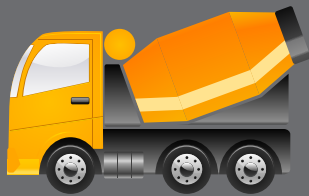
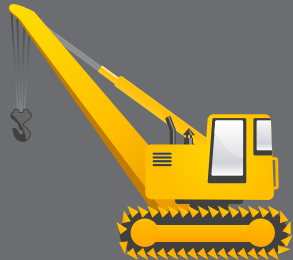


— STORE —
one

Store One Retail India Limited
— Annual Report 2011-12 —





Contents

Company Information3

Management Discussion and Analysis4

Directors' Report7

Corporate Governance Report11

Financials28

Company Information

Board of Directors

Mr. Abhimanyu Singh Mehlawat

Mr. Mehul Johnson

Mr. Shamsheer Singh Ahlawat

Mr. Aishwarya Katoch

Mr. Karan Singh Kherra

Mr. Prem Prakash Mirdha

Company Secretary

Mr. Vikas Khandelwal

Statutory Auditors

Sharma Goel & Co., Chartered Accountants,

A -47, Hauz Khas, New Delhi – 110 016

Registrar and Transfer Agent

Karvy Computershare Private Limited

Plot No.17-24, Vittal Rao Nagar, Madhapur,

Hyderabad – 500 081

Registered Office

M – 62 & 63, First Floor,

Connaught Place,

New Delhi – 110 001

Website: www.storeone.in

Corporate Offices

“Indiabulls House”, 448-451, Udyog Vihar, Phase V, Gurgaon – 122 016, Haryana

Indiabulls Finance Center, Tower 1, Elphinstone Mills,

Senapati Bapat Marg, Elphinstone Road, Mumbai - 400 013, Maharashtra

Bankers

HDFC Bank

State Bank of India

ICICI Bank

Yes Bank

IDBI Bank

Management Discussion and Analysis

ECONOMIC OVERVIEW

India has emerged as a strong economy over the years. However the economic environment in India during the last year has not been very encouraging with subdued performance. The inclinatority situation and investment slowdown have necessitated a downward revision. RBI is giving full concentration on the inflation problem, which is undermining the fragile economic growth and stopped upward revision of the policy rates this time to contain the rising risk of inflation in the economy. The international context was also not entirely supportive of economic growth. Despite the rising risk of political and economic policies, the overall economic outlook of India in the long run is still intact. The government is expected to continue to create growth-enabling policies. India's growth would be driven by rapidly expanding services sector and therefore the opportunities are tremendous.

BUSINESS REVIEW

During the year 2011-12, to exploit new business opportunities, the Company has ventured into the business of providing property and facility management, plant and machinery management and its rental services, alongwith its ongoing business activities of wholesale trading business. With the thrust on infrastructural development in the country, the business of provision of Plant and Machinery in the construction industry has huge untapped business opportunities & large avenues for further business development. The Company also intends to commence the business of providing infrastructure resources and/or the travel agency business along with its ongoing businesses and have recently obtained the shareholders authorization for the same.

Property & Facility Management Services:

Property Management is multi discipline field devoted to the maintenance and care of the buildings and properties, which comprise of the following aspects:-

- a. Maintenance, care and running of all the common facilities of the complex to include technical systems (mechanical, electrical & civil).
- b. Soft services and housekeeping tasks.
- c. Common area development and landscaping.
- d. Security.
- e. Pest control, waste disposal and recycling etc.
- f. Leasing and marketing activities of the complex for rent and lease.

Renting of Plant and Machinery:

The Company is now aggressively involved in the rental business of Plant and Machinery in the infrastructure development field. Our brand new asset base from renowned manufacturers includes tower cranes, boom placers, hoists, transit mixers, dumpers, excavators etc. In additions, the Company will also engage in renting Formwork for construction of building / structures. We expect significant value addition through this new business line going forward.

Wholesale trading

The Company is also engaged in the business of wholesale trading of various industrial / consumer products and commodities in select Indian cities. The Company is trying to establish its foothold in this segment.

OPPORTUNITIES

The facility management sector in India is a thriving US \$ 12.5 billion industry as reported in the media and growing at a rate of 25% per annum. Facility management demand spectrum in myriad sectors like Private, Government, Quasi-Government organizations, City councils, City Municipalities, City Corporations, Public sector organizations and undertakings, Healthcare, Banking, Hospitality, Construction, Infrastructure, Aviation etc. With the increased number of multistoried high-end residential, commercial & retail space, there is huge business opportunities and potential in the business of Property & Facility Management Services and Renting of Plant and Machinery. The renting of machinery is done on both terms, i.e. dry and wet lease basis.

In the wholesale trading business segment, India has yet to see the growth. Sky is the limit as this Sector is infant and has huge potential in years to come.

THREATS

There is intense competition & complexity in the business being conducted by the Company. Indian facility management industry is un-regulated requiring major reforms, recognition and organization. The Company believes that execution is the key risk in the business of Property & Facility Management Services and Renting of Plant and Machinery.

Product sourcing, warehouse management and inventory management along with shortage of quality real estate and infrastructure requirements in the country are some of the significant challenges which the Company may face in its wholesale trading business segment.

STRENGTHS

The Company believes that following are the key strengths that provide it competitive advantages in the business of facility management, renting of plant & machinery and wholesale trading.

Diversified business portfolio

To capitalize existing potential, the Company has diversified in the business of facility management services, business support services, security agency services and equipment/machinery rental services etc. alongwith its ongoing business of wholesale trading. Further, in its constant endeavor to enhance shareholder value, the Company has also decided to explore new opportunities in the business of providing infrastructure resources and/or the travel agency business along with its ongoing businesses.

Strong management team

The Company has an experienced professional management team possessing strong capabilities in the various aspects of wholesale trading business and the business of Property & Facility Management Services and Renting of Plant and Machinery. Its management team is complemented by a committed work force that enables to operate, synergies and integrate the front and backend operations efficiently. It now has an experienced team of managers and engineers to optimally maintain the assets and operate them in an efficient professional manner.

Strong Systems and Process

The Company believes that the systems and processes are its major strength. The Company has strong focus on systems and processes and continue to invest in its front and back end processes and systems and believe that continuous investment in process, systems and technology results into substantial growth.

Strong bargaining strength

With the experienced professional management team, the Company has developed strong bargaining strength in negotiations/renegotiation of commercial terms with merchandise suppliers, vendors, customers etc.

RISKS AND CONCERNS

Execution: The Company believes the key risk to its growth is execution risk. The Company has a strong management team and believes that it would be capable enough to execute varied business formats.

Employee retention: The Company believes that with the entry of new players and growth of Indian economy, employee retention has become very important.

STRATEGY

The infrastructure industry is one of the largest economic activity contributing to India's economic development & growth story. The business of Infrastructure Resources Management to include Property Management Services, Office Administration and Renting of Plant and Machinery are the important tenets of this industry, thereby having huge untapped business potential for sustenance and growth. The asset base is being increased as the potential business opportunity increases with time. The intention is to cover the provision of machines on rent to the construction industry Pan India.

HUMAN RESOURCES

The Company's businesses are managed by a team of competent and passionate leaders, capable of enhancing your Company's standing in the competitive market. The Company has a structured recruitment process, the focus is on recruiting people who have the right mindset for working at desired levels, supported by structured training programs and internal growth opportunities.

INTERNAL CONTROLS AND THEIR ADEQUACY

The Company has a sound and adequate system of internal controls commensurate with the size of the Company and the nature of its business to ensure that all the assets are safeguarded and protected against loss from unauthorized use or disposition, and that transactions are authorized, recorded and reported correctly and adequately by appropriate empowered authorities.

The internal control is designed to ensure that financial and other records are reliable for preparing financial information and for maintaining accountability of assets. All financial and audit control systems are also reviewed by the Audit Committee of the Board of Directors of the Company at regular periodical interval.

Cautionary Statement

Statements in this Report on Management's Discussion and Analysis describing the Company's objectives, estimates and expectations may be forward looking statements based on certain assumptions and expectations of future events. Actual results might differ substantially or materially from those expressed or implied.

The Company cannot guarantee that the assumptions and expectations are accurate or will be realized and hence the actual results, performance or achievements could thus differ materially from those expressed in the statements. The Company assumes no responsibility nor is under any obligation to publicly amend, modify or revise any forward looking statements on the basis of any subsequent developments, information or events.

Directors' Report

Dear Shareholders,

Your Directors present to you the Seventh Annual Report together with audited statement of accounts for the financial year ended March 31, 2012.

FINANCIAL RESULTS

The highlights of the financial results of the Company for the financial year ended March 31, 2012 are as under:

Particulars	(Amount in Rs.)	
	Year ended March 31, 2012	Year ended March 31, 2011
Profit/ (Loss) before Tax and Depreciation	181,179,183	(290,129,832)
Less: Depreciation/ Impairment of Fixed Assets	62,786,644	61,582,392
Profit/ (Loss) before Tax	118,392,539	(351,712,224)
Less: Provision for Taxation & Prior Period Tax Adjustments	--	--
Profit/ (Loss) after Tax and Prior Period Tax Adjustment	118,392,539	(351,712,224)
Loss brought forward	(3,608,714,300)	(3,257,002,076)
Balance carried forward to Balance Sheet	(3,490,321,761)	(3,608,714,300)

BUSINESS REVIEW

During the year 2011-12, to exploit new business opportunities, the Company has ventured into the business of providing property and facility management, plant and machinery management and its rental services, alongwith its ongoing business activities of wholesale trading business. With the thrust on infrastructural development in the country, the business of provision of Plant and Machinery in the construction industry has huge untapped business opportunities & large avenues for further business development. The Company also intends to commence the business of providing infrastructure resources and/or the travel agency business along with its ongoing businesses and have recently obtained the shareholders authorization for the same.

DIVIDEND

In order to utilize the profits for operations of the Company, your Directors do not recommend any dividend.

EMPLOYEES STOCK OPTIONS

The disclosures required to be made in the Directors' Report in respect of the stock options granted under the employee stock option scheme in force in the Company, in terms of the format prescribed under SEBI (Employee Stock Option Scheme and Stock Purchase Scheme) Guidelines, 1999, are set out in the annexures forming a part of this report.

Shareholders of the Company in their Annual General Meeting held on September 30, 2009 have approved the launch of 'Store One Retail India Limited Employees Stock Option Scheme-2009 (II)' ('SORIL ESOS - 2009 (II)') covering 3,000,000 (Thirty Lacs) stock options, for the benefit of the Eligible Employees. The options under this Scheme are not yet granted by the Board/ Compensation Committee.

FIXED DEPOSITS

The Company has not accepted any fixed deposits from the public during the year under review.

DIRECTORS

In accordance with the provisions of Section 255 and 256 of the Companies Act, 1956 and the Article 132 of the Articles of Association of the Company, Mr. Karan Singh Khera (DIN: 00017236) and Mr. Shamsheer Singh Ahlawat (DIN: 00017480), Directors, retire by rotation and, being eligible, offer themselves for reappointment at the ensuing Annual General Meeting.

Brief resume of the Directors proposed to be reappointed, nature of their expertise in specific functional areas and names of companies in which they hold directorships and memberships/ chairmanships of Board Committees of various Companies, are provided in the Corporate Governance Report, which form an integral part of the Annual Report.

MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

Management's Discussion and Analysis Report for the year under review, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India, is presented in a separate section forming part of the Annual Report.

CORPORATE GOVERNANCE REPORT

Pursuant to Clause 49 of the Listing Agreements with the Stock Exchanges, a detailed report on Corporate Governance is included in the Annual Report. A Practicing Company Secretary's Certificate certifying the Company's compliance with the requirements of Corporate Governance stipulated under Clause 49 of the Listing Agreement is attached with the Corporate Governance Report.

LISTING WITH STOCK EXCHANGES

The Equity shares of the Company continue to remain listed with the BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE). The listing fees for the FY 2012-13 have been paid to both the exchanges.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

1. in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures from the same;
2. the Directors have selected such accounting policies and applied them consistently and made judgments 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 March 31, 2012 and the profit of the Company for the year ended on that date;
3. the Directors have taken proper and sufficient care for maintaining 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 fraud and other irregularities; and
4. the Directors have prepared the Annual Accounts of the Company on a going concern basis.

AUDITORS & AUDITORS' REPORT

M/s Sharma Goel & Co., Chartered Accountants, (Registration No.: 000643N), Auditors of the Company will retire at the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for reappointment. The Company has received a certificate from the Auditors to the effect that their reappointment, if made, would be in accordance with Section 224(1B) of the Companies Act, 1956. The Board recommends their re-appointment.

The Notes to the Accounts referred to in the Auditors' Report are self-explanatory and therefore do not call for any further explanation.

INFORMATION PURSUANT TO SECTION 217(1)(e) AND (2A) OF THE COMPANIES ACT, 1956

The information required to be disclosed under Section 217 (1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 with respect to conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo, is given in the Annexure and forms part of this Report.

In terms of the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of the employees are required to be set out in the Annexure to the Directors' Report. However, having regard to the provisions of Section 219(1)(b)(iv) of the said Act, the Annual Report excluding the aforesaid information, is being sent to all the Members of the Company and others entitled thereto. Any Member who is interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

ACKNOWLEDGEMENT

Your Directors wish to express their gratitude for the continuous assistance and support received from the investors, clients, business associates, vendors, bankers, regulatory and government authorities, during the year. Your Directors also wish to place on record their appreciation for the contributions made by employees at various levels.

Date: August 30, 2012
Place : New Delhi

For and on behalf of the Board of Directors

Sd/-
Abhimanyu Singh Mehlawat
Whole-time Director

Sd/-
Mehul Johnson
Director

ANNEXURE FORMING PART OF THE DIRECTORS' REPORT

Information pursuant to Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 in respect of conservation of energy, technology absorption and foreign exchange earnings & outgo.

A. CONSERVATION OF ENERGY

The Company uses electric energy for its equipment such as office equipment, computers, lighting and utilities in the work premises. As an ongoing process, the following measures are undertaken to conserve energy:

- a) Implementation of viable energy saving proposals.
- b) Installation of automatic power controllers to save maximum demand charges and energy.
- c) Training front-end operational personnel on opportunities of energy conservation.
- d) Awareness and training sessions for maintenance personnel conducted by experts.

B. TECHNOLOGY ABSORPTION

The Company believes that technological obsolescence is a practical reality. Our research activities will help us to prepare for future growth and opportunities.

At the Company we encourage continuous innovation with the prime purpose of providing maximum benefits to our clients and other users by working proactively (self driven research) and reactively (client driven research).

Our objective is to carry out applied research in the years that are closely related to realization of the business objectives of the Company and seek to encash available business opportunities.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

There were no earnings in the foreign exchange during the year under review, the foreign exchange outgo is given in the table below:

(Amount in Rs.)		
Particulars	For the year ended March 31, 2012	For the year ended March 31, 2011
Capital expenditure	22,397,760	-

Annexure to the Directors' Report regarding the ESOP issue**Store One Retail India Limited Employees Stock Option Scheme – 2009 – As on March 31, 2012**

Particulars	
a. Options Granted	1,500,000
b. Exercise price	Rs. 30.45
c. Options vested	129,000
d. Options exercised	Nil
e. The total number of Shares arising as a result of exercise of option	Nil
f. Options lapsed	855,000
g. Variation in terms of options	Nil
h. Money realized by exercise of options	Nil
i. Total number of options in force	645,000
j. Employee wise details of options granted to:	
i. Senior Management personnel	Mr. Abhimanyu Singh Mehlawat - 150,000 Mr. Loveleen Sahni – 300,000
ii. any other employee who received a grant in any one year of option amounting to 5% or more of option granted during that year	Nil
iii. identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital of the Company.	Mr. Loveleen Sahni – 300,000
k. Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 [‘Earnings Per Share’]	Rs. 5.92
l. Where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the Company shall also be disclosed	Refer to Note no. 27 of Financial Statements forming part of the Annual Report
m. Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock.	Weighted-average exercise price: Rs. 30.45 per option Weighted-average fair value: Rs. 24.06 per option
n. A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted-average information:	Refer to Note no. 27 of Financial Statements forming part of the Annual Report
i. risk free interest rate	
ii. expected life	
iii. expected volatility	
iv. expected dividends	
iv. the price of the underlying share in market at the time of option grant	