

September 2, 2010

**CARE ASSIGNS 'CARE A+' TO THE NCD AND LT BANK FACILITIES AND  
'PR1+' TO THE ST BANK FACILITIES OF SHOPPERS STOP LTD**

**Ratings Assigned**

Facilities	Amount (Rs. crore)	Ratings <sup>1</sup>	Remarks
Long-term Bank Facilities	291.00	'CARE A+' [Single A Plus]	Assigned
Short-term Bank Facilities	40.00	'PR1+' [PR One Plus]	Assigned
Total facilities	331.00		
Long-term Non Convertible Debenture (NCD)	100.00	'CARE A+' [Single A Plus]	Assigned

**Rating Rationale**

The ratings derives strength from the long track record of Shoppers Stop Ltd (SSL) being one of the leading departmental stores enjoying strong loyalty among its customers, experienced and distinguished promoters and management, equity infusions from the promoters, bounce-back in terms of profitability during FY10, positive operating cash flows, low gearing levels, low working capital cycle with efficient inventory management and lower dependence on debt for expansion in the past.

The ratings are however constrained by financial as well as off-balance sheet support provided to its loss-making subsidiaries and JVs, likely tangible and intangible support required going forward and high correlation of lifestyle retailing to economic scenario.

Ability of SSL to ensure timely equity infusion as envisaged in FY11, open new stores/refurbish existing stores and achieve break even as envisaged, maintain healthy profitability margins, generate sufficient internal accruals to fund expansion and self-sufficiency of its subsidiaries, JVs and group companies are key rating sensitivities.

<sup>1</sup>Complete definitions of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications.

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### **Company Profile**

Shoppers Stop Ltd. (SSL) incorporated in 1997, is promoted by Mr. Chandru L Raheja's group of companies and is one of the India's leading departmental stores. SSL is positioned as a 'bridge to luxury' segment in lifestyle retailing and has presence mainly in Tier I cities engaged in the business of retailing branded products as well as its own private labels. As on June 30, 2010, SSL had 32 Shoppers Stop stores and 51 standalone stores in other formats. During FY10, on standalone basis, SSL posted sales of Rs.1,547 crore with a PAT of Rs.52 crore. On consolidated basis, SSL achieved sales of Rs.1,609.7 crore and PAT of Rs.36 crore during the year.

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