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STORE ONE RETAIL INDIA LIMITED

Annual Report 2009-10

BOARD OF DIRECTORS

Mr. Anil Lepps
Mr. Mehul Johnson
Mr. Mukul Bansal
Mr. Shamsher Singh
Mr. Aishwarya Katoch
Mr. Karan Singh
Mr. Prem Prakash Mirdha

COMPANY INFORMATION

Registered Office

E-29, First Floor,
Connaught Place,
New Delhi – 110 001
Website: www.storeone.in

Corporate Office

"Indiabulls House" 448-451,
Udyog Vihar, Phase V,
Gurgaon – 122 001

Statutory Auditors

Sharma Goel & Co.,
Chartered Accountants,
New Delhi

Registrar and Transfer Agent

Karvy Computershare Private Limited
Plot No.17-24, Vittal Rao Nagar,
Madhapur,
Hyderabad – 500 081

Banker

HDFC Bank

Company Secretary

Mr. Vikas Khandelwal

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MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry Overview

Indian Retail Industry

The Indian retail industry is the fifth largest in the world and is one of the fastest growing industries in India, comprising of organized and unorganized sectors. Though initially, the retail industry in India was mostly unorganized, however with the change of tastes and preferences of the consumers, the industry is getting more popular these days and getting organized as well. The AT Kearney's Global Retail Development Index has identified India as the most attractive destination for retail business. Moreover, in 2009 for the fourth time in five years, India has been ranked as the most attractive nation for retail investment among 30 emerging markets by the US-based global management consulting firm AT Kearney.

Growth of Indian Retail Industry

The retail industry in India is currently growing at a great pace. With growing market demand, the industry is expected to grow at a pace of 25-30% annually. The Country has got high growth rates, the consumer spending has also gone up and is also expected to go up further in the future, as a result, the Indian retail industry is expected to grow further in the future days. Strong underlying economic growth, population expansion, increasing wealth of individuals, expanding middle and upper class consumer base, greater availability of personal credit and the rapid construction of organised retail infrastructure are key factors behind the forecast growth. There will also be opportunities in India's second and third-tier cities in near future.

Policy Initiatives

India continues to be among the most attractive countries for global retailers. 100 per cent FDI is allowed in cash-and-carry wholesale formats and FDI up to 51 per cent, under the Government route, is allowed in retail trade of 'Single Brand' products. Recently, as a most awaited welcome step, Department of Industrial Policy and Promotion (DIPP) has issued a discussion paper inviting views and suggestions on permitting FDI in multi-brand retail trading as well. The retail sector needs large-scale investments and a substantial portion of these investments are expected from foreign investors. Permitting FDI in the sector will also help bring in technical and management know-how, all of which is in India's long-term interest.

Opportunities - Growth Drivers of Indian Retail Industry

Retail industry in India, however, has a huge growth potential, with opportunities existing in multiple sectors and segments. Organized retailing in India in the near future would be driven by:

- o Liberalisation of the Indian Economy
- o Rapid Urbanisation
- o Sharp rise in the Earnings & Income
- o Changing lifestyles
- o Shift in the consumer shopping behaviour pattern
- o Increase of dual income nuclear families
- o Internet revolution opening new doors to the global market
- o Increasing population of young working people under 25
- o Availability of great quality commercial real estate
- o A billion population (and rising)

Threat - Challenges facing Indian Retail Industry

- o The tax structure in India favors small retail business
- o Lack of adequate infrastructure facilities
- o High cost of real estate
- o Dissimilarity in consumer groups
- o Shortage of retail study options
- o Shortage of trained manpower
- o Low retail management skill

Business Review

The Company had forayed in multiple formats, one of them being a chain of Lifestyle Stores under the name "store ONE" and Hyper Marts under the brand "Happy Store" offering great value for money on daily needs, apparels, home and appliances.

The new "store ONE" will be more compact and will house our in-house private labels, offering the latest designs at very attractive price points across apparels, accessories, fragrances and footwear. These stores will have a number of products to meet the varied needs of the customers. With so many choices today, shoppers are looking for retailers that stand out from the crowd. The stores will be driving to deliver a differentiated shopping experience with unique merchandise showcasing latest fashion trends, excellent service and breakthrough marketing and special events.

Happy Stores are neighborhood stores selling groceries and other daily need products. They have the right products at convenient locations, meeting daily shopping needs of customers as a convenience store. These stores take pride in the quality, products and services and offer a broad selection of the best brands. Also, to ensure long term viability and sustainability of the Happy Store brand,

the Company has franchised its stores wherein the responsibility of day to day operations & maintaining of optimum in-stock levels of all merchandise lies with the franchisee.

To leverage on its assets base, product range and services, the Company plans to venture into wholesale trading business. This would result in operational synergies in the area of sourcing, product placement and logistics along with cost savings due to rationalization, standardization and simplification of systems & processes.

Opportunities

Diversified business formats

We intend to increase our share in the consumer spending in India by launching new formats and product range in retail and proposed wholesale trading business.

Expanded product portfolio

We have plans to offer better portfolio of products to the customers in all segments.

Threats

There is intense competition in Indian Retail for increasing the customer base among leading national retailers, the retail arms of leading business houses of the Country. Further, with India being an attractive retail market, the Company expects many new entrants thus increasing competition. Majority of the new stores planned are in shopping malls and any delays in the construction of the malls will delay your Company's retail expansion plan. Rent is one of the largest components in a retail business' fixed costs, and the case is no different for your Company.

Business Outlook

Strengths

The Company believes that following are the few strengths that provide it competitive advantages.

Strong management team

We have an experienced professional management team possessing strong capabilities in the various aspects of retail and wholesale business and strong relationships with its various stakeholders as well as in-depth knowledge of the localities in which the Company has expansion plans. Our Management team is complemented by a committed work force that enables us to operate, synergise and integrate our front and backend operations efficiently.

Strong Systems and Process

We believe that our systems and processes are our major strength. The Company has strong focus on systems and processes. We continue to invest in our front and backend processes and systems and believe that continuous investment in process, systems and technology results in substantial growth. Our investments in systems and processes give us the vital edge to be able to predict consumer trends and requirement to hold inventory at optimum levels and to control the financial performance of the Company.

Strong bargaining strength

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

Business Strategy

Over the last few months, we have put a lot of effort in getting our systems and processes sorted and today we are amongst the best on that front. Now our next challenge is to become the preferred shopping destination. In this area, the Company plans to focus on following:

1. Expanding our product and format range - We intend to cater to various segments of the consumer in India by providing extensive product range through various lines of the business and formats of retail and wholesale trading.
2. Marketing initiatives and brand campaigning - We intend to create a Retail brand that has a loyal customer following, while maintaining optimum operational standards.
3. Customer Satisfaction - The Company imparts special training to its employees and sales executives to ensure that quality service is provided to customers.
4. Improving the store level profitability - To devise innovative Revenue Share formats for controlled operational expenses e.g. low rental cost.
5. Maximum utilization of I.T. for low operational overheads and better supply chain benefits.
6. Streamlining the backend operations.
7. Increasing presence in cities where the Company already has commercially viable operations & the cities which reflect high potential for commercial viability.
8. Focusing on high margin/high volume products.

Risks and concerns

Execution: Although the Industry growth potentially appears to be immense, we believe the key risk to our growth is execution risk. The Company has a strong management team and we believe it would be capable enough to execute varied retail and wholesale trading formats.

Employee retention: With the entry of new players and back of Indian economy on growth path, we believe that employee retention has become very important.

Low margins due to increase in competition: With the entry of new players, the competition in the retail industry has become intense, resulting pressure on the margins and introduction of new promotions/discount schemes to attract and retain the customers.

Human Resources

Your Company's multi-business context poses unique challenges to the Human Resource function. 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 store ONE, supported by structured training programs and internal growth opportunities.

During the year, even while the economic meltdown impacted the financial health of the organizations across the global, the Company's focus has been on unlocking the people potential and further developing their functional, operational and behavioral competencies. The Company has also launched Employee Stock Option Scheme for its employees with the basic objective of ensuring the employee participation in the growth and progress of the Company. The belief 'great people create great organization' has been at the core of the Company's approach to its people.

Internal Controls and their Adequacy

The Company has a proper 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.

The Company's internal controls are supplemented by internal audits, review by management and documented policies, guidelines and procedures. 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.

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 Fifth Annual Report together with audited statement of accounts for the financial year ended March 31, 2010.

FINANCIAL RESULTS

The highlights of the financial results of the Company for the financial year ended March 31, 2010 are as under:

Particulars	Amount in Rs.	
	Year ended March 31, 2010	Year ended March 31, 2009
Profit/(Loss) before Depreciation	(418,356,423)	(803,740,740)
Less: Depreciation/Impairment of Fixed Assets	93,615,014	88,697,913
Profit/(Loss) before Tax	(511,971,437)	(892,438,653)
Add: Deferred Tax Adjustment	–	(8,578,269)
Less: Provision for Tax (FBT)	–	(1,885,575)
Profit/(Loss) after Tax	(511,971,437)	(902,902,497)
Profit/(Loss) brought forward	(2,745,030,639)	(1,842,128,142)
Balance carried forward to Balance Sheet	(3,257,002,076)	(2,745,030,639)

BUSINESS REVIEW

The Company had forayed in multiple formats, one of them being a chain of Lifestyle Stores under the name "store ONE" and Hyper Marts under the brand "Happy Store" offering great value for money on daily needs, apparels, home and appliances.

The new "store ONE" will be more compact and will house our in-house private labels, offering the latest designs at very attractive price points across apparels, accessories, fragrances and footwear. These stores will have a number of products to meet the varied needs of the customers. With so many choices today, shoppers are looking for retailers that stand out from the crowd. The Stores will be driving to deliver a differentiated shopping experience with unique merchandise showcasing latest fashion trends, excellent service and breakthrough marketing and special events.

Happy Stores are neighborhood stores selling groceries and other daily need products. They have the right products at convenient locations, meeting daily shopping needs of customers as a convenience store. These stores take pride in the quality, products and services and offer a broad selection of the best brands. Also, to ensure long term viability and sustainability of the Happy Store brand, the Company has franchised its stores wherein the responsibility of day to day operations & maintaining of optimum in-stock levels of all merchandise lies with the franchisee.

To leverage on its assets base, product range and services, the Company plans to venture into wholesale trading business. This would result in operational synergies in the area of sourcing, product placement and logistics along with cost savings due to rationalization, standardization and simplification of systems & processes.

CHANGE IN NAME OF THE COMPANY

The Company has forayed in a business format of chain of lifestyle stores under the name of "store ONE" and to bring the name of the Company in sync with the said brand, the name of the Company was changed from 'Indiabulls Retail Services Limited' to 'Store One Retail India Limited' w.e.f. October 6, 2009.

DIVIDEND

In view of loss incurred during the year under review, 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 various employee stock option schemes 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.

FIXED DEPOSITS

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

SUBSIDIARY

During the current financial year, Albasta Power Limited has become the Wholly-owned subsidiary of the Company.

DIRECTORS

Subsequent to the end of the financial year, Mr. Rajiv Rattan and Ms. Savita Singh, Directors resigned from the Directorship of the Company and Mr. Mukul Bansal was appointed as an additional director on the Board of the Company w.e.f. August 14, 2010. Your

Directors place on record deep sense of appreciation for the valuable services rendered by Mr. Rajiv Rattan and Ms. Savita Singh during their tenure as Directors on the Board of the Company.

Mr. Mukul Bansal holds his office as additional director up to the date of ensuing Annual General Meeting of the Company. The Company has received notice in terms of the Section 257 of the Companies Act, 1956, from a member, signifying his intention to propose the candidature of Mr. Bansal for the office of Director of the Company.

Further, 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 and Mr. Shamsheer Singh, 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 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 of various Companies, are provided in the Corporate Governance Report, which form an integral part of the Annual Report.

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, 2010 and the loss 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.: 000643-N), 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 reappointment.

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

LISTING WITH STOCK EXCHANGES

The Equity shares of the Company continue to remain listed with the Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE). The listing fees for the financial year 2010-11 have been paid to both the exchanges.

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.

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 a 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, during the year under review, the Company did not employ any person falling within the purview of Section 217(2A) of the Companies Act, 1956.

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: August 31, 2010
Place : New Delhi

Sd/-
Anil Lepps
Whole-time Director

Sd/-
Mehul Johnson
Director

ANNEXURE TO THE DIRECTORS' REPORT

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 foreign exchange earnings and outgo during the year under review and the previous year.

**Annexure to the Directors' Report regarding the ESOP issue
Store One Retail India Limited Employees Stock Option Scheme - 2009 -As on March 31, 2010**

Particulars	
a. Options Granted	1,500,000
b. Exercise price	Rs. 30.45
c. Options vested	Nil
d. Options exercised	Nil
e. The total number of Shares arising as a result of exercise of option	Nil
f. Options lapsed	Nil
g. Variation in terms of options	Nil
h. Money realized by exercise of options	Nil
i. Total number of options in force	1,500,000
j. Employee wise details of options granted to:	
i. Senior Management personnel	Mr. Anil Lepps - 324,000
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	Mr. Abhimanyu S Mehlawat - 150,000
iii. identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital of the Company.	Mr. Anil Lepps - 324,000
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. (45.15)
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 Schedule "19" Part-B-Notes to accounts 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 Schedule "19" Part-B-Notes to accounts forming part of the Annual Report
i. risk free interest rate	
ii. expected life	
iii. expected volatility	
iv. expected dividends	
v. the price of the underlying share in market at the time of option grant	

CORPORATE GOVERNANCE REPORT

1. THE COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Sound Corporate Governance practices and responsible corporate behavior contribute to long term performance of companies. Best practices on governance issues are an evolutionary and continuing process. There is no single template to define good governance. Broadly, however, Corporate Governance practices should aim at striking a balance between interests of various stakeholders on the one hand and the duties and responsibilities of the Board and senior management in overseeing the affairs of the Company on the other.

The Corporate Governance policy in the Company encompasses the simple tenets of integrity, transparency and fairness in whatever the Company does and what it basically aims at achieving is a complete adherence to the applicable statutes while at the same time ensuring a complete commitment to values and the highest ethical standards in every facet of its operations and in each of the functional areas. This in turn ensures that best in the class concept of Corporate Governance practices become a way of life in the Company.

In line with the nature and size of operations of the Company, the Corporate Governance framework in Store One Retail India Limited ("SORIL" or "the Company") is based on the following main principles:

- Constitution of a Board of Directors of appropriate composition, size, varied experience and commitment to discharge their responsibilities and duties.
- Transparency and independence in the functions of the Board.
- Ensuring timely flow of information to the Board and its Committees to enable them discharge their functions effectively.
- Independent verification and assured integrity of financial reporting.
- Timely and balanced disclosure of all material information concerning the Company to all stakeholders and protection of their rights and interests.
- A sound system of risk management and internal control.
- Compliance with applicable laws, rules and regulation in letter and spirit.

2. BOARD OF DIRECTORS (BOARD)

(A) Composition and size of the Board

The Board of Directors in SORIL has been constituted in a manner which ensures appropriate mix of executive / non-executive and independent directors to ensure proper governance and management. The Board members have collective experience in diverse fields like finance, retail, banking, hoteling and technology.

As of March 31, 2010, the Board consisted eight directors of whom one was executive director and the remaining seven directors were non-executive directors. Of the seven non-executive directors, five were independent directors.

Subsequent to the year end w.e.f. August 14, 2010, the Board consists of seven directors of whom one is executive director and the remaining six directors are non-executive directors. Of the six non-executive directors, four are independent directors.

The details of Directors, number of directorships held by them in other companies as also the number of their memberships and chairmanships on various board Committees, as on March 31, 2010 are depicted in the table given below:

Sl. No.	Name of the Director*	Category of Directorship	No. of Directorships in other companies **	No. of Memberships/ Chairmanships in the Board Committees of various companies (including the Company)***	
				As Member#	As Chairman
1.	Mr. Rajiv Rattan	Non-Executive Director	9	2	Nil
2.	Mr. Anil Lepps	Executive Director	1	Nil	Nil
3.	Mr. Mehul Johnson	Non-Executive Director	14	5	2
4.	Mr. Aishwarya Katoch	Non-Executive Independent Director	4	8	4
5.	Mr. Shamsher Singh	Non-Executive Independent Director	4	5	5
6.	Mr. Karan Singh	Non-Executive Independent Director	6	4	2
7.	Mr. Prem Prakash Mirdha	Non-Executive Independent Director	4	4	Nil
8.	Ms. Savita Singh	Non-Executive Independent Director	Nil	Nil	Nil

* During the course of FY 2009-10, Mr. Udes Jha resigned from the directorship of the Company. Accordingly, his directorships, memberships/chairmanships on the board committees of the Company and those of other companies, are therefore not

indicated in the above table. Subsequent to the year end, Mr. Rajiv Rattan and Ms. Savita Singh resigned from the directorship of the Company and Mr. Mukul Bansal was appointed as Non-Executive Director.

** Does not include directorships held in foreign companies and private limited companies.

***As per Clause 49 of the Listing Agreement, only memberships/chairmanships of the Audit Committees and Shareholders' Grievance Committees in various public limited companies, considered.

#This includes the chairmanship in the Committees.

No Director is related to any other Director on the Board.

(B) Details of Board Meetings and the last Annual General Meeting (AGM) and attendance record of Directors thereat

During the financial year 2009-10, the Board met 10 times. The dates of the meetings were April 21, 2009, June 22, 2009, June 30, 2009, July 31, 2009, September 1, 2009, October 15, 2009, October 30, 2009, December 21, 2009, January 30, 2010 and February 15, 2010.

The last Annual General Meeting (AGM) of the Company was held on September 30, 2009.

A table depicting the attendance of Directors at the various Board Meetings and the Annual General Meeting held during FY 2009-10 is given below:

Sl. No.	Name of the Director*	No. of Board meetings attended	Attendance at the last AGM
1.	Mr. Rajiv Rattan	9	Yes
2.	Mr. Anil Lepps	10	No
3.	Mr. Mehul Johnson	10	No
4.	Mr. Aishwarya Katoch	6	Yes
5.	Mr. Shamsher Singh	9	Yes
6.	Mr. Karan Singh	10	Yes
7.	Mr. Prem Prakash Mirdha	2	No
8.	Ms. Savita Singh	1	No
9.	Mr. Udesh Jha	Nil	N.A.

*During the course of FY 2009-10, Mr. Udesh Jha resigned from the directorship of the Company. Subsequent to the year end, Mr. Rajiv Rattan and Ms. Savita Singh resigned from the directorship of the Company and Mr. Mukul Bansal was appointed as Non-Executive Director.

(C) Code of Conduct

The Company has laid down a Code of Conduct for all Board members and Senior Management Personnel of the Company. The Code of Conduct is available on the website of the Company www.storeone.in. All Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct. A declaration signed by the Chief Executive Officer to this effect is enclosed at the end of this Report.

The Code of Conduct seeks to ensure that the Directors and the Senior Management Personnel observe a total commitment to their duties and responsibilities while ensuring a complete adherence with the applicable statutes on one hand and values and ethics on the other.

3. COMMITTEES OF THE BOARD

The Board constituted committees namely, Audit Committee, Remuneration Committee and Shareholders'/Investors' Grievance Committee act in accordance with the terms of reference determined by the Board. Meetings of each of these Committees are convened by the respective Chairmen. Matters requiring Board's attention/ approval are placed before the Board. The role, the composition of these Committees including the number of meetings held during the financial year and the related attendance detail are provided below.

(A) Audit Committee

Composition

The Audit Committee comprises of three members namely Mr. Shamsher Singh as the Chairman, Mr. Aishwarya Katoch and Mr. Mehul Johnson, all Non-Executive Directors. Two out of three members namely Mr. Shamsher Singh and Mr. Aishwarya Katoch are Independent directors. Mr. Vikas Khandelwal, Secretary of the Company also acts as the Secretary of the Audit Committee.

Terms of reference

The terms of reference of the Audit Committee, inter-alia, include:

- To oversee the financial reporting process and disclosure of financial information.
- To review with management, quarterly and annual financial statements and ensure their accuracy and correctness before submission to the Board.
- To review with management and internal auditors, the adequacy of internal control systems, approving the internal audit plans and reviewing the efficacy of their function, discussion and review of periodic audit reports including findings of internal investigations.
- To recommend the appointment of the internal and statutory auditors and fixing their remuneration.
- To hold discussions with the statutory and internal auditors.

Meetings and Attendance thereat during the year

During the FY 2009-10, the Audit Committee met five times. The dates of the meeting being April 21, 2009, June 30, 2009, July 31, 2009, October 30, 2009 and January 30, 2010.

The attendance record of committee members to the meetings so held is depicted in the table given below:

Name of the Member	Meetings held during the tenure	Meetings attended
Mr. Shamsher Singh	5	5
Mr. Aishwarya Katoch	5	5
Mr. Mehul Johnson	5	5

The Chief Financial Officer and Auditors attended the meetings by invitation.

(B) Remuneration Committee

Composition

The Remuneration Committee of the Board comprises of three Independent, Non-Executive Directors namely, Mr. Aishwarya Katoch as the Chairman, Mr. Shamsher Singh and Mr. Prem Prakash Miralha.

Terms of reference

The terms of reference of Remuneration Committee, inter-alia, include:

- To recommend to the Board, compensation terms of the Executive Directors.
- To assist the Board in determining and implementing the Company's Policy on the remuneration of Executive Directors.

Meetings and Attendance thereat during the year

No meeting of the Remuneration Committee was held during the financial year 2009-10.

Remuneration Policy

Company's Remuneration Policy is market-led and takes into account the competitive circumstances of the business so as to attract and retain quality talent and leverage performance significantly.

Remuneration of Directors

(i) Remuneration of Executive Directors

Mr. Anil Lepps, Executive Director does not draw any remuneration from the Company.

However, he has been granted 324,000 stock options under the "Employees Stock Option Scheme-2009" of the Company, not being part of the remuneration package.

(ii) Remuneration of Non-Executive Directors

Non-Executive Directors have not been paid any remuneration/sitting fees during the FY 2009-10.

(C) Shareholders'/Investors' Grievance Committee

Composition

The Shareholders'/Investors' Grievance Committee constituted by the Board presently comprises of three directors namely, Mr. Aishwarya Katoch, Mr. Mehul Johnson and Mr. Mukul Bansal.

Mr. Aishwarya Katoch, an Independent & Non-Executive Director, is the Chairman of the Committee.

Terms of Reference

The scope, terms of reference and functioning of the Committee is as prescribed under Clause 49 of the Listing Agreement. The primary functions carried out by the Committee are to approve requests for share transfers and transmissions, to approve

the requests pertaining to remat of shares/sub-division/consolidation/issue of renewed and duplicate share certificates etc. and for this purpose the required authority has been delegated to Mr. Mehul Johnson.

The Committee oversees all matters encompassing the shareholders/investors related issues.

Meetings and Attendance thereat during the year

During the financial year 2009-10, the Shareholders'/ Investors' Grievance Committee met four times. The dates of the meetings were April 6, 2009, July 6, 2009, October 5, 2009 and January 5, 2010.

The attendance record of committee members in respect of the meetings so held is depicted in the table given below:

Name of the Member	No. of meetings held during the tenure	No. of meetings attended
Mr. Aishwarya Katoch	4	4
Mr. Mehul Johnson	4	3
Mr. Rajiv Rattan*	4	4

*Subsequent to the year end, Mr. Rajiv Rattan resigned and Mr. Mukul Bansal was appointed as member of the Committee.

a) **Name and designation of Compliance Officer**

Mr. Vikas Khandelwal, Company Secretary is the Compliance Officer pursuant to Clause 47(a) of the Listing Agreement with Stock Exchanges.

b) **Details of queries/complaints received and resolved during the year 2009-10**

During the FY 2009-10, no compliant was received.

4. GENERAL BODY MEETINGS

(A) Location and time of last three Annual General Meetings (AGMs)

Year	Location	Date	Time
2006-07	Walchand Hirachand Hall, Indian Merchants' Chambers Building, Churchgate, Mumbai - 400 020	September 20, 2007	3:00 P.M.
2007-08	Centaur Hotel, IGI Airport, Delhi Gurgaon Road, New Delhi - 110 037	September 5, 2008	10.00 A.M.
2008-09	Centaur Hotel, IGI Airport, Delhi Gurgaon Road, New Delhi - 110 037	September 30, 2009	10.00 A.M.

(B) Details of special resolutions passed in the previous three AGMs

In the AGMs of the Company for the year 2006-07 and 2007-08, no special resolution was passed. However, in the AGM for the year 2008-09, special resolutions as per detail hereunder, were passed:

- (i) Special Resolution according consent to the approval and ratification of the grant of Stock Option during any one year, equal to or exceeding 1% of the issued capital of the Company at the time of grant of options, to certain eligible employees, under the scheme titled "Indiabulls Retail Services Limited Employees Stock Option Scheme – 2009".
- (ii) Special Resolution seeking member's approval to create, issue, offer and allot at any time to or to the benefit of such person(s) who are in permanent employment of the Company, including any Director, whether whole-time or otherwise (except the promoter directors of the Company, or any other director holding, directly or indirectly, more than 10% of the outstanding Equity Shares of the Company), under an employee stock option scheme titled "Indiabulls Retail Services Limited Employees Stock Option Scheme – 2009 (II)", (hereinafter referred to as the "IBRSL ESOS-2009 (II)" or "Scheme"), up to 30,00,000 (Thirty lacs) Stock Options entitling the option holders to purchase an equivalent number of Equity Shares of face value Rs. 10/- (Rupees Ten) each of the Company, at such price, in one or more tranches, and on such terms and conditions as may be decided by the Board under IBRSL ESOS-2009 (II) and/or amendments thereto and as allowed under prevailing laws, rules and regulations and/or amendments thereto, from time to time.
- (iii) Special Resolution seeking member's approval to extend the benefits of 'IBRSL ESOS-2009 (II)', to or for the benefit of Employees of the Company's subsidiary(ies) (existing or future) and those of its holding company and its ultimate holding company, including Directors (except Promoter Directors and any Director holding, directly or indirectly, more than 10% of the outstanding Equity shares of the Company) of such subsidiaries or holding companies, on such terms and conditions as may be decided by the Board under IBRSL ESOS-2009 (II) and/or amendments thereto and as allowed under prevailing laws, rules and regulations and/or amendments thereto, from time to time.
- (iv) Special Resolution seeking member's approval to create, issue, offer and allot the Stock Options, during any one year, equal to or exceeding 1% of the issued capital of the Company at the time of grant of options to certain eligible employees under the scheme titled "Indiabulls Retail Services Limited Employees Stock Option Scheme – 2009 (II)", at such price, in one or more tranches, and on such terms and conditions as may be decided by the Board under IBRSL ESOS-2009 (II) and/or amendments thereto and as allowed under prevailing laws, rules and regulations and/or amendments thereto, from time to time.

- (v) Special Resolution seeking member's approval for amendment/alteration in the sub-clause (a) of Article 3 of the Articles of Association of the Company.
- (vi) Special Resolution seeking member's approval to the change in name of the Company from "Indiabulls Retail Services Limited" to "Store One Retail India Limited".

(C) Special resolution passed during FY 2009-10 through postal ballot

During FY 2009-10, the Company, in pursuance of Section 192A of the Companies Act, 1956 and Companies (Passing of Resolution by Postal Ballot) Rules, 2001, as amended, conducted a postal ballot for seeking approval of the shareholders. Mr. Gaurav Kohli, Practicing Company Secretary, New Delhi, as the Board-appointed Scrutinizer, conducted the Postal Ballot exercise. The summary of the result is given below:

Date of declaration of result: March 19, 2010

Resolution No.	Description	% of valid votes in favor of resolution	% of valid votes against resolution
1.	Special Resolution under Section 17(1) of the Companies Act, 1956, for altering/amending the objects clause of the Memorandum of Association of the Company, by insertion of Sub-clauses (2) and (3) therein, in the Main Objects Clause of the Memorandum of Association of the Company.	99.9996	0.0004

(D) Procedure for postal ballot

For conducting a postal ballot, notice specifying the resolutions proposed to be passed through postal ballot as also the relevant explanatory statement and the postal ballot forms, are dispatched to all the shareholders along with self addressed postage pre paid envelope. The shareholders are requested to send back the postal ballot forms duly filled up and signed, in the postage pre paid envelopes provided to them by the Company, so as to reach the Scrutinizer (in whose name the envelopes are marked) on or before the 30th day from the date of issue of notice by the Company.

The Scrutinizer compiles the postal ballot result out of the postal ballot forms found valid and hands over the results to the Chairman. The Chairman thereupon declares the result of the postal ballot and the same are also displayed on a notice board at the Registered office of the Company.

5. DISCLOSURES

(i) Details on materially significant related party transactions

Details of materially significant related party transactions made during the FY 2009-10, are contained in the notes to the annual accounts which form a part of the Annual Report.

(ii) Details of non-compliance, penalties etc. imposed by Stock Exchange, SEBI etc. on any matter related to capital markets, during the last three years

There has been no instance of any non-compliance by the Company on any matter related to capital markets and, hence, no penalties or strictures being imposed on the Company by SEBI or the Stock Exchanges or any other statutory authority on any such matter.

(iii) Whistle Blower policy and affirmation that no personnel has been denied access to the Audit Committee

The Company has in place a highly effective Whistle Blower policy which sets out the process and mechanism whereby employees at various levels in the organization can bring to the notice of the management any violations of the applicable laws, regulations as also any unethical or unprofessional conduct.

All such reports are taken up for consideration at appropriate intervals depending upon the gravity of the matter reported so that adequate remedial measures can be initiated in the right earnest, at the appropriate levels.

Further, in order to encourage the employees to freely air their views and voice their concerns on various matters and to prevent any victimisation of the employees, identity of the employees is kept strictly confidential.

Further, in order to enable the employees to easily communicate their concerns, the Company has joined the 'Corporate Whistleblower Initiative' (CWI) – an independent initiative, aimed at facilitating communication between the organization and its stakeholders. Employees can log on to www.cwportal.com and lodge their concerns or complaints effectively through this portal. The CWI acts as an objective interface in such endeavour of Company, which aims at a totally unbiased evaluation and follow up of employee concerns.

It would be pertinent to mention here that the Audit Committee set by the Board constitutes a vital component of the Whistle Blower mechanism and instances of financial misconduct, if any, are reported to the Audit Committee. No employee is denied access to the Audit Committee.

(iv) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of this clause

The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement. The details of these compliances have been given in the relevant sections of this Report. The status on adoption of the non-mandatory requirements are given at the end of the Report.

6. MEANS OF COMMUNICATION

- (i) **Publication of Results:** The quarterly/annual results of the Company are published in the newspapers viz. Financial Express, Business Standard, Jansatta, Asian Age and Haribhoomi.
- (ii) **News, Release, etc:** The Company has its own website: www.storeone.in and all vital information relating to the Company and its performance including financial results, press releases pertaining to important developments, performance updates and corporate presentations etc. is regularly posted on the website.
- (iii) **Management Discussion and Analysis Report:** The same has been included in a separate section, which forms a part of the Annual Report.
- (iv) **Investors' Relation:** The Company's website contains a separate dedicated section "Investor Relations" and "News & Media" where general information to shareholder is available.

7. GENERAL SHAREHOLDERS' INFORMATION

(A) Date, Time and Venue of Annual General Meeting (AGM)

The date, time and venue of the ensuing AGM has been indicated in the Notice convening the AGM, which is annexed to the Annual Report.

(B) Profile of Directors seeking appointment/reappointment

Mr. Prem Prakash Mirdha

Mr. Prem Prakash Mirdha, aged 54 years, is an Independent Director on the Board of Directors since January 2, 2008. Mr. Mirdha was a second mate foreign going in the merchant navy. After his association of 11 years with the merchant navy, he set up his own cement plants and is currently running the same. He also operates lime kilns which are suppliers to enterprises engaged in steel and sugar industries. Mr. Mirdha is also on the Board of Indiabulls Financial Services Limited, Indiabulls Real Estate Limited, Indiabulls Power Limited. and Indiabulls Securities Limited. He is also a member of Remuneration Committee of the Company, Indiabulls Financial Services Limited, Indiabulls Power Limited., Indiabulls Real Estate Limited and Indiabulls Securities Limited, a member of the Audit Committee and Shareholders'/Investors' Grievance Committee of Indiabulls Securities Limited and Indiabulls Power Limited. and also a member of Compensation Committee of Indiabulls Power Limited. Mr. Mirdha does not hold any shares in the Company.

Mr. Shamsher Singh

Mr. Shamsher Singh, aged about 61 years, is an Independent Director on the Board of Directors since January 2, 2008. He holds a post graduate degree in History from St. Stephens College, New Delhi. He is an ex-banker and an academician with years of experience behind him. Having been associated with the banking sector for a long time, Mr. Singh has an in depth understanding of the economy of the country and ability to visualize its impact on the Company's business etc. which can be to the benefit of Company's business in years to come, meriting his re-appointment as director on the Board of the Company. Mr. Shamsher Singh is also on the Board of Indiabulls Financial Services Limited, Indiabulls Constructions Limited, Indiabulls Power Limited. and Indiabulls Real Estate Limited. He is also the Chairman of the Audit Committee of the Company, Indiabulls Power Limited., Indiabulls Real Estate Limited and Indiabulls Financial Services Limited and also the Chairman of the Shareholders'/ Investors' Grievance Committee, Compensation Committee and Remuneration Committee of Indiabulls Power Limited. and Compensation Committee of Indiabulls Financial Services Limited. He is also member of Remuneration Committee and Compensation Committee of the Company and Indiabulls Real Estate Limited and also of Remuneration Committee of Indiabulls Financial Services Limited. Mr. Singh does not hold any shares in the Company.

Mr. Mukul Bansal

Mr. Mukul Bansal, aged about 41 years, graduated from Delhi University with an Honours degree in Economics. He has the experience of setting up and operating a large metal processing company and is an expert in supply chain management and logistics. He also founded and managed a cutting-edge infotech venture specializing in E-Learning & Gaming Solutions. Mr. Bansal is also on the Board of Indiabulls Power Distribution Limited, Zeus Buildwell Limited, Elena Properties Limited, Elena Real Estate Limited, Corus Real Estate Limited, Chloris Real Estate Limited, Fornax Properties Limited, Fornax Constructions Limited, Chloris Constructions Limited, Fornax Real Estate Limited, Elena Constructions Limited, Indiabulls Multiplex Services Limited, Indiabulls Wholesale Services Limited, Foundvest Limited, AUM Portfolio Services Private Limited and Deepee Outsourcing Enablers Private Limited. He is also member of the Shareholders'/Investors' Grievance Committee of the Company, member of the Audit Committee of Indiabulls Wholesale Services Limited and also the Chairman of the Audit Committee of Fornax Real Estate Limited. He does not hold any shares in the Company.

(C) Financial Calendar 2010-11 (tentative)

Tentative Schedule

Financial reporting for the quarter ending June 30, 2010	August 14, 2010 (Actual)
Financial reporting for the half year ending September 30, 2010	Upto Mid November, 2010
Financial reporting for the quarter ending December 31, 2010	Upto Mid February, 2011
Financial reporting for the quarter and year ending March 31, 2011	Upto Mid May, 2011*
Annual General Meeting for the year ending March 31, 2011	Upto End September, 2011

*Pursuant to Clause 41 of the Listing Agreement, Board may also consider publication of Audited results for FY 2010-11 by May 30, 2011, instead of publishing unaudited results for the fourth quarter.

(D) Date of Book Closure

Book Closure dates have been provided in the Notice convening the AGM forming part of this Annual Report.

(E) (i) Distribution of shareholding as on March 31, 2010

Sl. No.	Shareholding of nominal value (in Rs.)		No. of holders	% to total no. of holders	Value in Rs.	% to nominal value
	From	To				
1.	1	5,000	14241	89.84	15,099,350	7.55
2.	5,001	10,000	752	4.74	6,351,780	3.18
3.	10,001	20,000	362	2.28	5,611,050	2.80
4.	20,001	30,000	165	1.04	4,280,520	2.14
5.	30,001	40,000	67	0.42	2,454,050	1.23
6.	40,001	50,000	73	0.46	3,447,470	1.72
7.	50,001	1,00,000	107	0.68	8,180,610	4.09
8.	1,00,001 and above		85	0.54	154,575,170	77.29
	Total		15852	100.00	200,000,000	100.00

(ii) Shareholding pattern as on March 31, 2010

Sl.No.	Category	No. of Shares	% holding
1.	Promoters	12,783,310	63.92
2.	FII's	39,593	0.20
3.	Bodies Corporate	1,819,370	9.09
4.	Indian Public	5,209,693	26.05
5.	NRI's	126,962	0.63
6.	Others	21,072	0.11
	Total	20,000,000	100.00

(F) Dematerialisation of shares and liquidity

Shares of the Company are compulsorily traded in dematerialised form and are available for trading under both the depositories, i.e., NSDL and CDSL.

As on March 31, 2010, 99.99% Equity shares of the Company representing 19,998,760 out of a total of 20,000,000 Equity shares were held in dematerialised form and the balance 1,240 shares were held in physical form.

(G) Listing on Stock Exchanges

The Company's Equity Shares are listed on the following stock exchanges:

Bombay Stock Exchange Limited (BSE)
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai – 400 001

National Stock Exchange of India Limited (NSE)
"Exchange Plaza", Bandra-Kurla Complex,
Bandra (E), Mumbai – 400 051

(H) Stock Code

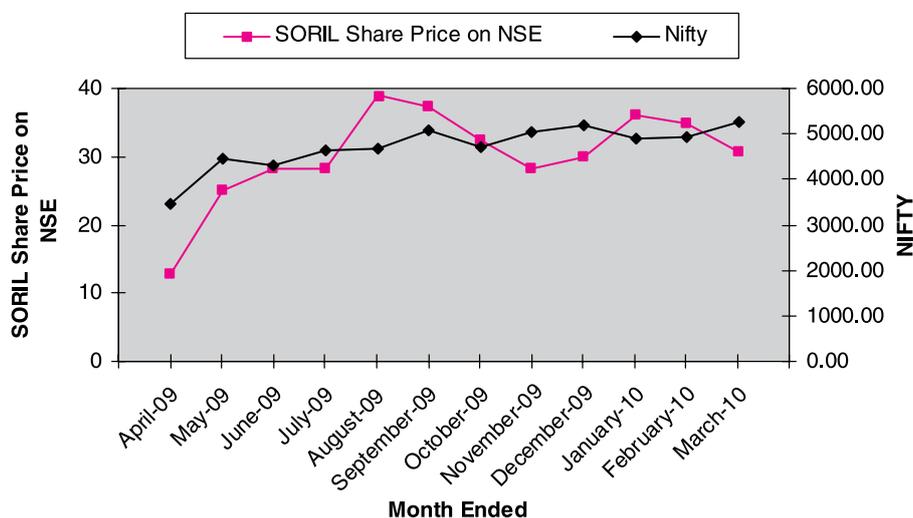
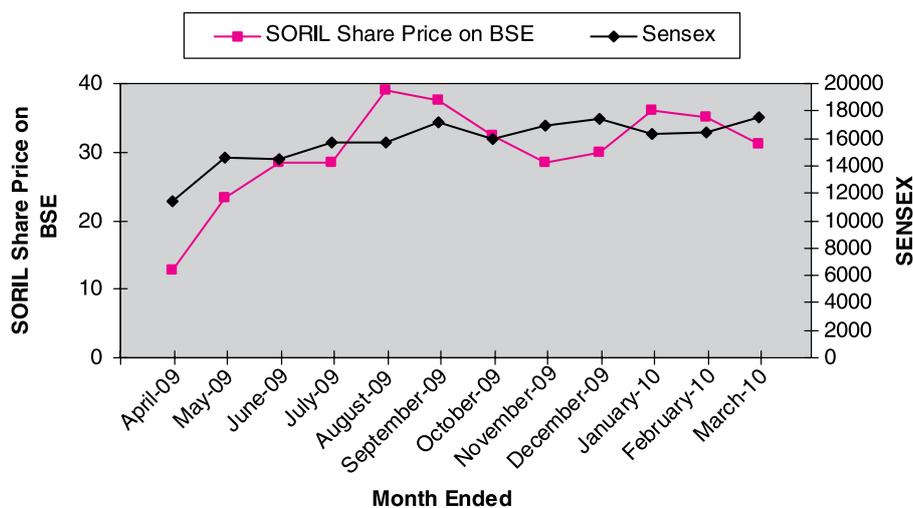
Bombay Stock Exchange Limited	-	532679
National Stock Exchange of India Limited	-	STOREONE
ISIN for Dematerialisation	-	INE 034H01016

(I) Market Price Data

The monthly high and low market prices of shares at the National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE) for the year ended March 31, 2010 are as under:

Month	NSE		BSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April 2009	17.25	12.00	17.12	12.00
May 2009	25.00	13.00	23.22	13.20
June 2009	36.90	26.10	34.50	24.35
July 2009	31.25	21.00	31.90	21.20
August 2009	39.05	26.25	39.10	26.75
September 2009	41.00	33.50	41.05	33.50
October 2009	38.80	29.25	38.90	30.55
November 2009	36.03	25.25	35.80	25.50
December 2009	31.20	25.05	33.25	25.15
January 2010	52.00	29.50	52.45	29.50
February 2010	39.85	32.50	39.95	32.75
March 2010	38.50	29.75	38.55	30.00

(J) Comparison of Company's share price with the broad-based indices viz. NSE Nifty & BSE Sensex.



(K) Registrar and Transfer Agents

Karvy Computershare Private Limited are acting as the Registrar and Transfer Agents (RTA) of the Company for handling the share related matters, both in physical and the dematerialised mode. Karvy Computershare Private Limited was appointed as RTA by the Company during financial year 2009-10 in place of erstwhile RTA, Freedom Registry Limited.

The contact details are as under:

Karvy Computershare Private Limited

(Unit : Store One Retail India Limited)
Plot No.17-24, Vittal Rao Nagar,
Madhapur, Hyderabad – 500 081

Phone : 040-44655000/23420815-23420825
Fax : 040-23420814
E-mail : einward.ris@karvy.com
for investors/ shareholders
Contact Person : Mr. K. Sreedhara Murthy
Assistant General Manager
E-mail : sreedharamurthy@karvy.com

(L) Share Transfer System

For smooth and speedy processing of share transfers, the authority to approve share transfers has been delegated to the Shareholders'/Investors' Grievance Committee of the Board. The share transfer requests are processed on the first and third Monday of every month thereby ensuring that share transfers are processed without delay and the transferred certificates are sent to the concerned investors well within the stipulated time as prescribed under the Listing Agreements.

(M) Address for Correspondence

(i) Registered Office:

Store One Retail India Limited
E-29, First Floor, Connaught Place,
New Delhi – 110 001.

(ii) Corporate Office:

"Indiabulls House"
448-451, Udyog Vihar, Phase V,
Gurgaon – 122 001, Haryana.

8. COMPLIANCE CERTIFICATE FROM THE PRACTICING COMPANY SECRETARY

A certificate from a Practicing Company Secretary, certifying the Company's compliance with the provisions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is annexed to and forms a part of this report.

The certificate is also being forwarded to the Stock Exchanges in India where the Securities of the Company are listed.

9. CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

The certificate referred to under Clause 49(V) of the Listing Agreement duly signed by the CEO and CFO has been given to the Board.

10. NON-MANDATORY REQUIREMENTS

Status of compliance of Non-mandatory requirements stipulated under Clause 49 is as under:

(A) Remuneration Committee

The Company has a duly constituted Remuneration Committee in place. For details as to the constitution of the Remuneration Committee and the functional responsibility vested in it, please refer to point no. 3 (B) in the earlier part of this Report.

(B) Shareholders' Rights

The Company is getting its quarterly and annual financial results published in leading newspapers with wide circulation across the country and regularly updates the same and other important information on its public domain website.

(C) Unqualified Financial Statements

The Auditors' Report on the audited annual accounts of the Company does not contain any qualification and it shall be the endeavor of the Company to continue the trend by strengthening the existing accounting systems and controls as well as ensuring complete adherence to the applicable accounting standards, procedures and practices to have unqualified financial statements.

(D) Whistle Blower Policy

The Company has a well defined Whistle Blower policy in place which lays down an effective mechanism for the employees to report violations of laws, rules and regulations as also unethical conduct, at the appropriate management levels for taking timely and appropriate actions without loss of time. For a detailed description of the Whistle Blower policy please refer to point no. 5 (iii) in the earlier part of this Report.

Except as defined above, the Company has not adopted any other non-mandatory requirements recommended under Annexure 1D to the Clause 49 of the Listing Agreements with the Stock Exchanges.

ANNUAL DECLARATION BY THE CEO PURSUANT TO CLAUSE 49(I)(D)(ii) OF THE LISTING AGREEMENT

As Chief Executive Officer of Store One Retail India Limited and as required by Clause 49(I)(D)(ii) of the Listing Agreement, I hereby declare that all the Board members and Senior Management Personnel of the Company have affirmed compliance with the Company's Code of Business Conduct and Ethics, for FY 2009-10.

Anil Lepps
Chief Executive Officer

Date : August 31, 2010

Place : New Delhi

CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To the Members of Store One Retail India Limited

We have examined the compliance of conditions of Corporate Governance by Store One Retail India Limited ("the Company"), for the year ended March 31, 2010, as stipulated in Clause 49 of the Listing Agreement entered into by the Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion, and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement entered into by the Company with the Stock Exchanges.

We state that there were no outstanding investor grievances as on March 31, 2010 as per the records maintained by the Company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **S. Khandelwal & Co.**
Company Secretaries

Sanjay Khandelwal
Proprietor
Membership No.: FCS 5945
C.P. No. - 6128

Date: August 27, 2010
Place: New Delhi

AUDITORS' REPORT TO THE MEMBERS OF STORE ONE RETAIL INDIA LIMITED

(formerly known as Indiabulls Retail Services Limited)

1. We have audited the attached Balance Sheet of Store One Retail India Limited (formerly known as Indiabulls Retail Services Limited) ("the Company") as at March 31, 2010, the Profit and Loss Account and the Cash Flow Statement for the year on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of Sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act'), we enclose in the Annexure, a statement on the matters specified in paragraph 4 and 5 of the said Order.
4. Without qualifying our opinion, we draw attention to Note B 1(d) of Schedule 19 to financial statements regarding the Company's accounts being prepared on a going concern basis.
5. Further to our comments in the Annexure referred to above, we report that:
 - (i) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (iii) the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) in our opinion, the Balance sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956;
 - (v) on the basis of written representations received from directors as on March 31, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of Clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956;
 - (vi) in our opinion and to the best of our information and according to the explanations given to us, the said financial statements read with the notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2010;
 - (b) in the case of the Profit and Loss Account, of the loss for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For Sharma Goel & Co.
Chartered Accountants
FRN: 000643N

Amar Mittal
Partner
Membership No. 017755
Gurgaon, April 29, 2010

Annexure referred to in paragraph 3 of the Auditor's Report of even date to the Members of Store One Retail India Limited (formerly known as Indiabulls Retail Services Limited) on the financial statements for the year ended March 31, 2010

1. In our opinion and according to the information and explanations given to us, the nature of the Company's business/activities during the year is such that paragraph 4(viii), 4(xi), 4(xiii), 4(xiv), 4(xvi), 4(xix) and 4(xx) of the Order are not applicable to the Company.
2. (a) The Company has maintained proper records, showing full particulars, including quantitative details and situation of fixed assets.
(b) The Company has a regular programme of physical verification of fixed assets by which fixed assets are verified annually. In accordance with this programme, fixed assets were verified during the year. Material discrepancies noticed on such verification have been properly dealt with in the books of account. In our opinion, the frequency of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
(c) The Company has disposed off some of the fixed assets during the year covered by our report. However, considering various mitigating factors as disclosed in Note B-1(d) of Schedule 19 to financial statements, the accounts are prepared on a going concern basis and a matter of emphasis is added in our report.
3. (a) According to the information and explanations given to us, inventory has been physically verified by the management during the year.
(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) On the basis of our examination of the records of inventory, we are of the opinion that the Company is maintaining proper records of its inventory. According to the books and records of the Company as produced and examined by us and according to the information and explanations given to us, the discrepancies were noticed on verification between the physical stocks and the book records were immaterial in relation to the operations of the Company and the same have been appropriately adjusted in the books of account.
4. In respect of loan, secured or unsecured granted or, taken by the Company to or from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act 1956, according to the information and explanations given to us:
(a) The company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act.
(b) The Company has taken unsecured loans from one company covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved in the transactions during the year aggregated to Rs. 2,339,139,852/- and the balance outstanding at the year end is Rs. 2,010,074,612/-.
(c) According to the information and explanations given to us, the rate of interest and other terms and conditions of such loans are, in our opinion, prima facie not prejudicial to the interest of the Company.
(d) The payment of principal amount and interest in respect of such loans has been as per stipulations.
5. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and nature of its business with regard to purchase of inventory and fixed assets and sale of goods and services and we have not observed any continuing failure to correct major weaknesses in such internal controls.
6. In our opinion and according to the information and explanations given to us, the Company has not entered into any contracts or arrangements referred to in Section 301 of the Companies Act, 1956, the particulars of which are required to be entered in the register required to be maintained under that Section.
7. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of section 58A and Section 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975 with regard to deposits accepted from the public. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
8. In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
9. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Income-tax and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Sales Tax, Wealth Tax, Service Tax, Customs Duty and Excise duty. There were no dues on account of Cess under Section 441A of the Companies Act, 1956 since the aforesaid section has not yet been made effective by the Central Government. According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues were in arrears, as at March 31, 2010 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us and the records of the Company examined by us, as at March 31, 2010, there are no dues of income Tax, Sales Tax, Service Tax, Customs Duty, Wealth Tax, Excise Duty and cess which have not been deposited on account of any dispute.
10. The Company has accumulated losses of more than 50% of its net worth at the end of the financial year. The Company has incurred cash losses during the financial year and in the immediately preceding financial year.
 11. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
 12. According to the information and explanation given to us, the Company has not given guarantees for loans taken by others from banks and financial institutions.
 13. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis have not been used during the year for long-term investment.
 14. According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
 15. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For Sharma Goel & Co.
Chartered Accountants
FRN: 000643N

Amar Mittal
Partner
Membership No. 017755
Gurgaon, April 29, 2010

BALANCE SHEET AS AT MARCH 31, 2010

(Amount in Rupees)

Schedule

As at
March 31, 2010As at
March 31, 2009**Sources of Funds****Shareholders' Funds**

Share Capital	1	200,000,000	200,000,000
Reserves and Surplus	2	1,062,033,695	1,062,033,695
		1,262,033,695	1,262,033,695

Loan Funds

Secured Loans		—	—
Unsecured Loans	3	2,371,336,950	2,054,057,963
		2,371,336,950	2,054,057,963
Total		3,633,370,645	3,316,091,658

Application of Funds**Fixed Assets**

Gross Block	4	673,455,013	765,434,710
Less : Accumulated Depreciation (including amortization)		252,698,714	178,319,194
Net Block		420,756,299	587,115,516
Capital work-in-progress (including capital advances)		—	—
		420,756,299	587,115,516

Investments

5 — 15,527,240

Current Assets, Loans and Advances

Inventories	6	119,415,127	166,989,400
Sundry Debtors	7	523,169	3,142,648
Cash and Bank Balances	8	11,608,689	6,015,630
Loans and Advances	9	138,958,482	126,822,752
		270,505,467	302,970,430

Less : Current Liabilities and Provisions

Current Liabilities	10	313,624,697	333,019,554
Provisions	11	1,268,500	1,532,614
		314,893,197	334,552,168

Net Current Assets**(44,387,730)** (31,581,738)**Profit and Loss Account (Debit Balance)****3,257,002,076** 2,745,030,639**Total** **3,633,370,645** 3,316,091,658

Significant accounting policies and notes forming part of the financial statements

19

As per our report of even date

For **Sharma Goel & Co.**
Chartered Accountants
F.R.N.: 000643N**Amar Mittal**Partner
Membership Number: 017755

Place : Gurgaon

Date : April 29, 2010

For and on behalf of the Board

Shamsher Singh
Director**Anil Lepps**
Whole-Time Director**Vikas Khandelwal**
Company Secretary

Place : Gurgaon

Date : April 29, 2010

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	Schedule	Year ended March 31, 2010	Year ended March 31, 2009
(Amount in Rupees)			
Income			
Sales and Operating Income	12	167,764,398	989,611,547
Other Income	13	20,802,404	113,949,516
	Total	188,566,802	1,103,561,063
Expenditure			
Cost of goods sold	14	167,807,468	751,436,959
Direct Costs	15	1,907,715	15,310,361
Employee Remuneration and Benefits	16	33,596,160	126,934,462
Administrative and other expenses	17	223,746,564	871,495,520
Interest and Finance Charges	18	179,865,318	142,124,501
Depreciation (including amortization and impairment charge)		93,615,014	88,697,913
		700,538,239	1,995,999,716
Loss Before Tax		(511,971,437)	(892,438,653)
Provision for Taxation			
a) Current Tax		—	—
b) Deferred Tax		—	(8,578,269)
c) Fringe Benefits Tax		—	(1,885,575)
Loss After Tax		(511,971,437)	(902,902,497)
Add: Balance of loss brought forward from previous year		(2,745,030,639)	(1,842,128,142)
Balance carried forward to Balance sheet		(3,257,002,076)	(2,745,030,639)
Earnings per share - Basic and Diluted			
(Refer Note B 7 of Schedule 19)			
Basic (Rs.)		(25.60)	(45.15)
Diluted (Rs.)		(25.60)	(45.15)
Face value per Share (Rs.)		10	10
Significant accounting policies and notes forming part of the financial statements	19		

As per our report of even date

For **Sharma Goel & Co.**
Chartered Accountants
F.R.N.: 000643N

Amar Mittal
Partner
Membership Number: 017755

Place : Gurgaon
Date : April 29, 2010

For and on behalf of the Board

Shamsher Singh
Director

Vikas Khandelwal
Company Secretary

Place : Gurgaon
Date : April 29, 2010

Anil Lepps
Whole-Time Director

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

(Amount in Rupees)

Particulars	For the year ended March 31, 2010	For the year ended March 31, 2009
A. Cash Flow from Operating Activities		
Net Profit / (Loss) Before Tax and Extraordinary items	(511,971,437)	(892,438,653)
Adjustments for:		
Depreciation / Impairment	93,615,014	88,697,913
Interest Expense	179,865,318	142,124,501
Interest Income	(1,343,278)	(1,218,877)
Dividend Income of units of Mutual Funds (Non-Trade)	(187,290)	(31,319)
Sundry Balances / Provisions / Liabilities Written Back (Net)	(4,987,079)	(5,854,752)
Loss on sale / disposal of Fixed Assets	74,758,734	62,870,254
Fixed Assets Written off / Discarded	—	299,900,156
Provision for doubtful debts / Bad Debts written off	39,297,095	83,331,990
Provision for Gratuity / Compensated absences written off / (written back)	(264,114)	(4,837,855)
Provision for Shrinkages / Shortage on Inventory (Net)	(3,705,774)	68,884,029
Operating Profit/(Loss) before working capital changes	(134,922,811)	(158,572,613)
Adjustment for:		
(Increase) / Decrease in Sundry Debtors	422,384	14,704,000
(Increase) / Decrease in Loans and Advances	(49,191,573)	61,406,055
(Increase) / Decrease in Inventories	51,280,051	394,825,323
Increase / (Decrease) in Trade and Other Payables	(15,087,089)	(412,193,601)
Cash Generated From / (Used in) Operations	(147,499,037)	(99,830,836)
Taxes Paid (Net)	(44,157)	(2,316,000)
Net Cash Generated From / (Used in) Operating Activities	(147,543,194)	(102,146,836)
B. Cash Flow from Investing Activities		
Proceeds from Sale of Assets	8,084,742	9,060,129
Purchase of Fixed Assets	(10,099,273)	(42,514,702)
Interest Income	1,343,278	1,218,877
Dividend on units of Mutual fund (Non-Trade)	187,290	31,321
Net Cash Generated From / (Used in) Investing Activities	(483,963)	(32,204,375)
C. Cash Flow from Financing Activities		
Repayment of Long Term Borrowings	—	(172,142,097)
Proceeds from Unsecured Loans	3,385,600,000	2,182,859,999
Repayment of Unsecured Loans	(3,012,800,000)	(1,850,842,454)
Interest Paid	(234,707,024)	(13,323,817)
Net Cash Generated From / (Used in) Financing Activities	138,092,976	146,551,631

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010 (Continued)

(Amount in Rupees)

Particulars	For the year ended March 31, 2010	For the year ended March 31, 2009
D. Net Increase / (Decrease) in Cash and Cash equivalents (A+B+C)	(9,934,181)	12,200,420
E. Cash and Cash equivalents at the beginning of the year	21,542,870	9,342,450
F. Cash and Cash equivalents at the end of the year (D+E)		
Cash and Bank Balances	11,608,689	6,015,630
Current Investments in units of Mutual funds	—	15,527,240
	11,608,689	21,542,870
1 Cash and Cash Equivalents as at the end of the year includes		
Cash on Hand	373,969	763,935
In Current Accounts	184,220	901,195
In Fixed Deposit Accounts *	11,050,500	4,350,500
Current Investments in units of Mutual funds	—	15,527,240
	11,608,689	21,542,870

* Refer Note B 2(a) of Schedule 19

2 The above cash flow statement has been prepared under the 'Indirect Method' set out in Accounting Standard - 3 on Cash Flow Statements as notified under the Companies (Accounting Standards) Rules, 2006, as amended.

As per our report of even date

For **Sharma Goel & Co.**
Chartered Accountants
F.R.N.: 000643N

Amar Mittal

Partner
Membership Number: 017755

Place : Gurgaon
Date : April 29, 2010

For and on behalf of the Board

Shamsher Singh
Director

Anil Lepps
Whole-Time Director

Vikas Khandelwal
Company Secretary

Place : Gurgaon
Date : April 29, 2010

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010

(Amount in Rupees)

As at
March 31, 2010

As at
March 31, 2009

Schedule 1: Share Capital

Authorised:

25,000,000 (Previous Year 21,000,000) equity shares of Rs 10 each	250,000,000	210,000,000
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Issued, Subscribed and Paid Up

20,000,000 Equity Shares (Previous Year 20,000,000) of Rs 10 each fully paid up.	200,000,000	200,000,000
Of the above, 12,783,310 (Previous Year 12,783,310) equity shares of face value of Rs 10 each are held by Indiabulls Wholesale Services Limited, the Holding Company.		

As Per Balance Sheet	200,000,000	200,000,000
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Schedule 2: Reserves and Surplus

Securities Premium Account	1,062,033,695	1,062,033,695
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As Per Balance Sheet	1,062,033,695	1,062,033,695
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Schedule 3: Unsecured Loans

Others

- From Bodies Corporate	2,295,600,000	—
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- Interest Accrued and due thereon	75,736,950	—
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	2,371,336,950	—
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- From Fellow Subsidiary Company	—	1,000,000,000
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- Interest Accrued and due thereon	—	33,765,657
------------------------------------	---	------------

	—	1,033,765,657
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- From Holding Company	—	922,800,000
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- Interest Accrued and due thereon	—	97,492,306
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	—	1,020,292,306
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As Per Balance Sheet	2,371,336,950	2,054,057,963
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SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010 (Continued)

Schedule 4: Fixed Assets

Description	Gross Block (At Cost)			Accumulated Depreciation/Amortization			Net Block				
	As at April 01, 2009	**Additions During the Year	**Adjustments/ Sales During the Year	As at March 31, 2010	As at April 01, 2009	*Impairment of Fixed Assets recorded During the Year	As at March 31, 2010	As at April 01, 2009			
A) Tangible Assets											
Plant and Machinery	144,954,144	1,298,303	8,136,445	138,116,002	18,409,119	11,918,131	5,808,721	1,985,189	34,150,782	103,965,220	126,545,025
Furniture and Fixtures	413,398,552	9,963,034	99,323,239	324,038,347	71,456,994	20,570,007	20,608,807	18,828,396	93,807,412	230,230,935	341,941,558
Computers	78,818,913	30,691,813	4,317,692	105,193,034	37,081,343	12,953,011	2,477,402	(15,440,594)	67,952,350	37,240,684	41,737,570
Vehicles	718,730	-	-	718,730	229,128	64,016	149,756	-	442,900	275,830	489,602
Total	637,890,339	41,953,150	111,777,376	568,066,113	127,176,584	45,505,165	29,044,686	5,372,991	196,353,444	371,712,669	510,713,755
B) Intangible Assets											
Software	127,544,371	3,546,219	25,701,690	105,388,900	51,142,610	18,748,302	316,861	13,862,503	56,345,270	49,043,630	76,401,761
Total	127,544,371	3,546,219	25,701,690	105,388,900	51,142,610	18,748,302	316,861	13,862,503	56,345,270	49,043,630	76,401,761
Grand Total	765,434,710	45,499,369	137,479,066	673,455,013	178,319,194	64,253,467	29,361,547	19,235,494	252,698,714	420,756,299	587,115,516
Previous Year	1,021,578,622	108,812,011	364,955,923	765,434,710	133,436,469	82,591,555	6,106,358	43,815,188	178,319,194	587,115,516	888,142,153

* Refer Note B 9 of Schedule 19

** Includes reclassification of Assets

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010 (Continued)

(Amount in Rupees)

As at
March 31, 2010

As at
March 31, 2009

Schedule 5: Current Investments (at cost or fair value whichever is lower)

in Units of Mutual Funds - (Non-Trade, Un-quoted)

Nil (Previous Year 1,414,126 Units of LICMF Liquid Fund - Dividend Plan at an NAV of Rs.10.98 per unit)	-	15,527,240
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As Per Balance Sheet

Aggregate Book Value of Un-Quoted Investments	-	15,527,240
Aggregate Book Value of Quoted Investments	-	-
Aggregate Market value of Quoted Investments	-	-

Schedule 6: Inventories (as taken, valued and certified by Management)

Finished Goods	139,034,333	205,109,825
Less: Provision for shrinkages and shortages (Refer Note B 4 of Schedule 19)	(19,619,206)	(38,120,425)

As Per Balance Sheet

	119,415,127	166,989,400
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Schedule 7: Sundry Debtors

(Unsecured, considered good, unless otherwise stated)

(a) Debts outstanding for a period exceeding six months

Considered Good	1,304	809,687
Considered Doubtful	6,025,651	4,583,095

	6,026,955	5,392,782
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Less: Provision for doubtful debts	(6,025,651)	(4,583,095)
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	1,304	809,687
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(b) Other Debts (Considered Good)	521,865	2,332,961
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As Per Balance Sheet

	523,169	3,142,648
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Schedule 8: Cash and Bank Balances

Cash on Hand	373,969	763,935
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Balance with Scheduled Banks:

in Current Accounts	184,220	901,195
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in Fixed Deposit Accounts	11,050,500	4,350,500
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(Refer Note B 2(a) of Schedule 19)

As Per Balance Sheet

	11,608,689	6,015,630
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SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010 (Continued)

(Amount in Rupees)

As at
March 31, 2010 As at
March 31, 2009

Schedule 9: Loans and Advances

(Unsecured, considered good, unless otherwise stated)

Advances recoverable in cash or in kind or for value to be received

Considered Good	52,374,375	66,541,513
Considered Doubtful	157,632,197	137,000,392
	210,006,572	203,541,905
Less: Provision for Doubtful advances	157,632,197	137,000,392
	52,374,375	66,541,513
Security Deposits:		
Considered Good	86,584,107	60,281,239
Considered Doubtful	84,560,379	69,425,287
	171,144,486	129,706,526
Less: Provision for Doubtful Deposits	84,560,379	69,425,287
	86,584,107	60,281,239
As Per Balance Sheet	138,958,482	126,822,752

Schedule 10: Current Liabilities

Sundry Creditors (Refer Note B 19 of Schedule 19)

Dues to Micro, Small and Medium Enterprises	2,490,656	4,836,762
Dues to others	296,602,090	286,631,364
Expenses Payable	926,659	742,644
Other Liabilities	13,605,292	40,808,784
As Per Balance Sheet	313,624,697	333,019,554

Schedule 11: Provisions

Provision for Gratuity	797,369	831,978
(Refer Note B 11 of Schedule 19)		
Provision for Compensated Absences	471,131	700,636
(Refer Note B 11 of Schedule 19)		
As Per Balance Sheet	1,268,500	1,532,614

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

(Amount in Rupees)

As at
March 31, 2010

As at
March 31, 2009

Schedule 12: Sales and Operating Income

Sales [Net of applicable VAT: 10,067,008 (Previous Year 52,415,402)]	123,957,985	965,389,360
Sales of Consignment Merchandise	43,806,413	24,222,187
As Per Profit and Loss Account	167,764,398	989,611,547

Schedule 13: Other Income

Income from store displays	676,231	11,415,256
Concessionaire Income	13,000,575	18,567,352
Miscellaneous Income	607,951	80,250,970
Sundry Balances / Provisions / Liabilities Written Back (Net)	4,987,079	2,465,742
Interest Income [TDS Rs.23480 (Previous Year: Rs.11427)]	490,449	1,218,877
Interest on Income Tax Refund	852,829	-
Dividend on units of Mutual Funds	187,290	31,319
As Per Profit and Loss Account	20,802,404	113,949,516

Schedule 14: Cost of Goods Sold

Purchases	67,008,901	438,680,738
Purchase of Consignment Merchandise	34,723,075	18,615,117
(Increase) / Decrease in inventories	66,075,492	294,141,104
As Per Profit and Loss Account	167,807,468	751,436,959

Schedule 15: Direct Costs

Octroi Charges	501,105	7,897,627
Barcoding and Soft Tags	196,211	1,074,853
Transportation Charges	1,104,901	5,781,409
Labour Charges	105,498	556,472
As Per Profit and Loss Account	1,907,715	15,310,361

Schedule 16: Employees Remuneration and Benefits

Salaries	31,304,802	118,132,679
Staff Welfare Expenses	1,135,696	2,916,032
Contribution to Provident and Other Funds	1,155,662	5,885,751
(Refer Note B 11 of Schedule 19)		
As Per Profit and Loss Account	33,596,160	126,934,462

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010
(Continued)

	As at March 31, 2010	(Amount in Rupees) As at March 31, 2009
Schedule 17: Administrative and Other Expenses		
Electricity, Power and Fuel	15,534,559	48,100,242
Repairs and Maintenance		
Building	828,433	652,525
Plant and Machinery	3,269,879	14,607,289
Others	880,620	4,514,799
Rent including lease rentals (Refer Note B 5 of Schedule 19)	47,724,722	241,129,699
Rates and Taxes	740,478	1,171,416
Credit Card charges	1,206,637	5,124,749
Insurance	945,030	3,454,051
House Keeping Charges	2,300,575	8,259,585
Security Charges	3,897,408	12,272,776
Legal and Professional Charges	10,947,825	8,667,323
Communication Expenses	1,053,616	8,882,914
Travelling and Conveyance Expenses	3,367,924	10,228,180
Auditors' Remuneration		
For Audit Matters	3,695,050	2,080,560
For Tax Audit	110,300	41,363
Printing & Stationary	2,574,497	5,000,234
Commission	90,000	41,000
Advertisement and Sales Promotion	7,529,446	46,585,283
Fixed Assets written off / discarded	-	299,900,156
Loss on Sale / Disposal of Fixed Assets	74,758,734	62,870,254
Provision for Doubtful Debts / Advances	39,297,095	83,331,990
Office Expenses	305,667	1,558,088
Miscellaneous Expenses	2,688,069	3,021,044
As Per Profit and Loss Account	223,746,564	871,495,520

Schedule 18: Interest and Finance Charges

Interest on Inter Corporate Deposits	178,522,353	128,800,961
Interest others	702,045	-
Interest on Cash Credit - Banks	-	10,855,127
Bank Charges	640,920	2,468,413
As Per Profit and Loss Account	179,865,318	142,124,501

Schedule: 19

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2010

A. Significant Accounting Policies:

i. Basis of accounting

The financial statements are prepared under the historical cost convention on an accrual basis, in accordance with the generally accepted accounting principles in India ("GAAP") and in compliance with the applicable accounting standards as notified under the Companies (Accounting Standards) Rules, 2006, as amended.

ii. Use of estimates

The presentation of financial statements in conformity with GAAP requires estimates and assumptions to be made that affect the reported amount of assets and liabilities and disclosure of contingent liabilities as at the date of the financial statements and the reported amount of revenues and expenses during the reporting year. Differences between the actual results and estimates are recognized in the reporting year in which the results are known/materialized.

iii. Fixed Assets

Fixed assets are stated at cost, less accumulated depreciation and impairment losses, if any. Cost includes original cost of acquisition or installation, including incidental expenses related to such acquisition.

iv. Depreciation/Amortisation

Depreciation on fixed assets is provided on straight-line basis at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956.

Depreciation on additions/deductions of assets during the year is provided on pro-rata basis from/up to the date asset is put to use/discarded. Intangible assets are amortized over the expected useful life from the date the assets were available for use, as mentioned below:

Description of Assets	Estimated useful life
Software	Six years

v. Impairment of Assets

At each balance sheet date, the Company assesses, based on internal or external factors, whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset or the cash generating unit. If such recoverable amount of the asset or cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Profit and Loss Account. If, at the Balance Sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and impairment losses previously recognized are accordingly reversed.

vi. Investments

Investments are classified as long term or current investments. Long term investments are stated at cost and provision for diminution in their value, other than temporary, is recorded in the books of account. Current investments are stated at the lower of cost or fair value.

vii. Revenue Recognition

- a) Revenue is recognised when it is earned and no significant uncertainty exists as to its realisation or collection.
- b) Retail sales and revenues are recognised on the delivery of goods/merchandise to customers, when:
 - i. the property in the goods is transferred for a price,
 - ii. significant risks and rewards have been transferred, and
 - iii. the Company retains no effective ownership control over the goods.
- c) Sales are net of Discounts. Sales Tax and Value Added Tax are reduced from turnover.
- d) The property in goods/merchandise of third party sales counters located within the retail stores of the Company passes to the Company once a customer decides to purchase an item from such third party sales counters. The Company, in turn, sells such goods to the customer and revenue is accordingly, included under Sales and cost of such merchandise is disclosed separately in the Profit and Loss Account.
- e) The ownership in goods/merchandise of third parties under concessionaire arrangements does not pass to the Company. Concessionaire income earned from sales made by third parties under such arrangements is recognised in the Profit and Loss Account as Other Income under the head Concessionaire Income.
- f) Revenue from store displays and sponsorships are recognised based on the period for which the products or the sponsors' advertisements are promoted/displayed.
- g) Interest income from deposits is recognized on accrual basis.
- h) Dividend income is recognized when the right to receive the dividend is unconditionally established.
- i) Profit on sale of investments is recognized on the date of the transaction of sale and is computed with reference to the cost of investments.

viii. Inventories

Inventories are valued at cost or estimated net realizable value, whichever is lower. Cost of inventories is determined using the weighted average cost method and includes purchase price, and all direct costs incurred in bringing the inventories to their present location and condition.

Goods/Merchandise received under concessionaire arrangements or in respect of third party sales counters, belong to such consignees/third parties, and are accordingly excluded from the Company's inventories.

ix. Provision for Shrinkages and Shortages

Provisions for Shrinkages and Shortages are charged to the Profit and Loss Account based on historical data and management estimates. Actual shrinkages and shortages are adjusted against such provisions.

x. Foreign Currency Transactions

a) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying the exchange rate between the reporting currency and the foreign currency at the date of the transaction to the foreign currency amount.

b) Conversion

Foreign currency monetary items are converted to reporting currency using the closing rate. Non-monetary items denominated in a foreign currency which are carried at historical cost are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or any other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

c) Exchange Differences

Exchange differences arising on the settlement/conversion of monetary items or on reporting, the Company's monetary items at rates different from those at which they were initially recorded, are recognized as income or expense in the year in which they arise except those arising from investments in non-integral operations.

Exchange differences arising on monetary items that in substance forms part of the Company's net investment in a non-integral foreign operation are accumulated in a foreign currency translation reserve in the balance sheet until the disposal of the net investment, at which time they are recognized as income or expenses.

xi. Taxes on Income

Current Tax is determined as the tax payable in respect of taxable income for the year and is computed in accordance with relevant tax regulations.

Deferred Tax resulting from timing differences between taxable income and accounting income is accounted for at the current rate of tax/substantively enacted tax rates as on the Balance Sheet date, to the extent that the timing differences are expected to crystallize.

Deferred Tax Assets are recognized where realization is reasonably certain. In case of timing differences on account of carried forward losses or unabsorbed depreciation, Deferred Tax Assets are recognized only if there is virtual certainty supported by convincing evidence that such deferred tax assets will be realised. Deferred Tax Assets are reviewed for the appropriateness of their respective carrying values at each Balance Sheet date.

xii. Deferred Employee Stock Compensation Costs

Deferred Employee Stock Compensation Costs are recognized in accordance with the Guidance Note on Accounting for Employee Share Based Payments issued by the Institute of Chartered Accountants of India, which establishes financial accounting and reporting principles for employee share based payment plans. Employee stock compensation costs are measured by the difference between the estimated intrinsic or fair value on the grant date (as elected by the Company in respect of its different Employees Share Based Payment Plans) of its equity shares issuable on exercise of stock options and the exercise price to be paid by the option holders. The compensation expense is amortized over the vesting period of the options.

xiii. Leases

In case of assets taken on operating lease, the lease rentals are charged to the Profit and Loss Account, in accordance with Accounting Standard (AS) 19 – "Leases" as notified under the Companies (Accounting Standards) Rules, 2006, as amended.

xiv. Customer Loyalty Club

As per the Company's customer loyalty programs, points awarded to customers can be redeemed for a gift voucher of an equivalent amount or against special gift articles. The value of these points is accounted for in the year in which they are redeemed.

xv. Employee benefits

Short-term employee benefits are recognized as an expense at the undiscounted amount in the Profit and Loss Account for the year in which the related service is rendered. The Company's contribution to Provident Fund and Employee State Insurance Schemes (defined contribution schemes) is charged to the Profit and Loss Account.

Post employment and other long term employee benefits for its eligible employees are recognized as an expense in the Profit and Loss Account, for the year in which the employee has rendered services. The Company has unfunded defined benefit plans, namely compensated absences and gratuity the liability for which is determined on the basis of actuarial valuation, conducted semi-annually, by an independent actuary, in accordance with Accounting Standard 15 (AS 15) – Employee

Benefits, notified under the Companies (Accounting Standards) Rules, 2006, as amended. The expense is recognized at the present value of the amount payable determined using actuarial valuation techniques. Actuarial gains and losses are recognized in the Profit and Loss Account as income or expenses.

xvi. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized only when there is a present obligation, as a result of past events, and when a reliable estimate of the amount of obligation can be made. Contingent liability is disclosed for:

- a) Possible obligations which will be confirmed only by future events not wholly within the control of the Company or,
- b) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.
- c) Contingent Assets are not recognized in the financial statements since this may result in the recognition of income that may never be realized.

xvii. Fringe Benefits Tax

Fringe Benefits Tax was calculated in accordance with the provisions of the Income Tax Act, 1961. However, the same has been abolished with effect from 1st April, 2009.

xviii. Earnings Per Share

Basic Earnings per share is computed using the weighted average number of equity shares outstanding during the year. Diluted Earnings per share is computed using the weighted average number of equity and dilutive potential equity shares outstanding during the year.

xix. Borrowing costs

Borrowing costs attributable to the acquisition, construction or production of qualifying assets are capitalized as part of cost of the asset. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

B. Notes Forming Part of the accounts

1 a) Overview

The Company was incorporated as Pyramid Retail Limited on March 18, 2005 with an authorized capital of Rs. 210,000,000 divided into 21,000,000 equity shares of Rs.10 each. In April 2008, Indiabulls Wholesale Services Limited (IWSL), a 100% subsidiary of Indiabulls Real Estate Limited completed the acquisition of 63.92% of the outstanding equity share capital of the Company from the then existing promoters in terms of the Share Purchase Agreement dated December 08, 2007 and Public Announcement dated December 09, 2007 and in accordance with the provisions of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997. Pursuant to this, IWSL and Indiabulls Real Estate Limited had made an open offer to acquire up to 20% of the voting capital of the Company at an offer price of Rs 74.73 per share. In the open offer, which concluded on April 10, 2008, IWSL purchased 310 shares from the general public. In accordance with the provisions of Section 21 and other applicable provisions of the Companies Act, 1956, the members of the Company passed a special resolution through Postal Ballot, on May 12, 2008, and accorded their approval to change the name of the Company. The Company has since received fresh certificate of incorporation consequent upon change of name, from the Registrar of Companies, Maharashtra, Mumbai dated May 22, 2008 in respect of the said change. Accordingly, the name of the Company was changed to 'Indiabulls Retail Services Limited'. Further and in accordance with the provisions of Section 21 and as per applicable provisions of the Companies Act, 1956, members of the company in their annual general meeting held on September 30, 2009, accorded their approval to change the name of the Company to 'Store One Retail India Limited'. The Company has since received fresh certificate of incorporation consequent upon change of name, from the Registrar of Companies, National Capital Territory of Delhi and Haryana on October 06, 2009. Accordingly, the name of the Company has been changed to "Store One Retail India Limited" from Indiabulls Retail Services Limited.

- b) In accordance with the provisions of Section 94 and other applicable provisions of the Companies Act, 1956, Members of the Company in their Annual General Meeting held on September 30, 2009, accorded their approval to increase the Authorized Share Capital of the Company. Accordingly, the Authorized Share Capital of the Company has been increased from Rs. 21,00,00,000/- (Rupees Twenty One Crores) divided into 2,10,00,000 (Two Crores Ten Lacs) Equity Shares of Rs. 10 each to Rs. 25,00,00,000/- (Rupees Twenty Five Crores) divided into 2,50,00,000 (Two Crores Fifty Lacs) Equity Shares of Rs. 10 each.
- c) M/s Ajay Sardana Associates, Chartered Accountants who were appointed as Statutory Auditors of the Company at its last Annual General Meeting held on September 30, 2009, have resigned from the office by their resignation letter dated February 13, 2010. The Board of Director vide meeting dated February 15, 2010 and Members of the Company vide their resolution through postal ballot dated March 19, 2010 have approved the appointment of M/s Sharma Goel & Co., Chartered Accountants, as Statutory Auditors of the Company to fill the vacancy caused due to the resignation aforesaid.
- d) During the year ended March 31, 2010, the Company has incurred a net loss of Rs. 511,971,437 and as of that date its net worth has been eroded. As part of its restructuring initiatives during the year ended March 31, 2009, the Company has closed certain stores as a means to reduce and control costs/operating losses. Further during the year ended March 31, 2010, the Company has rebranded and relaunched as 'Store One', two of its lifestyle retail stores at Pune and Nagpur in October 2009. Having regard to the Company's business plans and the synergies expected from its restructuring initiatives, the financial statements for the year ended March 31, 2010 have been prepared on the basis that the Company is a going concern and that no adjustments are required to the carrying value of assets and liabilities.

2 Contingent Liabilities

- a) Bank Guarantees:
- i. Of Rs. 6,700,000 (Previous Year Rs Nil) issued in favour of Business Partners, secured by way of pledge of Fixed Deposits for Rs. 6,700,000 (Previous Year Rs. Nil)
 - ii. Two BG's of Rs. 50,000 each (Previous Year Rs. 50,000) issued in favour of Assessing Authority – Gurgaon, secured by way of pledge of Fixed Deposits for Rs. 100,000 (Previous Year Rs. 100,000).
 - iii. Of Rs. 4,250,500 (Previous Year Rs. 4,250,500) issued in favour of High Court of Delhi, secured by way of pledge of Fixed Deposits for Rs. 4,250,500 (Previous Year Rs. 4,250,500).
- b) Estimated amount of Contracts remaining to be executed on capital account (net of advances) Rs. 218,454 (Previous Year Rs. 641,270).
- c) Claims against the Company not acknowledged as debts: Rs. 6,109,503 (Previous Year: Nil).

3 Statement of Acquisition and Sale of Investments during the year

Non Trade, Unquoted, Current Investments:

In Units of Mutual Funds

	For the year ended March 31, 2010			
	Acquired during the year		Redeemed during the year	
	No. of Units	Amount (Rs.)	No. of Units	Amount (Rs.)
LICMF Liquid Fund – Dividend Plan	4,768,986	52,363,939	6,183,112	67,891,179
	<i>1,414,126</i>	<i>15,527,240</i>	NIL	NIL
LICMF Saving Plus Fund	801,992	8,019,919	801,992	8,019,919
	NIL	NIL	NIL	NIL
Reliance Liquid Fund	425,192	6,500,000	425,192	6,500,000
	<i>654,409</i>	<i>10,004,079</i>	<i>654,409</i>	<i>10,004,079</i>
Total	5,996,170	66,883,858	7,410,295	82,411,098
	<i>2,068,535</i>	<i>25,531,319</i>	<i>654,409</i>	<i>10,004,079</i>

*Figures in respect of Previous Year are stated in Italics.

4 Provision for Shrinkages/Shortages

(Amount in Rupees)

Particulars	March 31, 2010	March 31, 2009
Opening Balance	38,120,425	12,026,206
Additions	-	68,884,029
Utilized	18,501,219	42,789,810
Closing Balance	19,619,206	38,120,425

5 Disclosures in respect of Accounting Standard 19 – Leases, as notified under the Companies (Accounting Standards) Rules, 2006, as amended

The Company has taken various premises on operating leases and lease rent of Rs.47,724,722 (Previous year Rs. 241,129,699) in respect of the same has been charged to Profit and Loss Account for the year ended March 31, 2010. The underlying agreements are executed for a period generally ranging from one year to seven years, renewable at the option of the Company and the lessor and are cancellable in some cases, by either party by giving a notice generally of 30 to 90 days. The minimum lease rentals payable in respect of such operating leases, are as under:

(Amount in Rupees)

Particulars	As at March 31, 2010	As at March 31, 2009
Within One Year	55,317,172	36,864,000
One to Five years	292,737,560	297,748,962
Later than Five years	173,054,088	105,501,154
Total	521,108,820	440,114,116

6 Employees' Stock Option Schemes (ESOS)

I Employees' Stock Option Schemes of the Company

i. Piramyd Retail Limited – Stock Option Plan 2005

During the period ended March 31, 2006, the Company had established the "Piramyd Retail Limited Stock Option Plan – 2005". The Company issued equity settled options to its eligible employees to subscribe upto 202,350 stock options at an exercise price of Rs. 62 per option. The intrinsic value of the option was Rs. 58 per option which was the difference between the issue price of the Initial Public Offering concluded prior to the date of grant of options of Rs. 120 per share and exercise price of Rs. 62 per option.

The stock options so granted were to vest in the eligible employees as under:

Sr. No.	% of options vested	Vesting date
1	25%	December 5, 2006
2	35%	December 5, 2007
3	40%	December 5, 2008
	100%	

All these options lapsed during the year ended March 31, 2009 on account of resignation of employees or voluntary surrender of options by the employees and accordingly, deferred stock based employee compensation expenses of Rs.1,654,228 written back, during the year 2008-09.

ii. Piramyd Retail Limited – Stock Option Plan 2006, ("PRL Stock Option Plan – 2006")

During the period ended March 31, 2007, the Company had established the "PRL Stock Option Plan - 2006". The Company issued equity settled options to its eligible employees to subscribe up to 700,000 stock options at an exercise price of Rs. 85 per option. On October 3, 2006, 138,500 options were granted to eligible employees. The intrinsic value of the option was Rs.7.75 per option which was the difference between the latest market price prior to the date of grant of option and the exercise price of Rs. 85 per option.

The stock options so granted were to vest in the eligible employees as under:

Sr. No.	% of options vested	Vesting date
1	25%	September 30, 2007
2	30%	September 30, 2008
3	45%	September 30, 2009
	100%	

All these options lapsed during the year ended March 31, 2008 on account of resignation of employees or voluntary surrender of options by the employees and accordingly total ESOS compensation liability of Rs 1,050,125 as of March 31, 2007 & ESOS Compensation expense of Rs 284,828 charged in earlier years was written back during the year ended March 31, 2008.

iii. Indiabulls Retail Services Limited Employees' Stock Options Scheme – 2008

During the year ended March 31, 2009, pursuant to the the Resolution passed on May 12, 2008 the Company had established the "Indiabulls Retail Services Limited Employees' Stock Options Scheme – 2008". Under ("IBRSL ESOS 2008"), the Company issued equity settled options to its eligible employees to subscribe upto 1,000,000 stock options. However, this scheme was

subsequently superseded by 'Indiabulls Retail Services Limited Employees Stock Option Scheme – 2009' ("IBRSL ESOS 2009"), as approved by the share holders by way of postal ballot on February 9, 2009.

iv. Indiabulls Retail Services Limited Employees Stock Options Scheme – 2009

The Compensation Committee, constituted by the Board of Directors of the Company, at its meeting held on June 05, 2009, granted, under the "Indiabulls Retail Services Limited Employees Stock Option Scheme – 2009", 1,500,000 (Fifteen lacs) stock options representing an equal number of Equity shares of face value Rs. 10 each in the Company, to the eligible employees, at an exercise price of Rs. 30.45 per option, being the latest available closing market price on the National Stock Exchange of India Limited, as on June 04, 2009. The stock options so granted, shall vest in the eligible employees within 10 years beginning from June 06, 2010, the first vesting date. The stock options granted under each of the slabs, can be exercised by the grantees within a period of five years from the relevant vesting date.

The Company follows the intrinsic value method of accounting as prescribed in the Guidance Note on Accounting for Employees Share based Payments ("Guidance Note") issued by the Institute of Chartered Accountants of India. Since, on the date of grant, the intrinsic value of the options granted was equal to the exercise price, no compensation expense in respect of the options granted was recorded by the Company.

The Fair values of the options under the Scheme using the Black-Scholes model based on the following parameters, is Rs.24.06 per option, as calculated by an independent firm of Chartered Accountants:

Sr. No.	Particulars	ESOP – 2009
1	Fair value of option at grant date (Rs. per option)	Rs. 24.06
2	Exercise price (Rs. per option)	Rs. 30.45
3	Expected volatility	206%
4	Expected forfeiture percentage on each vesting date	Nil
5	Option Life (Weighted Average)	10.5 years
6	Expected Dividends yield	Nil
7	Risk Free Interest rate	6.50%

Had the Company followed the fair value method, there would not have been any impact on the Profit After Tax and on the basic and diluted earnings per share of the Company.

v. Indiabulls Retail Services Limited Employees' Stock Options Scheme – 2009(II)

Members of the Company in their annual general meeting held on September 30, 2009 have approved by way of special resolution the "Indiabulls Retail Services Employees Stock Option Scheme – 2009 (II)" ("IBRSL ESOS – 2009") covering 30 lacs equity settled options for eligible employees of the Company, its subsidiaries, Holding Company and Ultimate Holding Company.

II Stock Option Scheme of the Holding Company

Indiabulls Wholesale Services Limited ("IWSL"), a wholly owned subsidiary Company of Indiabulls Real Estate Limited ("IBREL"), announced the Indiabulls Wholesale Services Limited Employee Stock Option Plan 2007 ("IWSL ESOP 2007") for its employees and its subsidiary companies, existing then or in future, and employees of its holding company ("IBREL"). The eligible employees covered under IWSL ESOP 2007 were granted an option to purchase equity shares of the Company subject to the requirements of vesting. These options vest uniformly over a period of 10 years, with effect from November 01, 2008, whereby 10% of the options vest on each vesting date. A Compensation Committee constituted by the Board of Directors of the Company administered the IWSL ESOP 2007.

During the year, the IWSL ESOP 2007 was cancelled and withdrawn pursuant to the approval of the Board of Directors of the Company on May 27, 2009, after the option holders surrendered the unvested options under the IWSL ESOP 2007.

III Stock Option Schemes of the Ultimate Holding Company ("IBREL")

Indiabulls Real Estate Limited ("IBREL"), the ultimate holding company had established the Indiabulls Real Estate Limited Employees Stock Options Scheme ("IBREL ESOS-I" or "Plan-I") and Indiabulls Real Estate Limited Employees Stock Options Scheme – 2008 (II) ("IBREL ESOS-II" or "Plan-II") during the financial year ending March 31, 2007 and March 31, 2009 respectively. IBREL had issued 9,000,000 equity settled options at an exercise price of Rs. 60 per option under the IBREL ESOS I and 2,000,000 equity settled options at an exercise price of Rs 110.50 per option under the IBREL ESOS II to eligible employees which gave them the right to subscribe stock options representing an equal number of equity shares of face value of Rs. 2 each of IBREL. These options vest uniformly over a period of 10 years, commencing one year after from the date of grant. IBREL follows the Intrinsic Value method of accounting as prescribed in the Guidance Note on Accounting for Employees Share based Payments ("Guidance Note"), issued by the Institute of Chartered Accountants of India. There is no impact on the profits after taxes and the basic and diluted earnings per share of the Company, on account of IBREL ESOS-I and IBREL ESOS-II.

7 Earnings per Share

The Basic Earnings Per share is computed by dividing the Net Profit/(Loss) for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted Earnings per Share is computed using the weighted average number of equity shares and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable, had the shares been actually issued at fair value.

Dilutive potential equity shares are deemed converted as of the beginning of the year, unless they have been issued at a later date.

(Amount in Rupees)

Particulars	Year ended March 31, 2010	Year ended March 31, 2009
Net Profit/(Loss) After Tax	(511,971,437)	(902,902,497)
Weighted Average number of shares used in computing Basic Earnings per Share (Number of shares)	20,000,000	20,000,000
Total Potential Weighted Average number of shares used in computing Diluted Earnings Per Share (Number of shares)	20,000,000	20,000,000
Face Value per equity share	10	10
Basic Earnings/(Loss) Per Share	(25.60)	(45.15)
Diluted Earnings/(Loss) Per Share	(25.60)	(45.15)

8 Deferred Tax Asset

In compliance with Accounting Standard 22 (AS 22) – “Accounting for Taxes on Income”, as notified under the Companies (Accounting Standards) Rules, 2006, the Deferred Tax Assets has not been recognized as there is no virtual certainty supported by convincing evidence of the subsequent realization of such deferred tax assets in future.

9 Impairment

In accordance with the provisions of Accounting Standard 28 (AS 28) “Impairment of Assets” as notified under the Companies (Accounting Standards) Rules, 2006, as amended, the Company, during the year ended March 31, 2010, has recorded impairment loss of Rs.29,361,547 (Previous year 6,106,358) (included under the head Depreciation in the Profit and Loss Account), relating to various items of Tangible and Intangible Assets, which have been brought down to their recoverable values upon evaluation of future economic benefits from their use.

10 Quantitative details

(As taken, valued and certified by the management)

(Amount in Rupees)

Particulars	Sales		Purchases		Write-off		Opening Stock		Closing Stock	
	Qty*	Amount	Qty	Amount	Qty	Amount	Qty	Amount	Qty	Amount
Apparels/ Household Items etc.	278,357	144,568,492	138,791	97,526,885	16,225	241,742	399,748	156,597,806	260,182	127,511,605
	<i>1,464,175</i>	<i>763,527,518</i>	<i>591,040</i>	<i>274,468,708</i>	<i>35,434</i>	<i>17,113,165</i>	<i>1,308,317</i>	<i>545,469,651</i>	<i>399,748</i>	<i>156,597,806</i>
Others	-	26,223,608	-	4,205,091	-	13,473,412	-	48,512,019	-	11,522,728
	-	<i>201,861,842</i>	-	<i>225,616,957</i>	-	<i>25,676,644</i>	-	<i>97,255,307</i>	-	<i>48,512,019</i>
Total	278,357	170,792,100	138,791	101,731,976	16,225	13,715,154	399,748	205,109,825	260,182	139,034,333
	<i>1,464,175</i>	<i>965,389,360</i>	<i>591,040</i>	<i>500,085,665</i>	<i>35,434</i>	<i>42,789,809</i>	<i>1,308,317</i>	<i>642,724,958</i>	<i>399,748</i>	<i>205,109,825</i>

* The Company having dealt in a large number of products, the quantitative information has been furnished only in respect of major items namely Apparels and Household items. Other items are grouped together, as quantitative information in respect of each product is not practical to ascertain in view of nature of retailing operations of the Company.

** Figures in respect of Previous Year are stated in Italics.

11 Employee Benefits

Contributions are made to Provident Fund and Family Pension Fund, Employees State Insurance Corporation and other statutory funds which cover all eligible employees. Both the employees and the Company make predetermined contributions to the Provident Fund and Employees State Insurance Corporation. The contributions are normally based on a certain proportion of the employees' salary. The Company has charged Rs. 1,155,662 (Previous Year Rs. 5,885,751) as employer contribution for the above mentioned funds, to the Profit and Loss Account.

Provision for unfunded Gratuity and Compensated Absences for all employees is based upon actuarial valuation conducted semi-annually by an independent actuary. Major drivers in actuarial assumptions, typically, are years of service and employee compensation. Gains and losses on changes in actuarial assumptions are accounted for in the Profit and Loss Account. Disclosures required by Accounting Standard 15 (AS-15) Employee Benefits, as notified under the Companies (Accounting Standard) Rules, 2006 as amended, are given below:

(Amount in Rupees)

	Gratuity (unfunded)	Gratuity (unfunded)	Compensated Absences (Unfunded)	Compensated Absences (Unfunded)
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
Reconciliation of liability recognised in the Balance Sheet				
Present value of commitments (as per actuarial valuation)	797,369	831,978	471,131	700,636
Fair value of plan assets	NA	NA	NA	NA
Net liability in the Balance Sheet (actual)	797,369	831,978	471,131	700,636

	Gratuity (unfunded) March 31, 2010	Gratuity (unfunded) March 31, 2009	Compensated Absences (Unfunded) March 31, 2010	Compensated Absences (Unfunded) March 31, 2009
<u>Movement in net liability recognised in the Balance Sheet</u>				
Net liability as at beginning of the year	831,978	2,423,697	700,636	3,946,772
Amount paid during the Year	NA	NA	NA	NA
Net expense recognised in the Profit and Loss Account	(34,609)	(1,591,719)	(229,505)	(3,246,136)
Contribution during the year	NA	NA	NA	NA
Net liability as at end of the year	797,369	831,978	471,131	700,636
<u>Expense recognised in the Profit and Loss Account</u>				
Current service cost	285,253	831,978	175,271	700,636
Interest cost	54,917	–	43,170	–
Expected return on plan assets	NA	NA	NA	NA
Actuarial (gains)/losses	(374,779)	(2,423,697)	(447,946)	(3,946,772)
Expense charged to the Profit and Loss Account	(34,609)	(1,591,719)	(229,505)	(3,246,136)
<u>Return on plan assets</u>				
Expected return on plan assets	NA	NA	NA	NA
Actuarial (gains)/losses	NA	NA	NA	NA
Actual return on plan assets	NA	NA	NA	NA
<u>Reconciliation of defined-benefit commitments</u>				
Commitments as at beginning of the year	831,978	2,423,697	700,636	3,946,772
Current service cost	285,253	831,978	175,271	700,636
Interest cost	54,917	–	43,170	–
Paid benefits	NA	NA	NA	NA
Actuarial (gains)/losses	(374,779)	(2,423,697)	(447,946)	(3,946,772)
Commitments as at end of the year	797,369	831,978	471,131	700,636
<u>Reconciliation of plan assets</u>				
Plan assets as at beginning of the year	NA	NA	NA	NA
Expected return on plan assets	NA	NA	NA	NA
Contributions during the year	NA	NA	NA	NA
Paid benefits	NA	NA	NA	NA
Actuarial (gains)/losses	NA	NA	NA	NA
Plan assets as at end of the year	NA	NA	NA	NA

The actuarial calculations used to estimate commitments and expenses in respect of gratuity and leave encashment are based on the following assumptions which if changed, would affect the commitment's size, funding requirements and expense:

	For the year ended March 31, 2010	For the year ended March 31, 2009
Discount rate	7.50%	7.50%
Gratuity and Compensated Expenses	NA	NA
Expected return on plan assets	NA	NA
Expected rate of salary increase	5.00%	5.00%
Mortality	LIC (1994-96) Duly Modified	LIC (1994-96) Duly Modified

12 Disclosures in respect of Accounting Standard 18 (AS 18) Related Party Disclosures, as notified under the Companies (Accounting Standards) Rules, 2006, as amended

(a) Related parties where control exists:

Nature of relationship	Name of Party
Ultimate Holding Company	Indiabulls Real Estate Limited
Holding Company	Indiabulls Wholesale Services Limited
Fellow Subsidiary Company*	Indiabulls Projects Limited

* With whom transactions entered during the year.

(b) Other related parties:

Nature of relationship	Name of Party
Key Management Personnel	Rajiv Rattan, Director
	Anil Lepps, Whole-Time Director (From January 06, 2009)
	Udesh Jha, Director (Till June 30, 2009)
	Mehul CC Johnson, Director (From March 18, 2009)

(c) Statement of Material Transactions

i) Inter Corporate Deposits taken (Maximum amount outstanding at any time during the year)

(Amount in Rupees)

Particulars	Relationship	During the year ended	During the year ended
		March 31, 2010	March 31, 2009
Indiabulls Wholesale Services Limited	Holding Company	962,800,000	1,850,782,454
Indiabulls Projects Limited	Fellow Subsidiary Company	1,000,000,000	1,000,000,000

ii) Interest Expenses on Inter Corporate Deposits

(Amount in Rupees)

Particulars	Relationship	During the year ended	During the year ended
		March 31, 2010	March 31, 2009
Indiabulls Wholesale Services Limited	Holding Company	51,89,984	82,624,741
Indiabulls Projects Limited	Fellow Subsidiary Company	5,424,642	43,658,583

iii) Repayment of Inter Corporate Deposits

(Amount in Rupees)

Particulars	Relationship	During the year ended	During the year ended
		March 31, 2010	March 31, 2009
Indiabulls Wholesale Services Limited	Holding Company	962,800,000	NIL
Indiabulls Projects Limited	Fellow Subsidiary Company	1,000,000,000	NIL

iv) Outstanding as at March 31, 2010

(Amount in Rupees)

Particulars	Relationship	As at	As at
		March 31, 2010	March 31, 2009
Inter Corporate Deposit taken			
Indiabulls Wholesale Services Limited	Holding Company	NIL	922,800,000
Indiabulls Projects Limited	Fellow Subsidiary Company	NIL	1,000,000,000
Interest Payable on Inter Corporate Deposit			
Indiabulls Wholesale Services Limited	Holding Company	NIL	97,492,306
Indiabulls Projects Limited	Fellow Subsidiary Company	NIL	33,765,657

In accordance with AS 18, disclosures in respect of transactions with identified related parties are given only for such period during which the relationship existed. Related party relationships are as identified by the company and relied upon by the auditors.

- 13 No Disclosures are required under Clause 32 of the Listing Agreements with Stock Exchanges as the company has no subsidiary companies.
- 14 Disclosures pursuant to Part II to Schedule VI of the Companies Act, 1956, to the extent applicable.
- i. Managerial Remuneration under Section 198 of the Companies Act, 1956:

(Amount in Rupees)

Particulars	For the Year Ended March 31, 2010	For the Year Ended March 31, 2009
Salary and Other Allowances	-	-
Contribution to Provident Fund/Superannuation	-	-

As no commission has been paid/is payable to Directors, the computation of Net Profits in accordance with Section 309 (5) read with Section 349 of the Companies Act, 1956 has not been furnished.

- ii. Expenditure incurred in foreign currency: NIL (Previous Year: NIL)
- iii. Value of Imports calculated on CIF basis: NIL (Previous Year: NIL)
- 15 Segment Reporting**
- The Company is engaged in the retail business in India. The Company operates in domestic market only. Considering the nature of Company's business and operations and based on the information available with the management no further disclosures are required in respect of reportable segments, under Accounting Standard 17 (AS 17) –“Segment Reporting” as notified under the Companies (Accounting Standards) Rules, 2006, other than those already provided in the financial statements.
- 16** As per the best estimate of the Management, no provision is required to be made as per Accounting Standard 29 (AS 29) – “Provisions, Contingent Liabilities and Contingent Assets”, as notified under the Companies (Accounting Standard) Rules, 2006, as amended, in respect of any present obligation as a result of a past event that could lead to a probable outflow of resources, which would be required to settle the obligation.
- 17** In the opinion of the Board of Directors, all current assets, loans and advances appearing in the balance sheet as at March 31, 2010 have a value on realization in the ordinary course of the Company's business at least equal to the amount at which they are stated in the balance sheet after appropriate provision. Certain balances shown under loans and advances, sundry creditors and balances with banks are subject to confirmation/reconciliation. In the opinion of the Board of Directors, no provision is required to be made against the recoverability of such balances, other than as already provided in the financial statements.
- 18** In respect of amounts mentioned under Section 205 C of the Companies Act, 1956, there were no dues required to be credited to the Investor Education and Protection Fund as on March 31, 2010.
- 19** Disclosures under the Micro, Small and Medium Enterprises Development Act, 2006:
- i. An amount of Rs. 2,490,656 (Previous Year 4,836,762) was due and outstanding to suppliers as at the end of the accounting year.
- ii. No interest was paid during the year in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 and payments of Rs. 3,815,437 were made to suppliers beyond the appointed day during the accounting year.
- iii. No interest is due and payable at the end of the year to such suppliers (Refer Note (vi) below).
- iv. Interest of Rs. 679,310 is accrued but not due at the end of the accounting year (Refer Note (vi) below)
- v. No amount of further interest was remaining due and payable in the succeeding years.
- vi. The above information and that given in Schedule 10 - “Current Liabilities ” regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors. Certain balances shown under Current Liabilities are subject to confirmation/reconciliation. Pending such confirmation/reconciliation, the Company has not paid principal amount of Rs. 2,490,656 and interest amount of Rs. 679,310 that may be payable under the Micro, Small and Medium Enterprises Development Act, 2006.
- 20** No borrowing cost has been capitalized during the year.
- 21** The company has not entered into any foreign exchange derivative instruments during the year. There are no outstanding foreign currency exposures as at March 31, 2010.
- 22** Previous year's figures have been regrouped and/or rearranged and/or reclassified wherever necessary to confirm to current year's groupings and classifications.

As per our report of even date

For **Sharma Goel & Co.**
Chartered Accountants
F.R.N.: 000643N

Amar Mittal
Partner
Membership Number: 017755

Place : Gurgaon
Date : April 29, 2010

For and on behalf of the Board

Shamsher Singh
Director

Anil Lepps
Whole-Time Director

Vikas Khandelwal
Company Secretary

Place : Gurgaon
Date : April 29, 2010

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details :

L 5 2 1 9 0 D L 2 0 0 5 P L C 1 8 1 5 3 6

Registration No. 1 8 1 5 3 6 State Code 5 5

Balance Sheet Date 3 1 0 3 1 0
Date Month Year

II. Capital Raised during the year (Amount in Rs. thousands)

Public Issue Rights Issue
N I L N I L

Bonus Issue Private Placement
N I L N I L

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. thousands)

Total Liabilities Total Assets
3 9 4 8 2 6 4 3 9 4 8 2 6 4

Sources of Funds

Paid up Capital Reserves & Surplus
2 0 0 0 0 0 1 0 6 2 0 3 3

Secured Loans Unsecured Loans
N I L 2 3 7 1 3 3 7

Application of Funds

Net Fixed Assets Investments
4 2 0 7 5 6 N I L

Net Current Assets Miscellaneous Expenditure
+ - N I L
✓ 4 4 3 8 8

Deferred Tax Asset Accumulated Losses
N I L 3 2 5 7 0 0 2

IV. Performance of Company (Amount in Rs. thousands)

Turnover Total Expenditure
1 8 8 5 6 7 7 0 0 5 3 8

+ - Profit/Loss Before Tax + - Profit/Loss After Tax
✓ 5 1 1 9 7 1 ✓ 5 1 1 9 7 1

Earning per share in Rs. (Weighted) Dividend Rate %
- 2 5 . 6 0 0

V. Generic Names of Three Principal Products/Services of Company (as per monetary terms)

Item Code No N O T A P P L I C A B L E

Product Description N O T A P P L I C A B L E

— STORE —
one

STORE ONE RETAIL INDIA LIMITED

Registered Office: E-29, First Floor, Connaught Place, New Delhi – 110 001
Website: www.storeone.in