

BRANDHOUSE

R E T A I L S

BRANDHOUSE RETAILS LIMITED
SEVENTH ANNUAL REPORT 2010-11



BOARD OF DIRECTORS

Nitin S. Kasliwal	- Chairman & Managing Director
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	
Alexander Shaik	- Alternate to Mr. Denys Firth

COMPANY SECRETARY & COMPLIANCE OFFICER

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: <http://dfssl.com>

REGISTERED OFFICE

B-2, 5th Floor, Marathon NextGen,
Off G. K. Marg, Lower Parel,
Mumbai – 400 013
Website: <http://brandhouseretails.com>
Email: 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 Seventh Annual General Meeting of the members of BRANDHOUSE RETAILS LIMITED will be held on Wednesday, September 28, 2011 at 4:30 p.m. at Walchand Hirachand Hall, Indian Merchants' Chamber Building, IMC Marg, Near Churchgate Station, 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 31st March, 2011 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 Mrs. Jyoti N. Kasliwal, who retires by rotation, and being eligible, offers herself for re-appointment.
3. To appoint a Director in place of Dr. A.C. Shah, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint Statutory Auditors and fix their remuneration.

BY ORDER OF THE BOARD
FOR BRANDHOUSE RETAILS LIMITED

PULAK BANERJEE
COMPANY SECRETARY

Place : Mumbai

Date : 30th May, 2011

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, Mrs. Jyoti N. Kasliwal and Dr. A. C. Shah, 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. The Register of Members and Transfer Books of the Company shall remain closed from Thursday, 22nd September, 2011 to Wednesday, 28th September, 2011 (both days inclusive) for the purpose of the Meeting.
8. 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.
9. Members who hold shares in dematerialised form are requested to inform to their Depository Participants and those who hold shares in physical form are requested to inform the Company's Registrar and Transfer Agents, M/s. Datamatics Financial Services Limited immediately of the details of their e-mail addresses and changes to the same, if any.
10. 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.

Annexure to the Notice convening Seventh Annual General Meeting

Details of the Directors seeking re-appointment at the Seventh Annual General Meeting (In pursuance to Clause 49 (V)(G)(i) of the Listing Agreement)

Director	Mrs. Jyoti N. Kasliwal	Dr. A. C. Shah
Date of Birth	26th December, 1960	16th October, 1932
Nationality	Indian	Indian
Date of appointment on the Board	28th January, 2009	6th May, 2006
Qualification	B. A. (Economics)	Ph. D. in Economics
Directorships in other Public Limited Companies	1. S. Kumars Nationwide Limited	1. S. Kumars Nationwide Limited 2. Reid & Taylor (India) Limited 3. Elecon Engineering Company Ltd. 4. Adani Enterprises Ltd. 5. Gujarat Petrosynthesis Ltd 6. Goldcrest Finance (India) Ltd. 7. Goenka Diamond and Jewels Ltd.
Committees of the other public companies in which Director is a Member	Nil	a) Audit Committee - Chairman a) Audit Committee b) Shareholders' Grievance Committee
(Committees include Audit & Share Transfer/Investors Grievances Committees only)		a) Audit Committee a) Audit Committee – Chairman b) Share Transfer & Investors' Grievance Committee - Chairman
Shares held in the Company as on 31st March, 2011	2,92,932	100

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Seventh Annual Report and Audited Accounts of the Company for the year ended 31st March, 2011.

FINANCIAL HIGHLIGHTS

	(Rs. In Lacs)	
Particulars	2010-11	2009-10
Sales & Other Income	73,772.25	65,980.93
Expenditure towards sale including cost of sales	67,780.62	60,056.92
Profit before Depreciation Interest and Taxation (PBDIT)	5,991.63	5,924.01
Interest & Bank Charges	2,830.62	1,965.19
Depreciation/Amortisation	987.97	856.04
Profit before Taxation (PBT)	2,173.04	3,102.78
Provision for Current Tax	(690.00)	(1,157.00)
Provision for Wealth Tax	(0.49)	(0.35)
Income Tax for earlier years	443.77	(344.30)
Provision for Deferred Tax (Asset)	85.73	19.74
Profit After Taxation (PAT)	2,012.05	1,620.87
PAT brought forward from last year	Nil	Nil
Transferred to Debenture Redemption Reserve	2,012.05	1,620.87
PAT carried forward to next year	Nil	Nil

YEAR IN RETROSPECT

The Net Sales/Income from operations for the financial year under review was Rs. 73,772.25 Lacs as against Rs. 65,980.93 Lacs for the previous financial year registering an increase of 11.81%. Profit after tax recorded was Rs. 2,012.05 Lacs for the financial year under review as against Rs. 1,620.87 lacs during the previous financial year, registering an increase of 24.13%.

DIVIDEND

Your Directors do not recommend payment of dividend on equity capital for the year ended 31st March, 2011 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 31st March, 2011, 87.91% of the Company's total paid up capital representing 4,71,19,934 shares were in dematerialised 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.

OPERATING RESULTS AND BUSINESS

Your Company completes its seventh successful year in the field of fashion retailing.

Sustained focus on retail operational efficiency coupled with a diversified cost effective geographic footprint has contributed to a satisfactory business performance. Recent market environment has been a catalyst in ensuring increased earnings during the year.

Revenue growth can be attributed to the encouraging performance of stores located in strategic catchments pan India. The Company has executed strategic measures like store expansion in prospective catchments, inventory rationalisation, focus on garnering higher topline and control of operational costs thus translating retail touchpoints into profit centers. A buoyant outlook for organised retail environment continues to augur well for the Company.

A portfolio comprising brands that cater to various demographic and psychographic profiles would act as an ideal impetus for creating presence in different geographies across India. Your Company's strategy of retailing brands with high awareness quotient and market pull would continue to augment growth and profits.

Brandhouse Oviesse Limited - Joint Venture of your Company with Oviesse, S.p.A.

During the year under review, Brandhouse Oviesse Limited (BOL), your Company's subsidiary commenced its business operations with opening of stores in Bangalore, Chennai, New Delhi and Mumbai to offer affordable Italian fast fashion for men, women and children under the brand "Oviesse industry" in the Indian market for branded readymade garments.

Pursuant to the Joint Venture Agreement entered between your Company and Oviesse S.p.A. Italy dated 17th February 2009 under the business plan for BOL, during the year under review your Company subscribed to 1,27,57,041 equity shares of Rs. 10/- each of BOL by infusing Rs. 1,275.70 Lacs. At present, your Company's equity participation in BOL is Rs. 1,280.70 Lacs divided into 1,28,07,041 equity shares of Rs. 10/- each representing 62.5% of BOL's total paid-up capital of Rs. 2,049.13 Lacs. The remaining 37.5% of the paid-up capital of BOL is subscribed by Oviesse S.p.A. Italy.

Revenues and Losses of BOL for the year under review respectively stood at Rs. 489.88 Lacs and Rs. 1,287.96 Lacs. With the promising intensification at the macro and micro economic level and upon achieving critical business mass, BOL is expected to make profits as it progresses in the future.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and Article 130 of the Articles of Association of the company, Mrs. Jyoti N. Kasliwal and Dr. A. C. Shah 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 31st March, 2011 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 31st March, 2011 on a going concern basis.

DEPOSITS

Fixed deposits received from shareholders and public stood at NIL as on 31st March, 2011 (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 for the purpose of availing exemption from applicability of the provisions of Regulation 10 to 12 of the aforesaid SEBI Regulations are given in Annexure attached herewith and the said Annexure forms part of this Annual 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. 129.59 Lacs (Previous year Rs. 53.95 Lacs) and there was no earning in foreign exchange (Previous year NIL).