

Directors' Report

Shopper's Stop Services (India) Ltd.

Dear Members,

Your Directors hereby present the Ninth Annual Report on the business and operations of the Company together with the Audited Statements of Accounts for the year ended March 31, 2010.

Financial Performance

(Amount in Rupees)

Particulars	Year ended 31 March, 2010	Year ended 31 March, 2009
Income (Service Charges)	775,000	735,000
Total Revenues	775,000	735,000
Profit before Depreciation & Tax	102,959	95,296
Less: Depreciation	—	—
Profit before taxation	102,959	95,296
Less: Taxation (including short provision of earlier years)	72,000	28,869
Profit after taxation	30,959	66,427
Add/(Less): Balance brought forward from previous year	309,075	242,648
Balance carried forward	340,034	309,075

Dividend

Your Company wishes to strengthen its financial position and as such no dividend is recommended for the year.

Share Capital

During the year under review there has been no change in the authorised, issued and paid up share capital of the Company.

Fixed Deposits

Your Company has not accepted any fixed deposits and, as such, no amount of principal or interest was outstanding as on the Balance Sheet date.

Directors

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. Govind Shrikhande, Director retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Directors' Responsibility Statement

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956, the Board of Directors hereby state that:

1. In the preparation of Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
2. We had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31 March, 2010 and of the profit of the Company for the year ended on that date;

3. We had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;
4. We had prepared the accounts for the financial year ended 31 March, 2010 on a 'going concern' basis.

Auditors

It is proposed to appoint M/s. G. M. Kapadia & Co., Chartered Accountants, Mumbai as Auditors of the Company in place of the retiring auditors, M/s. Dixit Dattatray & Associates, Chartered Accountants, Mumbai. The retiring auditors have expressed their inability to seek re-appointment as statutory auditors of the Company after the conclusion of the ensuing Annual General Meeting.

The Board of Directors would like to thank M/s. Dixit Dattatray & Associates, Chartered Accountants, the outgoing Auditors, for their services rendered to the Company during their association as Statutory Auditors.

The Board of Directors recommends the appointment of M/s. G. M. Kapadia & Co., Chartered Accountants, Mumbai as the Statutory Auditors of the Company.

Conservations of Energy and Technology absorption and Foreign Exchange Earnings and Outgo

The brief of the particulars in respect of various steps and initiatives taken regarding conservation of energy and technology absorption and its disclosure as stipulated by the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are as under:

- Optimised lighting by providing energy efficient lamps;
- Energy auditing

Your Company does not have any Foreign Exchange Earnings and Outgo.

Other Information

Your Company does not have any employees as on 31 March, 2010, hence the provisions of Section 217 (2A) of the Companies Act, 1956 is not applicable.

Acknowledgement

We are deeply grateful to Shopper's Stop Ltd., the Holding Company, for the confidence and faith that they have reposed in us.

For and on behalf of the Board of Directors

Mumbai
7 April, 2010

B. S. Nagesh
Chairman

To,

The Members of Shopper's Stop Services (India) Ltd.

1. We have audited the attached Balance Sheet of Shoppers' Stop Services (India) Ltd as at 31st March, 2010 and Profit and Loss Account & Cash Flow of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we annex hereto a Statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far, as appears from our examination of books.
 - c) In our opinion, the Balance Sheet and the Profit & Loss Account & Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956 and are in agreement with books of account.
 - d) On the basis of the written representations received from the Directors as on 31st March, 2010 and the information and explanations given to us, we report that none of the directors are disqualified as on 31st March, 2010 from being appointed as directors in terms of Section 274(1)(g) of the Companies Act, 1956.
 - e) In our opinion and to the best of our information and according to the explanations given to us, the accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view:
 - i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010; and
 - ii) In the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
 - iii) In the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

For Dixit Dattatray & Associates
Chartered Accountants

D.B. Dixit
Proprietor
Membership No. 40032
(Firm Regd. No. 102665W)

Place : Mumbai
Date : 7 April, 2010

(Referred to in paragraph 3 of the report of even date)

As required by the Companies (Auditor's Report) Order, 2003, on the basis of such checks as we considered appropriate, we report that:

1. The nature of the Company's business/activities for the period are such that the requirement of items (x), (xii), (xiii), (xiv), (xv), (xvii), (xix) and (xx) of paragraph 4 of the order are not applicable to the Company.
2. The Company does not own any Fixed Assets as at 31st March, 2010. Hence, the question of maintaining proper fixed assets record and physical verification of fixed assets does not arise.
3. The Company did not have any inventory as at 31st March, 2010.
4. The Company has neither granted nor taken any loans secured or unsecured to/from companies, firms or other parties covered in the Register maintained under section 301 of the Companies Act, 1956.
5. Clause 4 (vii) of the Companies (Auditors Report) Order, 2003 regarding the adequate internal control procedures for the purchase of inventory and fixed assets and for the sale of goods is not applicable to the Company.
6. The Company has not accepted any deposits from the public within the meaning of Section 58A and 58AA of the Companies Act, 1956 and the rules framed there under.
7. Clause 4 (vii) of the Companies (Auditors Report) Order, 2003 regarding the adequacy of internal audit system is not applicable to the Company.
8. Clause 4 (viii) pertaining to the maintenance of cost records under Section 209(1) (d) of the Companies Act is not applicable to the Company.
9. The Company did not have any employee during the year and hence depositing of the Employees State Insurance and Provident Fund does not arise.
10. According to the books and records examined by us and the information and explanations given to us, there were no undisputed amounts payable in respect of Income Tax, Wealth-tax, Sales Tax, Customs duty and Excise duty which have remained outstanding as at 31st March, 2010 for a period exceeding six months from the date they became payable.
11. The Company has not taken any loans from financial institution or bank or debenture holder.
12. The company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Act.
13. According to the information and explanations given to us and the records of the Company examined by us, no fraud on or by the company has been noticed or reported during the year.

For Dixit Dattatray & Associates
Chartered Accountants

D.B. Dixit
Proprietor
Membership No. 40032
(Firm Regd. No. 102665W)

Place : Mumbai
Date : 7 April, 2010

Balance Sheet as at 31 March, 2010

Shopper's Stop Services (India) Ltd.

(All amounts in Rupees unless otherwise stated)

	Schedules	Mar-10	Mar-09
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share capital	1	500,000	500,000
Reserves & Surplus		340,034	309,075
		840,034	809,075
APPLICATION OF FUNDS			
CURRENT ASSETS, LOANS AND ADVANCES			
Sundry debtors	2	429,537	322,335
Cash and Bank balances	3	20,056	22,300
Loans and Advances	4	535,566	635,947
		985,159	980,582
Less: CURRENT LIABILITIES AND PROVISIONS	5	145,125	171,507
Net Current Assets		840,034	809,075
		840,034	809,075

The accompanying Schedules 1 to 9 are an integral part of the financial statements.

As per our report of even date.

For Dixit Dattatray & Associates

Chartered Accountants

D.B. Dixit

Proprietor

Membership No. 40032

Mumbai

Dated : 7 April, 2010

For Shopper's Stop Services (India) Ltd.

Govind Shrikhande

Director

Chandrashekhar B. Navalkar

Director

(All amounts in Rupees unless otherwise stated)

	Schedules	Mar-10	Mar-09
INCOME			
Service Charges		775,000	735,000
		775,000	735,000
EXPENDITURE			
Operating Expenses	6	458,016	606,045
Administrative expenses	7	214,025	33,659
		672,041	639,704
PROFIT BEFORE TAX		102,959	95,296
PROVISION FOR TAXATION		72,000	28,869
PROFIT AFTER TAX		30,959	66,427
Balance brought forward from previous year		309,075	242,648
PROFIT AFTER TAX CARRIED TO BALANCE SHEET		340,034	309,075

The accompanying Schedules 1 to 9 are an integral part of the financial statements.

As per our report of even date.

For Dixit Dattatray & Associates

Chartered Accountants

D.B. Dixit

Proprietor

Membership No. 40032

Mumbai

Dated : 7 April, 2010

For Shopper's Stop Services (India) Ltd.

Govind Shrikhande

Director

Chandrashekhar B. Navalkar

Director

Statement of Cash Flows for the year ended 31 March, 2010

Shopper's Stop Services (India) Ltd.

(All amounts in Indian Rupees, unless otherwise stated)

	Mar-10	Mar-09
Cash flows from operating activities		
Net profit before tax	102,959	95,296
Operating profit before working capital changes	102,959	95,296
Increase in Sundry debtors	(107,202)	(106,404)
Decrease/(Increase) in Loans and Advances	28,381	(21,002)
(Decrease)/Increase in Current Liabilities and Provisions	(26,382)	19,385
Cash generated from operations	(2,244)	(12,725)
Income taxes paid	—	—
Net cash from operating activities	(2,244)	(12,725)
Cash flow from investing activities	—	—
Cash flows from financing activities	—	—
Net decrease in cash and cash equivalents	(2,244)	(12,725)
Cash and cash equivalents as at beginning of the year	22,300	35,025
Cash and cash equivalents as at the end of the year	20,056	22,300
	(2,244)	(12,725)

As per our report of even date.

For Dixit Dattatray & Associates

Chartered Accountants

D.B. Dixit

Proprietor

Membership No. 40032

Mumbai

Dated : 7 April, 2010

For Shopper's Stop Services (India) Ltd.**Govind Shrikhande**

Director

Chandrashekhar B. Navalkar

Director

(All amounts in Indian Rupees, unless otherwise stated)

	Mar-10	Mar-09
1. SHARE CAPITAL		
Authorised:		
50,000 equity shares of Rs. 10/- each	500,000	500,000
Issued:		
50,000 equity shares of Rs. 10/- each fully paid-up	500,000	500,000
Subscribed and paid up:		
50,000 equity shares of Rs. 10/- each fully paid-up (All the above 50,000 shares are held by Holding Company - Shopper's Stop Ltd. and its nominees)	500,000	500,000
2. SUNDRY DEBTORS		
(Unsecured considered good)		
Debts outstanding for more than six months		
– Considered good	429,537	322,335
– Considered doubtful	—	—
Other Debts, considered good	—	—
	429,537	322,335
Less: Provision for doubtful debts	—	—
	429,537	322,335
3. CASH AND BANK BALANCES		
Cash on hand	60	60
Balances with scheduled banks:		
Current accounts	19,996	22,240
	20,056	22,300
4. LOANS AND ADVANCES		
(Unsecured considered good)		
Loans and Advances (including due from Holding Co. Rs. 2,67,558/-)	341,623	502,901
Advance tax (including TDS Receivable)	193,943	133,046
	535,566	635,947
5. CURRENT LIABILITIES AND PROVISIONS		
Sundry Creditors	15,050	78,410
Provision for tax	130,075	93,097
	145,125	171,507
6. OPERATING CHARGES		
Service Charges Paid	458,016	606,045
	458,016	606,045

(All amounts in Indian Rupees, unless otherwise stated)

7. ADMINISTRATIVE EXPENSES

	Mar-10	Mar-09
Rates and taxes	3,927	1,450
Other administrative expenses	1,400	12,273
Auditors Remuneration - Audit Fees	11,236	16,236
Professional Fees	21,310	—
Miscellaneous Expenditure	172,007	1,200
Interest on Income tax	1,645	—
Professional tax	2,500	2,500
	214,025	33,659

8. NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010**SIGNIFICANT ACCOUNTING POLICIES**

1. Basis of Accounting
The Company follows accrual system of accounts and the historical cost convention in accordance with generally accepted accounting practices. Revenues are recognised and expenses are accounted on accrual basis with necessary provision for all known liabilities.
2. Previous years figure have been regrouped/rearranged wherever necessary.

9. RELATED PARTY TRANSACTIONS

Following are the transaction with related parties for the year ended 31st March, 2010.

(All amounts in Indian Rupees unless otherwise stated)

Nature	Holding	Associates	Key Management Personnel	Total
Advances Given				
Shopper's Stop Limited	—	—	—	—
Service Charges Income				
Shopper's Stop Limited	655,000.00	—	—	655,000.00
	(615,000.00)	—	—	(615,000.00)
Upasna Trading Ltd.	—	120,000.00	—	120,000.00
	—	(120,000.00)	—	(120,000.00)

Balance outstanding at the year end 686,427.00 Dr
(584,556.00) Dr

The figure in bracket pertain to previous year.

Names of related parties and description of relationship:

- Holding Company : Shopper's Stop Limited
- Associates : Upasna Trading Limited, Shoppers Stop.Com (India) Limited, Crossword Bookstores Limited, Hypercity Retail (India) Limited, Gateway Multichannel Retail (India) Limited, Nuance Group (India) Private Limited, Timezone Entertainment Private Limited
- Key Management Personnel : B. S. Nagesh, Yasin Virani, C. B. Navalkar, Govind Shrikhande

Balance Sheet Abstract and
Company's General Business Profile

Shopper's Stop Services (India) Ltd.

I) Registration Details :

Registration No.	11-124945	State Code	11
Balance Sheet Date	31/03/2010		

II) Capital Raised during the year (Rs. '000)

Public Issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Private placement	NIL

III) Position of mobilisation and development of funds (Rs. '000):

Total Liabilities	840	Total Assets	840
-------------------	-----	--------------	-----

Sources of Funds

Paid-up capital	500	Reserve & Surplus	340
Secured Loans	NIL	Unsecured Loans	NIL

Application of Funds

Net Fixed Assets	NIL	Investments	NIL
Net Current Assets	840	Misc. Expenditure	NIL
Accumulated Losses	NIL		

IV) Performance of Company:

Turnover (Including Other Income)	775	Total Expenditure	672
Profit/(Loss) Before Tax	103	Profit/(Loss) After Tax	31
Earning Per Share in Rs.	0.62	Dividend	NIL

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

Item Code No.	: Not Applicable
Product Description	: Not Applicable

As per our report of even date.

For Dixit Dattatray & Associates

Chartered Accountants

D.B. Dixit

Proprietor.
Membership No. 40032

Mumbai
Dated : 7 April, 2010

For Shopper's Stop Services (India) Ltd.

Govind Shrikhande

Director

Chandrashekhar B. Navalkar

Director