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Store One Retail India Limited
— Annual Report 2012-13 —



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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, Lower Ground Floor, 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 Limited
State Bank of India
IDBI Bank Limited
Kotak Mahindra Bank Limited
Axis Bank Limited
Yes Bank Limited
ICICI Bank Limited

Management Discussion and Analysis

ECONOMIC OVERVIEW

Indian economy has experienced robust growth in the past decade and is expected to be one of the fastest growing economies in the coming years. However, the last year has not been very encouraging one for Indian Economy, though it started on positive note, it got slowed down as the monetary tightening continued to arrest the inflationary pressure. RBI is giving full concentration on the inflation problem, which is undermining the fragile economic growth and stopped upward revision. 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. India's growth would be driven by rapidly expanding services sector and therefore the opportunities are tremendous.

BUSINESS REVIEW

With a view to maximize the shareholders wealth and in its constant endeavor to make the Company a profitable venture by exploiting new business opportunities, during the year 2012-13, the Company has ventured into the new businesses of providing infrastructure resources and/or the travel agency business along with its ongoing businesses. With the new ventures, the Company has multiple businesses including the business of providing property and facility management, plant and machinery management and its rental services and wholesale trading business. All the business of the Company have huge untapped business opportunities & large avenues for further business development.

Property & Facility Management Services

Property Management is multi discipline field devoted to the maintenance and care of the buildings and properties, which comprise of Maintenance, care and running of all the common facilities of the complex to include technical systems (mechanical, electrical & civil), Soft services and housekeeping tasks, Common area development and landscaping, Security, Pest control, waste disposal and recycling etc. and Leasing and marketing activities of the complex for rent and lease. The vast area of business operations & revenue generation in this field gives huge business opportunities to the Company.

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 addition, the Company will also engage in renting Formwork for construction of building / structures. The renting of machinery is done on both terms, i.e. dry and wet lease basis.

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.

Travel Agency

Evaluating the high potential & business opportunities mainly for corporate clients, the Company has recently ventured into the business of travel agency, which is one of the fastest-growing industries.

OPPORTUNITIES

Property & Facility Management Services

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. The demand is from almost every sector including Private, Government, Quasi-Government organizations, City councils, City Municipalities, City Corporations, Public sector organizations and undertakings, Healthcare, Banking, Hospitality, Construction, Infrastructure, Aviation etc.

Management Discussion and Analysis (contd.)

Renting of Plant and Machinery

With the thrust on infrastructural development in the country, the business of providing Plant and Machinery to the construction industry has huge untapped business opportunities & large avenues for further business development.

Wholesale trading

In the wholesale trading business segment, India has yet to see the growth. Sky is the limit as this sector is full of huge potential.

Travel Agency

Travel agency business in India, specifically the service to corporate clients, holds immense potential.

THREATS

There is intense competition & complexity in the business being conducted by the Company. Most of these sectors are un-regulated and requiring major reforms, recognition and organization. Government policies and reforms, if any, may be only threats in achieving the expected growth. However, the Company firmly believes that presence of experienced management team, strong systems and process, dedicated, committed & motivated professional provides adequate safeguard and rather a competitive advantage for facing such regulatory reforms and managing its business activities.

Apart this, the Company believes that execution is the only key risk in the businesses being conducted by the Company. However, the Company has a strong management team and believes that it would be capable enough to execute varied business formats.

STRENGTHS

The Company believes that following are the key strengths that provide it competitive advantages in the businesses being conducted by the Company.

Diversified business portfolio

To capitalize existing potential, the Company has diversified in the business of facility management services, business support services, security agency services, equipment/machinery rental services and travel agency etc. alongwith its ongoing business of wholesale trading.

Strong management team

The Company has an experienced professional management team possessing strong capabilities and is complemented by a committed work force that enables to operate, synergies and integrate the front and backend operations efficiently.

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.

STRATEGY

The infrastructure services industry is one of the highest growing industries in India, 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.

Management Discussion and Analysis (contd.)

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 Eighth Annual Report together with audited statement of accounts for the financial year ended March 31, 2013.

FINANCIAL RESULTS

The highlights of the financial results of the Company for the financial year ended March 31, 2013 are as under:

Particulars	(Amount in ₹)	
	Year ended March 31, 2013	Year ended March 31, 2012
Profit/ (Loss) before Tax and Depreciation	435,832,980	181,179,183
Less: Depreciation/ Impairment of Fixed Assets	59,212,287	62,786,644
Profit/ (Loss) before Tax	376,620,693	118,392,539
Less: Provision for Taxation & Prior Period Tax Adjustments	—	—
Profit/ (Loss) after Tax and Prior Period Tax Adjustment	376,620,693	118,392,539
Profit/ (Loss) brought forward	(3,490,321,761)	(3,608,714,300)
Balance carried forward to Balance Sheet	(3,113,701,067)	(3,490,321,761)

KEY FINANCIAL HIGHLIGHTS

- Sale of Products in FY'13 increased to ₹ 8.89 crores as against the sales of ₹ 2.68 crores in FY'12.
- Income from Equipment Hiring Services in FY'13 increased to ₹ 15.66 crores as against ₹ 0.16 crores in FY'12.
- Income from Property Maintenance Services in FY'13 increased to ₹ 63.78 crores as against ₹ 47.17 crores in FY' 12.
- Revenue from operations for the year FY '13 stood at ₹ 89.24 crores as against ₹ 50.01 crores in FY'12 and the Profit after tax (PAT) increased to ₹ 37.66 crores in FY'13 as against ₹ 11.84 crores in FY'12.
- Earning per share in FY'13 increased to ₹ 17.76 as against ₹ 5.92 in FY'12.

BUSINESS REVIEW

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Directors' Report (contd.)

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ISSUE AND ALLOTMENT OF EQUITY SHARES AND WARRANTS TO INDIABULLS WHOLESALE SERVICES LIMITED, PROMOTER

During the FY 2012-13, the Company has issued and allotted (i) 32,00,000 (Thirty Two Lakhs) equity shares of face value ₹ 10/- each of the Company at the issue price of ₹ 30.50 per equity share; and (ii) 44,00,000 (Forty Four Lakhs) fully convertible warrants, convertible at the option of the warrant-holder into 44,00,000 equity shares of ₹ 10/- each of the Company at a conversion price of ₹ 30.50 per Equity Share, as determined in accordance with Chapter VII of SEBI (Issue of Capital and Disclosure Requirements), Regulations 2009, to Indiabulls Wholesale Services Limited, the Promoter. With this issue of 32 lac equity shares, the paid-up capital of the Company got increased to 2,32,00,000 shares of ₹ 10 each and the promoters holding has been increased to 68.89%.

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 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 30,00,000 (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. Prem Prakash Mirdha (DIN: 01352748) and Mr. Mehul Johnson (DIN: 00016075), Directors, retire by rotation and, being eligible, offer themselves for reappointment at the ensuing Annual General Meeting.

Further, the existing term of Mr. Abhimanyu Singh Mehlawat, Whole-time Director (WTD) shall come to an end on November 12, 2013 and the Board recommends his re-appointment as WTD w.e.f. November 13, 2013 for a further period of three years on same terms.

Directors' Report (contd.)

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 2013-14 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, 2013 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

Directors' Report (contd.)

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.

For and on behalf of the Board of Directors

Date : September 2, 2013
Place : New Delhi

Abhimanyu Singh Mehlawat
Whole-time Director

Mehul Johnson
Director