



— STORE —  
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**Store One Retail India Limited**  
Annual Report 2014 - 2015

Property & Facility Management Services | Renting of Plant and Machinery

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# Company Information

## **Board of Directors**

Ms. Pia Johnson  
Mr. Mehul Johnson  
Mr. Shamsher Singh Ahlawat  
Mr. Aishwarya Katoch  
Mr. Prem Prakash Mirdha

## **Company Secretary**

Mr. Vikas Khandelwal

## **Chief Financial Officer**

Mr. Vijay Kumar Agrawal

## **Statutory Auditors**

Agarwal Prakash & Co.  
Chartered Accountants  
508, Indra Prakash,  
21, Barakhamba Road,  
New Delhi - 110 001

## **Internal Auditors**

MRKS and Associates  
Chartered Accountants  
610, Best Sky Towers,  
Netaji Subhash Place,  
Pitampura, New Delhi-110 034

## **Registrar and Transfer Agent**

Karvy Computershare Private Limited  
Karvy Selenium, Tower B, Plot No.31-32, Gachibowli,  
Financial District, Nanakramguda,  
Hyderabad - 500 032

## **Registered Office**

M – 62 & 63, First Floor,  
Connaught Place, New Delhi – 110 001  
CIN: L52190DL2005PLC181536  
Website: [www.storeone.in](http://www.storeone.in)  
E-mail: [helpdesk@indiabulls.com](mailto:helpdesk@indiabulls.com)  
Tel: 0124-6681199, Fax: 0124-6681240

## **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

The Indian economy in 2013-14 has emerged as one of the largest economy with a promising outlook on the back of the controlled inflation, rise in domestic demand, increase in investments, decline in oil prices and reforms among others. With the pro development government coming into power and steps and programmes initiated by new government such as monetary policy framework, FDI reforms, make in India, skilled India, fast track diplomacy and foreign policy, simplified governance, legislative reforms, swachh bharat and impetus to tourism etc., the markets have begun to respond to this favorable change, with the national indices hitting all time high. Foreign and domestic institutional investors have started pumping in money in the equity and debt markets. Also, RBI has tight lined the monetary policy during last year, and as a result rupee remained relatively stable vis a vis the currency of peer emerging countries. The macroeconomic situation in India has improved significantly during last financial year. Acceleration in services and manufacturing growth point to the strengthening of demand of the facility management services and renting of the plant & machinery etc. In the light of the government's commitment to reforms, the outlook for domestic macroeconomic parameters is generally optimistic in 2015-16.

## BUSINESS REVIEW

The Company is primarily engaged into the business of providing property and facility management services, rental services of plant and machinery etc. Your directors believe that these businesses have huge potential & scope for further business development.

### Property & Facility Management Services

The Company is engaged in all avenues of the business of Property & facility management, which is a multi-discipline field involving maintenance and care of the buildings and properties, maintenance of all the common facilities including common area development and landscaping, security, pest control, waste disposal and recycling etc. 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 aggressively involved in the rental business of plant and machinery. Our brand new asset base includes tower cranes, passenger cum material hoists, boom placers, material hoists, transit mixers, dumpers, excavators, formwork for construction of building/ structures. The renting of machinery is done on both terms, i.e. dry and wet lease basis.

## OPPORTUNITIES

### Property & Facility Management Services

Your Directors believe that due to increased demand from high-end service sectors like healthcare, banking, hospitality, education, infrastructure, aviation etc. and due to increased number of multi storied high-end residential, commercial & retail space, there is huge business opportunities and potential in the business of providing property & facility management services.

### Renting of Plant and Machinery

Your Directors believe that due to rapid growth & demand of infrastructural development in the country, the rental business of plant and machinery in the space of infrastructure development, which includes renting of tower cranes, passenger cum material hoists, boom placers, hoists, transit mixers, dumpers, excavators, formwork etc., has huge business potential & scope for further business development in this stage.

## Management Discussion and Analysis (contd.)

Although the equipment rental industry is highly fragmented and diverse, we believe that we are well positioned to take advantage of this environment because, as a larger company, we have more extensive resources and certain compelling competitive advantages. In addition, our size gives us greater purchasing power, the ability to provide customers with a broader range of equipment and services, the ability to provide customers with equipment that is more consistently well-maintained and therefore more productive and reliable, and the ability to enhance the earning potential of our assets by transferring equipment among various regions and sites to satisfy customer needs.

### STRENGTHS

#### Leadership & strong management team

The Company has an experienced professional management team with the leaders, having vision & strong capabilities, which enables the Company to operate and integrate the front and backend operations efficiently. In the unorganised sectors, existence of strong professional leaders and management team is a key strength for the Company.

#### Diversified business portfolio

To capitalize existing potential, the Company has diversified in the business of facility management services, business support services, equipment/ machinery rental services etc. Thus the diversified business portfolio of the Company is a real key strength for its business expansion and future growth.

#### 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.

#### Large and diverse rental fleet

Our large and diverse fleet allows us to serve large customers that require substantial quantities and/or wide varieties of equipment and necessary technical feedback. We believe our ability to serve such customers should allow us to improve our performance and enhance our market leadership position. We manage our rental fleet, which is one of the largest and most comprehensive in the industry particularly catering to the residential and factories segment, utilizing a lifecycle approach that focuses on satisfying customer demand and optimizing availability and utilization levels. As part of this lifecycle approach, we closely monitor repair and maintenance expense and can anticipate, based on our extensive experience with a large and diverse fleet, the optimum time for an asset to reach the breakeven point.

#### Significant purchasing power

Purchase of large amounts of equipment both indigenous and imported, contractor supplies and other items enables the Company to negotiate favorable pricing, warranty and other terms with our vendors.

#### Consolidation of common functions

The Company reduces its overhead and other costs through the consolidation of functions that are common to our various regional set-ups, such as accounts payable, payroll, asset and spare purchase, logistic management, information technology and credit and collection.

#### Information technology systems

The Company has a wide variety of information technology systems that supports its operations. This information

## Management Discussion and Analysis (contd.)

technology infrastructure facilitates its management to make rapid and informed decisions, respond quickly to changing market conditions and share rental equipment among various sites.

### Strong brand recognition

As one of the largest equipment rental company in India, we have strong brand recognition, which helps us attract new customers and build customer loyalty.

### THREATS AND COMPETITIVE ADVANTAGES

The presence of small unorganised players in the market may be a threat in achieving the expected growth. Further the business sectors, in which your Company is engaged, requires major reforms and recognition, and the Government policies and reforms, if any, can adversely affect Company's business. However, your Directors firmly believe that organised structure, skilled professionally managed team, strong systems and process provide competitive advantage for facing such regulatory reforms and managing its business efficiently.

### STRATEGY

Your Company is well positioned to gain from the high demand of facility management services in various service sectors, specifically, hospitality, education, aviation, tourism & travel, banking etc. Further, the infrastructure services industry is one of the highest growing industries in India, thereby having huge untapped business potential for sustenance and growth of the rental business of plant and machinery.

For the past several years, we have executed a strategy focusing on improving the profitability of our core equipment rental business through revenue growth, margin expansion and operational efficiencies.

In particular, we have focused on customer segmentation, customer service differentiation, rental rate management, fleet management and operational efficiency.

In 2015-16, we expect to continue our disciplined focus on increasing our profitability and return on invested capital.

In particular, our strategy calls for:

- A consistently superior standard of service to customers often provided through a single point of contact;
- The further optimization of our customer mix and fleet mix, with a dual objective to enhance our performance in serving our current customer base and to focus on the customer and customer types that are best suited to our strategy for profitable growth.

We believe these efforts will lead to even better service of our target customers, primarily large construction and industrial customers, as well as select Tier II contractors.

Our fleet team's analyses are aligned with these objectives to identify trends in equipment categories and define action plans that can generate improved returns.

### 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.



## Management Discussion and Analysis (contd.)

### 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 the 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 Tenth Annual Report together with audited statement of accounts for the financial year ended March 31, 2015.

### FINANCIAL RESULTS

The highlights of the financial results of the Company for the financial year ended March 31, 2015 are as under:

	Amount in ₹	
Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Profit/ (Loss) before Tax and Depreciation	359,473,374	429,931,534
Less: Depreciation of Fixed Assets	126,842,205	77,785,008
Profit/ (Loss) before Tax	232,631,169	352,146,526
Less: Prior Period Tax Adjustments	199,353	438,109
Profit/ (Loss) after Tax	232,431,816	351,708,417
Profit/ (Loss) brought forward	(2,768,254,470)	(3,116,831,977)
Less: Adjustments due to depreciation*	704,959	-
Amount available for appropriation	(2,536,527,613)	(2,765,123,560)
Less: Appropriations:		
Proposed dividend on preference shares	2,676,105	2,676,105
Corporate dividend tax thereon	535,064	454,805
Balance carried forward to Balance Sheet	(2,539,738,782)	(2,768,254,470)

\*Impact of transitional provision provided in the Schedule II of the Companies Act, 2013.

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### DIVIDEND

In view of the accumulated losses and in order to utilize the profits for business requirements of the Company, your Directors do not recommend any dividend.

### DIRECTORS & KEY MANAGERIAL PERSONNEL

To achieve the highest standards of Corporate Governance in its management, during the financial year 2014-15, the Board of Directors of the Company (Board) was re-constituted with appointment of Ms. Pia Johnson, as Woman Executive



## Directors' Report (contd.)

Director and appointments of Mr. Shamsheer Singh Ahlawat, Mr. Aishwarya Katoch and Mr. Prem Prakash Mirdha, as independent directors. All the present Independent Directors of the Company have given declaration that they meet the criteria of independence laid down under Section 149 (6) of the Act and Clause 49 of the Listing Agreement.

Mr. Abhimanyu Singh Mehlawat, Executive Director and Mr. Karan Singh Khara, Independent Director, ceased to be directors of the Company during FY 2014-15. The Board has placed on record its appreciation for the contributions made by these directors, during their respective tenures of office.

In accordance with the provisions of Section 152 of the Companies Act, 2013, Mr. Mehul Johnson (DIN: 00016075), Director, retire by rotation and, being eligible, offers himself for re-appointment at the ensuing Annual General Meeting. The Board of Directors recommend his re-appointment.

Further, Ms. Pia Johnson (DIN: 00722403) was appointed by the Board of Directors as an Additional Director and Whole-time Director of the Company for a period of 5 years with effect from January 30, 2015, without any remuneration. However, being an Additional Director, she holds office as such, upto the date of ensuing Annual General Meeting. The Company has received a notice along with a deposit in terms of Section 160 of the Companies Act, 2013, from a member, proposing the candidature of Ms. Pia Johnson for the office of Director of the Company. Accordingly, the Board recommends her appointment as such.

The present composition of the Board along with the brief resume of the Directors proposed to be appointed / reappointed, nature of their expertise in specific functional areas and names of companies in which they hold directorships and memberships / chairmanships of Board Committees, are provided in the Report on Corporate Governance forming part of this Annual Report.

During the year under review, Mr. Vijay Kumar Agrawal was appointed as CFO - a key managerial person of the Company, in accordance with the provisions of the Companies Act, 2013, with effect from April 23, 2014.

### EMPLOYEE STOCK OPTIONS

The disclosures required to be made in the Directors' Report in respect of 'Store One Retail India Limited Employees Stock Option Scheme-2009', in terms of the format prescribed under SEBI (Employee Stock Option Scheme and Stock Purchase Scheme) Guidelines, 1999, are set out in the Annexure 1, 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)' covering 3,000,000 (Thirty Lac) stock options, for the benefit of the Eligible Employees. However, no options have yet been granted by the Board/ Compensation Committee under this scheme.

### PUBLIC DEPOSITS

During the year under review, the Company has not accepted any deposits from the public, falling within the ambit of Chapter V of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

### LISTING WITH STOCK EXCHANGES

The Equity Shares (ISIN : INE 034H01016) of the Company, continue to remain listed at BSE Limited and National Stock Exchange of India Limited. The listing fees payable to both the exchanges for the financial year 2015-16 have been paid.

### AUDITORS

#### (a) Statutory Auditors

M/s Agarwal Prakash & Co. (Firm Registration No. 005975N), the Statutory Auditors of the Company were appointed by the members in their Ninth Annual General Meeting, held on September 26, 2014, for a period of five years i.e. until the conclusion of the fourteenth Annual General Meeting of the Company. The Company has received a certificate from the Auditors to the effect that their continuation as such from the conclusion of this Annual General Meeting until the conclusion of Eleventh Annual General Meeting is in accordance with the provisions of the Section 141(3)(g) of the Companies Act, 2013. The Board recommends the ratification of the appointment of M/s Agarwal Prakash & Co., as Statutory Auditors of the Company till the conclusion of Eleventh Annual General

## Directors' Report (contd.)

Meeting of the Company.

The Auditors' Report is self-explanatory and therefore do not call for any further explanation.

### (b) Secretarial Auditors & Secretarial Audit Report

Pursuant to the provisions of Section 204 of the Companies Act, 2013, read with the rules made thereunder, the Company has appointed M/s Barnita Jain & Associates, a firm of Company Secretaries in practice as its Secretarial Auditors, to conduct the secretarial audit of the Company, for the Financial Year 2014-15. The Company has provided all assistance, facilities, documents, records and clarifications etc. to the Secretarial Auditors for conducting their audit. The Report of Secretarial Auditors for the Financial Year 2014-15, is annexed as Annexure 2, forming part of this Report. The Report is self-explanatory and therefore do not call for any further explanation.

### CORPORATE SOCIAL RESPONSIBILITY

As part of its initiatives under "Corporate Social Responsibility (CSR)", the Company has undertaken projects in the areas of Health, Education, Sanitation, Nutrition and Rural Development, as per its CSR Policy (available on your Company's website [www.storeone.in](http://www.storeone.in)) and the details are contained in the Annual Report on CSR Activities given in Annexure 3, forming part of this Report. These projects are in accordance with Schedule VII of the Companies Act, 2013, read with the relevant rules.

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

### CORPORATE GOVERNANCE REPORT

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, a separate section on Corporate Governance practices followed by the Company, together with a certificate from a Practicing Company Secretary confirming compliance, is presented in a separate section forming part of this Annual Report.

### DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statement in terms of Section 134 of the Companies Act, 2013:

- a) that in the preparation of the annual financial statements for the year ended March 31, 2015, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- b) that such accounting policies as mentioned in the Notes to the Financial Statements have been selected and applied consistently and judgments and estimates have been made 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, 2015 and the profit and loss of the company for the year ended on that date;
- c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) that the annual financial statements have been prepared on a going concern basis;
- e) that proper internal financial controls were in place and that such financial controls were adequate and were operating effectively; and
- f) that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate