2018 to October 2021.	0.47	0.80
Kotak Mahindra Bank	9.25% (2020: Nil)	Repayable in 36 Equated quarterly Installments from August 2021 to July 2024.	0.47	-
<b>Total Current borrowings</b>			<b>57.19</b>	<b>1.80</b>

## 14.3 Current

	As at 31 March 2021	As at 31 March 2020
<b>From banks</b>		
- Secured	11.25	133.24
<b>From Others</b>		
- Unsecured	22.02	22.02
	<b>33.27</b>	<b>155.26</b>

**14.4** Loan repayable on demand viz. Cash credit, Working capital loans and Other loans viz. short term loans, are secured by a first pari passu charge on credit card/debit card receivables (Escrow account), current assets and all movable fixed assets of the Group both present and future and an exclusive lien on lease deposits except ICICI Bank loan which is secured by first pari passu charge on the current assets and all the movable fixed assets of the Group both present and future excluding leasehold rights, lease deposits and shoppers stop brands. Loans amounting to ₹ 11.16 Crores (2020 : 133.24 Crores) are further secured by corporate guarantees, joint and several, given by the Group.

## 14.5 Terms of the Facilities :-

Name of the Bank	Rate of Interest	Repayment Schedule	Loan Balance	
			31 March 2021	31 March 2020
<b>Secured :</b>				
Axis Bank	Nil (2020: 8.70%)	On demand	-	14.65
ICICI Bank (Cash Credit)	8.40% (2020: 9.50%)	On demand	0.09	13.79
Bank of India (Cash Credit)	Nil (2020: 9.40%)	On demand	-	4.85
Kotak Mahindra Bank Ltd. (Cash Credit)	Nil (2020: 8.75%)	On demand	-	32.00
Kotak Mahindra Bank Ltd. (Cash Credit)	9.25% (2020: 10.30%)	On demand	9.16	9.54
HDFC Bank Ltd. (Cash Credit)	Nil (2020: 9.00%)	On demand	-	9.78
HDFC Bank Ltd. (Short term loan)	Nil (2020: Nil)	On demand	-	-
IDFC Bank (Cash Credit)	Nil (2020: 9.75%)	On demand	-	48.63
Yes Bank	Nil (2020: 9.75%)	On demand	-	-
Kotak Mahindra Bank Ltd. (Working Capital Demand Loan)	8.75% (2020: Nil)	Repayable on 18 May 2021 and 27 May 2021	2.00	-
			<b>11.25</b>	<b>133.24</b>
<b>Unsecured :</b>				
From other parties				
Hypercity Retail (India) Limited	10.75 % (2020 : 10.75%)	On demand	22.02	22.02
			<b>22.02</b>	<b>22.02</b>

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ crores)

## 15. Other financial liabilities - Non current

	As at 31 March 2021	As at 31 March 2020
Security deposits	0.54	0.64
	<b>0.54</b>	<b>0.64</b>

## 15. Other financial liabilities - current

	As at 31 March 2021	As at 31 March 2020
<b>Other financial liabilities measured at amortised cost</b>		
Current maturities of long term borrowings	57.19	1.80
Accrued payroll	16.47	15.22
Creditors for capital expenditure	17.82	39.51
Overdrawn bank balances	0.01	9.65
Security deposits	0.36	1.22
Interest accrued and not due on borrowings	1.01	0.09
Income received in advance	1.80	3.00
Unpaid dividends	0.00	0.00
Others	0.00	0.15
	<b>94.66</b>	<b>70.64</b>

## 16. Trade payables

	As at 31 March 2021	As at 31 March 2020
<b>Retail Merchandise:</b>		
- Total outstanding dues of micro enterprises and small enterprises	21.27	3.59
- Total outstanding dues of creditors other than micro enterprises and small enterprises	1,131.22	1,518.28
	<b>1,152.49</b>	<b>1,521.87</b>

**16.1** There are no Micro and Small Enterprises, to whom the Group owes dues which are outstanding for more than 45 days during the year except stated in Note 16.1.b. This information as required to be disclosed under the Micro, Small and Medium Enterprise Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

	As at 31 March 2021	As at 31 March 2020
a) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	21.27	3.59
b) The amount of interest paid by the buyer in terms of section 16 of the Micro and Small enterprise Development Act, 2006, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	0.08	-
c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro and Small Enterprise Development Act, 2006.	-	-
d) The amount of interest accrued and remaining unpaid at the end of each accounting year;	-	-
e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro and Small Enterprise Development Act, 2006.	-	-

## 17. Provisions

	As at 31 March 2021	As at 31 March 2020
<b>Current</b>		
Provision for employee benefits:		
Gratuity (Refer Note 31)	2.33	4.53
Leave Encashment	3.99	6.55
	<b>6.32</b>	<b>11.08</b>



# Notes to the Consolidated Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ crores)

## 18. Other current liabilities

	As at 31 March 2021	As at 31 March 2020
Statutory liabilities	64.95	60.56
Payable to employees	0.32	0.32
Advance from customers	0.25	0.80
Award schemes and gift vouchers	78.58	97.18
Others	5.95	6.26
	<b>150.05</b>	<b>165.12</b>

## 19. Revenue from operations

	For the year ended 31 March 2021	For the year ended 31 March 2020
Retail sale of merchandise	1,643.03	3,169.99
<b>Other Retail operating revenue</b>		
Net proceeds from SOR	67.72	180.88
Net income from concessionaire & consignment model	20.02	60.27
Facility management fees	3.97	22.16
Income from store displays and sponsorship	1.01	3.12
Gift Vouchers lapsed	9.01	14.13
Direct marketing	4.19	11.62
Income from franchisees and others	0.01	1.71
	105.93	293.89
	<b>1,748.96</b>	<b>3,463.88</b>

### 19.1 Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Type of goods or service</b>		
Sale of goods(net of taxes)	1,643.02	3,169.99
Net proceeds from SOR	67.72	180.88
Net income from concessionaire & consignment model	20.02	60.27
Other operating income	18.20	52.74
<b>Total Revenue from contracts with customers</b>	<b>1,748.96</b>	<b>3,463.88</b>
India	1,748.96	3,463.88
Outside India	-	-
<b>Timing of revenue recognition</b>		
Goods transferred at a point in time	1,730.76	3,411.14
Services transferred over time (Other operating income)	18.20	52.74
<b>Total Revenue from contracts with customers</b>	<b>1,748.96</b>	<b>3,463.88</b>

### 19.2 Contract balances

	For the year ended 31 March 2021	For the year ended 31 March 2020
Trade receivables*	30.77	34.07

\*Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

### 19.3 Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price

Particulars	31 March 2021	31 March 2020
Revenue as per contracted price	<b>2,460.39</b>	<b>4,811.87</b>
Adjustments		
Loyalty points	(15.76)	(49.44)
Discount	(695.67)	(1,298.55)
<b>Revenue from contract with customers</b>	<b>1,748.96</b>	<b>3,463.88</b>

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ crores)

## 20. Other income

	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Interest on financial assets :</b>		
On lease deposits measured at amortised cost	11.55	12.46
Bank deposits	1.08	0.03
On income tax refund	1.05	-
Profit on sale of mutual fund investment	0.88	3.78
Miscellaneous income	0.10	2.68
Profit on sale of fixed assets	0.42	-
Covid-19-Related Rent Concessions	176.83	-
Gain on account of remeasurement of lease life	32.33	15.25
Provision no longer required written back	-	0.03
	<b>224.24</b>	<b>34.23</b>

		For the year ended 31 March 2021	For the year ended 31 March 2020
<b>21a. Purchase of Stock in trade</b>			
Apparels		448.52	1,322.57
Non-apparels		239.83	815.21
Books & others		4.80	36.02
	(A)	<b>693.15</b>	<b>2,173.80</b>
<b>21b. Changes in inventories of stock in trade</b>			
Opening inventory			
- Retail merchandise		1,239.20	1,071.93
Closing inventory			
- Retail merchandise		856.11	1,239.20
	(B)	<b>383.09</b>	<b>(167.27)</b>
<b>21c. Cost of inventories recognised as an expenses*</b>	(A)+(B)	1,076.24	2,006.53
* Includes write-downs/offers (net) of inventory to net realisable value on account of old season stock and shrinkages.		35.48	33.48

## 22. Employee Benefits Expense

	For the year ended 31 March 2021	For the year ended 31 March 2020
Salaries and Wages	242.76	303.55
Contribution to provident and other funds (Refer Note 31)	18.16	21.93
Share-based payments cost * (Refer Note 36)	1.44	0.55
Staff welfare expenses	2.68	8.60
	<b>265.04</b>	<b>334.63</b>

\* Measured at fair value

## 23. Finance costs

	For the year ended 31 March 2021	For the year ended 31 March 2020
Interest on borrowings	33.86	7.41
Interest on lease liabilities	188.65	189.70
Bank charges	0.45	0.21
	<b>222.96</b>	<b>197.32</b>

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ crores)

## 24. Other expenses

	For the year ended 31 March 2021	For the year ended 31 March 2020
Lease rent and hire Charges (Refer Note 26.4)	22.02	65.99
Business conducting fees (Refer Note 26.4)	0.01	3.94
Rates and taxes	7.12	5.92
Repairs and maintenance		
- Buildings	95.97	103.09
- Plant and machinery	0.02	0.12
- Others	8.32	11.31
Legal and professional fees (Refer Note 24.1)	12.82	23.72
Housekeeping charges	11.65	19.57
Security charges	13.76	27.76
Computer expenses	44.45	42.48
Conveyance and travelling expenses	1.89	14.69
Electricity charges	64.19	98.93
Advertisement and publicity	22.38	60.24
Charges on credit card transactions	11.21	24.47
Allowances for bad and doubtful financial assets*	0.45	1.66
Loss on Sale of Fixed Assets (net)	-	0.55
Foreign exchange loss (net)	0.01	(0.25)
Corporate Social Responsibility Expenses (Refer Note 24.2)	0.30	0.85
Miscellaneous expenses	46.96	66.20
	<b>363.53</b>	<b>571.24</b>

\*excludes exceptional items

### 24.1 Payments to Auditors (excluding GST) :

	For the year ended 31 March 2021	For the year ended 31 March 2020
i) Audit fees	0.66	0.66
ii) Other matters **	0.54	0.11
iii) Out of pocket expenses	0.01	0.09
	<b>1.21</b>	<b>0.85</b>

\*\*₹ 0.50 crores paid towards right issue certification work adjusted against share premium account

In respect of subsidiary companies:  
Payments to Auditors (excluding GST):

	For the year ended 31 March 2021	For the year ended 31 March 2020
i) Audit fees	0.07	0.07
ii) Other matters	-	0.11
iii) Out of pocket expenses	-	0.09

### 24.2 Expenditure related to Corporate Social Responsibility as per Section 135 of the Companies Act, 2013 read with Schedule VIII thereof

	For the year ended 31 March 2021	For the year ended 31 March 2020
a) Gross amount required to be spent by the Company**	1.05	1.68
b) Details of amount spent are as under:		
Sustained livelihood throughout the year for women involved in kit development and making of mypads	0.30	-
Livelihood creation for persons with disabilities (Employment linked training)	-	0.31
Livelihood creation for young underprivileged women (Employment linked training)	-	0.13

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ crores)

	For the year ended 31 March 2021	For the year ended 31 March 2020
Promote sustainable fashion through reuse, recycle and reduce	-	0.30
Promoting healthcare, empowering women employment, enhancing vocation skill for women	-	0.11
<b>Total</b>	<b>0.30</b>	<b>0.85</b>

\*\*The Company has transferred unspent amount of ₹ 0.75 crores to a special bank account called as Unspent Corporate Social Responsibility Account (UCSRA) within 30 days from the end of the financial year.

## 25. Income tax expense recognised in profit or loss

	For the year ended 31 March 2021	For the year ended 31 March 2020
<b>Current income tax :</b>		
Current income tax charge	-	25.25
Tax adjustments of earlier years	(1.48)	-
<b>Total</b>	<b>(1.48)</b>	<b>25.25</b>
<b>Deferred tax</b>		
In respect of current period	(78.23)	36.19
Deferred tax reversal on opening balance on account of change in income tax rate to 25.17% (31 March 2020 : 25.17%)	-	8.95
	<b>(78.23)</b>	<b>45.14</b>
<b>Income tax expense reported in the statement of profit and loss</b>	<b>(79.71)</b>	<b>70.39</b>

OCI section - Deferred tax related to items recognised in OCI during the year:

	For the year ended 31 March 2021	For the year ended 31 March 2020
i) Remeasurement of employee defined benefit obligation	(0.12)	(0.73)
<b>Income tax charged to OCI</b>	<b>(0.12)</b>	<b>(0.73)</b>

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31 March 2021 and 31 March 2020:

	For the year ended 31 March 2021	For the year ended 31 March 2020
Accounting Profit before income tax (before exceptional item)	(346.87)	(71.63)
Income tax expense calculated at 25.17% (31 March 2020 : 25.17%)	(87.31)	(18.03)
<b>Effect of expenses that are not deductible in determining taxable profit</b>		
Corporate social responsibility expenses	0.08	0.21
Interest disallowances u/s.14A	0.32	0.73
Loss/ (profit) on sale of Fixed assets	(0.08)	-
Impairment provision on investments in Crossword Bookstores Limited	5.64	-
<b>Adjustments in respect of current income tax of previous year</b>		
Adjustments in respect of current income tax of previous year	(1.48)	-
Deferred tax reversal on opening balance on account of change in income tax rate (Refer Note 25.2)	-	8.95
<b>Others</b>		
Deferred tax reversal on reserves created on IND-AS 116 Transition	-	77.45
Deferred tax reversal on impairment provision on investment in Crossword Bookstores Limited	5.03	-
Others	(1.91)	1.07
<b>Income tax expense recognised in profit or loss</b>	<b>(79.71)</b>	<b>70.39</b>

**25.1** In the absence of reasonable certainty, the Group has not recognised deferred tax assets (DTA) on mark to market loss on equity shares of Future Retail Ltd for the financial year 2019-20.

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ crores)

**25.2** The Group elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has recognised Provision for Income Tax and re-measured its Deferred tax assets basis the rate prescribed in the said section. The impact of this change has been recognised during the year ended 31 March 2020.

	<b>For the year ended 31 March 2021</b>	For the year ended 31 March 2020
Deferred tax reversal on opening balance on account of change in income tax rate to 25.17% (2020: 25.17%)	-	8.95
Deferred tax reversal on reserves created on IND-AS 116 Transition	-	77.45

**26.** Ind AS 116 Leases was notified by MCA on 30 March 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after 1 April 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less).

At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under Ind AS 116 is substantially unchanged from today's accounting under Ind AS 17. Lessors will continue to classify all leases using the same classification principle as in Ind AS 17 and distinguish between two types of leases: operating and finance leases.

The Group has lease contracts for offices, store premises and warehouses used in its operations which has lease terms between 2 and 24 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets.

The Group also has certain leases of offices, store premises and warehouses with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

The Group has adopted modified retrospective approach as per para C8 (C) (i) of IND-AS 116, Leases to its leases effective from accounting period beginning from 1 April 2019. This has resulted in recognizing a Right of Use assets of ₹ 1,163.31 Crores and Lease Liability of ₹ 1,964.20 Crores as on 1 April 2019 and difference between Right of Use Assets and Lease Liability amt. to ₹ 523.09 Crores (net of deferred tax of ₹ 277.80 Crores) has been adjusted in retained earnings.

**26.1** Set out below are the carrying amounts of right-of-use assets recognised and the movements during the years :

Particulars	<b>31 March 2021</b>	31 March 2020
Opening Balance	1,342.22	1,220.07
Additions	30.88	348.53
Modifications	64.83	(13.95)
Depreciation Expenses	(221.45)	(212.43)
<b>Balance at the end of the year</b>	<b>1,216.48</b>	<b>1,342.22</b>

**26.2** Set out below are the carrying amounts of lease liabilities and the movements during the years:

Particulars	<b>31 March 2021</b>	31 March 2020
<b>As at 1 April 2019</b>	2,089.38	1,964.19
Additions	30.88	326.98
Accretion of interest	188.65	189.70
Modifications	32.42	(29.63)
Others	1.75	13.55
Repayment	(246.47)	(375.41)
Lease Waivers	(176.83)	-
<b>Balance at the end of the year</b>	<b>1,919.79</b>	<b>2,089.38</b>
Current	220.23	12.21

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ crores)

Particulars	31 March 2021	31 March 2020
Non-current	1,699.56	2,077.17

The effective interest rate for lease liabilities is 8.50% as on 31 March 2021 (8.50 % as on 31 March 2020)

## 26.3 Covid-19-Related Rent Concessions:

As described in Note 2.2.III, the Ministry of Corporate Affairs vide notification dated 24 July 2020 issued an amendment to Ind AS 116- Leases, by inserting a practical expedient w.r.t. Covid-19 Related Rent Concessions effective from the period beginning on or after 1 April 2020.

Many lessors have provided rent concessions to the Company as a result of the Covid-19 pandemic. Rent concession include rent holidays or rent reductions for a period of time. The amendment is to provide lessees that have been granted Covid-19 related rent concessions with practical relief, while still providing useful information about leases to users of the financial statements.

As a practical expedient, the Company elected not to assess a Covid-19 related rent concession from a lessor is a lease modification. and change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under Ind AS 116, if the change were not a lease modification. The practical expedient applies only to rent concessions occurring as a direct consequence of the Covid-19 pandemic.

Pursuant to the above amendment, the Company has applied the practical expedient by accounting the unconditional rent concessions in Other income in the Statement of Profit and Loss as under:

	For the year ended 31 March 2021	For the year ended 31 March 2020
	176.83	-

## 26.4 The following are the amounts recognised in profit or loss:

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Depreciation expense of right of use assets	221.45	212.43
Interest expense on lease liabilities	188.65	189.70
Expense relating to short-term leases (included in other expenses)	9.72	6.82
Expense relating to leases of low-value assets (included in other expenses)	0.21	0.10
Fixed Rentals	-	-
Variable lease payments (included in other expenses)	12.10	63.01
<b>Total amount recognised in profit or loss</b>	<b>432.13</b>	<b>472.06</b>

## 26.5 The following provides information on the Company's variable Lease payments including the magnitude in relation to fixed payments

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Fixed rent	70.59	125.31
Variable rent with minimum payment	173.00	269.93
Variable rent only	17.87	23.33

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ crores)

**26.6** Set out below are the future minimum lease rentals payments in respect of lease for offices, store premises and warehouses are as follows:

Particulars	As at 31 March 2021	As at 31 March 2020
Within one year	387.86	434.06
After one year but not more than five years	1,475.52	1,466.81
More than five years	1,057.23	1,645.83
<b>Grand Total</b>	<b>2,920.61</b>	<b>3,546.70</b>

## 27. Earning Per Equity Share

### Calculated as follows:

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the Company by weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

The following reflects the income and share data used in the basic and diluted EPS computations:

Particulars	As at 31 March 2021	As at 31 March 2020
(a) Profit attributable to equity share holders from continuing operations (₹ in Crores)	(267.16)	(142.03)
(b) Loss attributable to equity share holders from discontinued operations (₹ in Crores)	(0.00)	0.01
(c) Profit / (Loss) attributable to equity share holders (₹ in Crores)	(267.16)	(142.02)
(d) Weighted Number of equity shares outstanding during the year	9,41,37,169	8,79,89,928
(e) Weighted Number of equity shares outstanding during the year after adjustment for dilution	9,41,37,169	8,79,89,928
(f) Nominal value per share (₹)	5.00	5.00
(g) Earning per Share		
Continuing operations		
Basic (₹)	(28.38)	(16.14)
Diluted (₹)	(28.38)	(16.14)
Discontinued operations		
Basic (₹)	-	-
Diluted (₹)	-	-
Continuing and Discontinued operations		
Basic (₹)	(28.38)	(16.14)
Diluted (₹)	(28.38)	(16.14)
<b>Weighted Average number of Equity shares for basic EPS</b>		
Effect of dilution :		
Share options		
Weighted average number of Equity shares adjusted for the effect of dilution	9,41,37,169	8,79,89,928
Effect of dilution :		
Share options		
Weighted average number of Equity shares adjusted for the effect of dilution	9,41,37,169	8,79,89,928

\*Note- Since there is loss hence it becomes antidilutive.

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for the year ended 31 March 2021

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## 28. Contingent liabilities and commitments:

	As at 31 March 2021	As at 31 March 2020
<b>i) Contingent liabilities</b>		
a) Claims against the Company not acknowledged as debts comprise of :		
Income tax claims disputed by the Company relating to disallowances aggregating <sup>#</sup>	226.12	142.60
<sup>*</sup> As of March 31, 2021, the Company had outstanding demands amounting to 224.33 cr w.r.t to TDS Disallowances and amounting to 1.79 cr w.r.t. Disallowances under Section 14A.		
Update in FY 20-21 : The IT department has passed order directing the company to pay tax w.r.t.TDS for A.Y.14-15, AY 2015-16 & AY 2016-17 amounting to ₹ 112.17 crores on account of non deduction on contract manufacturing goods in line with earlier years. The Company has filed appeals for all years before the higher authorities.		
The Company has received favourable order from CIT(A) for AY 2012-13 for ₹ 23.41 crores on the same matter and hence, The Company is confident of getting relief for all the other years viz AY 2013-14 to AY 2018-19 hence no provision on the same has been made and the same is disclosed under contingent liabilities as on 31 March 2021.		
Further, the Company has also filed an appeals to higher authorities against disallowances of Section 14A and other matters amounting to ₹ 1.79 crores .The Company has received favourable order for A.Y.2014-15 for ₹ 3.18 crores towards disallowances of section 14A. Further, the Company had filed VSV for A.Y.2009-10 towards penalty on service tax and A.Y.2011-12 towards other matters aggregating to ₹ 2.06 crores and has achieved certainty.		
<sup>#</sup> 2020 : The IT department has passed order directing the company to pay tax w.r.t.TDS for A.Y.13-14 ₹ 25.93 crores on account of non deduction on contract manufacturing goods. The Company has also received similar orders in F.Y.2018-19 to pay tax w.r.t. TDS for A.Y.12-13, A.Y.17-18 and A.Y.18-19 aggregating to amount of ₹ 109.61crores on account of non deduction on contract manufacturing goods.		
Further, the Company has also filed an appeals to higher authorities against disallowances of Section 14A and other matters notional interests amounting to ₹ 21.11 Crores with respect to Block assessment years AY 2013-14 to AY 2017-18 and AY 2018-19. The Company is confident of getting relief at higher authorities as these issues are squarely covered in favour of assessee's own case for earlier years however the Company has already created a provision of ₹ 14.06 Crores. Also, in case of AY 2013-14, AY 2014-15 and AY 2015-16, CIT(A) has already granted relief in relation to appeal filed for the same disallowances as per the original assessment order, of which the assessing officer has not taken cognizance of in the Block assessment orders.		
Indirect tax claims disputed by the Company relating to issues of applicability and classification aggregating		
- Service Tax other than on Rent ( Refer Note 29 (i) )	-	11.20
- Service Tax on Rent ( Refer Note 29 (ii) )	20.11	20.11
- VAT @	5.45	0.01
- Custom Duty \$	0.47	0.47
<sup>®</sup> Includes the demand of ₹ 5.37 Crores is on account of disallowance of VAT set off due to J1-J2 mis-match or GSTR 1 Vs 3B (amount paid under protest ₹ 0.33 Crores). The Company has filed an appeal and matter is still pending before Asst.Commissioner Commercial Tax.		
Balance ₹ 0.08 Crores is towards demand raised against MVAT assessment for 2015-16 of Subsidiary, Crossword Bookstores Ltd.		
<sup>§</sup> Aggrieved with the decision of custom department for demanding the payment of SAD refund of ₹ 0.42 Crores the Company has filed an appeal before CESTAT. Further, the company has received demand order of ₹ 0.05 Crores on account of misclassification of imported goods. Against the said order the Company has filed an appeal before CESTAT. Both these matters are pending with CESTAT.		
b) Others	0.25	0.25
c) Bank Guarantees	8.17	9.16
Note: Future cash outflows in respect of (a) and (b) above are determinable only on receipt of judgements/decisions pending with various forums/authorities.		



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(All amounts in ₹ crores)

	As at 31 March 2021	As at 31 March 2020
<b>ii) Commitments</b>		
a) Estimated amount of contracts remaining to be executed on capital account and not provided for	7.60	45.35
b) Corporate guarantee given to banks jointly and severally :		
- Shoppers Stop Limited has given the corporate guarantee for loans taken by Crossword Bookstores Ltd. ₹ 18.40 Crores (2020:Crossword Bookstores Ltd. ₹ 18.40 Crores)	18.40	18.40

## 29. Service tax

- i) The Service tax authority had raised demand through SCN amounting to ₹ 3.45 Crores (Basic Duty of ST) towards business support services (concessionaire business model) for the period from May 2006 to May 2007. The final liability after considering the penalty and interest amounting to ₹ 11.20 Crores (deposit paid under protest ₹ 3.45 Crores). The Company had filed an appeal before Mumbai High Court. The Company subsequently filed for Sabka Vishwas - (Legacy Dispute Resolution) Scheme, 2019 (SVLDRS) and basis the final order, the matter is concluded without any further liability.
- ii) Pursuant to levy of service tax on renting of immovable properties given for commercial use, retrospectively with effect from 1 June 2007, the Company has based on a legal advice, challenged the said levy and, inter-alia, its retrospective application. Pending the final disposal of the matter, which is presently before the Supreme Court, the Company continues not to provide for the retrospective levy aggregating to ₹ 20.11 Crores out of the total demand of ₹ 36.35 Crores for the period 1 June 2007 to 31 March 2010 which has paid under protest.

## 30. Exceptional Items :

The accumulated losses of Crossword Bookstores Limited, a wholly owned subsidiary company, amounted to ₹ 59.68 Crores as at 31 March 2021 ( 31 March 2020 ₹ 46.78 Crores) and these losses have eroded its net worth. Crossword Bookstores Limited continues to take steps to revamp its operations, brand positioning, closing of loss making stores, foraying into Digital and Ecommerce operations etc. Due to the prevailing Covid situation, the turnaround is longer than we had anticipated. The Company had not recorded any impairment in the current financial year (31 March 20: ₹ 9.65 Crores).

## 31. Employee Benefits

### 31.1 Defined contribution plans

The Group operates defined contribution retirement benefit plans for all qualifying employees of the Group. The assets of the plans are held separately from those of the Group in funds maintained with the government PF authorities. Where employees leave the plans prior to full vesting of the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions.

The Group's contribution to Provident Fund and Superannuation Fund aggregating ₹ 14.03 Crores (2020 : ₹ 16.26 Crores) has been recognised in the Statement of Profit and Loss under the head Employee Benefits Expense.

Information about the contributions to defined contribution plans for key managerial personnel is disclosed in Note 32.

### 31.2 Defined benefit plan

The Group sponsors funded defined benefit plan for qualifying employees. The defined benefit plan is administered by a third-party insurer. This third-party insurer is responsible for the investment policy with regard to the assets of the plan.

Under the plan, the employees are entitled to a lump-sum amounting to 15 days' final basic salary for each year of completed service payable at the time of retirement/resignation provided the employee has completed 5 years of continuous service.

- a) The plan exposes the Group to actuarial risks such as: investment risk, interest rate risk, salary risk and longevity risk.

Investment risk	The probability or likelihood of occurrence of losses relative to the expected return on any particular investment.
Interest risk	The plan exposes the Group to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability.

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ crores)

Longevity risk	The Group has used certain mortality and attrition assumptions in the valuation of the liability. The Group is exposed to the risk of actual experience turning out to be worse compared to the assumption.
Salary Risk	The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.
Demographic risk	The Company has used certain mortality and attrition assumptions in the valuation of the liability. The Company is exposed to the risk of actual experience turning out to be worse compared to the assumption.
Regulatory risk	Gratuity benefit is paid in accordance with the requirements of the Payment of Gratuity Act, 1972 (as amended from time to time). There is a risk of change in the regulations requiring higher gratuity payouts.
Asset liability mismatching or market risk	The duration of liability is longer as compare to duration of assets, exposing the Company to market risk for volatilities / fall in the interest rate.

## b) The principal assumptions used for the purposes of the actuarial valuations were as follows.

Particulars	As at 31 March 2021	As at 31 March 2020
Discount rate	5.65%-5.85%	5.60%
Expected rate of salary increase	4.50%	4% - 5%
Average Longevity at retirement age for current beneficiaries of the plan (years)	Indian Assured Lives Mortality 2006-08	
<b>Rate of employee turnover</b>		
Upto 5 Year	40.00%	35% - 35%
Above 5 Year	11% - 14%	11% - 12%

## c) Amount recognised in statement of profit and loss in respect of these defined benefit plan

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Current service cost	2.37	2.47
Net interest cost	0.23	0.20
<b>Components of defined benefits costs recognised in profit or loss.</b>	<b>2.60</b>	<b>2.67</b>
Remeasurements on the net defined benefit liability :		
- Return on plan assets, excluding amount included in interest expense/(income)	0.29	0.25
- Actuarial (gain)/loss from change in demographic assumptions	(0.10)	0.02
- Actuarial (gain)/loss from change in financial assumptions	(0.08)	1.53
- Actuarial (gain)/loss from change in experience adjustments	0.34	1.15
<b>Total amount recognised in other comprehensive income</b>	<b>0.45</b>	<b>2.95</b>
<b>Total</b>	<b>3.05</b>	<b>5.62</b>

## d) The amount included in the balance sheet arising from Group's obligation in respect of its benefit plan is as follows:

Particulars	As at 31 March 2021	As at 31 March 2020
Present value of funded defined benefit obligation	16.60	17.68
Fair value of plan assets	14.27	13.15
<b>Net liability arising from defined benefit obligation</b>	<b>2.33</b>	<b>4.53</b>

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

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Opening defined benefit obligation	17.68	14.63
Current service cost	2.37	2.47
Interest cost	0.99	1.03
Remeasurements (gains)/losses:		
- Actuarial (gain)/loss from change in demographic assumptions	(0.10)	0.02

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ crores)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
- Actuarial (gain)/loss from change in financial assumptions	(0.08)	1.53
- Actuarial (gain)/loss from change in experience adjustments	0.34	1.14
Movements on account of subsidiaries	-	-
Benefits paid	(4.61)	(3.14)
<b>Closing defined benefit obligation</b>	<b>16.60</b>	<b>17.68</b>

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

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Opening fair value of plan assets	13.15	11.76
Interest income	0.74	0.82
Remeasurement (gains)/losses:	-	-
- Return on plan assets, excluding amount included in net interest expense	(0.01)	0.04
Contributions from the employer	4.74	3.67
Benefits paid/transferred	(4.35)	(3.14)
<b>Closing fair value of plan assets</b>	<b>14.27</b>	<b>13.15</b>

g) Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase, attrition rate and mortality. The sensitivity analysis below have been determined based on reasonable possible changes of the assumptions occurring at the end of the years, while holding all other assumptions constant. The results of sensitivity analysis is as follows:

Particulars	31 March 2021	31 March 2020
Defined benefit obligation (base)	16.60	17.68

Particulars	31 March 2021		31 March 2020	
	Decrease	Increase	Decrease	Increase
Discount rate (- / +1%)	17.62	15.67	18.91	16.59
% change compared to base due to sensitivity	6.20%-7.40%	(5.50%)-(6.50%)	6.90%-7.30%	(6.20%)-(6.50%)
Salary growth rate (- / +1%)	15.65	17.62	16.57	18.91
% change compared to base due to sensitivity	(5.60%)-(6.70)%	6.20%-7.40%	(6.30%)-(6.50)%	7.00%-7.30%
Attrition rate (- / +50%)	16.92	16.14	18.12	17.19
% change compared to base due to sensitivity	1.30%-2.00%	(2.10%)-(2.70)%	2.30%-6.40%	(2.70%)-(480.00)%
Mortality rate (- / +10%)	16.59	16.59	17.68	17.68
% change compared to base due to sensitivity	0.00%	0.00%	0.00%	0.00%

% in bracket indicates negative

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the years, which is the same as that applied in calculating the defined benefit obligation asset recognised in the balance sheet.

There is no change in the method of valuation for the prior periods in preparing the sensitivity analysis. For change in assumptions refer to Note 31.2b above.

## h) Asset liability matching strategies:

The Group has purchased insurance policy, which is basically a year-on-year cash accumulation plan in which the interest rate is declared on yearly basis and is guaranteed for a period of one year. The insurance Group, as part of the policy rules, makes payment of all gratuity outgoes happening during the year (subject to sufficiency of funds under the policy). The policy, thus, mitigates the liquidity risk. However, being a cash accumulation plan, the duration of assets is shorter compared to the duration of liabilities. Thus, the Group is exposed to movement in interest rate (in particular, the significant fall in interest rates, which should result in a increase in liability without corresponding increase in the asset).

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ crores)

## i) Effect of plan on entity's future cash flows

- Every year, the insurance Group carries out a funding valuation based on the latest employee data provided by the Group. Any deficit in the assets arising as a result of such valuation is funded by the Group.
- The Group expects to contribute ₹ 4.43 crores to its gratuity plan for the next year.
- Weighted average duration of the defined benefit obligation is ranging in between 4.21- 6 years (based on discounted cashflows)

Expected cash flows over the next (valued on undiscounted basis):	₹ In Crores
1 year	2.55
2 to 5 years	8.46
6 to 10 years	6.44
More than 10 years	7.01

## 32. Related party disclosures

### Names of related parties and description of relationship:

<b>(a) Key Management Personnel</b>	Executive Director & Chief Executive Officer :	Rajiv Suri (upto 25 August 2020) Venu Nair (w.e.f. November 6, 2020)
	Non Executive Directors:	Ravi Raheja Neel Raheja B.S.Nagesh Nitin Sanghavi (upto 31 July 2020) Deepak Ghaisas Nirvik Singh Ameera Shah Manish Chokhani Amisha Prabhu Robert Bready William Kin (w.e.f. 15 June 2020)
		Chief Financial Officer Karunakaran M
		Company Secretary
		Holding Company Bharat Sanghavi (upto 15 January 2021)
		(Shoppers Stop Limited) Vijay Gupta (w.e.f. 16 January 2021)
		Subsidiary Company Valde Varghese (upto 5 May 2019)
		(Crossword Bookstores Limited) Mukti Pandya (upto 24 December 2020) Riddhi Kulkarni (w.e.f.11 March 2021)
		Business Head Maulik Desai (upto 18 April 2019)
		(Crossword Bookstores Limited)
		Chief Executive Officer Chiragh Oberoi (w.e.f. 23 September 2019)
		(Crossword Bookstores Limited)
	<b>(b) Directors</b>	Ravi Raheja Neel Raheja
	<b>(c) Entities in which a director is a director</b>	Ivory Properties and Hotels Private Limited * Avacado Properties and Trading India Private Limited * Trion Properties Private Limited * Retailers Association of India K.Raheja Corp. Private Limited* Inorbit Malls (India) Private Limited* K.Raheja Private Limited*, Chalet Hotels Limited* Magna Warehousing & Distribution Private Limited* Juhu Beach Resorts Ltd.*, Genext Hardware and Parks Private Limited *

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(All amounts in ₹ crores)

<b>(d) Entities in which other directors are directors / trustees</b>	Sanghavi Associates Ltd.,
	Trust for Retailers & Retailers Associates of India
	Trrain Circle Private Limited
	Trrain Foundation,
	JW Marriott Sahar Mumbai unit of Chalet Hotels Pvt Ltd *

Note 35 provides the information about the group's structure including the details of the subsidiaries. The following table provides the total amount of transactions that have been entered into with related parties for the relevant period:

Nature	Entities in which a director is a director (refer (c) above)	Key Management Personnel	Total
<b>Remuneration to managing director &amp; chief executive officer</b>	-	<b>1.79</b>	<b>1.79</b>
(Mr.Rajiv Suri,chief executive officer was appointed as managing director & chief executive officer upto 25 August 2020)			
Short term benefits	-	1.74	-
Post employment benefits **	-	0.05	-
Share based payments	-	-	-
		(6.96)	(6.96)
<b>Remuneration to managing director &amp; chief executive officer</b>	-	<b>1.38</b>	<b>1.38</b>
- Refer note 1 below			
(Mr.Venu Nair,chief executive officer was appointed as managing director & chief executive officer w.e.f.6 November 2020)			
Short term benefits	-	1.27	-
Post employment benefits **	-	0.05	-
Share based payments (41,436 equity share options)	-	0.06	-
	-	-	-
<b>Remuneration to company secretary *</b>	-	<b>0.52</b>	<b>0.52</b>
(Paid to Mr.Bharat Sanghavi upto 15 January 2021)			
Short term benefits	-	0.51	-
Post employment benefits **	-	0.01	-
Share based payments	-	-	-
	-	(0.54)	(0.54)
<b>Remuneration to company secretary *</b>	-	<b>0.14</b>	<b>0.14</b>
(Paid to Mr.Vijay Gupta w.e.f. 16 January 2021)			
Short term benefits	-	0.13	-
Post employment benefits **	-	0.01	-
Share based payments	-	-	-
	-	-	-
<b>Remuneration to chief financial officer *</b>	-	<b>1.47</b>	<b>1.47</b>
Short term benefits	-	1.29	-
Post employment benefits **	-	0.07	-
Share based payments (57,804 equity share options)	-	0.11	-
	-	(1.59)	(1.59)
<b>Remuneration to company secretary of Subsidiary Co *</b>	-	<b>0.08</b>	<b>0.08</b>
Mukti Pandya			
Short term benefits	-	0.08	-
Post employment benefits **	-	0.00	-
Share based payments	-	-	-
	-	(0.11)	(0.11)
<b>Remuneration to company secretary of Subsidiary Co *</b>	-	<b>0.00</b>	<b>0.00</b>
Riddhi Kulkarni			
Short term benefits	-	0.00	-
Post employment benefits **	-	0.00	-
Share based payments	-	-	-

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(All amounts in ₹ crores)

Nature	Entities in which a director is a director (refer (c) above)	Key Management Personnel	Total
<b>Maulik Desai</b>	-	-	-
Short term benefits	-	-	-
Post employment benefits **	-	-	-
Share based payments	-	-	-
		(0.07)	(0.07)
<b>Chiragh Oberoi</b>	-	<b>0.60</b>	<b>0.60</b>
Short term benefits	-	0.58	-
Post employment benefits **	-	0.02	-
Share based payments	-	-	-
		(0.32)	(0.32)
<b>Other related party transactions</b>			
<b>Payment of Business conducting fees</b>	<b>2.14</b>	-	<b>2.14</b>
	-	-	-
Ivory Properties and Hotels Private Limited *	2.14	-	-
	-	-	-
<b>Payment of variable Lease rent</b>	<b>0.17</b>	-	<b>0.17</b>
	(2.08)	-	(2.08)
Ivory Properties and Hotels Private Limited *	-	-	-
	(0.92)	-	-
Inorbit Malls (India) Private Limited *	0.06	-	-
	(1.05)	-	-
Trion Properties Private Limited *	0.11	-	-
	(0.11)	-	-
<b>Repayment of lease liability (Principal) - IND-AS 116</b>	<b>22.83</b>	-	<b>22.83</b>
	<b>(24.68)</b>	-	<b>(24.68)</b>
Ivory Properties and Hotels Private Limited *	10.20	-	-
	(13.59)	-	-
Inorbit Malls (India) Private Limited *	11.56	-	-
	(10.12)	-	-
Trion Properties Private Limited *	1.07	-	-
	(0.97)	-	-
<b>Repayment of finance charges - IND-AS 116</b>	<b>26.28</b>	-	<b>26.28</b>
	<b>(28.13)</b>	-	<b>(28.13)</b>
Ivory Properties and Hotels Private Limited *	2.44	-	-
	(3.36)	-	-
Inorbit Malls (India) Private Limited *	12.81	-	-
	(13.82)	-	-
Chalet Hotels Ltd *	4.09	-	-
	(3.92)	-	-
Trion Properties Private Limited *	6.94	-	-
	(7.03)	-	-
<b>Waiver of Lease Rentals due to COVID-19 - IND-AS 116</b>	<b>22.09</b>	-	<b>22.09</b>
	-	-	-
Ivory Properties and Hotels Private Limited *	5.27	-	-
	-	-	-
Inorbit Malls (India) Private Limited *	11.11	-	-
	-	-	-
Chalet Hotels Ltd *	2.96	-	-
	-	-	-
Trion Properties Private Limited *	2.75	-	-
	-	-	-
<b>Payment of common area maintenance (Repair &amp; Maintenance- Building)</b>	<b>9.49</b>	-	<b>9.49</b>
	<b>(11.13)</b>	-	<b>(11.13)</b>
Ivory Properties and Hotels Private Limited *	-	-	-
	(0.25)	-	-
Inorbit Malls (India) Private Limited *	5.99	-	-
	(7.06)	-	-

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Nature	Entities in which a director is a director (refer (c) above)	Key Management Personnel	Total
Chalet Hotels Ltd *	0.35	-	-
	(0.96)	-	-
Trion Properties Private Limited *	3.15	-	-
	(2.86)	-	-
<b>Reimbursement of Expenses</b>	<b>2.60</b>	<b>-</b>	<b>2.60</b>
	<b>(7.54)</b>	<b>(0.03)</b>	<b>(7.57)</b>
Inorbit Malls (India) Private Limited *	1.09	-	-
	(4.81)	-	-
Trion Properties Private Limited *	0.89	-	-
	(1.46)	-	-
Chalet Hotels Ltd*	0.55	-	-
	(1.22)	-	-
Ttrain Circle Pvt Ltd	0.07	-	-
	(0.04)	-	-
K.Raheja Corp.Pvt.Ltd.*	-	-	-
	(0.01)	-	-
B.S.Nagesh	-	-	-
	-	(0.03)	-
<b>Deposits Paid</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>(0.18)</b>	<b>-</b>	<b>(0.18)</b>
Inorbit Malls (India) Private Limited *	-	-	-
	(0.18)	-	-
	-	-	-
<b>Advance Rent</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>(0.24)</b>	<b>-</b>	<b>(0.24)</b>
Inorbit Malls (India) Private Limited *	-	-	-
	(0.24)	-	-
<b>Expenses paid</b>	<b>0.14</b>	<b>-</b>	<b>0.14</b>
	<b>(0.75)</b>	<b>-</b>	<b>(0.75)</b>
<b>Miscellaneous expenses</b>			
Chalet Hotels Ltd*	-	-	-
	(0.03)	-	-
Inorbit Malls (India) Private Limited *	-	-	-
	-	-	-
Juhu Beach Resorts Ltd.*	-	-	-
	(0.34)	-	-
Retailers Association of India	0.07	-	-
	(0.03)	-	-
Ttrain Circle Pvt Ltd *	-	-	-
	-	-	-
<b>Legal and professional fees</b>			
Retailers Association of India	-	-	-
	(0.02)	-	-
JW Marriott Sahar Mumbai unit of Chalet Hotels Pvt Ltd *	-	-	-
	-	-	-
<b>Advertisement and publicity</b>			
Inorbit Malls (India) Private Limited *	0.06	-	-
	-	-	-
<b>Salaries &amp; Wages (Staff Welfare - Others)</b>			
Trion Properties Private Limited *	0.01	-	-
Ttrain Circle Pvt Ltd *	-	-	-
	-	-	-
<b>Salaries &amp; Wages (Recruitment expenses)</b>			
Juhu Beach Resorts Ltd.*	-	-	-
	(0.02)	-	-

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ crores)

Nature	Entities in which a director is a director (refer (c) above)	Key Management Personnel	Total
<b>Corporate Social Responsibility expenses</b>			
CSR- Trust for Retailers & Retail Association of India	-	-	-
	(0.31)	-	-
<b>Commission and Sitting fees to non executive Directors-</b> Refer note 2 below	-	<b>0.90</b>	<b>0.90</b>
	-	<b>(0.81)</b>	<b>(0.81)</b>
Ravi Raheja	-	0.10	-
Neel Raheja	-	0.10	-
B.S.Nagesh	-	0.08	-
Nitin Sanghavi	-	0.04	-
Deepak Ghaisas	-	0.13	-
Nirvik Singh	-	0.13	-
Manish Chokhani	-	0.08	-
Ameera Shah	-	0.11	-
Robert Bready	-	0.06	-
William Kim	-	0.06	-
Ameesha Prabhu#	-	0.01	-

The figure in bracket pertain to year ended 31 March 2020

# Sitting fees for attending board meeting of Subsidiary Company, Crossword Bookstores Limited

Balance outstanding at the year ended	31 March 2021	31 March 2020
<b>Lease liability as per Ind-AS 116</b>		
Ivory Properties and Hotels Private Limited *	20.26	30.45
Inorbit Malls (India) Private Limited *	129.11	140.68
Chalet Hotels Ltd*	43.34	43.17
Trion Properties Private Limited*	72.80	73.87
<b>Receivables</b>		
Ivory Properties and Hotels Private Limited *	9.47	10.16
Inorbit Malls (India) Private Limited *	7.34	8.70
Trion Properties Private Limited *	2.78	2.87
Chalet Hotels Ltd*	2.06	2.03

\* These parties are not related to Shoppers Stop Ltd. per Ind AS 24 definition. These parties have been reported on the basis of their classification as related party under the Companies Act 2013.

\*\* Post employment benefits have been provided at gross level on totality basis and not available at individual employee level.

## Note 1

During the current year, the managerial remuneration paid by the Company as per contractual obligation (subject to approval of Shareholders) to Mr. Venugopal Nair, Managing Director and CEO is in excess of limits laid down under Section 197 of the Companies Act, 2013 ('the Act') read with Schedule V to the Act by ₹ 1.03 crores. The company is in the process of obtaining approval from its shareholders in the ensuing annual general meeting by way of a special resolution.

## Note 2

The Commission to Non-Executive Directors will be paid after the financial statements are approved by the Members at the ensuing Annual general meeting of the Company.

## Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. The Company has given corporate guarantee to banks for loans taken by subsidiaries - Refer note 28(i)(b). For the year ended 31 March 2021, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2020: RS. Nil ). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.



# Notes to the Consolidated Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ crores)

## 33. Segment Reporting

### Information about operating segments:

- The Group is primarily engaged in Retail operations i.e. trading of Apparels, Non-apparels such as Cosmetics, Household items, Food products, Books etc. which in the terms of IndAS 108 on 'Operating Segments' constitute the reporting segment which is also reviewed by the Chief Operating Decision Maker (CODM).
- The Group operates in a single geographical environment i.e. in India.
- No single customer contributed 10% or more to Groups revenue.

## 34 Discontinued Operations

The Board of Directors of Gateway Multichannel Retail (India) Limited (Gateway), a subsidiary of SSL had decided to discontinue operation in January 2009. SSL has committed to provide the necessary level of support, to enable Gateway to remain in existence and continue as a going concern.

### Statement showing the revenue and expenses of discontinued operations:

Particulars	31 March 2021	31 March 2020
Revenue	-	-
Other Income	0.00	0.02
<b>Total Revenue</b>	<b>0.00</b>	<b>0.02</b>
Operating Expenses	0.00	0.01
Loss before tax from discontinued operations	(0.00)	0.01
Share of Profit/(Loss) in Joint Ventures	-	-
<b>Loss before tax from discontinued operations</b>	<b>(0.00)</b>	<b>0.01</b>
Income tax	-	-
<b>(Loss) after tax from discontinued operations (attributable to owners of the Company)</b>	<b>(0.00)</b>	<b>0.01</b>

### The major classes of assets and liabilities of discontinued operations is as follows:

Particulars	31 March 2021	31 March 2020
Non-current assets	0.26	0.26
Current assets	0.03	0.04
Non-current liabilities	22.02	22.02
Current liabilities	0.40	0.40
Carrying value of Group's interest in Joint Ventures	-	-
Equity attributable to owners of the company	-	-
Non-controlling interests	-	-

### Cash flows from discontinued operations

	31 March 2021	31 March 2020
Net cash inflow/(outflow) from operating activities	(0.01)	0.00
Net cash inflow/(outflow) from investing activities	0.00	0.00
Net cash inflow/(outflow) from financing activities	-	-
Net cash Inflows	(0.00)	0.00

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ crores)

## 35. Subsidiaries

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

Name of subsidiary	Principal activity	Place of Incorporation	Proportion of ownership interest and voting power held by the Group	
			31 March 2021	31 March 2020
Crossword Book Stores Limited	Retailing in books and other allied items through departmental stores operated by self or by franchisees	India	100%	100%
Upasna Trading Limited	Supervising distribution and logistics operations (The Company is non-operational)	India	100%	100%
Shopper's Stop Services (India) Limited	The Company is non-operational	India	100%	100%
Shopper's Stop.Com (India) Limited	Retailing a variety of consumer products through online channel	India	100%	100%
Gateway Multichannel Retail (India) Limited	Catalogue retailing business (Discontinued operations) (The Company is non-operational)	India	100%	100%

## 36. Share-based payments

The expense recognised for employee services received during the year is show in the following table :

	For the year ended 31 March 2021	For the year ended 31 March 2020
Expense arising on Employee Stock Option Scheme	1.44	0.55
<b>Total expense arising from share-based payment transactions</b>	<b>1.44</b>	<b>0.55</b>

### 36.1 Employee share option plan of the Group

The Group has a share option scheme for certain employees of the Company and its subsidiaries. In accordance with the terms of the share option scheme, as approved by shareholders at general meeting, employees with a pre-defined grade may be granted options to purchase equity shares. Each share option converts into one equity share of the company on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised within four years from the date of grant, as per vesting schedule. The share options vests based on a pre-determined vesting schedule from the date of grant.

The fair value of the share options is estimated at the grant date using a Lattice model for option pricing taking into account the terms and conditions upon which the share options are granted. However, the above performance condition is only considered in determining the number of instruments that will ultimately vest.

The Contractual term of each option granted is three years. There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these share options.

The following share-based payment arrangements were in existence during the current and prior years :

Options series	Number	Grant date	Vesting Date	Exercise Price (₹)	Fair value at grant date (₹)
Granted on 8 June 2018	9,191	08.06.2018	07.06.2021	544.00	219.45
Granted on 8 June 2018	5,253	08.06.2018	08.06.2021	544.00	189.71
Granted on 27 July 2018	28,720	27.07.2018	27.07.2021	546.00	167.93
Granted on 28 January 2019	6,610	28.01.2019	28.01.2022	514.00	160.20
Granted on 30 April 2019	10,684	30.04.2019	29.04.2021	468.00	137.41
Granted on 30 April 2019	20,712	30.04.2019	30.04.2022	468.00	139.39
Granted on 30 July 2019	21,582	30.07.2019	30.07.2022	387.00	110.22
Granted on 30 Jan 2020	26,452	30.01.2020	31.01.2023	383.00	135.80
Granted on 10 July 2020	2,03,097	10.07.2020	10.07.2021	174.00	45.27
Granted on 13 August 2020	8,485	13.08.2020	13.08.2021	165.00	43.97
Granted on 30 October 2020	43,718	30.10.2020	29.10.2023	171.00	50.59
Granted on 15 January 2021	41,436	15.01.2021	14.06.2024	181.00	73.79
Granted on 15 January 2021	54,509	15.01.2021	14.06.2026	181.00	86.16
Granted on 15 January 2021	3,45,114	15.01.2021	14.06.2026	192.00	82.06

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ crores)

All options vested based on the pre determined vesting schedule (i.e. over a period of or at the end of three years) from the date of grant and expire after 12 months from the last date of vesting schedule, six months from the date of retirement or twelve months after the resignation of the employee, whichever is the earlier.

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

The following are the new grants during the F.Y.2020-21

Options series	Number	Grant date	Vesting Date	Exercise Price (₹)	Fair value at grant date (₹)
Granted on 10 July 2020	2,03,097	10.07.2020	10.07.2021	174.00	45.27
Granted on 13 August 2020	8,485	13.08.2020	13.08.2021	165.00	43.97
Granted on 30 October 2020	43,718	30.10.2020	29.10.2023	171.00	50.59
Granted on 15 January 2021	41,436	15.01.2021	14.06.2024	181.00	73.79
Granted on 15 January 2021	54,509	15.01.2021	14.06.2026	181.00	86.16
Granted on 15 January 2021	3,45,114	15.01.2021	14.06.2026	192.00	82.06

## 36.3 Movements in share options during the year

Number of Employee Stock Option Outstanding:	Number of Options	Weighted average exercise price	Number of Options	Weighted average exercise price
	31 March 2021			
Outstanding at the beginning of the year	1,24,294	465.26	55,464	536.40
Granted during the year	6,96,359	183.59	82,915	419.80
Lapsed/Cancelled during the year	60,787	-	14,085	-
Exercised during the year	-	-	-	-
Surrendered during the year	89,866	-	-	-
Outstanding at the end of the year	<b>6,70,000</b>	<b>183.59</b>	<b>1,24,294</b>	<b>465.26</b>

Of the above outstanding share options, 6,70,000 (2020: 1,24,294) shares are exercisable at the end of the respective years.

Details of yearwise grant and exercise:

Year / (date of Grant)	Options granted (net of lapsed)	Exercised till 31.3.2019	Exercised in 2019-20	Exercised till 31.3.2020	Outstanding 31.3.2020	Lapsed in 2020-21	Surrender in 2020-21	Outstanding 31.3.2021
2018-19 (08.06.2018)	9,191	-	-	-	9,191	9,191	-	-
2018-19 (08.06.2018)	5,253	-	-	-	5,253	-	5,253	-
2018-19 (27.07.2018)	23,810	-	-	-	23,810	6,718	17,092	-
2018-19 (08.06.2018)	6,610	-	-	-	6,610	-	6,610	-
2019-20 (30.04.2019)	10,684	-	-	-	10,684	10,684	-	-
2019-20 (30.04.2019)	20,712	-	-	-	20,712	7,835	12,877	-
2019-20 (30.07.2019)	21,582	-	-	-	21,582	-	21,582	-
2019-20 (30.01.2020)	26,452	-	-	-	26,452	-	26,452	-
2020-21 (10.07.2020)	2,03,097	-	-	-	-	20,896	-	1,82,201
2020-21 (13.08.2020)	8,485	-	-	-	-	-	-	8,485
2020-21 (30.10.2020)	43,718	-	-	-	-	5,463	-	38,255
2020-21 (15.01.2021)	41,436	-	-	-	-	-	-	41,436
2020-21 (15.01.2021)	54,509	-	-	-	-	-	-	54,509
2020-21 (15.01.2021)	3,45,114	-	-	-	-	-	-	3,45,114
					<b>1,24,294</b>	<b>60,787</b>	<b>89,866</b>	<b>6,70,000</b>

## 36.4 Share options exercise during the year

No share options were exercised during the year ended 31 March 2021 and 31 March 2020.

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ crores)

## 36.5 New Schemes Launched

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

	2020-21						2019-20			
	10.07.2020	13.08.2020	30.10.2020	15.01.2021	15.01.2021	15.01.2021	30.04.2019	30.04.2019	30.07.2019	30.01.2020
Date of grant	10.07.2020	13.08.2020	30.10.2020	15.01.2021	15.01.2021	15.01.2021	30.04.2019	30.04.2019	30.07.2019	30.01.2020
Number of option granted	2,03,097	8,485	43,718	41,436	54,509	3,45,114	10,684	20,712	21,582	26,452
Contractual life	1 years	2 years	1 years	2.41 years	4.42 years	4.42 years	2 years	3 years	3 years	3 years
Vesting Schedule (from the date of grant)										
First Year	100%	100%	100%	-	25%	25%	-	30%	30%	30%
Second Year	-	-	-	-	50%	50%	100%	30%	30%	30%
Third Year	-	-	-	100%	25%	25%	-	40%	40%	40%
Method of settlement	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity
Estimated Fair Values (Arrived at by applying Lattice model for option Pricing)	45.27	43.97	50.59	73.79	86.16	82.06	137.41	139.39	110.22	135.80
Model inputs (share price at the grant date) ₹	174	165	171	181	181	192	468	468	387	383
Exercise Price ₹	174	165	171	181	181	192	468	468	387	383
Expected Volatility	42.84%	43.56%	41.25%	44.00%	39.00%	43.00%	33.08%	33.50%	33.01%	32.52%
Risk free rate of return	0.99%	1.05%	1.05%	1.00%	1.00%	1.00%	1.73%	1.73%	1.52%	1.52%

36.6 The weighted average contractual life of the options outstanding is 3.09 years

## 37. Derivatives / Forward foreign exchange contracts

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

There are no outstanding Forward Exchange Contracts entered into by the Group as at 31 March 2021.

### b) Unhedged Foreign Currency exposure

The following are the foreign currency exposures that have not been hedged by a derivative instrument or otherwise at the end of the year.

Particulars	31 March 2021		31 March 2020	
	₹ In Crores	In Foreign currency	₹ In Crores	In Foreign currency
Trade Payable	-	-	0.16	USD 21,269
	-	-	0.14	GBP 14,820
Creditors for capital expenditure	-	-	0.74	EURO 89,652
	0.05	USD 7,242	0.14	USD 18,099
	0.21	EURO 24,127	0.03	GBP 3,200
Creditors for expenses (professional fees)	2.11	USD 2,87,934	0.65	USD 86,562

## 38. Utilisation of Right Issue Proceeds

During the year, the Company has allotted 2,13,68,982 Rights Equity Shares of face value ₹ 5 each at a price of ₹ 140 per Rights Equity Share, to the eligible equity shareholders of the Company as on record date for an amount aggregating to ₹ 299.17 crores.

The proceeds of the issue are utilised in accordance with the details set forth below :-

S. No.	Item Head*	Amount as proposed in Issue Document	Amount utilised during the year	Total unutilised as on 31 March 2021
1.	Repayment of Working Capital Borrowings	125.00	125.00	-
2.	Funding Working Capital Requirements. (Including Issue Expenses)	100.00	100.00	-

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ crores)

S. No.	Item Head*	Amount as proposed in Issue Document	Amount utilised during the year	Total unutilised as on 31 March 2021
3	General Corporate Purpose*	70.83	70.83	-
4	Share Issue Expenses	3.34	3.21	-
	<b>Total</b>	<b>299.17</b>	<b>299.04</b>	<b>-</b>

\* For "General corporate purposes", the Company has invested the proceeds in mutual fund and relied on the confirmation provided by the lawyers to the Rights Issue that amount invested in mutual fund can be considered as amount spent towards objects of the issue as per Letter of Offer.

## 39. Financial Instruments

### A. Capital risk management

The Group's objectives when managing capital are to safeguard continuity as a going concern, provide appropriate return to shareholders and maintain a cost efficient capital structure. The Group determines the amount of capital required for respective companies on the basis of an annual budget and a five year plan, including, for working capital, capital investment in stores, technology. The Group's funding requirements are met through internal accruals and a combination of both long-term and short-term borrowings. Majorly Group raise long term loan for its CAPEX requirement and based on the working capital requirement utilise the working capital loans.

The Group monitors capital on the basis of consolidated total debt to consolidated total equity on a periodic basis. The following table summarise the capital of the Group:

Capital	As at 31 March 2021	As at 31 March 2020
Long term borrowings (including current maturities)	152.76	2.02
Interest accrued and not due on borrowings	1.01	0.09
Short term borrowings	33.27	155.26
<b>Total debt *</b>	<b>187.04</b>	<b>157.37</b>
Equity Share Capital	54.69	44.00
Other equity	65.04	22.64
<b>Total equity</b>	<b>119.73</b>	<b>66.64</b>
<b>Debt Equity Ratio</b>	<b>1.56:1</b>	<b>2.36:1</b>

\* Excluding lease liability as per IND-AS 116

### B. Financial risk management

A wide range of risks may affect the Group's business and operational / financial performance. The risks that could have significant influence on the Group are market risk, credit risk and liquidity risk. The Board of Directors of respective Companies reviews and sets out policies for managing these risks and monitors suitable actions taken by management to minimise potential adverse effects of such risks on the Group's operational and financial performance.

#### a) Market risk:

Market Risk is the risk that changes in market place could affect the future cash flows to the Group. The market risk for the Group arises primarily from product price risk, interest rate risk and, to some extent, foreign currency risk.

Product price risk: In a potentially inflationary economy, the Group expects periodical price increases across its retail product lines. Product price increases, which are not in line with the levels of customers' discretionary, spends, may affect the business/retail sales volumes. In such a scenario, the risk is managed by offering judicious product discounts to retail customers to sustain volumes. The Group negotiates with its vendors for purchase price rebates such that the rebates substantially absorb the product discounts offered to the retail customers. This helps the Group protect itself from significant product margin losses. This mechanism also works in case of a downturn in the retail sector, although overall volumes would get affected.

Interest risk: The Group is exposed to interest rate risk primarily due to borrowings having floating interest rates. The Group uses available working capital limits for availing short-term working capital demand loans with interest rates negotiated from time to time so that the Group has an effective mix of fixed and variable rate borrowings. Interest rate sensitivity analysis shows that an increase / decrease of fifty basis points in floating interest rates would result in decrease / increase in the Group's profit before tax by approximately ₹ 0.46 crores (2020 : ₹ 0.16 crores).

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ crores)

Currency risk: The Group's significant transactions are in Indian Rupees and therefore there is minimal foreign currency risk. Generally, the Group fully covers the foreign currency risk for transactions in foreign currency which are primarily for import of merchandise, by entering into forward foreign exchange contracts. Also Refer Note 37 for the forward foreign currency contracts outstanding at the end of the years.

## b) Credit risk:

Credit risk is a risk that the counterparty will default on its contractual obligation resulting in financial loss to the Group. The credit risk for the Group primarily arises from credit exposures to trade receivables (mainly institutional customers), deposits with landlords for store properties taken on leases and other receivables including balances with banks.

Trade and other receivables: The Group's retail business is predominantly on 'cash and carry' basis which is largely through credit card collections. The credit risk on such collections is minimal, since they are primarily owned by customers' card issuing banks. The Group has adopted a policy of dealing with only credit worthy counterparties in case of institutional customers and the credit risk exposure for institutional customers is managed by the Group by credit worthiness checks. The Group also carries credit risk on lease deposits with landlords for store properties taken on leases, for which agreements are signed and property possessions timely taken for store operations. The risk relating to refunds after store shut down is managed through successful negotiations or appropriate legal actions, where necessary.

The Group's experience of delinquencies and customer disputes have been minimal. Further, Trade and other receivables consist of a large number of customers, across geographies, hence, the Group is not exposed to concentration risks.

## c) Liquidity Risk:

Liquidity risk is a risk that the Group may not be able to meet its financial obligations on a timely basis through its cash and cash equivalents, and funds available by way of committed credit facilities from banks.

Management manages the liquidity risk by monitoring rolling cash flow forecasts and maturity profiles of financial assets and liabilities. This monitoring includes financial ratios and takes into account the accessibility of cash and cash equivalents and additional undrawn financing facilities.

The table below summarises the maturity profile (remaining period of contractual maturity at the balance sheet date) of the Group's financial liabilities based on contractual undiscounted cash flows.

	Less than 1 year	Between 1 and 5 years	More than 5 years	Carrying amounts
<b>At 31 March 2020</b>				
Borrowings (long term and short term)	157.06	0.22	-	157.28
Interest payable	0.09	-	-	0.09
Lease liability	12.21	1,033.35	1,043.82	2,089.38
Trade payables and other accruals	1,521.87	-	-	1,521.87
Other financial liabilities	68.74	-	-	68.74
<b>At 31 March 2021</b>				
Borrowings (long term and short term)	90.46	95.57	-	186.03
Interest payable	1.01	-	-	1.01
Lease liability	220.23	618.97	1,080.65	220.23
Trade payables and other accruals	1,152.48	-	-	1,152.48
Other financial liabilities	36.46	-	-	36.46

In respect of financial guarantee contracts, no amounts are recognised based on the results of the liability adequacy test for likely deficiency / defaults by the entities on whose behalf the Group has given guarantees, grounded on the Group's actual experience.

The Group has access to following financing facilities as at the end of the financial years mentioned.

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for the year ended 31 March 2021

(All amounts in ₹ crores)

	As at 31 March 2021	As at 31 March 2020
Total financing facility		
<b>Secured working capital facilities</b>		
Amount used	22.20	131.92
Amount unused	175.97	29.08
<b>Total</b>	<b>198.17</b>	<b>161.00</b>

## C. Fair Value Measurement

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

	As at 31 March 2021	As at 31 March 2020
<b>Financial Assets (amortised cost)</b>		
Trade receivables	30.77	34.07
Cash & Cash equivalents	12.80	4.03
Other bank balances	29.32	0.32
Other financial assets		
- Premises and other deposits	157.59	150.60
- Others	5.30	3.05
<b>Total</b>	<b>235.78</b>	<b>192.07</b>
<b>Financial Liabilities (amortised cost)</b>		
Borrowings - long term	95.57	0.22
Borrowings - short term	33.27	155.26
Lease liability	1,919.79	2,089.38
Trade payables	1,152.48	1,521.87
Other financial liabilities	94.66	70.64
<b>Total equity</b>	<b>3,295.77</b>	<b>3,837.38</b>

The fair values of the above financial assets and liabilities approximate their carrying amounts.

ii) Financial assets and liabilities that are measured at fair value on a recurring basis as at the end of each years :

Financial assets / Financial liabilities	Fair value as at		Fair value Hierarchy
	31 March 2021	31 March 2020	
<b>Fair Value through Profit and Loss</b>			
Forward foreign currency contracts	Assets	Assets	Level 2
	Nil	Nil	
Investment in Mutual Funds	Assets	Assets	Level 2
	127.78	154.04	
<b>Fair Value through OCI</b>			
Investment in Future Retail Limited	Assets	Assets	Level 1
	Nil	36.46	

Valuation technique and key input used: Fair value is determined using discounted future cash flows, which are estimated at the end of the years, discounted at a rate that reflects the credit risk of the Company.

The fair values of the quoted instruments (Investment in Mutual funds and Future Retail Limited) are based on the price quotations at the year end.

# Notes to the Consolidated Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ crores)

**40.** Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013

## For the Financial Year ended 31 March 2021

Particulars	Net assets, i.e., total assets minus total liabilities		Share of profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount (₹ In Crores)	As % of consolidated profit or loss	Amount (₹ In Crores)	As % of consolidated profit or loss	Amount (₹ In Crores)	As % of consolidated profit or loss	Amount (₹ In Crores)
<b>Holding Company</b>								
Shoppers Stop Limited	125%	149.14	96%	(255.35)	100%	22.84	95%	(232.51)
<b>Subsidiaries (Indian)</b>								
Crossword Book Stores Limited	-10%	(12.29)	4%	(10.56)	0%	0.02	4%	(10.54)
Upasna Trading Limited	-1%	(0.92)	0%	(0.01)	0%	-	0%	(0.01)
Shopper's Stop Services (India) Limited	0%	0.06	0%	(0.00)	0%	-	0%	(0.00)
Shopper's Stop.Com (India) Limited	5%	5.47	0%	(1.24)	0%	-	1%	(1.24)
Gateway Multichannel Retail (India) Limited	-18%	(21.73)	0%	-	0%	-	0%	-
Non controlling interest	0%	-	0%	-	0%	-	0%	-

## For the Financial Year ended 31 March 2020

Particulars	Net assets, i.e., total assets minus total liabilities		Share of profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount (₹ In Crores)	As % of consolidated profit or loss	Amount (₹ In Crores)	As % of consolidated profit or loss	Amount (₹ In Crores)	As % of consolidated profit or loss	Amount (₹ In Crores)
<b>Holding Company</b>								
Shoppers Stop Limited	84%	100.87	46%	(122.62)	-774%	(177.03)	123%	(299.65)
<b>Subsidiaries (Indian)</b>								
Crossword Book Stores Limited	-12%	(14.65)	7%	(19.76)	0%	(0.04)	8%	(19.80)
Upasna Trading Limited	-1%	(0.91)	0%	(0.00)	0%	-	0%	(0.00)
Shopper's Stop Services (India) Limited	0%	0.07	0%	(0.03)	0%	-	0%	(0.03)
Shopper's Stop.Com (India) Limited	2%	2.98	0%	0.38	0%	-	0%	0.38
Gateway Multichannel Retail (India) Limited	-18%	(21.72)	0%	0.01	0%	-	0%	0.01
Non controlling interest	0%	-	0%	-	0%	-	0%	-



# Notes to the Consolidated Financial Statements

for the year ended 31 March 2021

(All amounts in ₹ crores)

## 41. Events after the reporting period

The Group has evaluated subsequent events from the balance sheet and determine that there are no material items to disclose other than those disclosed above.

**42.** The current financial year has been a challenging year for our business. The year began amidst a strict lockdown post the emergence of the Coronavirus (Covid-19) towards the end of the last financial year. The economy gradually opened post June 20 and the second half of the year was progressing towards recovery. However, a much stronger second wave of Covid-19 infections hit the country towards the end of current financial year and has once again resulted in significant disruption to our business as several cities and towns have announced restrictions. As of now, the company believes this pandemic may not impact the recoverability of the carrying value of its assets. The Company is closely monitoring the developments and possible effects that may result from the present pandemic on its financial condition, liquidity and operations and working to minimise the impact of this unprecedented situation. As the situation is continuously evolving, the eventual impact may be different from the estimates made as of the date of approval of these financial statements.

**43.** Amount appearing as zero 0.00 in financials are below the rounding off norm adopted by the Company.

**44.** The previous year's figures have been regrouped / reclassified wherever necessary.

In terms of our attached report of even date

For and on Behalf of the Board of Directors

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

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

**Vijay Maniar**

Partner  
Membership No.36738

Mumbai: 21 May 2021

**B.S.Nagesh**

Customer Care  
Associate & Chairman  
(DIN:00027595)

**Karunakaran M**

Customer Care Associate  
& Chief Financial Officer

Mumbai: 21 May 2021

**Ravi Raheja**

Director  
(DIN:00028044)

**Venugopal Nair**

Customer Care Associate &  
Managing Director & Chief Executive Officer  
(DIN:00046163)

**Vijay Gupta**

Customer Care Associate &  
Company Secretary  
Membership No.A14545

**The information required under Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below.**

**1 The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year 2020-21:**

Name of Directors	Designation	Ratio of Remuneration of each Director to median remuneration	Remuneration (₹)
Mr. B. S. Nagesh	Non Executive Chairman	2.77:1	8,00,000
Mr. Ravi C. Raheja	Non-executive Director	3.29:1	9,50,000
Mr. Neel C. Raheja	Non-executive Director	3.46:1	10,00,000
Prof. Nitin Sanghavi	Independent Director	1.21:1	3,50,000
Mr. Deepak Ghaisas	Independent Director	4.33:1	12,50,000
Mr. Nirvik Singh	Independent Director	4.5:1	13,00,000
Mr. Manish Chokhani	Independent Director	3.12:1	9,00,000
Mr. Robert Bready	Independent Director	2.08:1	6,00,000
Ms. Ameera Shah	Independent Director	3.81:1	11,00,000
Mr. William Kim	Independent Director	2.08:1	6,00,000
Mr. Venugopal Nair	Managing Director & Chief Executive Officer	45.75:1	1,32,06,041
Mr. Rajiv Suri	Managing Director & Chief Executive Officer	61.88:1	1,78,61,002

- The remuneration of Non Executive Directors consist of Commission.
- Mr. Rajiv Suri, Managing Director & Chief Executive Officer resigned w.e.f. 25 Aug 2020.
- Mr. Venugopal Nair was appointed as a Managing Director and Chief Executive Officer of the Company w.e.f. 6 November 2020.
- The median remuneration of the Company for all its employees is ₹ 2.88 lacs for the financial year 2020-21.

**2 The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary in the financial year 2020-21 as compared to financial year 2019-20**

Name of Executive Director and KMPs	% increase / decrease in Remuneration
Mr. Karunakaran M (Chief Financial Officer)	0.00%
Mr. Bharat Sanghavi (Company Secretary)*	0.00%

\*Mr. Bharat Sanghavi, CS resigned w.e.f 15 January 2021

**Non - Executive Directors:** There is no variation in percentage of remuneration of non-executive directors, as the amount of commission paid / payable to each Non-Executive Director, continue to remain the same for FY19 and FY20.

**3 The percentage increase in the median remuneration of employees in the financial year 2020-21 :**

The percentage increase in the median remuneration of all employees in the financial year was 0 %.

**4 The number of permanent employees on the rolls of company as on 31 March 2021 :**

The number of permanent employees on the rolls of Company as on 31 March 2021 were 5,132 CCAs.

**5 Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:**

The average percentage increase in salaries for employees other than managerial personnel was 0%. The percentage increase in salaries for managerial personnel are as mentioned above.

**6 It is affirmed that the aforesaid remuneration is as per the Appointment and Remuneration of Directors and Senior Management Policy of the Company.**

**Statement under Section 197 of the Companies Act, 2013 read with Rule 5(2) & (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, for the year ended 31 March 2021.**

Sr. No.	Name & Qualification of Employees	Age (Years)	Designation	Date of Commencement of Employment	Gross Remuneration (₹)	Experience (Years)	Last Employment held and designation therein
1	Mr. Neeraj Nagpal PGDM	47	Chief Buying & Merchandising Officer	21 Jan 2019	1,73,65,260	23	Aditya Birla Retail - Chief Merchandising and Sourcing Officer
2	Mr. Venkatesh Raja MBA -HR	52	Chief Human Resource Officer	31 Oct 2019	97,74,327	27	Future Group - Chief Human Resource Officer
3	Mr. Anil Shankar Arsavilli B.A., Diploma in RDBMS (Oracle)	49	Chief Technology Officer	24 May 1999	82,89,164	23	Sterling Resorts Senior Executive - Systems
4	Mr. Karunakaran Mohanasundaram ACA, ACS	55	Chief Financial Officer	8 Jun 2018	1,35,22,012	32	AVON International - Executive Director Finance.
5	Ms. Uma Talreja MMS Marketing	46	Chief Of Marketing & E-Com Officer	25 Jul 2018	1,23,36,100	24	Raymond Ltd - Chief Digital Officer - Lifestyle Business
6	Mr. Ajay Rajaram Chablani B.Tech ( Textile)	48	President - Private Brands	15 Dec 2019	1,47,73,453	26	Future Group - Head : Fashion & Category
7	Mr. Devadas C B.Corn	57	Chief Supply chain Officer	1 Dec 1997	1,01,08,470	34	Ivory Property & Hotel Pvt. Ltd. Assistant Manager - Distribution
8	Mr. Deepak Yadav MBA Marketing	42	Chief Business Development Officer	12 Sep 2008	78,85,199	20	Odyssey India Ltd - Head Business Development & Strategy
9	Mr. Rajeev Kumar B.Architect / MBA	45	Head - Store Planning	5 Mar 2020	81,44,102	22	Head Store Design - Centre Point Landmark
10	Mr. Pawan Kumar Nagarwal B.Sc. / Fashion Retail Management	41	Head - Visual Merchandising	26 Sep 2018	78,62,075	20	Chief - Visual Merchandising -Future Lifestyles Fashions Limited

**Employed for part of the Financial Year with an average salary above ₹ 8.5 lac per month**

Sr. No.	Name & Qualification of Employees	Age (Years)	Designation	Date of Commencement of Employment	Gross Remuneration (₹)	Experience (Years)	Last Employment held and designation therein
1	Mr. Rajiv Suri B.Com, PGD - Sales & Marketing Management, PGD - Business Mgmt, Strategic Retail Management	58	Managing Director & Chief Executive Officer	9 Jan 2018	1,78,61,002	35	Majid Al Futtaim, Dubai, UAE Chief Executive Officer
2	Mr. Maneesh Mittal PGDM	45	Chief Of Omni Channel & Digital Officer	1 Apr 2018	60,68,484	21	Infiniti Retails Ltd - Head Ecommerce & Big Data
3	Mr. BVM Rao B.Com, MSW	59	Chief Human Resources Officer	8 May 2008	43,96,174	30	Food Express Stores Vice President - Hypermarket & Ops
4	Mr. Amin Kassam B.Sc	65	Chief Retail Operations	4 Jan 2017	82,99,567	43	Reliance Trends Ltd. - Chief Operating Officer
5	Mr. Shilpee Sharma Bachelor of Design	51	Chief Creative Officer	15 Jun 2018	1,03,06,821	28	Reliance Retail Ltd - VP & Head Design
6	Mr. Venugopal Nair MBA, B.Tech	53	Managing Director & Chief Executive Officer	6 Nov 2020	1,32,06,041	28	Trent Limited - Chief Executive Office, Westside

- The Gross remuneration includes salary, bonus, various allowances, performance linked incentives, taxable value of perquisites including gratuity paid but excluding gratuity provision.
- None of the employees mentioned above are relative of any directors of the Company.
- None of the employees mentioned herein above hold himself or along with spouse and dependent children, two percent or more of the equity shares of the Company.
- The nature of employment in all cases are contractual. The other terms and conditions are as per Company's Rules.



# Corporate Information

## Board of Directors

<b>B. S. Nagesh</b>	– Chairman & Non-Executive Director
<b>Ravi C. Raheja</b>	– Non-Executive Director
<b>Neel C. Raheja</b>	– Non-Executive Director
<b>Deepak Ghaisas</b>	– Independent Director
<b>Nitin Sanghavi<sup>1</sup></b>	– Independent Director
<b>Manish Chokhani</b>	– Independent Director
<b>Nirvik Singh</b>	– Independent Director
<b>Ameera Shah</b>	– Independent Director
<b>Robert Bready</b>	– Independent Director
<b>William Kim<sup>2</sup></b>	– Independent Director
<b>Rajiv Suri<sup>3</sup></b>	– Managing Director & Chief Executive Officer
<b>Venugopal Nair<sup>4</sup></b>	– Managing Director & Chief Executive Officer

## Audit & Risk Management Committee

<b>Deepak Ghaisas</b>	– Chairman
<b>Ravi C. Raheja</b>	– Member
<b>Nitin Sanghavi<sup>1</sup></b>	– Member
<b>Manish Chokhani<sup>5</sup></b>	– Member
<b>Ameera Shah</b>	– Member
<b>William Kim<sup>6</sup></b>	– Member

## Nomination, Remuneration & Corporate Governance Committee

<b>Nirvik Singh</b>	– Chairman
<b>Neel C. Raheja</b>	– Member
<b>Nitin Sanghavi<sup>1</sup></b>	– Member
<b>Ameera Shah</b>	– Member
<b>William Kim<sup>6</sup></b>	– Member

## Stakeholders Relationship Committee

<b>Ravi C. Raheja</b>	– Chairman
<b>Neel C. Raheja</b>	– Member
<b>B.S. Nagesh</b>	– Member
<b>Deepak Ghaisas</b>	– Member

## Corporate Social Responsibility Committee

<b>Ravi C. Raheja</b>	– Chairman
<b>Robert Bready</b>	– Member
<b>Rajiv Suri<sup>5</sup></b>	– Member
<b>Manish Chokhani<sup>6</sup></b>	– Member

## Chief Financial Officer

Karunakaran Mohanasundaram

## Company Secretary

Bharat Sanghavi<sup>7</sup>  
Vijay Kumar Gupta<sup>8</sup>

<sup>1</sup> Resigned effective July 31, 2020

<sup>2</sup> Appointed effective June 15, 2020

<sup>3</sup> Resigned effective August 25, 2020

<sup>4</sup> Appointed effective November 06, 2020

## Registered Office

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

## Statutory Auditors

S R B C & Co LLP

## Internal Auditors

KPMG Assurance and Consulting Services LLP

## Registrar and Share Transfer Agent

KFin Technologies Private Limited  
Selenium Tower B, Plot 31 and 32, Financial District,  
Nanakramguda, Serilingampally Mandal,  
Hyderabad, Telangana - 500 032  
Toll Free No: 18003454001  
Web Address: [www.kfintech.com](http://www.kfintech.com)  
e-mail ID: [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com)  
[balaji.reddy@kfintech.com](mailto:balaji.reddy@kfintech.com)

## Bankers

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

## Management Team

Venugopal Nair  
Karunakaran Mohanasundaram  
Neeraj Nagpal  
Devadas Chittozhi  
Ajay Chablani  
Venkatesh Raja  
Sandeep Narain  
Anil Shankar

## Solicitors

Wadia Ghandy & Co.

<sup>5</sup> Resigned as Committee Member effective August 13, 2020

<sup>6</sup> Appointed effective August 13, 2020

<sup>7</sup> Resigned effective January 15, 2021

<sup>8</sup> Appointed effective January 16, 2021

SHOPPERS STOP

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