

SEC/041A/2019-20

July 30, 2019

BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai 400 001. Stock Code : 532638	National Stock Exchange of India Limited Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051. Stock Symbol : SHOPERSTOP
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Dear Sirs,

Sub: Updated investor presentation

Further to the submission made by the Company today intimating as under:

1. The un-audited financial results for the quarter ended June 30, 2019 along with the Limited Review Report issued by the Statutory Auditors of the Company and;
2. Press release and investor presentation issued by the Company on the above results.

We wish to inform you that there is an update in the investor presentation submitted vide aforementioned filing. We hereby enclose the updated investor presentation. The same will also be made available on the website of the Company.

Kindly take the same on records and oblige.

Thanking you,

Yours truly,

For Shoppers Stop Limited.


Bharat Sanghavi
Company Secretary



Encl: A/a



SHOPPERS STOP

START SOMETHING NEW

Quarterly Performance : Q1 FY20

VISION



“To be an inspirational and trusted brand, transforming customer’s lives through fashion and a delightful shopping experience every time.”



Great moments for everyone, everyday

PERSONAL  SHOPPER

OUR CUSTOMER



Our Core customer is a young family where the woman is the primary influence. These upwardly mobile, middle to high income family shops across our stores for the widest selection of brands.

We have a fast growing base of young consumers of 18-25 years of age. These customers are shopping for premium products with us as they build their future dreams and careers.

ALL EYES ON

NEW



SHOPPERS STOP AT A GLANCE

- 83 Department Stores across 40 cities
- 120 Beauty Doors
- 12 HomeStop Stores
- 400+ Fashion Brands
- 32 Fashion Categories
- 4.2M sq.ft retail space
- 41M customers served annually

First Citizen Program



Personal Shopper Program



Strategic Pillars

Private Brands



Beauty



FIRST CITIZEN LOYALTY PROGRAM



6.32M

FIRST CITIZEN LOYALTY
PROGRAM MEMBERS

82%

CONTRIBUTION TO
COMPANY SALES

- Key Growth Engine for Business
- Record enrollment in Q1: 0.26M with 47% growth YoY, exhibiting strong affinity towards our brand.
- Increased contribution 82% Vs 78% LY (Q1-19)
- 15% of our base in now 18-25 age group and is a funnel for future growth

GETTING TO KNOW OUR CUSTOMERS BETTER

PERSONAL SHOPPER



17%+

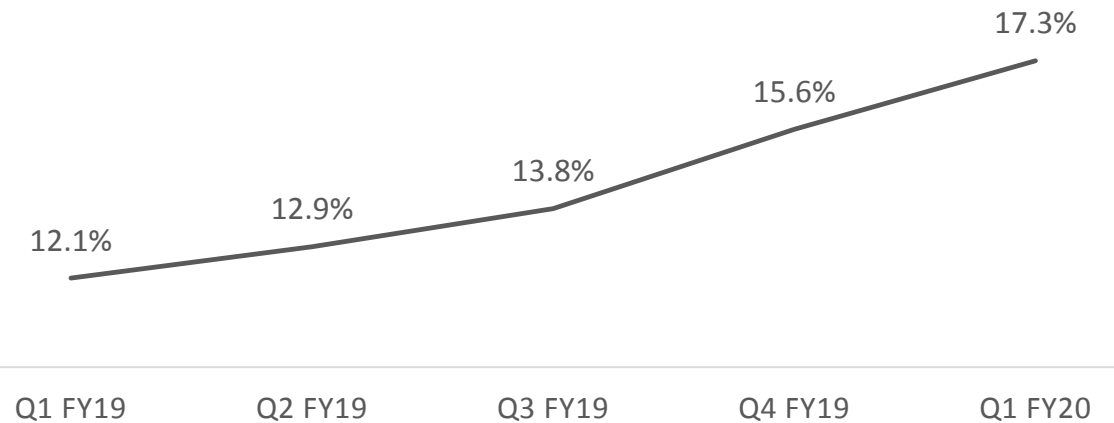
**PERSONAL SHOPPER
CONTRIBUTUON TO SALES**

2.5 times

**AVERAGE PERSONAL
SHOPPER TICKET SIZE**

Providing a delightful shopping experience with our Personal Shopper Service.

% Personal Shopper Contribution



PRIVATE BRANDS



12%+

CONTRIBUTION TO TOTAL SALES

- Design Studio, sampling unit and testing labs are now operational. The first collection by our new Chief Creative Officer to be launched in AW19.
- Launching 4 new brands in AW19
 - Jones New York
 - French Connection, exclusive for Department Stores
 - Back to Earth
 - Celebrity Brand (Details in due course)
- Re-launch of Rheson



BEAUTY



150+

BEAUTY BRANDS

15%+

CONTRIBUTION TO TOTAL
SALES

- Continue dominance in Beauty segment across all channels.
- India's first true Luxury multi-brand Beauty concept viz, **Arcelia** launched at GVK Shopping Mall Hyderabad and performing to plan with exciting niche brands
- MAC stores launched in Khan Market Delhi, Guwahati, WTP Jaipur and Acropolis Kolkatta.
- Men's grooming category had significant increase (6X jump) with expanded network and larger instore presence in Beauty and/or Men's clothing section

DIGITAL FOOTPRINT

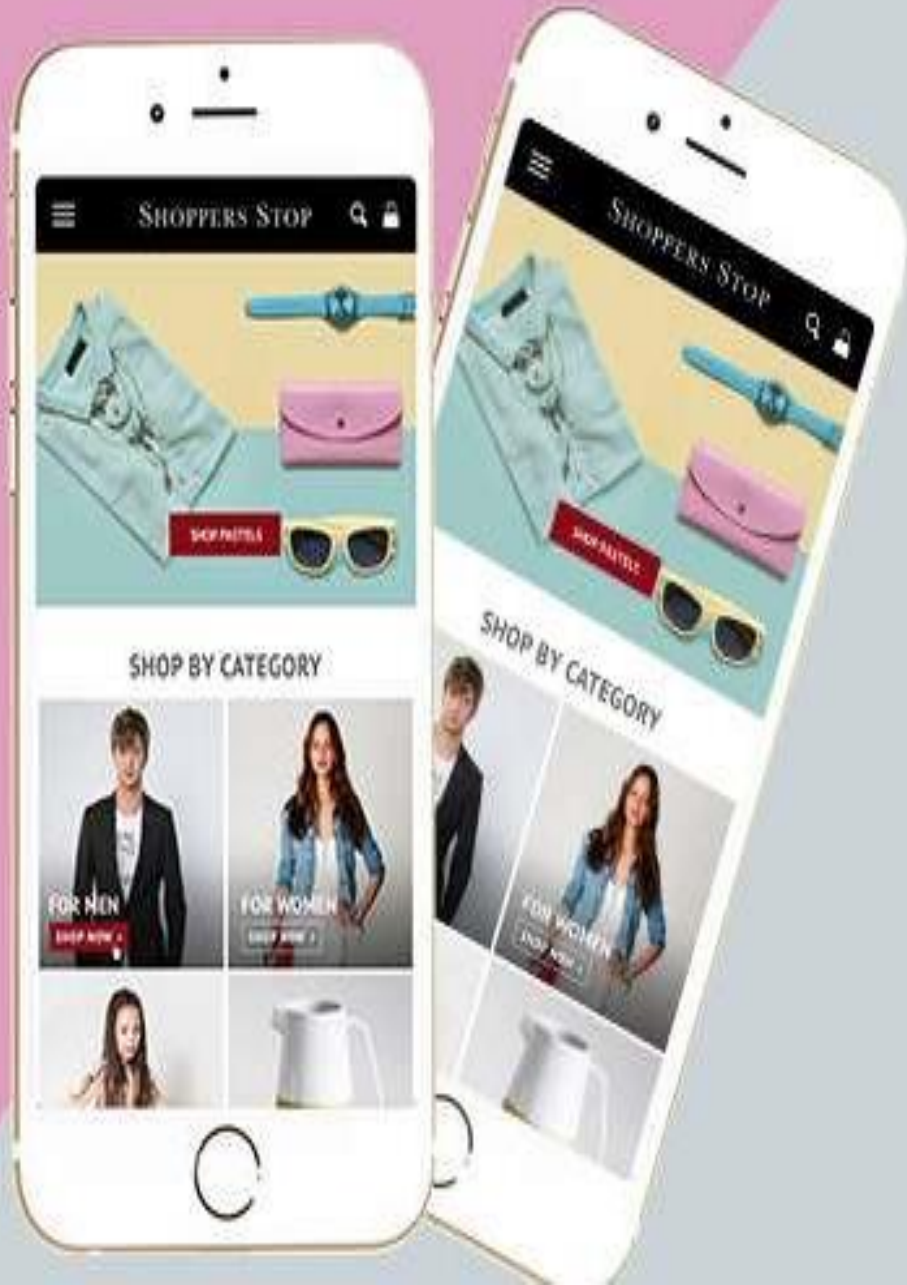
Omni Channel Symbiotic Relationship of Clicks & Bricks

+14.6M
VISITS

+25,000
PIN CODE COVERAGE

+6M
MOBILE APP
DOWNLOAD

- Platform frequently used by Millennials and Young Professionals to converse with us
- Buy Online and Collect from the Store (50 stores)
- Ship from Store for fulfillment of Online Orders (51 stores)
- Buy Online and Return at the Store
- Irresistible Style Hub disseminating Latest Fashion Tips
- Cardless First Citizen Program



OUR TEAM



RAJIV SURI

Customer Care Associate,
Managing Director & CEO

Continuing our journey to
strengthen the Leadership Team
with 200+ years of global retail
experience



Amin Kassam

Customer Care Associate &
Chief Retail Operations



Amitabh Suri

Customer Care Associate &
President Private Brands



Anil Shankar

Customer Care Associate &
Chief Technology Officer



Anupam Saxena

Customer Care Associate &
President Beauty



BVM Rao

Customer Care Associate &
Chief Human Resources



Deepak Vadav

Customer Care Associate &
VP Business Development



Devadas Nair

Customer Care Associate &
Chief Supply Chain Officer



Karunakaran Mohanasundaram

Customer Care Associate &
Chief Finance Officer



Maneesh Mittal

Customer Care Associate &
Chief of Omnichannel



Neeraj Nagpal

Customer Care Associate &
President Brands



Uma Talreja

Customer Care Associate &
Chief Marketing &
Customer Officer



Shilpee Sharma

Customer Care Associate &
Chief Creative Officer

NEW IN-STORE EXPERIENCE - Q1 FY20: VASANT KUNJ, PERFORMING TO DOUBLE DIGIT GROWTH

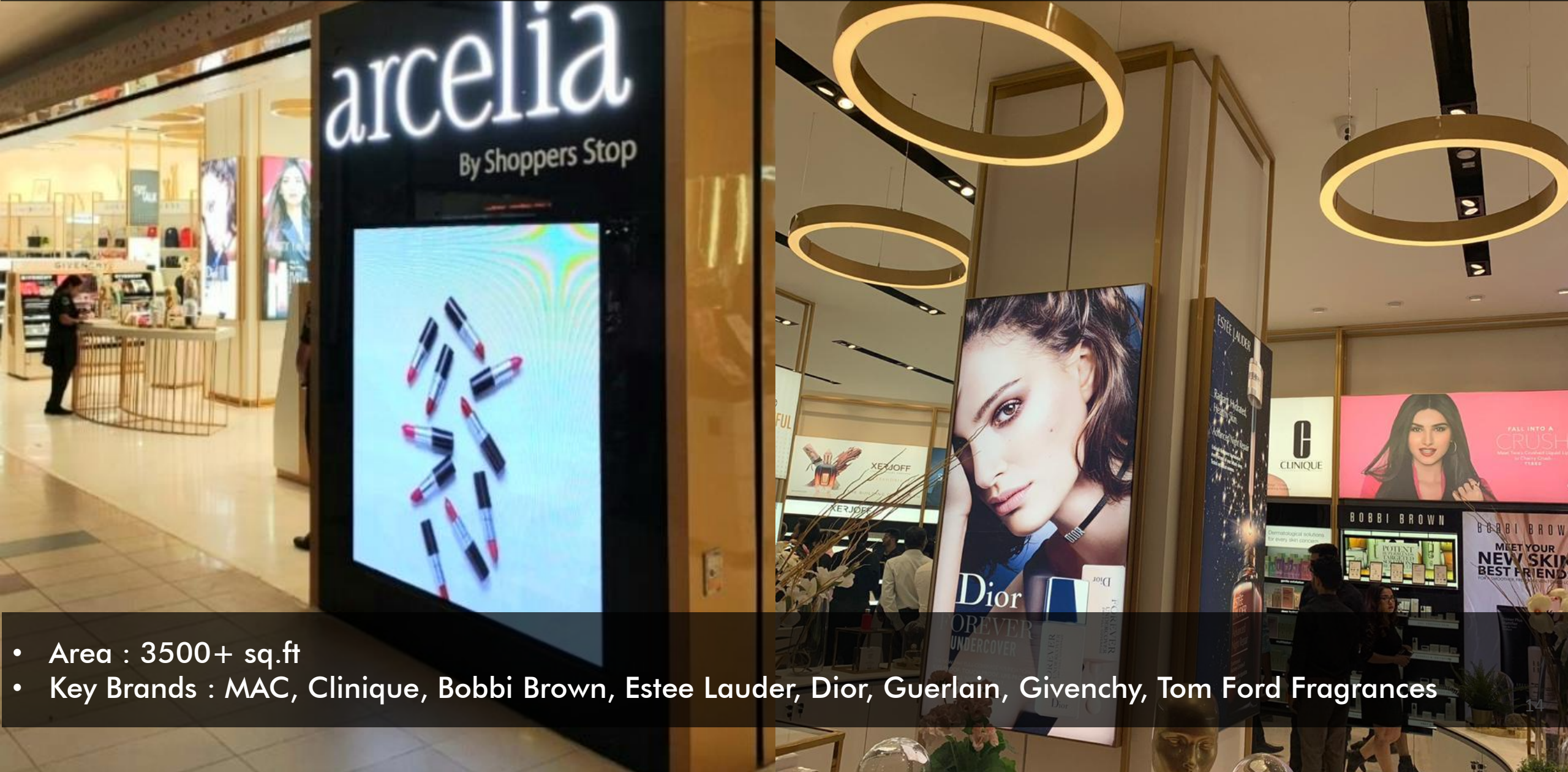


Designed by : Schwitzke Group, Dusseldorf, Germany

NEW STORE ADDITIONS- Q1 FY20: GUWAHATI, PROFITABLE FROM 1st MONTH OF OPERATIONS



NEW STORE ADDITIONS DURING Q1-19-20: ARCELIA-GVK HYDERABAD



- Area : 3500+ sq.ft
- Key Brands : MAC, Clinique, Bobbi Brown, Estee Lauder, Dior, Guerlain, Givenchy, Tom Ford Fragrances

NEW STORE ADDITIONS DURING Q1-19-20 - MAC



GUWAHATI



KHAN MARKET - DELHI

NEW ADDITIONS DURING Q1-19-20 : DESIGN STUDIO OPENED ON 7TH MAY



BRAND CAMPAIGNS

Share the happiness. Share the festivities. Share the celebrations.

#ShareMyNewYear

শুভ নববর্ষ

And while you celebrate it, also soak in Gudi Padwa, Ugadi, Baisakhi, Putthandu and Bihu in one epic ethnic festival at Shoppers Stop.

SCAN FOR VIDEO

- #SharemyNew Year video had 8M views
- 60% Full views on Youtube
- Won Masters of Modern Marketing Award - Best Multi Channel Campaign by a Retail enterprise - Share My New Year by Shoppers Stop
- Was covered in 11 publications including Economic Times -Brand Equity

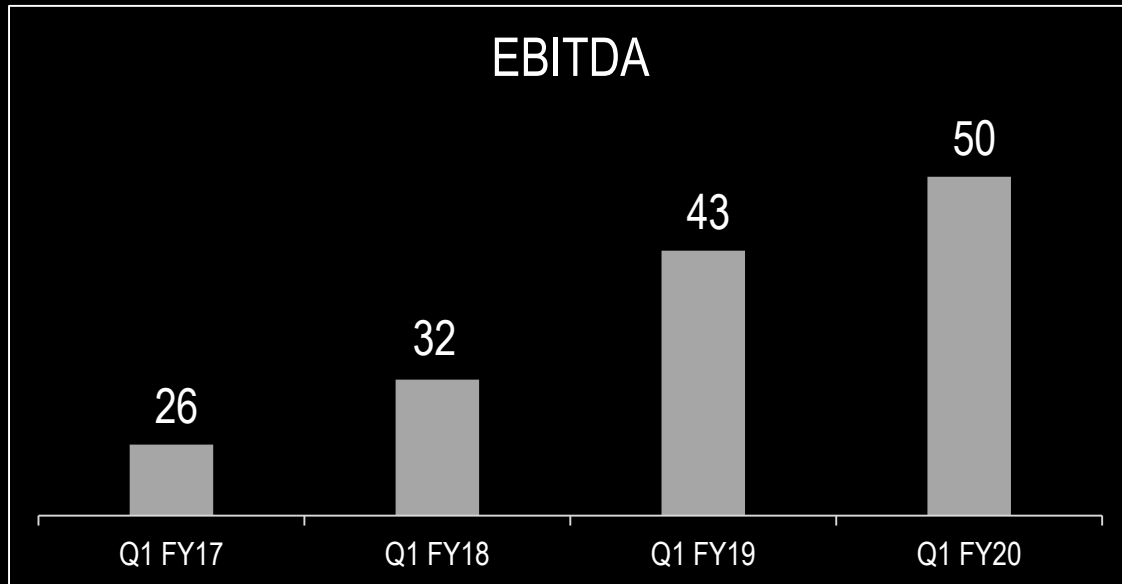
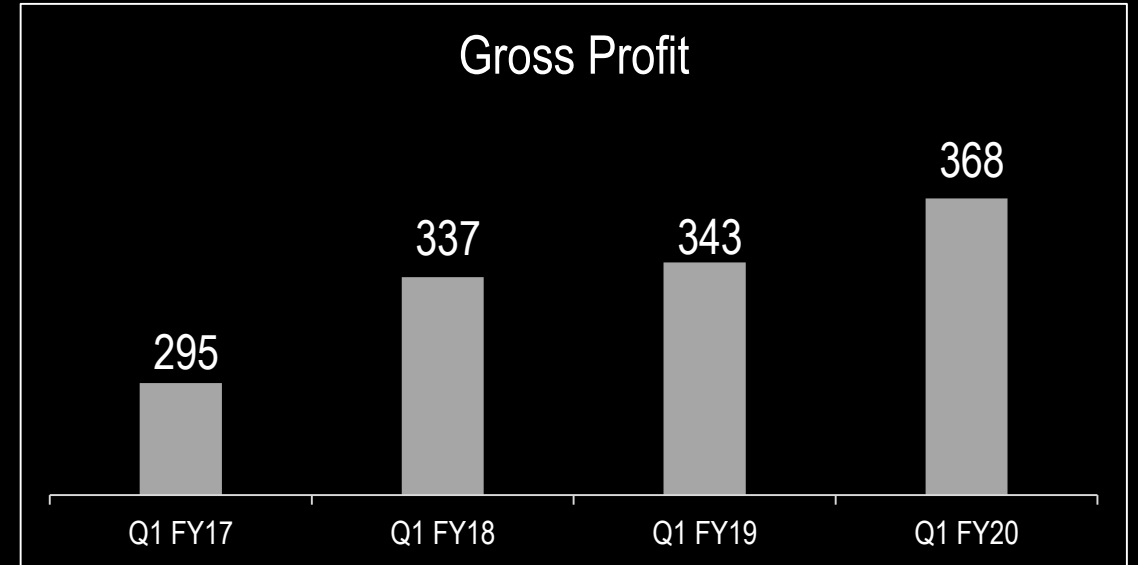
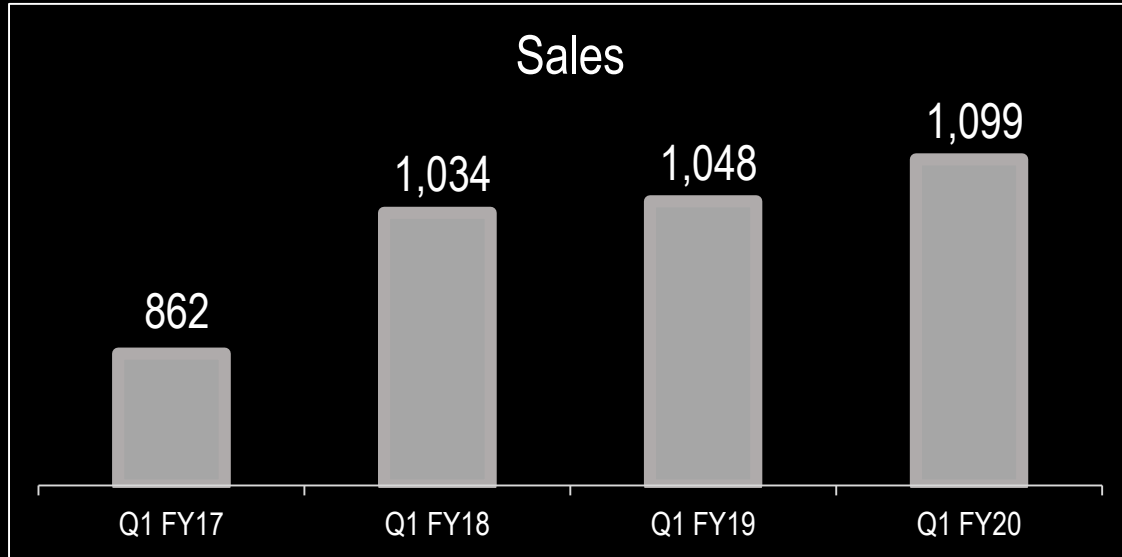
BRAND CAMPAIGNS



Women's Day Campaign – Its Our Time

- Promoted on 18 HD television channels for 2 weeks
- Campaign delivered ca. 5.1M views
- Covered in Impact and Outlook Business

FINANCIAL HIGHLIGHTS (NON GAAP)



YoY productivity improvement

- Sales 5%+
- Gross Profit 8%+
- EBITDA 15%+

FINANCIAL HIGHLIGHTS

Non GAAP	Revenue	Gross Profit	EBITDA Margin	PBT
Q1-19-20	1099 Cr	368 Cr	4.6%	16 Cr
Q1-18-19	1048 Cr	343 Cr	4.1%	14 Cr
GAAP	Revenue	Gross Profit	EBITDA Margin	PBT
Q1-19-20	848 Cr	356 Cr	16.9%	4 Cr
Q1-18-19	827 Cr	339 Cr	5.9%	15 Cr

AS – 116 Accounting of Lease Rentals – using Modified Retro Approach

❖ International Accounting Standards Board issued IFRS 16 which replaces the existing IAS 17 for financial periods beginning on or after 1 January 2019. Proposed Ind AS 116 is akin to IFRS 16. ❖ Requires Lessees to recognise a liability to make lease payments over the lease term and an asset representing the right to use the underlying asset. ❖ Lease term is estimated based on the primary lease term. For leases expiring this fiscal, further extension by the agreed time period is considered. ❖ <u>There are 3 approaches 1) Retrospective 2) Modified Retrospective 3) New</u> ❖ We applied Modified Retro Approach. For some of the assets, the life has been reduced to the Lease Period and due to this there is an additional impact on depreciation of Rs. 41 Crs in FY19-20.	<u>Impact on Balance Sheet as of 1 April 2019</u>		<u>IND-AS 116 Impact on Income Statement for FY20</u>	
	Restricted Lease Term	Mod Retro 2A	Restricted Lease Term	Mod Retro 2A
	ROU Assets	1146	Revenue	
	ROU Liability	(1941)	Other Expenses	(361)
	Deferred Tax Asset	(278)	EBITDA	+361
	Net difference to be adj in Opening Reserves as at April 1 2019	(517)	Depreciation	+172
	Net worth as at Mar 31 2019	978	Addl Depreciation	+41
	Balance Net worth post IND AS 116 adjustment	461	EBIT	+148
			Interest	+175
			PBT	(27)

Q1:FY20 FINANCIAL RESULTS EXPLANATION OF NON-GAAP MEASURES

To supplement our financial results presented on a GAAP basis, we presented a table without reference to IND AS 109 (Interest Income on present value of Security Deposits), IND AS 115 Revenue Recognition (effective from April 1 2018) and IND AS 116, Accounting of Lease Rentals (effective from April 1 2019). We believe this “Non-GAAP” Financials will reflect the comparable complete and full picture of our Financials.

Our Non-GAAP in addition to Revenue on outright basis, considers Revenue of certain segment such as sales made on purchases from outright vendors on sale or return basis, consignment and concessionaire basis (though in GAAP we consider the net margin) and Lease Rent expenses as it was originally stated until March 31 2019.

Our Non-GAAP financial measures are not meant to be considered in isolation or as a substitute for comparable GAAP measures and should be read only in conjunction with our consolidated financial results prepared in accordance with GAAP.

Our management regularly uses our supplemental non-GAAP financial measures internally to understand, manage, evaluate our business, make operating decisions and uses in planning for and forecasting future periods. Compensation of our executives is based in part on the performance of our business based on these non-GAAP measures.

IND AS 115 – Revenue Recognition

Under IND AS 115, the following sales are excluded and the net margin is considered as Revenue from Operations:

Sales made under the arrangement with our vendor on Sale or Return basis

Sales made under the arrangement of Consignment and Concessionaries

As in the past, in our Non-GAAP Statement we have considered the aggregate sales made through these operations (Rs.129.5 Crs) and Cost of Goods Sold as COGS.

In addition to this, Loyalty points expense on our Membership Card are netted out against sales in GAAP financials but grossed up in sales and shown separately as expense in Non GAAP (Rs.14.17 Crs). Thus there is no impact in EBITDA under both the measures.

Q1 :FY20 FINANCIAL RESULTS EXPLANATION OF NON-GAAP MEASURES

IND AS 116 –Lease Rentals

The Ministry of Corporate Affairs (MCA) has mandated a new Accounting Standard AS 116 for accounting the Lease Contracts. The new standard will require Lessees to recognize leases on their balance sheets, instead of “off Balance Sheet”. In summary all leases to be recognized in the balance sheet as an Asset and Liability and as follows:

The lease liability is measured at present value of minimum lease payments to be made over the lease term.

The right to use asset is initially measured at the amount of the lease liability, adjusted for lease prepayments, if any

Right to use is depreciated over a lease term on a straight-line basis. Interest is added on lease liabilities and actual payments are reduced from the liabilities balance.

Operating lease expenses will be replaced by Depreciation and interest expenses.

This is not comparable to the actual lease rentals paid during the Quarter and we have excluded the effect of AS 116 from our non-GAAP operating expenses. We believe that payment of Lease Rentals Accounted as under AS 17 is more appropriate to evaluate our business performance.

While adhering to the standard, we had to accelerate the depreciation (Rs.10.92 Crs) on some of the assets in line with the primarily lease period, even though the life of the asset is higher than the primary lease period.

Consequently, our EBITDA in GAAP is higher by Rs.89.06 Crs, Depreciation by Rs.54.51 Crs (including Rs.10.92 Crs as stated above) and Interest by Rs.46.32 Crs.

IND AS 109

Interest income accounted on Present value of deposits (Rs 1.62 Crs) and rent amortized (now depreciation) on prepaid rentals (Rs 2.32 Crs.) has been negated in Non Gap financials, as they are non-cash items.

Other than these changes, the GAAP and Non-GAAP are comparable. We have also attached reconciliation statement for the investors to understand the difference between these two statements.

FINANCIAL OVERVIEW : SHOPPERS STOP LIMITED : Q1FY20

	Non - GAAP Financials			GAAP Financials		
	Q1-20	Q1-19	Gr%	Q1-20	Q1-19	Gr%
Revenue	1,099.5	1,048.2	4.9%	832.4	826.6	0.7%
Other Income	15.5	13.9	11.5%	2.4	7.2	-66.4%
Total Revenue	1,115.0	1,062.0	5.0%	834.8	833.7	0.1%
Margin	368.1	342.5	7.5%	355.9	338.9	5.0%
Margin%	33.5%	32.7%	80 bps	42.8%	41.0%	180 bps
Operating Exp.	333.4	313.0	6.5%	217.7	297.4	-26.8%
EBIDTA	50.1	43.4	15.4%	140.6	48.6	189.1%
EBIDTA %	4.6%	4.1%	50 bps	16.9%	5.9%	1100 bps
Depreciation	32.1	30.6	4.9%	88.4	30.6	
Finance Cost	1.7	-1.4		48.4	2.8	
PBT	16.4	14.2	15.4%	3.8	15.2	-75.0%
PBT %	1.5%	1.4%	10 bps	0.5%	1.8%	(130 bps)
Exceptional Item/OCI	-14.8	-11.1	33.7%	-14.3	-10.0	42.9%
PBT (Aft. Excp & OCI)	31.2	25.2	23.6%	18.1	25.2	-28.3%
Tax	1.2	6.2	-81.0%	1.2	6.2	
PAT	30.0	19.0	58.0%	16.9	19.0	-10.9%
PAT %	2.7%	1.8%	90 bps	2.0%	2.3%	(30 bps)

FINANCIAL OVERVIEW : BALANCE SHEET

Particular	Jun-19	Mar-19
Networth	997.5	977.6
Loan Fund	30.0	40.0
Total Liabilities	1,027.5	1,017.6
Fixed Assets & Lease Deposit	816.0	808.3
Investment	284.7	266.7
Investment in Mutual Fund	30.0	42.5
Inventory	387.2	367.5
ROR Inventory	702.0	686.0
Debtors , loans and Advances	357.1	304.3
Total Current Assets	1,446.3	1,357.9
Trade Creditors	625.2	568.2
ROR Creditors	702.0	686.0
Other liabilities and provisions	222.4	203.5
Total Current Liability	1,549.6	1,457.7
Net Current Assets	(103.3)	(99.8)
Total Assets	1,027.5	1,017.6

Investment Includes :

Rs 53.9 Crs. : Crossword Book Store Limited
 Rs 255.44 Crs. : Future Retail Limited (MTM
 provision Rs.24.7 Crs.)

FINANCIAL OVERVIEW : CASH FLOW

Particulars	Rs in Crs.
Cash Profit from Operations (after tax)	50.1
Increase in Creditors for Goods	74.1
Increase in Other Creditors and Liabilities	9.2
Increase in Inventories	(35.6)
Increase in Loans & Advances & Sundry Debtors	(47.2)
Cash generated from Operations	50.5

Investments during the quarter	Rs in Crs.
Fixed Assets(including CWIP) & Deposit.	(53.0)
Reduction in Creditors for Capex	8.6
Net Cash inflow	6.2

Investments in fixed assets including new stores are funded through internal accruals

FINANCIAL OVERVIEW : KEY FINANCIAL RATIO

Profitability and Efficiency Ratios

Year To March	Q1-FY20	FY19	FY18	FY17	FY16
Inventory Days	103	142	120	116	138
Debtors Days	5	4	4	3	2
Payable Days	47	44	50	45	51
Cash Conversion Ratio	55	98	70	71	87
Current Ratio	0.9	0.9	1.0	1.0	1.0
Gross Debt/Equity	0.0	0.0	0.1	0.8	0.8

Valuation Parameters

Year To March	FY19	FY18	FY17	FY16
Adj. Diluted EPS	9.0	1.4	-2.4	3.0
Adjusted Cash EPS	24.3	15.5	11.5	14.6
Diluted P / E (x)	52.7	390.1	365.0	120.3
P / B (x)	4.2	4.7	4.0	3.9
EV / Sales (x)	0.9	1.1	0.8	0.8
EV / EBIDTA (x)	16	20	15	14
Dividend Yield (%)	0.16	0.14	0.21	0.21

Operating Ratios

Year To March	Q1-FY20**	FY19	FY18	FY17	FY16
Total Asset Turnover Ratio	4.3	4.3	3.5	3.0	2.8
Fixed Asset Turnover Ratio	7.0	6.8	6.3	6.2	5.9
Equity Turnover Ratio	4.5	4.6	4.9	5.3	4.9

- **Significant improvement in profitability and efficiency ratios in last 2 years**
- **Company continues to be debt free**
- **Enhanced Enterprise Value owing to higher EBITDA**
- **Optimal utilization of assets, resulting to improved turnover ratio**

**Q1-FY20 : Annualized

AWARDS



- Shoppers Stop awarded by Titan for Outstanding Performance in FY19
- Shoppers Stop awarded for Best Omnichannel Customer Experience and Best Digital Customer Experience Strategy
- Shoppers Stop Bangalore Airport Store wins :
 - Best Customer Choice in Retail
 - Best Performing Commercial for Mithas concept
- Shoppers Stop wins most admired store in the Visual Merchandise Category at Viviana Mall Retail Excellence Awards

DISCLAIMER

Certain statements in this release concerning our future growth prospects are forward-looking statements within the meaning of applicable securities laws and regulations, and which involve a number of risks and uncertainties, beyond the control of the Company, that could cause actual results to differ materially from those in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, our ability to manage growth, intense competition including those factors which may affect our cost advantage, wage increases, our ability to attract and retain highly skilled professionals, political instability, legal restrictions on raising capital or acquiring companies outside India, and unauthorized use of our intellectual property and general economic conditions affecting our industry.

Shopper's Stop Ltd. may, from time to time, make additional written and oral forward looking statements, including our reports to shareholders. The Company does not undertake to update any forward-looking statement that may be made from time to time by or on behalf of the company. The Company also expects the media to have access to all or parts of this release and the management's commentaries and opinions thereon, based on which the media may wish to comment and/or report on the same. Such comments and/or reporting maybe made only after taking due clearance and approval from the Company's authorized personnel. The Company does not take any responsibility for any interpretations/ views/commentaries/reports which may be published or expressed by any media agency, without the prior authorization of the Company's authorized personnel.

In case of any clarifications please contact on
investor@shoppersstop.com