



BOARD OF DIRECTORS

Nitin S. Kasliwal	-	Chairman & Managing Director
Jyoti N. Kasliwal	-	Non-Executive Director
Vijay Kalantri	-	Non-Executive Director <i>with effect from 13th February, 2012</i>
Susheel Kak	-	Nominee - India Debt Management Private Limited <i>with effect from 15th September, 2011</i>
Denys Firth	-	Nominee - India Debt Management Private Limited
Alexander Shaik	-	Alternate to Mr. Denys Firth
Dara D. Avari	-	Non-Executive Director
Dr. A. C. Shah (Late)	-	Non-Executive Director <i>expired on 16th January, 2012</i>
Anish Modi	-	Nominee - India Debt Management Private Limited <i>upto 15th September, 2011</i>

SR. VP LEGAL & 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. B-5, Part B Crosslane,

MIDC 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

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 Eighth Annual General Meeting of the members of BRANDHOUSE RETAILS LIMITED will be held on Thursday, 27th September, 2012 at 1:00 p.m. at Walchand Hirachand Hall, Indian Merchants' Chamber Building, IMC Marg, Churchgate, Mumbai – 400 020 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Statement of Profit and Loss for the year ended 31st March, 2012 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. Nitin S. Kasliwal, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint Statutory Auditors and fix their remuneration.

SPECIAL BUSINESS:

5. To consider and, if thought fit, to pass with or without modification(s) the following Resolution as an **ORDINARY RESOLUTION**:

"RESOLVED THAT Mr. Susheel Kak, who was appointed as a Director of the Company by the Board of Directors pursuant to Section 262 of the Companies Act, 1956 in the casual vacancy caused by the resignation of Mr. Anish Modi, and who holds office upto the date of this Annual General Meeting, and in respect of whom the Company has received a notice from a member proposing his candidature for the office of Director under section 257 of the Companies Act, 1956, be and is hereby appointed as Director of the Company, liable to retire by rotation."

6. 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 314(1B) and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) the consent of the members of the Company be and is hereby accorded to continue payment of remuneration of ₹ 17,00,000/- per annum to Ms. Anjani N. Kasliwal, daughter of Mr. Nitin S. Kasliwal, Chairman & Managing Director and Mrs. Jyoti N. Kasliwal, Director (inclusive of all usual allowances and benefits applicable as per the policy of the Company) with effect from 1st January, 2013 and to her holding and continuing to hold an office of profit as Vice-President of the Company at the said 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, deeds and things as may be necessary for giving effect to this resolution."

By Order of the Board
For Brandhouse Retails Limited
Pulak Banerjee
Sr. VP Legal & Company Secretary

Place: Mumbai
Date: 14th August, 2012

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. **The relative Explanatory Statement under Section 173 of the Companies Act, 1956 in respect of the special business under items 5 and 6 of the notice is annexed hereto.**
3. 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.
4. Members are requested to bring their Attendance Slips alongwith copy of the Annual Report to the Meeting.
5. 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.
6. 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.
7. In terms of Section 255 and 256 of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Denys Firth, Nominee Director of India Debt Management Private Limited and Mr. Nitin S Kasliwal, Chairman & Managing Director of the Company retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. Mr. Susheel Kak, who was appointed as Director by the Board is also eligible for appointment at the ensuing Annual General Meeting. 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.
8. The Register of Members and Transfer Books of the Company shall remain closed from Saturday, 22nd September, 2012 to Thursday, 27th September, 2012 (both days inclusive) for the purpose of the Meeting.
9. 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.
10. 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.
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

Consequent upon the resignation of Mr. Anish Modi on 15th September, 2011 upon withdrawal of his nomination as Director, by India Debt Management Private Limited (IDM), and upon receipt of Letter dated 15th September, 2011 of IDM nominating Mr. Susheel Kak to be the nominee on the Board of the Company, the Board of Directors, at its meeting held on 12th November, 2011, appointed Mr. Kak as Nominee Director of IDM to fill the vacancy caused by the resignation of Mr. Anish Modi.

Pursuant to the provisions of Section 262 of the Companies Act, 1956 ("the Act") Mr. Susheel Kak will hold office of Director upto the date of the ensuing Annual General Meeting i.e. the date upto which Mr. Anish Modi, in whose place Mr. Kak has been appointed, would have held office of Director if he had not resigned. The Company has received a notice from a member in writing alongwith deposit of ₹ 500/- proposing the candidature of Mr. Susheel Kak for the office of Director of the Company under the provisions of Section 257 of the Act. Mr. Kak is not disqualified from being appointed as Director in terms of Section 274(1)(g) of the Act.

Mr. Susheel Kak has a Bachelors degree in Arts and Law. He has vast experience and expertise in the field of banking & finance. Presently, Mr. Kak is Managing Director of IDM. Mr. Kak, when appointed as Director, shall be liable to retire by rotation in accordance with the provisions of the Articles of Association of the Company.

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

None of the Directors of the Company except Mr. Kak is, in anyway, concerned or interested in the said resolution.

Item No. 6

Ms. Anjani N. Kasliwal, daughter of Mr. Nitin S. Kasliwal, Chairman & Managing Director and Mrs. Jyoti N. Kasliwal, Director of the Company, is at present holding office of profit as Vice-President of the Company at a remuneration of ₹ 17,00,000/- per annum (inclusive of all usual allowances and benefits applicable as per the policy of the Company). The remuneration of ₹ 17,00,000/- per annum currently paid to Ms. Anjani N. Kasliwal and her holding office of profit in compliance with Section 314(1B) of the Companies Act, 1956 is as per and in accordance with the approval granted by the Ministry of Corporate Affairs, Government of India vide letter No. SRN No. A76769058/4/2011 - CL. VII dated 18th April, 2011. The approval granted by the Ministry of Corporate Affairs allowed Ms. Kasliwal to be paid a total remuneration of ₹ 17,00,000 per annum (Rupees Seventeen lacs only) for a period of three years with effect from 01/01/2010 to 31/12/2012.

Ms. Anjani N. Kasliwal holds a degree in Mass Media from University of Mumbai and has relevant experience and expertise in the field of Luxury Retail for over 5 years. Keeping in view the overall salary structure in the retail sector and having regard to the nature of duties performed by Ms. Kasliwal, the Board of Directors of the Company upon the recommendation of the Committee formed pursuant to the Director's Relative (Office or Place of Profit) Rules, 2011, considered it desirable to continue the remuneration payable to Ms. Kasliwal (inclusive of the usual allowances and benefits applicable as per the policy of the Company) at ₹ 17,00,000/- per annum beyond 1st January, 2013. The remuneration continued to be paid as above is in line with the provisions of the Companies Act, 1956 read with Director's Relative (Office or Place of Profit) Rules, 2011 which superseded the erstwhile Director's Relatives (Office or Place of Profit) Rules, 2003 with effect from 2nd May, 2011.

Letter No. SRN No. A76769058/4/2011 - CL. VII dated 18th April, 2011 of the Ministry of Corporate Affairs, Government of India as referred above is available for inspection by the shareholders at the Registered Office of the Company during business hours on any working day of the Company.

Your Directors recommend the said Special Resolution for approval of the shareholders.

None of the Directors, except Mr. Nitin S. Kasliwal, Chairman & Managing Director, as father and Mrs. Jyoti N. Kasliwal, Director, as mother, is interested in the said resolution.

By Order of the Board
For Brandhouse Retails Limited
Pulak Banerjee
Sr. VP Legal & Company Secretary

Place: Mumbai
Date: 14th August, 2012

Annexure to the Notice convening Eighth Annual General Meeting

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

Director	Mr. Denys Firth	Mr. Nitin S. Kasliwal	Mr. Susheel Kak
Date of Birth	26 th May, 1951	22 nd November, 1960	15 th February, 1954
Nationality	British	Indian	Indian
Date of appointment on the Board	14 th September, 2007	7 th April, 2005	15 th September, 2011 (Original Director Mr. Anish Modi was appointed with effect from 14 th September, 2007)
Qualification	Bachelors Degree in Arts and Physics (Oxon)	Graduate in Science and Master of Business Administration from European Business School, Switzerland	B.A, LL.B.
Directorships in other Public Limited Companies	S. Kumars Nationwide Limited Saurashtra Cement Limited	S. Kumars Nationwide Limited Reid & Taylor (India) Limited S. Kumar Enterprises (Synfabs) Limited	S. Kumars Nationwide Limited Saurashtra Cement Limited
Committees of the other public companies in which Director is a Member (Committees include Audit & Share Transfer/Investors Grievances Committees only)	Nil	Nil	Audit Committee: - S. Kumars Nationwide Limited (Member) Audit Committee: - Saurashtra Cement Limited (Member)
Shares held in the Company as on 31st March, 2012	Nil	296,490	Nil

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Eighth Annual Report and Audited Accounts of the Company for the year ended 31st March, 2012.

FINANCIAL HIGHLIGHTS

	(₹ In Lacs)	
Particulars	2011-12	2010-11
Sales & Other Income	78,357	73,773
Expenditure towards sale including cost of sales	72,865	67,796
Profit before Depreciation Interest and Taxation (PBDIT)	5,492	5,977
Interest & Bank Charges	2,977	2,816
Provision for Current Tax	702	690
Cash Profit for the Year	1,813	2,471
Depreciation/Amortisation	974	988
Income Tax for earlier years	147	(444)
Provision for Deferred Tax (Asset)	(159)	(86)
Profit After Taxation (PAT)	851	2,013
PAT brought forward from last year	Nil	Nil
Transferred to Debenture Redemption Reserve	236	2,013
PAT carried forward to next year	615	Nil

YEAR IN RETROSPECT

The Sales & Other Income for the year was ₹ 78,357 Lacs recording an increase of 6.21% over the previous year. Operating Profit for the year was ₹ 1,813 lacs against ₹ 2,471 lacs in the previous year. Lower margins in a challenging market affected the profits. This was on account of the fact that 'End of Season Sale' (where merchandise is offered at a discount) had to be made for extended period.

DIVIDEND

Your Directors do not recommend payment of dividend on equity capital for the year ended 31st March, 2012 in order to conserve resources for future development and growth.

OPERATING RESULTS AND BUSINESS

Market conditions, in line with the general trend were not very favourable during the year, especially for apparel. To ensure higher earnings, the company has focused on improving the key operational matrix which include better working capital rotation, higher per square foot sales, improving store ambience with a new look and overall focusing on consumer experience.

All the improvements undertaken in the last year revolved around the Customer and to better his/her experience at the store. With focus on retention and to increase the frequency of loyal customers, new merchandise is added on monthly basis. Newer categories with youth appeal were launched at stores supported by online marketing. All the stores are being refurbished with international standards aimed at delivering better experience to customers. The ground reality is that demand has not shrunk, but the Company has faced pressure on margins because of higher costs that cannot be passed on to the customer. The Company is responding by trying to become leaner and more efficient.

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 Oviessse Limited - Joint Venture with Oviessse, S.p.A. Italy

During the year under review, your Company's subsidiary, Brandhouse Oviessse Limited (BOL) extended its business operations by adding new stores in Amritsar, Surat and Aurangabad, to offer affordable Italian fast fashion for men, women and children under the brand "OVS" in the Indian market for branded readymade garments.

During the year, the Company invested in 1,61,73,989 equity shares of ₹ 10/- each of BOL. At present, your Company's equity participation in BOL is ₹ 2,898.10 Lacs for 2,89,81,030 equity shares of ₹ 10/- each representing 62.5% of BOL's total paid-up capital of ₹ 4,636.96 Lacs. The remaining 37.5% of the paid-up share capital of BOL is held by Oviessse S.p.A. Italy.

Revenue From Operations of BOL for the year was ₹ 1,636.19 Lacs and Losses for the year was at ₹ 2,788.38 Lacs. The OVS brand is relatively new to the Indian market and therefore is yet to establish itself in the Indian context. Expenditure on expansion of activities and capex have affected the margins so far.

The brand's high fashion offering is getting increasing acceptance from the Indian youth. The expansion of the brand, fine-tuning of the merchandising strategy post customer data analysis and increased percentage of goods sourced from India will ensure that BOL shall soon attain the break even mark and move towards profitability in the near future.

DIRECTORS

Dr. A. C. Shah, Director and Chairman of the Audit Committee, passed away on 16th January, 2012 after a brief illness. The Directors have placed on record their appreciation for the guidance and support given by Dr. Shah during his tenure as the Board member.

Mr. Vijay Kalantri was appointed by the Board with effect from 13th February, 2012 pursuant to section 262 of the Companies Act, 1956, in the casual vacancy caused by the death of Dr. A.C. Shah.

During the year, Mr. Anish Modi resigned as Director upon withdrawal of nomination by India Debt Management Private Limited with effect from 15th September, 2011. For the vacancy so caused Mr. Susheel Kak, nominated by IDM was appointed by the Board. The Company has received the requisite notice from a member pursuant to Section 257 of the Companies Act, 1956 proposing the candidature of Mr. Susheel Kak for the office of Director.

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. Nitin. S. Kasliwal retire by rotation and being eligible, offer themselves for re-appointment.