

**BOARD OF DIRECTORS**

Nitin S. Kasliwal	Chairman & Managing Director (appointed as Managing Director with effect from 30 <sup>th</sup> January, 2010)
Jyoti N. Kasliwal	
Dr. A. C. Shah	
Anish Modi	Nominee of India Debt Management Private Limited
Denys Firth	Nominee of India Debt Management Private Limited
Dara D. Avari	
Tarun Joshi	Resigned as Managing Director & Director with effect from 30 <sup>th</sup> January, 2010

**COMPANY SECRETARY**

Pulak Banerjee

**AUDITORS**

M/s. Haribhakti & Co., Chartered Accountants

M/s. Malpani & Associates, Chartered Accountants

**REGISTRAR & TRANSFER AGENT**

Datamatics Financial Services Limited

Plot No. A 16 & 17 MIDC, Part B Crosslane,

Marol, Andheri (E), Mumbai - 400 093

Website: [www.dfssl.com](http://www.dfssl.com)

**REGISTERED OFFICE**

"Avadh" Avadhesh Parisar, Shree Ram Mills Premises,

G. K. Marg, Worli, Mumbai – 400 018

Website: <http://brandhouseretails.com>

Email: [bhrlinvestors@sknl.co.in](mailto:bhrlinvestors@sknl.co.in)

**BANKERS**

Bank of India

IDBI Bank Limited

Union Bank of India

Central Bank of India

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## NOTICE

NOTICE is hereby given that the Sixth Annual General Meeting of the members of BRANDHOUSE RETAILS LIMITED will be held on Tuesday, 28<sup>th</sup> September, 2010 at 4:30 p.m. at Walchand Hirachand Hall, Indian Merchants' Chamber Building, IMC Marg, Churchgate, Mumbai – 400 020 to transact the following business:

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31<sup>st</sup> March, 2010 and the Balance Sheet as at that date together with the Report of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Denys Firth, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Dara D. Avari, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint Statutory Auditors and fix their remuneration.
5. To consider and, if thought fit, to pass with or without modification(s) the following Resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant to Section 269, 316 and all other applicable provisions, if any, of the Companies Act, 1956 ("the Act") read with Schedule XIII of the Act and subject to the approval of the Central Government, Mr. Nitin S. Kasliwal, Chairman be and is hereby appointed as the Managing Director of the Company for a period of 3 (three) years with effect from 30<sup>th</sup> January, 2010, without a remuneration.

**AND RESOLVED FURTHER THAT** the Board of Directors and the Company Secretary of the Company be and are hereby authorised to do all such acts and deeds as may be necessary to give effect to this resolution."

By Order of the Board  
For BRANDHOUSE RETAILS LIMITED

Place : Mumbai  
Date : 30<sup>th</sup> July, 2010

PULAK BANERJEE  
COMPANY SECRETARY

### NOTES:

1. A member entitled to attend and vote at the Annual General Meeting ("the Meeting") is entitled to appoint a proxy to attend and vote on a poll in his place and the proxy need not be a member of the Company. The duly executed instrument appointing the proxy should, however, be deposited at the Registered Office of the Company not less than 48 (forty-eight) hours before the commencement of the Meeting.

2. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send a certified copy of the Resolution of the Board of Directors authorising such representative to attend and vote on their behalf at the Meeting.
3. Members are requested to bring their Attendance Slips along with copy of the Annual Report to the Meeting.
4. Members who hold shares in dematerialised form are requested to write their DP and Client ID and those who hold shares in physical form are requested to write their Folio Numbers in the attendance slip for attending the Meeting.
5. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
6. In terms of Section 255 and 256 of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Denys Firth and Mr. Dara D. Avari, Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. Brief details of these Directors including their directorships in other companies and memberships/chairmanships of the Board Committees are provided hereunder as Annexure to this Notice.
7. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 relating to the special business to be transacted at the Meeting is annexed hereto.
8. Relevant documents referred to in the accompanying Notice are open for inspection by the members at the Registered Office of the Company on all working days between 11.00 a.m. and 1.00 p.m. upto the date of the Meeting.
9. The Register of Members and Transfer Books of the Company shall remain closed from Saturday, 18<sup>th</sup> September, 2010 to Tuesday, 28<sup>th</sup> September, 2010 (both days inclusive) for the purpose of the Meeting.
10. Members holding shares in physical form in multiple folios with identical names or joint accounts in the same order of names are requested to send the share certificates to the Company's Registrar and Transfer Agents, M/s. Datamatics Financial Services Limited, for consolidation into a single folio.
11. Non-Resident Indian Members are requested to inform the Company's Registrar and Transfer Agents, M/s. Datamatics Financial Services Limited, immediately of :
  - a) Change in their Residential status on return to India for permanent settlement.
  - b) Particulars of their Bank Account maintained in India with complete name, branch, account type, account number and address of the Bank with Pin Code Number, if not furnished earlier.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****Item No. 5**

The Board of Directors of Brandhouse Retails Limited ("BHRL"/"the Company") at its Meeting held on 30<sup>th</sup> January, 2010 appointed Mr. Nitin S. Kasliwal, Chairman of the Board also as Managing Director of the Company with effect from 30<sup>th</sup> January, 2010 for a period of 3 (three) years, subject to the approval of the Central Government.

Mr. Kasliwal has been appointed as the Managing Director of the Company upon the resignation by Mr. Tarun Joshi as the Managing Director and Director of the Company.

For appointment of Mr. Kasliwal as Managing Director of the Company, approval of the Central Government is being sought pursuant to Section 316 read with Schedule XIII of the Companies Act, 1956 ("the Act") as Mr. Kasliwal is already holding office of Managing Director in two other Companies viz: S. Kumars Nationwide Limited (SKNL), a listed Company and its subsidiary Reid & Taylor (India) Limited (R&T). The said appointment as Managing Director is without any remuneration from the Company. Mr. Kasliwal is drawing remuneration only as Vice-Chairman and Managing Director of S. Kumars Nationwide Limited within the permissible limits under Section 198 read with Schedule XIII of the Act.

The said resolution at item no. 5 is recommended for approval by the members.

None of the Directors of the Company is, in anyway, concerned or interested in the said resolution except for Mrs. Jyoti N. Kasliwal as spouse and Mr. Nitin S. Kasliwal.

By Order of the Board  
For BRANDHOUSE RETAILS LIMITED

Place : Mumbai  
Date : 30<sup>th</sup> July, 2010

PULAK BANERJEE  
COMPANY SECRETARY

**ANNEXURE TO THE NOTICE CONVENING SIXTH ANNUAL GENERAL MEETING**

Details of the Directors seeking Appointment / Re-appointment at the Sixth Annual General Meeting (In pursuance to Clause 49 (IV)(G)(i) of the Listing Agreement)

Name of Director	Mr. Denys Firth	Mr. Dara D. Avari	Mr. Nitin S. Kasliwal
Date of Birth	26 <sup>th</sup> May, 1951	21 <sup>st</sup> October, 1934	22 <sup>nd</sup> November, 1960
Nationality	British	Indian	Indian
Date of appointment on the Board	14 <sup>th</sup> September, 2007	7 <sup>th</sup> April, 2005	7 <sup>th</sup> April, 2005
Qualification	BA in Physics (Oxon)	B.Sc., LL.B.	A graduate in Science and post graduate in Business Administration from the European University, Switzerland
Directorships in other Public Limited Companies	1. S. Kumars Nationwide Limited 2. Saurashtra Cement Limited	1. S. Kumars Nationwide Limited 2. Reid & Taylor (India) Limited 3. Anjaneya Foundation*	1. S. Kumars Nationwide Limited 2. Reid & Taylor (India) Limited 3. S. Kumar Enterprises (Synfabs) Limited
Committees of the other Public Companies in which Director is a Member	-	1. S. Kumars Nationwide Limited a) Audit Committee b) Transfer & Shareholders'/ Investors' Grievances Committee 2. Reid & Taylor (India) Limited a) Audit Committee	-
Shares held in the Company as on 31 <sup>st</sup> March, 2010	NIL	NIL	2,96,490

\* Section 25 company

## DIRECTORS' REPORT

Dear Shareholders,

The Board of Directors of your company have pleasure in presenting the Sixth Annual Report together with the Audited Accounts of your company for the year ended on 31<sup>st</sup> March, 2010.

### FINANCIAL HIGHLIGHTS

(Rs in Lacs)

Particulars		2009-10	2008-09
1	Turnover	65,746.07	55,234.91
2.	Other Income	233.96	5.76
3.	Profit from Operations (PBDIT)	5,874.78	4,117.96
	Less: Interest	1,915.95	878.03
	Less: Depreciation/Amortisation	856.04	827.57
4.	Profit before Tax	3,102.79	2,412.36
	Less : Provision for Current Tax	1,501.66	1,151.99
	Less : Provision for Deferred Tax	(19.74)	(78.13)
5.	Profit After Tax	1,620.87	1,338.50
6.	PAT brought forward from last year	-	-
7.	Transferred to Debenture Redemption Reserve	1,620.87	1,338.50
8.	PAT carried forward to next year	-	-

### YEAR IN RETROSPECT

The Net Sales/Income from operations for the financial year under review was Rs. 65,746.07 Lacs as against Rs. 55,234.91 Lacs for the previous financial year registering an increase of 19.03%. The Profit from ordinary activities before tax (after Interest and Depreciation charges) stood at Rs. 3,102.79 Lacs and the Profit after tax recorded at Rs. 1,620.87 Lacs for the financial year under review as against Rs. 2,412.36 Lacs and Rs. 1,338.50 Lacs respectively for the previous financial year, improving by 28.62% and 21.10% respectively.

### DIVIDEND

Your Directors do not recommend payment of dividend on equity capital for the year ended 31<sup>st</sup> March, 2010 in order to build up reserves for future development and growth.

## DEPOSITORY SYSTEM

As the members are aware, your company's shares are compulsorily tradeable in electronic form. As on 31<sup>st</sup> March, 2010, 87.9% of the company's total paid-up capital representing 4,71,16,607 shares were in dematerialized form. In view of the numerous advantages offered by the Depository system, members holding shares in physical mode are advised to avail of the facility of dematerialisation with either of the Depositories.

## LISTING OF COMPANY'S SHARES

Out of total 5,36,02,767 Equity Shares of Rs. 10/- each of the company, 5,19,94,195 Equity Shares were listed with the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited with effect from 27<sup>th</sup> March, 2009. The remaining 16,08,572 Equity Shares of the company, held by the Promoters of S. Kumars Nationwide Limited were listed with effect from 30<sup>th</sup> March, 2010.

## OPERATING RESULTS AND BUSINESS

Your company completes its sixth successful year in the field of fashion retailing.

Performance of your company has endured on the back of strong foothold in the branded space with its presence across various segments of domestic retail markets. The recent market upsurge and improved customer sentiments have helped increase earnings during the year.

The widening store network of your company across key retail points in the country has given continuous revenue growth which has translated into stronger profit performance. As part of the strategy to enhance its earnings, the company has expanded its own store network with focus on improving the key operational matrix which include better working capital rotation, higher per square foot sales, improving store sales and well considered new store expansion. The retail space continues to offer abundant prospects in India for the company to maximize the benefit.

The company has an ideal blend of brands that cater to various preferences and price points enabling it to penetrate smaller cities with its budget brands and bigger cities with its premium, super-premium and luxury brands. Your company has adopted a strategy of offering brands that are already established and have a high degree of brand recall, thereby maximizing the success rate of a particular brand.

### Joint Venture with Oviessse, S.p.A. Italy

During the year under review, your company promoted Brandhouse Oviessse Limited as its wholly owned subsidiary with initial paid-up capital of Rs. 5.00 Lacs pursuant to the Joint Venture Arrangement entered with Oviessse S.p.A. of Italy to launch the Italian fast fashion brand "Oviessse Industry" under single brand retail trade in India. On 12<sup>th</sup> May, 2010, 37,18,000 equity shares and 22,60,800 equity shares of Rs. 10/- each of Brandhouse Oviessse Limited representing 62.5% and 37.5% respectively of the paid-up capital of Rs. 603 Lacs of Brandhouse Oviessse Limited have been allotted to your company and to Oviessse S.p.A. in accordance with the Joint Venture Arrangement. The further capital infusion in Brandhouse Oviessse Limited would be made in accordance with the agreed Business Plan forming part of the Joint Venture Arrangement.

The Brand "Oviessse Industry" is set for its launch later this year with opening of stores in the major metro cities to provide affordable fast fashion for men, women and kids. As per the Business Plan, Brandhouse Oviessse Limited would set up 190 Oviessse stores across India over next 5 years. The joint venture for the first year will import the merchandise from Italy and thereafter will introduce local sourcing in a phased manner.



## DIRECTORS

During the year, Mr. Tarun Joshi resigned as the Managing Director of the company. At the Board meeting held on 30<sup>th</sup> January, 2010 Mr. Nitin S. Kasliwal, the Chairman of the company was appointed as the Managing Director pursuant to section 269 and 316 of the Companies Act, 1956 for a period of three years with effect from 30<sup>th</sup> January, 2010 without any remuneration subject to approval from the shareholders and the Central Government.

In accordance with the provisions of the Companies Act, 1956 and Article 130 of the Articles of Association of the company, Mr. Denys Firth and Mr. Dara D. Avari retire by rotation and being eligible, offer themselves for re-appointment.

## DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statement in terms of Section 217(2AA) of the Companies Act, 1956.

1. that in the preparation of the Annual accounts for the year ended on 31<sup>st</sup> March, 2010 the applicable accounting standards have been followed along with proper explanations relating to material departures, if any;
2. that 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 at the end of the financial year and of profit of the company for the year;
3. that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and preventing and detecting fraud and other irregularities; and
4. that the Directors have prepared the annual accounts for the year ended on 31<sup>st</sup> March, 2010 on a going concern basis.

## DEPOSITS

Fixed deposits received from shareholders and public stood at NIL as on 31<sup>st</sup> March, 2010 (previous year Rs. NIL). The company does not have any fixed deposit scheme.

## PARTICULARS OF EMPLOYEES

Information as per Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended forms part of this Report. However, as per the provisions of Section 219(1) (iv) of the Companies Act, 1956 the Reports and Accounts are being sent to the shareholders of the company excluding the statement of employees under Section 217(2A) of the Companies Act. Any shareholder interested in obtaining a copy of the said statement may write to the Secretary at the Registered Office of the company.

**CORPORATE GOVERNANCE**

As required under clause 49 of the Listing Agreement with the Stock Exchanges, the Report on Corporate Governance together with the Certificate from the Practicing Company Secretary regarding compliance of the provisions of the Corporate Governance forms part of this Directors' Report.

**MANAGEMENT DISCUSSION AND ANALYSIS**

Management Discussion and Analysis forming part of this Directors' Report is attached.

**PROMOTER GROUP COMPANIES**

As required under Clause 3(1)(e) of the Securities and Exchange Board of India (Substantial Acquisition of shares and Takeover) Regulations, 1997, persons constituting Group (within the meaning as defined in the Monopolies and Restrictive Trade Practices Act, 1969) for the purpose of availing exemption from applicability of the provisions of Regulation 10 to 12 of the aforesaid SEBI Regulations are detailed in Annexure A forming part of this Directors' Report.

**PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTFLOW**

Your company has no activity relating to Conservation of Energy and Technology absorption as stipulated in the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

During the year under review, the expenditure of your company in foreign exchange was Rs. 182.94 Lacs (Previous year Rs. 357.81 Lacs) and earning in foreign exchange was Rs. 222.56 Lacs (Previous year NIL).

**CONSOLIDATION OF ACCOUNTS**

The Audited Consolidated Financial Statements reflecting the consolidation of the Accounts of your Company with its subsidiary are annexed to this Annual Report.

**AUDITORS**

M/s. Haribhakti & Co., Chartered Accountants and M/s. Malpani & Associates, Chartered Accountants, the joint Statutory Auditors of the company hold office till the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. M/s. Haribhakti & Co. and M/s Malpani & Associates, the joint Statutory Auditors have furnished the required certificate under section 224(1B) of the Companies Act, 1956 regarding their eligibility for re-appointment as Statutory Auditors of the company.

In respect of observation made by the Auditors, please refer to Note No. 7 of Schedule 14 which is self-explanatory and hence in the opinion of the Directors, does not require any further explanation.

**ACKNOWLEDGEMENT**

Your Directors wish to place on record their grateful appreciation for the assistance, guidance and support provided by the customers, suppliers and other business associates. Your Directors also acknowledge the commitment and contribution of your company's employees at all levels and the shareholders.

On behalf of the Board

Place : Mumbai

NITIN S. KASLIWAL

Date : 28<sup>th</sup> May, 2010

CHAIRMAN & MANAGING DIRECTOR