BRANDHOUSE RETAILS LIMITED

Registered Office: "Avadh" Avadhesh Parisar, Shree Ram Mills Premises, G.K. Marg, Worli, Mumbai 400 018
Tel: +91-22-24933184/85 Fax:+91-22-24931685 Website: *http://brandhouseretails.com*
Company Secretary & Compliance Officer: Mr. Pulak Banerjee Email:pulak.b@*sknl.co.in*

Brandhouse Retails Limited was originally incorporated as Reid & Taylor Retails Private Limited on June 04, 2004 under the Companies Act, 1956 with the objective of establishing multiple brands (for details, please refer Sr. VIII at Page no. 34 of this Information Memorandum) . The status of the company was changed from a private company to a public company on April 20, 2006 with the removal of the words Private from its name. On the same date i.e. on April 20, 2006, the name of the company was changed to its present name Brandhouse Retails Limited.

INFORMATION MEMORANDUM FOR LISTING OF 5,36,02,767 EQUITY SHARES OF RS. 10/- EACH FULLY PAID-UP

NO EQUITY SHARES ARE PROPOSED TO BE SOLD OR OFFERED PURSUANT TO THIS INFORMATION MEMORANDUM

GENERAL RISKS

Investment in Equity and Equity related securities involve a degree of risk and investors should not invest any funds in the equity shares of BRANDHOUSE RETAILS LIMITED unless they can afford to take the risk of losing their investment. Investors are advised to read Risk Factors carefully before taking an investment decision in the shares of BRANDHOUSE RETAILS LIMITED. For taking an investment decision, investors must rely on their own examination about the Company including the risks involved. The securities have not been recommended or approved by Securities and Exchange Board of India (SEBI), nor does SEBI guarantees the accuracy or adequacy of this document. Specific attention of the investors is invited to the statement of Risk Factors of this Information Memorandum.

ISSUER'S ABSOLUTE RESPONSIBILITY

BRANDHOUSE RETAILS LIMITED, having made all reasonable inquiries, accepts responsibility for, and confirms that this Information Memorandum contains all information with regard to BRANDHOUSE RETAILS LIMITED, which is material, that the information contained in this Information Memorandum is true and correct in all material respects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The Equity Shares of BRANDHOUSE RETAILS LIMITED are to be listed on the Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE). The Company has submitted this Information Memorandum with BSE & NSE and the same is also available on the Company's website *http://brandhouseretails.com* The Information Memorandum would also be made available on the website of BSE (www.bseindia.com), NSE (www.nseindia.com) and SEBI (www.sebi.gov.in)

REGISTRAR AND SHARE TRANSFER AGENT

Datamatics Financial Services Ltd.
Plot No. A 16 & 17 MIDC, Part B Crosslane,
Marol, Andheri (E), Mumbai 400 093
Tel. No.66712237 Fax No.66712011
Email: salim_shaikh@dfssl.com
Contact Person: Mr. Salim Shaikh

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I. DEFINITIONS & ABBREVIATIONS

The Act	The Companies Act, 1956 and subsequent amendments thereto
Appointed Date	Appointed date means January 01, 2007 as approved under the Scheme of Arrangement by the Hon'ble High Court of Judicature at Bombay vide its order dated February 22, 2008
Articles	Articles of Association of Brandhouse Retails Limited
Auditors	The Statutory Auditors of Brandhouse Retails Limited
Board	Board of Directors of Brandhouse Retails Limited
BHRL / The Company / Transferee / Resulting Company	BHRL / The Company / Transferee / Resulting Company means Brandhouse Retails Limited, company incorporated under the Companies Act, 1956
BSE	Bombay Stock Exchange Limited
CDSL	Central Depository Services (India) Limited
Depositories Act	The Depositories Act, 1996 and subsequent amendments thereto
Depository	A Depository registered with SEBI under the SEBI (Depositories & Participants) Regulations, 1996 as amended from time to time
DP	Depository Participant registered with SEBI under the SEBI (Depositories & Participants) Regulations, 1996 as amended from time to time
Equity Shares	Fully paid-up equity shares of Rs.10/- each of the Company
Equity Shareholders	Equity Shareholders of the Company
FIIs	Foreign Institutional Investors registered as Foreign Institutional Investors with SEBI
Financial Year / Fiscal / F.Y.	Period of 12 months ending on 31st March every year, unless otherwise stated
Information Memorandum	This Information Memorandum filed with the stock exchanges
IT Act	Income Tax Act, 1961 and subsequent amendments thereto
MCA	Ministry of Corporate Affairs
MOA	Memorandum of Association of Brandhouse Retails Limited
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
RBI	Reserve Bank of India
Record Date	Record Date means May 02, 2008, the date announced by S. Kumars Nationwide Limited as Record Date pursuant to the Scheme of Arrangement
Registrar and Share Transfer Agent / Registrars / DFSSL	Registrar & Transfer Agents means Datamatics Financial Services Limited, as approved by the Company
ROC	Registrar of Companies, Maharashtra at Mumbai
Scheme / Scheme of Arrangement	Scheme of Arrangement between S. Kumars Nationwide Limited and Brandhouse Retails Limited and their respective shareholders, for Demerger of Retail Business of SKNL to Brandhouse Retails Limited. Aforesaid Scheme was approved by the Hon'ble High Court of Judicature at Bombay on 22nd February, 2008 and became effective from March 03, 2008 on filing of the Certified copy of the order of Hon'ble High Court of Judicature at Bombay by SKNL with the Registrar of Companies, Maharashtra, Mumbai
SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992 and subsequent amendments thereto

SEBI Guidelines	Extant Guidelines for Disclosure and Investor Protection issued by Securities and Exchange Board of India, constituted under the Securities and Exchange Board of India Act, 1992 (as amended), called Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000, as amended, including instructions and clarifications issued by SEBI from time to time
SKNL / Transferor Company / Demerged Company	SKNL / Transferor Company / Demerged Company means S. Kumars Nationwide Limited, company incorporated under the Companies Act, 1956
"We" or "us" and "our"	Refers to Brandhouse Retails Limited

CERTAIN CONVENTIONS; USE OF MARKET DATA

In this Information Memorandum, the terms "Brandhouse Retails Limited", "our Company, "we", "us" and "our" unless the context otherwise indicate or implies, refers to Brandhouse Retails Limited, a public company incorporated under the Companies Act,1956.

Unless stated otherwise, the financial data in this Information Memorandum is derived from our financial statements prepared in accordance with Indian GAAP and audited by our statutory auditors. Our fiscal year commences on 1st April and ends on 31st March. Hence all references to a particular fiscal year are to the twelve month period ended March 31 of that year.

All references to "India" contained in this Information Memorandum are to the Republic of India. All references to "Rupees" or "Rs." are to Indian Rupees, the official currency of the Republic of India. In this Information Memorandum, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding-off.

For definitions, please see the section titled "Definitions & Abbreviations" of this Information Memorandum.

Unless stated otherwise, industry data used throughout this Information Memorandum has been obtained from the published data and industry publications. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe that industry data used in this Information Memorandum is reliable, it has not been independently verified. The information included in this Information Memorandum about various other Companies is based on their respective Annual Reports and information made available by the respective companies.

FORWARD-LOOKING STATEMENTS

We have included statements in this Information Memorandum which contain words or phrases such as "will", "aim", "will likely result', "believe", "expect", "will continue", "anticipate", "estimate", "intend', "plan" "contemplate", "seek to", "future", "objective", "goal", "project", "should" "will pursue" and similar expressions or variations of such expressions, that are "forward looking statements". Similarly, statements that describe our objectives, plans or goals also are forward-looking statements, actual results may differ materially from those suggested by the forward looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to:

- General economic and business conditions in India and other countries;
- Regulatory changes and our ability to respond to them;
- Our ability to successfully implement our strategy, our growth and expansion plans;
- Technological changes;
- Exposure to market risks, general economic and political conditions in India which have an impact on our business activities or investments;
- Monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates of prices, the performance of the financial markets in India and globally;
- Changes in domestic and foreign laws, regulations and taxes and changes in competition in our industry.

For further discussion of factors that could cause our actual results to differ, see the section titled "Risk Factors" of this Information Memorandum. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated.

We do not have any obligation to, and do not intend to, update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not materialise.

II. RISK FACTORS AND MANAGEMENT PERCEPTIONS THERETO

An investment in equity securities involves a high degree of risk. Investors should carefully consider all of the information in this Information Memorandum, including the risks and uncertainties described below, before making an investment in our Equity Shares. The Risk Factors discussed below are not exhaustive. Occurrence of any of the following risks as well as the other risks and uncertainties whether discussed or not discussed in this Information Memorandum in this Information Memorandum could have a material adverse effect on our business, financial condition and results of operations and could cause the trading price of our Equity Shares to decline, which could result in the loss to the investor.

This Information Memorandum contains forward-looking statements. For a discussion of forward looking statements, please refer to Forward-Looking Statements in this Information Memorandum. These statements are based upon information that is currently available to us and/or management's current expectations, speak only as the date hereof, and are subject to certain risks and uncertainties. Actual results of the Company could differ materially from those discussed in, implied by or anticipated in these forward-looking statements as a result of certain factors, including, without limitation, the risks, uncertainties and considerations described below and elsewhere in this Information Memorandum. Unless expressly specified or quantified in the relevant risk factors below, the Company is not in a position to quantify the financial or other implications of any one of the risks mentioned herein.

Any potential investor in the Company should pay particular attention to the fact that the Company is located and governed by the laws and regulatory environment prevailing in India.

Investors are advised to obtain professional guidance from their tax and legal advisors before making investments.

Internal Risk Factors

All forward looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our expectations include but are not limited to:

1. **We face competition from domestic and international brands/players that may adversely affect our competitive position and our profitability.**
   The Company operates in a highly competitive environment and this competitive pressure on the business is likely to continue. Though the Indian retail industry is expected to grow at a CAGR of 25% in the years to come, this lucrative growth is likely to result in increased competition in the branded retail space which may negatively affect our revenues and profitability. Moreover, domestic and international competitors may be having greater financial and marketing resources than we do.

2. **Availability of Retail Real Estate on competitive terms is critical for the successful operations of the Company.**

   Retail business is predominantly dependant on the availability of appropriate Real Estate on competitive terms and any change in the rentals/ prices / levy of taxes by the central and/or local government may adversely affect the business of the Company.

3. **Competition may impede our ability to renew leases or licences entered into by us for premises.**
   The Company's growth depends on setting up of new stores, apart from increasing business in existing stores. We face competition from other retailers who compete for scarce real estate resources. We may not be able to renew our leases or licenses on terms acceptable to us. In the event that any of our leases or licenses are not renewed, and we are required to vacate our stores, we may be required to identify alternative real estate and enter into fresh lease or leave and licence agreements which could result in loss of business and may adversely affect our operations and profitability.

4. **Any defects in the title or ownership rights of our landlords from whose premises we operate may impede the effective operations of our stores in the future**
   The premises from which we operate our stores are taken by us on long term lease or sub-lease or leave and license or on conducting basis and/or on the basis of other contractual agreements with third parties. Any adverse impact on the title / ownership rights of our landlords from whose premises we operate our stores may impede our business, our operations and our profitability. The financial impact of the aforesaid risk cannot be quantified.
   Additionally, some of our lease agreements may prescribe a lock-in period. These lock in periods prevent us from moving our stores in the event that there are events or circumstances that impede our profitability. Any such event and such restrictive covenants in our lease agreements affect our ability to move the location of our stores and may adversely affect our business, financial condition and results of operations.

5. **The success of our business is highly dependent on the number of customers that visit our stores.**
   Various factors affect customer footfalls, including choice of location and brand pull. Factors such as the regional economy, weather conditions, natural disasters, social unrest also affect our result from operations Force majeure events, particularly those affecting the states where are stores are located, could adversely affect our business.

6. **Changes in Consumer Preferences and spending patterns and the consequent impact on our sales and profitability.**
   The fashion industry in which the Company operates is highly creative, competitive and rapidly-changing. Any inability on the part of the Company to perceive and capitalize on prevailing trends, timely forecast of changing trends or failure to keep pace with the rate of such change will affect its growth prospects. Also, the Company's business is cyclical and subject to seasonal fluctuations as the range of products in the garment/apparel business changes according to the season. Apparels do have a tendency of going out of fashion and unless we continue to innovate and catch up with the latest trends there is a possibility that the popularity of our products will decline, resulting in decreased sales. Further, any slow down or downturn in the Indian economy could adversely affect consumer spending which in turn is likely to directly impact our sales and results of operation.

7. **The Company's profitability may decline as a result of increasing pressure on margins.**
   Our industry is subject to significant pricing pressure caused by many factors, including intense competition, consolidation in the retail industry, pressure from retailers to reduce the costs of products and changes in consumer demand. These factors may cause us to reduce our prices to retailers and consumers, which could cause our gross margin to decline if we are unable to offset price reductions with comparable reductions in our operating costs. If our gross margin declines and we fail to sufficiently reduce our costs of goods sold or grow our net revenues, our profitability will decline, and we could incur operating losses that we may be unable to fund or sustain for extended periods of time, if at all. This could have a material adverse effect

on our results of operations, liquidity and financial condition and could result in a decline in the price of Equity Shares.

8. **The success of our business is largely dependent upon our senior management and key personnel and our ability to attract and retain them could adversely affect our businesses**
   We have a strong team of professionals to oversee the operations and growth of our businesses. Our ability to sustain our growth depends, largely on our ability to attract, motivate and retain highly skilled personnel. An increase in the rate of attrition for our experienced employees, would adversely affect our growth strategy. We cannot assure you that we will be successful in recruiting and retaining a sufficient number of personnel with the requisite skills to replace those personnel who leave. The loss of the services of such personnel and our inability to track fresh talent could adversely affect our sales and profitability.

9. **The Company's availment of existing credit facility, which, if withdrawn, may cause cash flow problems.**
   The Company has availed of credit facilities, which, if withdrawn, would cause financing or working capital difficulties and adversely impact the operations and profitability of the Company.

10. **The Company operates out of the Exclusive Brand Outlets**
    The Company is in the core business of running its Exclusive Brand Outlets and depends on the performance of each individual brand outlet. Hence the failure or performance of the brands/EBO's in the market plays an important role and may effect the business of the Company.

11. **Negative publicity if any, would adversely affect the value of the brands that we sell or are proposing to sell in the near future which in turn will affect our sales and profitability**
    Our business is dependent on the trust our customers have in the quality of our merchandise. Any negative publicity regarding the Company, brands, or products, including those arising from a drop in quality of merchandise, mishaps at our stores, or any other unforeseen events could adversely affect our reputation our brand value, our operations and our results from operations.

12. **Losses on account of shrinkage can negatively impact our profitability**
    Shrinkage in the retail business is defined as the loss in inventory on account of a combination of employee theft, shoplifting and administrative error. The retail industry the world over is affected by shrinkage. Any increase in shrinkage levels at our existing and future stores can adversely impact results from operations.

13. **We face the risk of potential liabilities from lawsuits or claims by consumers**
    We may face the risk of legal proceedings and claims being brought against us by our customers / consumers for any defective product sold. We could also face liabilities should our customers / consumers face any loss or damage due to any unforeseen incident such as fire or accidents in our stores, which could cause financial or other damage to our customers / consumers. Any commencement of lawsuits as envisaged above could reduce our sales and resultant profitability.

14. **Change in government policies and political Environment.**
    Changes in the policies of the Central and State government / bodies may effect the business of the Company.
    The following are the Risk Factors which may also be considered by the investors with respect to their investment decision. The list of Risk Factors mentioned herein is not exhaustive and the explanations given there under may not be complete.

15. **Statistical and financial data in this Information Memorandum may be incomplete or unreliable and potential investors should obtain independent verification of such information as they deem necessary.**
    The Company has not independently verified data from third party sources, including data contained in industry publications, and therefore cannot assure investors that these data are complete or reliable.

16. **There are many factors that make predicting the future operating results of the Company very difficult, and the Company can provide no assurances that its forecasts will materialize.**
    Several factors may affect the future operating results of the Company, many of which are beyond the control of the Company. The operating results of the Company are difficult to predict and past performance of the Company may not be indicative of future performance. Several factors may have an adverse effect on the future performance of the Company, including, but not limited to, changes in growth and demand for the Company's products, a shift in consumer preferences, changes in government policies (both domestically and globally), a decrease in the sales price of the Company's goods, an increase in the cost of raw materials, including fuel and other energy costs, changes in import tariffs and domestic duties on raw materials, changes in tax and excise policies, changes in other incentives applicable to the Company or its products, an increase in the costs associated with the Company's financing, currency fluctuations, an increase in transportation costs or the disruption of transportation due to labor shortages, strikes or other reasons, strikes or work stoppages of the Company's employees or employees of supporting manufacturers, accidents, natural disasters, acts of terrorism, the outbreak of disease or heavy rains.

17. **Investors will not be able to immediately sell Equity Shares on an Indian stock exchange.**
    The Equity Shares will be listed on the Stock Exchanges. Pursuant to Indian regulations, certain actions must be completed before the Equity Shares can be listed and trading may commence. There can be no assurance that the Equity Shares purchased by an investor will be credited to such investor's demat account, or that trading in such shares will commence within the time periods specified herein.

INTRODUCTION

This is only a summary. Investors should read the following summary with the Risk Factors mentioned and the more detailed information about us and our financial statements included elsewhere in this Information Memorandum

India retail industry is one of the largest industries in India, with an employment of around 8% and contributing to over 10% of the country's GDP. Retail industry in India is expected to rise 25% yearly being driven by strong income growth, changing lifestyles, and favorable demographic patterns.

Shopping in India has witnessed a revolution with the change in consumer buying behavior and the entire format of shopping is also being altered. The Indian retail industry has come of age as can be seen from the fact that there are multi- stored malls, huge shopping centers, and sprawling complexes which offer food, shopping, and entertainment all under the same roof.

The Indian retail industry is expanding itself most aggressively, resulting in a greater demand for real estate being created. The preferred means of expansion for Indian retailers is to expand to other regions and to increase the number of their outlets in a city. It is expected that by 2010, India may have 600 new shopping centers.

The India retail industry is progressing well and for this to continue, retailers as well as the Indian government will need to make a combined effort.

This phase of high growth in the Indian retail sector is expected to continue due to large investments and a move away from traditional concepts, leading to various changes, that are providing a further boost to the growth of this sector. The Indian Retail Sector which includes traditional retail as well as modern retail is estimated to grow at a fast pace from US$ 300 billion in 2006 to US$ 637 billion by 2015.

The maximum growth in the Indian Retail Sector is expected to be registered in the top 60 to 70 markets that are located in the urban areas. These markets would mostly supermarkets and hypermarkets.

A major focus area for the Indian retail sector is supply chain management. In the western countries, the retail sector is backed by a highly developed supply chain. However, developments in the supply chain in the Indian retail sector has been quite slow.

Other areas that need attention to ensure the continuous growth of the Indian retail sector include duty and tax structures, infrastructure, rising land prices and effective trend forecasting. Trend forecasting needs to be done in the country, especially in segments such as cosmetics, apparel etc. as this will help retail companies to curtail their expenses substantially. Also another area that would require attention is manpower as it is estimated that the Indian retail sector will suffer from shortage of manpower by approximately a million people, by 2012.

Retail space

Driven by changing lifestyles, strong income growth and favourable demographic patterns, Indian retail is expanding at a rapid pace. Mall space, from a meager one million square feet in 2002, was expected to touch 40 million square feet by end-2007 and an estimated 60 million square feet by end-2009.

Alongside, Indian cities are witnessing a paradigm shift from traditional forms of retailing towards modern organized retailing. A report by Images Retail estimates the number of operational malls to more than double to over 412 with 205 million square feet by 2012 and further 715 malls by 2017, on the back of major retail developments even in tier II and tier III cities in India.

Luxury retail

With Indian consumers of luxury goods being more in number than the adult population of several countries, the Indian luxury retail market is estimated to leap-frog from around US$ 3.5 billion to US$ 30 billion by 2015. India's luxury market, estimated to be the 12th largest in the world, has been growing at the rate of 25 per cent per annum.

Already Indians splurge US$ 2.9 billion on luxury assets, spend another US$ 953 million on luxury services and top it by buying luxury goods worth US$ 377 million. And, with a rapidly expanding population of high net worth individuals, India could emerge as the next hub for luxury goods consumption.

Retail Franchising

Along with retailing, another perceptible trend in the growth of the organized retail sector has been the concept of retail franchising. According to industry estimates, retail franchising has been growing at the rate of 60 per cent in the last three years and is set to grow two-fold in the next five years. A number of companies have been taking this route driven mainly by the need to meet increasing consumer expectations of quality, ambience and brand experience. In addition, this route also helps the big retailer players to rapidly foray into tier II and III cities.

III. GENERAL INFORMATION

BRANDHOUSE RETAILS LIMITED

Registered Office: -
"Avadh" Avadhesh Parisar,
Shree Ram Mills Premises,
G.K. Marg, Worli,
Mumbai 400 018
Tel: +91-22-24933184 / 85
Fax: +91-22-24931685
Website: *http://brandhouseretails.com*

Brandhouse Retails Limited was originally incorporated as Reid & Taylor Retails Private Limited on 4th June, 2004 under the Companies Act, 1956. The status of the company was changed from a private company to a public company on 20th April, 2006 with the removal of the words Private from its name. On the same date i.e. on 20th April, 2006, the name of the company was changed to its present name Brandhouse Retails Limited.

Registration Number: - 11: 146760

CIN: - U52320MH2004PLC146760

Address of office of Registrar of Companies: -
100, Everest,
Marine Drive,
Mumbai- 400 002
Phone: 022-22812639
Fax: 022-22811977
Email: - devendar.gupta@mca.gov.in

Registrar and Share Transfer Agent
Datamatics Financial Services Limited
Plot No. A 16 & 17 MIDC, Part B Crosslane,
Marol, Andheri (E), Mumbai 400 093
Tel. No.66712237 Fax No.66712011
Email: salim_shaikh@dfssl.com
Contact Person: Mr. Salim Shaikh

Auditors
M/s. Haribhakti & Co.,
42, Free Press House, 4th Floor,
215, Nariman Point,
Mumbai - 400 021
Ph.No.66391101-4, Fax No.22856237

M/s. Malpani & Associates,
Chartered Acountants,
307, Chartered House,
297/299, Dr. Cawasji Hormasji Street,
Near Marine Lines Church,
Mumbai - 400 002
Ph No.22060236, 22090966, Fax No.91-22-22008360

Banker to the Company

HDFC Bank Limited
Kamala Mills Compound,
Senapati Bapat Marg, Lower Parel
Mumbai – 400013

Compliance Officer and Company Secretary

Mr. Pulak Banerjee
Sr. No.90/H No.5, Inga Complex,
Mahakali Caves Road, Andheri (East),
Mumbai 400 093
Tel: 022-28250797, Fax: 022-28207577
E-mail: *pulak.b@sknl.co.in*
Investors may contact on: *bhrlinvestors@sknl.co.in*

Composition of Board of Directors

NAME	STATUS OF DIRECTORSHIP	DIN
Mr. Nitin S. Kasliwal	Non-Executive Chairman	0022630
Mrs. Jyoti N. Kasliwal	Non-Executive Director	1339295
Dr. A. C. Shah	Independent Director	0022612
Mr. Anish Modi	Nominee Director (IDM)	0031232
Mr. Denys Firth	Nominee Director (IDM)	0031942
Mr. Dara D. Avari	Independent Director	0022642
Mr. Tarun Joshi	Managing Director	1543486

IV. CAPITAL STRUCTURE

A. PRE SCHEME OF ARRANGEMENT

SR.	PARTICULARS	AMOUNT (RS.)
1.	**Authorised Capital**	
	2,50,00,000 Equity Shares of Rs. 10/- each	25,00,00,000
	Total	**25,00,00,000**
2.	**Issued, Subscribed and Paid up Capital**	
	63,00,000 Equity Shares of Rs.10 each fully paid up.	6,30,00,000
	Total	**6,30,00,000**
3.	**Securities Premium**	39,75,00,000
	Total	**39,75,00,000**

B. POST SCHEME OF ARRANGEMENT AMOUNT

SR.	PARTICULARS	AMOUNT (RS.)
1.	**Authorised Capital**	
	6,00,00,000 Equity Shares of Rs. 10/- each	60,00,00,000
	Total	**60,00,00,000**
2.	**Issued, Subscribed and Paid up Capital**	
	5,36,02,767 Equity Shares of Rs.10 each fully paid (of which 4,73,02,767 equity shares have been issued pursuant to the Scheme of Arrangement.)	53,60,27,670
	Total	**53,60,27,670**
3.	**Securities Premium**	39,75,00,000
	Total	**39,75,00,000**

Notes to Capital Structure:

Authorised Share Capital

The company was incorporated with an Authorized Share Capital of Rs. 1,00,000/- (Rs. One lakh only) divided into 10,000 equity shares (Ten thousand) of Rs. 10/- (Rs. Ten only) each. Thereafter, the Authorisd Share Capital has been increased as under:

- From Rs 1,00,000/- to Rs. 1,00,00,000/- (Rs. One crore only) divided into 10,00,000 (Ten Lakh) equity shares of Rs. 10/- (Rs. Ten only) each on April 05, 2005.

- From Rs 1,00,00,000/- to Rs. 25,00,00,000/- (Rs. Twenty five crore only) divided into 2,50,00,000 (Two crore Fifty lakh) equity shares of Rs. 10/- (Rs. Ten only) each on September 29, 2006

- From Rs 25,00,00,000/- to Rs. 60,00,00,000/- (Rs. Sixty crore only) divided into (Six crore) equity shares of Rs. 10/- (Rs. Ten only) each on April 07, 2008.

Issued, Subscribed & Paid-up

The issued, subscribed & paid-up share capital of the company at the time of incorporation was Rs. 1,00,000/- (Rs. One lakh only) consisting of 10,000 (Ten thousand) equity shares of Rs. 10/- (Rs. Ten only) each. The issued, subscribed & paid-up share capital thereafter has been increased as under:

- From Rs. 1,00,000/- to Rs. 1,00,00,000/- (Rs. One crore only) divided into 10,00,000 (Ten lakh) equity shares of Rs. 10/- (Rs. Ten only) each by issue and allotment of 9,90,000 equity shares of Rs. 10/- each of the company to S. Kumars Nationwide Limited on January 24, 2006.

- From Rs. 1,00,00,000/- to Rs. 6,30,00,000 (Rs. Six crore Thirty lakh only) divided into 63,00,000 (Sixty three lakhs) equity shares of Rs. 10/- (Rs. Ten only) each by issue and allotment of 53,00,000 equity shares of Rs. 10/- each of the company to Sansar Exim Pvt. Limited on September 14, 2007.

- In terms of clause 14 of the Scheme of Arrangement, approved by the Hon'ble High Court of Judicature at Bombay, the Company has allotted 4,73,02,767 equity shares of Rs. 10/- (Rs. Ten only) in the meeting of Board of Directors held on July 23, 2008.

THE MOVEMENT OF AUTHORISED SHARE CAPITAL OF THE COMPANY IS GIVEN BELOW:

Sr No	Date	Particulars	AUTHORISED CAPITAL					
			SHARES			RS.		
			Opening Balance	Increase / (Decrease)	Closing Balance	Opening Balance (Rs.)	Increase / (Decrease) (Rs.)	Closing Balance (Rs.)
1.	June 20, 2004	Share capital at the time of Incorporation	-	10,000	10,000	-	1,00,000	1,00,000
2.	April 5, 2005	Increase in Authorised share capital	10,000	9,90,000	10,00,000	1,00,000	99,00,000	1,00,00,000
3.	September 29, 2006	Increase in Authorised share capital	10,00,000	2,40,00,000	2,50,00,000	1,00,00,000	24,00,00,000	25,00,00,000
4.	April 7, 2008	Increase in Authorised share capital	2,50,00,000	3,50,00,000	6,00,00,000	25,00,00,000	35,00,00,000	60,00,00,000

THE MOVEMENT OF ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL OF THE COMPANY IS GIVEN BELOW:

Sr No	Date	Particulars	ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL					
			SHARES			RS.		
			Opening Balance	Increase / (Decrease)	Closing Balance	Opening Balance (Rs.)	Increase / (Decrease) (Rs.)	Closing Balance (Rs.)
1.	January 24, 2006	Allotment of equity shares to SKNL	10,000	9,90,000	10,00,000	1,00,000	99,00,000	10,000,000
2.	September 14, 2007	Allotment of equity shares to Sansar Exim Private Limited	10,00,000	53,00,000	63,00,000	1,00,00,000	5,30,00,000	63,000,000
3.	July 23, 2008	Allotment of equity shares pursuant to the Scheme of Arrangement between SKNL & BHRL	63,00,000	4,73,02,767	5,36,02,767	6,30,00,000	47,30,27,670	53,60,27,670

SHAREHOLDING PATTERN

CATEGORY		PRE-SCHEME		POST SCHEME	
		NO. OF EQUITY SHARES	% OF TOTAL SHARES	NO. OF EQUITY SHARES	% OF TOTAL SHARES
A	**PROMOTERS HOLDINGS**				
1	PROMOTERS				
i)	Indian Promoters	63,00,000	100.00	2,98,72,651	55.73
ii)	Foreign Promoters	-	-	-	-
	SUB TOTAL (A)	**63,00,000**	**100.00**	**2,98,72,651**	**55.73**
B	**NON –PROMOTERS HOLDING**				
1	Institutional Investors				
a)	Mutual Funds & UTI	-	-	31,900	0.06
b)	Banks, FIs, Insurance Cos (Central / State Govt / Non-Govt Institutions)	-	-	3,032	0.00
c)	FIIs	-	-	1,28,64,643	24.00
d)	Trust	-	-	37,13,459	6.93
	SUB TOTAL (B1)	**-**	**-**	**1,66,13,034**	**30.99**
2	Others				
a)	Private Corporate Bodies	-	-	54,08,026	10.09
b)	Indian Public	-	-	16,49,694	3.08
c)	NRIs	-	-	59,362	0.11
	SUB TOTAL (B2)	**-**	**-**	**71,17,082**	**13.28**
	SUB TOTAL B = (B1+B2)	**-**	**-**	**2,37,30,116**	**44.27**
	GRAND TOTAL (A+B)	**63,00,000**	**100**	**5,36,02,767**	**100**

LIST OF PERSONS, ENTITIES COMPRISING PROMOTER GROUP PURSUANT TO THE ALLOTMENT OF EQUITY SHARES OF THE COMPANY UNDER THE SCHEME OF ARRANGEMENT

Name of the Shareholder	Pre-Scheme Shareholding	Allotment of Shares under the Scheme	Total Number of Shares Post Allotment	Shares as % of total shares
ANJANI FINVEST PVT LTD	-	15,392,921	15,392,921	28.72
ANJANI NITIN KASLIWAL	-	8,500	8,500	0.02
CHAMUNDESHWARI MERCANTILE PVT LTD	-	636,500	636,500	1.19
GIRIJA HOLDING PVT LTD	-	381,666	381,666	0.71
JYOTI NITIN KASLIWAL	-	292,932	292,932	0.55
KARTIKEYA FINVEST PVT LTD	-	192,460	192,460	0.36
KARTIKEYA NITIN KASLIWAL	-	8,500	8,500	0.02
NITIN S KASLIWAL	-	296,490	296,490	0.55
MOOLSHA INVESTMENTS PVT LTD	-	273,480	273,480	0.51
RAJ INFIN PVT LTD	-	377,666	377,666	0.70
ANI-ABHI INVESTMENT PVT LTD	-	381,666	381,666	0.71
S KUMAR ENTERPRISES (SYNFABS) LTD	-	2,972,164	2,972,164	5.54
S KUMARS LTD	-	40,900	40,900	0.08
S KUMARS RETAILAR SERVICES PVT LTD	-	118,200	118,200	0.22
VIDHI HOLDINGS PVT LTD	-	372,106	372,106	0.69
TULJA ENTERPRISES PVT LTD	-	766,500	766,500	1.43
INGENIOUS FINANCE & INVESTMENT PVT. LTD.	-	530,000	530,000	0.99
S. KUMARS NATIONWIDE LIMITED	1,000,000	-	1,000,000	1.87
SANSAR EXIM PVT. LTD.	5,300,000	-	5,300,000	9.89
VERVE PROPERTIES & INVESTMENT PVT. LTD.	-	530,000	530,000	0.99
TOTAL	**6,300,000**	**23,572,651**	**29,872,651**	**55.73**

LIST OF PERSONS BELONGING TO THE CATEGORY "PUBLIC" AND HOLDING MORE THAN 1% OF THE TOTAL NUMBER OF SHARES PURSUANT TO THE ALLOTMENT OF EQUITY SHARES OF THE COMPANY UNDER THE SCHEME OF ARRANGEMENT

NAME	SHARES HELD	% TO CAPITAL

IL & FS TRUST COMPANY LTD.	3,713,259	6.93
MORGAN STANLEY MAURITIUS COMPANY LIMITED	2,327,509	4.34
CITIGROUP GLOBAL MARKETS MAURITIUS PRIVATE LIMITED	2,096,478	3.91
DEUTSCHE BANK AG LONDON- CB ACCOUNT	1,251,797	2.34
RELIGARE SECURITIES LTD	1,220,623	2.28
ASIA DEBT MANAGEMENT HONG KONG LIMITED A/C SHEEN PEARL INVESTMENTS LIMITED	1,138,354	2.12
HSBC FINANCIAL SERVICES (MIDDLE EAST) LIMITED	1,003,344	1.87
DEUTSCHE SECURITIES MAURITIUS LIMITED	870,749	1.62
CHAMUNDESHWARI TRADING & FINANCE PVT LTD	850,929	1.59
MERRILL LYNCH INDIA EQUITIES FUND (MAURITIUS)LIMITED	738,055	1.38
BSMA LIMITED	560,966	1.05
CHAMUNDESHWARI TRAD. & FIN. PVT LTD	560,000	1.04
TOTAL	**16,873,291**	**31.48**

LIST OF TOP 15 SHAREHOLDERS (AFTER CONSOLIDATION) OF THE COMPANY PURSUANT TO THE ALLOTMENT OF EQUITY SHARES OF THE COMPANY UNDER THE SCHEME OF ARRANGEMENT

NAME	SHARES HELD	% TO CAPITAL
ANJANI FINVEST PRIVATED LIMITED	15,392,921	28.72
SANSAR EXIM PRIVATE LTD.	5,300,000	9.88
IL & FS TRUST COMPANY LTD.	3,713,259	6.92
S.KUMAR ENTERPRISES (SYNFABS) LTD	2,972,164	5.54
MORGAN STANLEY MAURITIUS COMPANY LIMITED	2,327,509	4.34
CITIGROUP GLOBAL MARKETS MAURITIUS PRIVA	2,096,478	3.91
CHAMUNDESHWARI TRAD. & FIN. PVT LTD	1,410,929	2.63
DEUTSCHE BANK AG LONDON- CB ACCOUNT	1,251,797	2.33
RELIGARE SECURITIES LTD	1,220,623	2.27
ASIA DEBT MANAGEMENT HONG KONG LIMITED A	1,138,354	2.12
HSBC FINANCIAL SERVICES (MIDDLE EAST) LI	1,003,344	1.87
S KUMARS NATIONWIDE LTD.	999,940	1.86
DEUTSCHE SECURITIES MAURITIUS LIMITED	870,749	1.62
TULJA ENTERPRISES PVT LTD	766,500	1.43
MERRILL LYNCH INDIA EQUITIES FUND (MAURI	738,055	1.37
TOTAL	**41,202,622**	**76.81**

Notes: -

1) As on date of this Information Memorandum, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments into equity shares of the Company.
2) There will be no further issue of capital by the Company whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from the date of approval of the Scheme by the High Court till listing the Equity Shares to be allotted as per the Scheme.
3) The face value of the equity share is Rs. 10/- and there shall be only one denomination for the Equity Shares of the Company, subject to applicable regulations and the Company shall comply with such disclosure and accounting norms specified by SEBI, from time to time.
4) The Company has 22,054 members as on date of filing of this Information Memorandum.

V. OBJECT OF THE SCHEME OF ARRANGEMENT

S. Kumars Nationwide Limited is engaged in various businesses including manufacture, marketing, distribution and/or sale of fabrics, suiting, ready-to-wear garments and home textiles including the retail business. The "Retail Business" promises tremendous growth and profitability potential. In order to explore this potential to the fullest and provide focused leadership and management attention, the Retail Business of SKNL was decided to be carved out. Further, in the interest of the shareholders of SKNL it is believed that the demerger of the Retail Business to a separate company with focused strategy would enhance shareholder value.

The main object of Brandhouse Retails Limited is to establish multiple brands and operate exclusive stores for such brands. The Retail Business of SKNL has been demerged to BHRL, as per the provisions of section 391-394 of the Companies Act, 1956. The Scheme envisaging the demerger was sanctioned by the Hon'ble High Court of Judicature at Bombay on the 22nd February, 2008.

The objects which justified the Scheme of Arrangement led to synergies in operations, more particularly of the following benefits:

1. SKNL is engaged in the business of manufacturing, buying, selling, marketing dealing, trading, developing, importing and exporting all kinds of textile fabrics and textile products made out of cotton etc.

2. In order to explore the potential to the fullest and provide focused leadership and management attention, it was intended to demerge the retail business to BHRL.

3. Further in the interest of the shareholders of SKNL it is believed that the demerger of Retail Business to a separate company with a focused strategy would enhance shareholder value.

4. The demerger by the Scheme of Arrangement will enable the shareholders of SKNL to hold shares directly in BHRL.

5. The Scheme provides financial flexibility to BHRL.

VI. SALIENT FEATURES OF THE SCHEME OF ARRANGEMENT

1.(a) With effect from the Appointed Date, the Demerged Business Division comprising of all the assets, rights, titles and interests including accretions and appurtenances thereto shall, subject to the provisions of this Clause of the Scheme in relation to the mode of vesting and pursuant to Section 394(2) of the Act, be transferred as an integral and indivisible part of the Demerged Business Division, to and vested in or be deemed to have been transferred to and vested in the Resulting Company so as to become as and from the Appointed Date, the assets, rights, titles and interests of the Resulting Company.

(b) In respect of such of the assets of the Demerged Business Division including cash and bank balances relating to the day to day operations and specific to the working of the Demerged Business Division, as are movable in nature or are otherwise capable of transfer by manual delivery, payment or by endorsement and delivery, the same shall be so transferred by the Demerged Company, and shall become the property of the Resulting Company as an integral and indivisible part of the Demerged Business Division.

(c) In respect of such of the assets belonging to the Demerged Business Division other than those referred to in sub-clause (b) above, the same shall, as more particularly provided in sub-clause (a) above, without any further act, instrument or deed, be transferred to and vested in and/ or be deemed to be transferred to and vested in the Resulting Company on the Appointed Date pursuant to the Order of the Hon'ble High Court of Bombay or the Tribunal, as the case may be, under the provisions of Section 394 of the Act.

(d) All assets acquired by the Demerged Company after the Appointed Date and prior to the Effective Date for operations of the Demerged Business Division shall also stand transferred to and vested in the Resulting Company, upon the coming into effect of the Scheme.

(e) In so far as the assets comprised in the Demerged Business Division are concerned, the security or charge over such assets relating to any loans, debentures or borrowings, if any, of the Demerged Company, shall without any further act or deed be released and discharged from the same and shall no longer be available as security in relation to liabilities of the Demerged Company.

2.(a) With effect from the Appointed Date, all the liabilities and obligations of the Demerged Company relating to the Demerged Business Division, shall be deemed to have been transferred to the Resulting Company and to the extent they are outstanding on the Effective Date shall, without any further act or deed be and stand transferred to the Resulting Company and shall become the liabilities and obligations of the Resulting Company which shall undertake to meet, discharge and satisfy the same viz., the liabilities which arose out of the activities or operations of the Demerged Business Division including in particular debts, duties, or other claims relating to the activities or operations of the Demerged Business Division; and

(b) Where any of the liabilities and obligations of the Demerged Company as on the Appointed Date deemed to be transferred to the Resulting Company have been discharged by the Demerged Company after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of the Resulting Company and

all loans raised and used and all liabilities and obligations incurred by the Demerged Company for the operations of the Demerged Business Division after the Appointed Date and prior to the Effective Date shall be deemed to have been raised used or incurred for and on behalf of the Resulting Company and to the extent they are outstanding on the Effective Date, shall also without any further act or deed be and stand transferred to the Resulting Company and shall become the liabilities and obligations of the Resulting Company which the Resulting Company shall undertake to meet, discharge and satisfy the same.

3.(a) Upon the coming into effect of this Scheme and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, schemes, incentives, benefits, exemptions, waiver, entitlements, arrangements and other instruments of whatsoever nature in relation to the Demerged Business Division to which the Demerged Company is a party or to the benefit of which the Demerged Company may be eligible and which are subsisting or having effect immediately before the Effective Date, shall be in full force and effect on or against or in favour, as the case may be, on the Resulting Company and may be enforced as fully and effectually as if, instead of the Demerged Company, the Resulting Company had been a party or beneficiary or obligee thereto.

(b) The Resulting Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, execute deeds, confirmations or other writings or tripartite arrangements with any party to any contract or arrangement to which the Demerged Company is a party or any writings as may be necessary to be executed in order to novate or give formal effect to the above provisions. The Demerged Company will, if necessary, also be a party to the above as a confirming party with no obligation cast on or assumed upon the Demerged Company. The Resulting Company shall, under the provisions of this Scheme, be deemed to be authorised to execute any such writings and to carry out or perform all such formalities or compliance referred to above as may be deemed proper and necessary for effectuating the transfer and vesting of the Demerged Business Division into the Resulting Company.

4.All permanent employees of the Demerged Company directly or indirectly engaged in or in relation to the Demerged Business Division shall be deemed to have become the employees of the Resulting Company without any break in service upon terms and conditions which shall be no less favourable than those applicable to them in the Demerged Company. The Resulting Company agrees that the services of such employees of the Demerged Company up to the Effective Date shall be taken into account for purposes of payment of any gratuity, retirement and/ or any other terminal benefits to which they may be eligible. Upon the Scheme becoming effective any Fund or part thereof created or existing for the benefit of the employees engaged in or in relation to the Demerged Business Division shall be transferred to and form part of the corresponding fund of the Resulting Company.

5.For the purposes of the Scheme, the Demerged Company shall draw up a statement of account as on the Appointed Date relating to the assets and liabilities of the Demerged Business Division transferred to and vested in and amalgamated into the Resulting Company at its book values. The assets and liabilities of the Demerged Business Division shall be accounted for in the books of the Resulting Company at these values in accordance with the provisions of the relevant Accounting Standard of the Institute of Chartered Accountants of India. The difference between the value of the Demerged

Business Division as accounted for by the Resulting Company in its books of account and the aggregate face value of the equity shares to be issued by the Resulting Company to the shareholders of the Demerged Company as per clause 14 of the Scheme shall be credited / debited to General Reserve/ Goodwill respectively in the books of account of the Resulting Company. In the books of account of the Demerged Company, the net book value of the Demerged Business Division transferred to and vested in and amalgamated into the Resulting Company pursuant to the Scheme shall be adjusted from its Profit & Loss Account.

6.(a) Upon the coming into effect of the Scheme, all legal or other proceedings by or against the Demerged Company under any statute, and as agreed between the Demerged Company and the Resulting Company, whether pending on the Appointed Date or which may be instituted in future (whether before or after the Effective Date) in respect of any matter arising before the Effective Date and relating to the Demerged Business Division shall be continued and enforced by or against the Resulting Company after the Effective Date.

(b) If the proceedings are taken against the Demerged Company in respect of the matters referred to in Sub-Clause (a), it shall defend the same in accordance with the advice of the Resulting Company and at the cost of the Resulting Company, and the latter shall reimburse and indemnify the Demerged Company against all costs, liabilities and obligations incurred by the Demerged Company in respect thereto

(c) The Resulting Company undertakes to have all legal or other proceedings initiated by or against the Demerged Company referred to in sub-clause (a) transferred into its own name (Resulting Company) and to have the same continued, prosecuted and enforced by or against the Resulting Company to the exclusion of the Demerged Company.

7.With effect from the Appointed Date and upto and including the Effective Date:

(a) the Demerged Company shall be deemed to be carrying on all businesses and activities relating to the Remaining Business for and on its own behalf;

(b) the Demerged Company shall be deemed to have been holding on to the Demerged Business Division and shall stand possessed of all the assets, rights, titles and interests of the Demerged Business Division for and on account of, and in trust for, the Resulting Company;

(c) All profits and losses accruing to the Demerged Company, or losses arising or incurred by it relating to the Demerged Business Division shall for all purposes, be treated as the profits or losses, as the case may be, of the Resulting Company;

(d) All accretions and depletions to the Demerged Business Division shall be and for and on account of the Resulting Company.

8.(a) The Demerged Company hereby undertakes that it will from the Appointed Date upto and including the Effective Date carry on the Demerged Business Division and preserve its assets and properties with diligence, prudence and agrees that it will not, without the prior written consent of the Resulting Company, alienate, charge or otherwise deal with or dispose of the Demerged Business Division or any part thereof (except in the ordinary course of business) or conclude or undertake substantial expansion of the Demerged Business Division.

(b) Except with the prior written consent of the Demerged Company, the Resulting Company hereby undertakes not to declare any dividend/ Rights or bonus issue during the period from the Appointed Date till the Effective Date. The Resulting Company further agrees that it shall not undertake or

assume any capital liabilities either by issue of shares or borrowings during the said period, except with the prior written consent of the Demerged Company.

9. The transfer and vesting of the Demerged Business Division comprising of the assets, liabilities and obligations appertaining/ allocated thereto under Clauses 3 and 4 as given in the Scheme and the continuance of the proceedings by or against the Resulting Company under Clause 8 of the Scheme shall not affect any transactions or proceedings already completed by the Demerged Company on and after the Appointed Date to the end and intent that subject to Clause 9 of the Scheme, the Resulting Company accepts all acts, deeds and things done and executed by and/ or on behalf of the Demerged Company as acts, deeds and things done and executed by and on behalf of the Resulting Company.

10. The Remaining Business and all the assets, liabilities and obligations pertaining thereto shall continue to and be vested in and managed by the Demerged Company.
11. All legal or other proceedings by or against the Demerged Company under any statute, whether pending on the Appointed Date or which may be instituted in future whether or not in respect of any matter arising before the Effective Date and relating to the Remaining Business (including those relating to any property, right, power, liability, obligation or duties of the Demerged Company in respect of the Remaining Business) shall be continued and enforced by or against the Demerged Company.
12. The Transferee Company shall issue and allot to the shareholders of the Transferor Company (other than Mauritius Debt Management Limited, Mauritius who may have exercised the option of conversion of warrants into Equity shares issued and allotted to them on May 31, 2007), whose names appear in the Register of Members of the Transferor Company as on the Record Date, 1 (one) Equity Share of Rs. 10 each in the Transferee Company, credited as fully paid, for every 5 (five) Equity Shares of Rs.10 each held by them in the Transferor Company;

    and

    The Transferee Company shall issue and allot to the debenture holders of the Transferor Company, whose names appear in the Register of Fully Convertible Debentures holders of the Transferor Company as on the Record Date, 1 (one) Equity Share of Rs.10 each in the Resulting Company, credited as fully paid, for every 5 (five) fully convertible Debentures held by them in the Transferor Company;

    and

    The Transferee Company shall issue and allot 1 (one) Equity Share of Rs.10 each in the Transferee Company, credited and as fully paid, for every 5 (five) equity shares of Rs.10 each entitled to be issued in the Transferor Company pursuant to the Share Application Money of Rs.20 crore (for which approved allotment for 80,42,860 equity shares of the Transferor Company is in process).
13. No certificate(s) shall be issued in respect of fractional entitlements, if any, by the Resulting Company, to which the members may be entitled as per clause 14. the Board of Directors of the Resulting Company shall, instead consolidate all such fractional entitlements and thereupon issue and allot equity shares in lieu thereof to a director or an officer of the Resulting Company or such other person as the Board of Directors of the Resulting Company shall appoint in this behalf who shall hold the shares in trust on behalf of Members entitled to fractional entitlements with the express undertaking that such director(s), officer(s) or person(s) shall sell the same in the market within six months of the listing of shares of the Resulting Company

and at such market price or prices in the market and to such person or persons, as it / he / she / they think fit, and pay to the Resulting Company, the net sale proceeds thereof, whereupon the Resulting Company shall distribute such net sale proceeds to the Members in proportion of their respective fractional entitlements, net of income-tax and subject to regulatory approvals, if any.

14. The retail industry in India is subject to certain restrictions under the provisions of Foreign Exchange Management Act, 1999 (FEMA) and Foreign Direct Investment manual issued by the Ministry of Commerce and Industry, Government of India. Accordingly, certain restrictions on Foreign Direct Investment in the Resulting Company may have to be complied with. Pursuant to such restrictions, no shares may be issued to the Foreign Members of the Demerged Company, who may be subject to such restrictions, by the Resulting Company, in respect of their entitlements, if any, as per clause 14 of the Scheme of Arrangement. The Board of Directors of the Resulting Company shall, instead consolidate all such fractional entitlements and thereupon issue and allot equity shares in lieu thereof to a director or an officer of the Resulting Company or such other person as the Board of Directors of the Resulting Company shall appoint in this behalf who shall hold the shares in trust on behalf of Members entitled to fractional entitlements with the express undertaking that such director(s), officer(s) or person(s) shall sell the same in the market within six months of the listing of shares of the Resulting Company and at such market price or prices in the market and to such person or persons, as it / he / she / they think fit, and pay to the Resulting Company, the net sale proceeds thereof, whereupon the Resulting Company shall distribute such net sale proceeds to the Members in proportion of their respective fractional entitlements, net of income-tax and subject to regulatory approvals, if any.
15. The equity shares to be issued and allotted by the Resulting Company in terms of Clause 14 of the Scheme of Arrangement shall rank pari passu in all respects with the existing equity shares, if any, of the Resulting Company.
16. The equity shares to be issued by the Resulting Company in terms of Clause 14 of the Scheme of Arrangement, to the shareholders of the Demerged Company, shall be issued in dematerialized form. However, the shareholders of the Demerged Company shall have the option, to be exercised by way of giving a notice to the Resulting Company on or before the Record Date, to receive the equity shares of the Resulting Company either in physical form or in dematerialized form. In the event of such notice has not been received by the Resulting Company in respect of any shareholder, the equity shares of the Resulting Company shall be issued to such shareholders in physical form. The Resulting Company shall take such corporate actions in relation to issue of the equity shares of the Resulting Company to the shareholders of the Demerged Company, as may be necessary.
17. Upon coming into effect of the Scheme, Clause V of the Memorandum of Association of the Resulting Company be and is hereby replaced with the following:
    "V. The authorized share capital is Rs. 55 crores divided into 5,50,00,000 equity shares of Rs.10/- each."

18. Upon coming into effect of the Scheme, Article 3 of the Articles of Association of the Resulting Company be and hereby replaced with the following:
    "3. The Capital of the Company is as reflected in Clause V of the Memorandum of Association from time to time."

It shall be deemed that the members of the Resulting Company have also resolved and accorded all relevant consents under Sections 31 and 94 of the Act or any other provisions of the Act to the extent the same may be considered applicable. It is clarified that there will be no need to pass a separate shareholders' resolution as required under the Act.

19. The Scheme shall be operative with effect from the Appointed Date.
20. This Scheme shall be conditional upon and be subject to:

    1. The approval of this Scheme by the requisite majorities of the shareholders of the Demerged Company and the Resulting Company;

    2. The sanction of the Hon'ble High Court of Judicature at Bombay or Tribunal, as the case may be, under Sections 391 and 394 and other applicable provisions of the Act;

    The approval of the Reserve Bank of India being obtained in relation to the matters referred to in terms of this Scheme for which such approval as may be necessary, including allotment of equity shares to the joint name of the non-resident pursuant to Clause 14of the Scheme.

    The sanction or approval of all persons or authorities concerned being obtained and granted in respect of any of the matters provided for or relating to the Scheme for which such sanction or approval is required;
21. In the event of this Scheme failing to take effect finally by September 30, 2008 or by such later date as may be agreed by the respective Boards of Directors of the Demerged Company and the Resulting Company, this Scheme shall become null and void and in that event no rights and liabilities whatsoever shall accrue to or be incurred inter se by the parties or their shareholders or creditors or employees or any other person. In such case the Demerged Company shall bear all related costs.
22. If any part of this Scheme is found to be unworkable for any reason whatsoever, in the sole discretion of the Demerged Company and the Resulting Company either by the Board of Directors or through the Committee appointed by them in this behalf, the same shall not, subject to the decision of the Demerged Company and the Resulting Company, affect the validity or implementation of the other parts and/ or provisions of this Scheme.
23. All past, present and future costs, charges, levies, duties and expenses in relation to or in connection with or incidental to this Scheme or the implementation thereof (including in relation to issuance of shares by the Resulting Company and all matters related thereto) shall be borne and paid for by the respective companies viz. the Resulting Company and the Demerged Company.

Note to para 15 & 16 above:

The shareholders, in the Extra Ordinary General Meetingrd Meeting held on April 7, 2008, passed a special resolution to increase the authorised share capital of the company to Rs. 60 crores divided into 6,00,00,000 equity shares of Rs. 10/- each keeping in mind the future needs of the company.

VII. STATEMENT OF POSSIBLE TAX BENEFITS

The statement of tax benefits has been certified by our auditors M/s. Malpani & Associates, Chartered Accountants, vide their letter dated June 6, 2008. As per the present provisions of Income Tax Act, 1961 (hereinafter referred to as "the Act") and other laws as applicable for the time being in force in India, the following tax benefits are available to the Company and to the shareholders of the Company, subject to fulfillment of prescribed conditions.

1. INCOME TAX

A.To the Company:

1. The Company will be entitled to claim depreciation allowance at the prescribed rates on tangible and intangible assets under section 32 of the Income Tax Act, 1961 (hereinafter is referred as "Act"). Subject to Company qualifying with the conditions as stated in section 32 (1) (iia) of Act as amended with effect from 01.04.2005, in respect of Plant & Machinery (other than Ships or Aircraft) acquired or installed after 31st day of March 2005, addition depreciation @ 20% shall be allowed.

2. The company is eligible under section 35D of the Act to a deduction equal to one-fifth of certain specific and qualifying expenditure, for a period of five successive years subject to the limits provided and conditions specific therein.

3. Income by way of dividend (as referred to in Sec 115-O of the Act) received from other domestic companies will be exempt from tax under Section 10(34) of the Act.

4. In accordance with the provisions of section 10(38) of the Act, long term capital gains arising on the transfer of securities shall be exempted from tax if such transaction is entered into on at recognized stock exchange in India and such transaction is chargeable to Securities Transaction Tax. Under Section 111A of the Act, Short term capital gains accruing to Company from transfer of short term capital assets, being securities, in a transaction entered into on a recognized stock exchange in India and such transaction is chargeable to Securities Transaction Tax shall be chargeable to tax @ 15% plus applicable surcharge and education cess.

5. Subject to the provisions of section 112 of the Act, Long term capital gains, other than those mentioned in 4 above, will be chargeable to tax @ 20% (plus applicable surcharge and education cess) with indexation benefit and @ 10% (Plus applicable surcharge and education cess) if computed without indexation benefit in case of shares.

6. The Company will be entitled to deduction of the whole of capital expenditure (other than on land) incurred on scientific research related to the business carried on by the Company in the year in which such expenditure is incurred, in accordance with the provisions of Section 35 of the Act.

7. Income in respect of Units from a Mutual Fund u/s 10(23D) of the Act will be exempt in the hands of the Company u/s 10(35) of the Act.

8. In accordance with and subject to the conditions specified in section 54EC and section 54ED of the Act, the company would be entitled to exemption from tax on long-term capital gain [not covered by Section 10(36) and Section 10(38) of the Act] if such capital gain is invested in any of the long-term specified assets (hereinafter referred to as the "new asset") to the extent and in the manner prescribed in the said sections. If the new asset is transferred or converted into money at any time within a period of three years in case of new assets specified in section 54EC and within a period of one year in case of new assets specified in section 54ED, from the date of its

acquisition, the amount of capital gains for which exemption is availed earlier would become chargeable to tax as long term capital gains in the year in which such new asset is transferred or converted into money.

B. **Benefits to the Members of the Company :-**

B. 1. **Residents :**

(a) By virtue of Section 10(34) of the Act, dividend declared by the Company referred to in section 115-O of the Act is exempt from tax.

(b) Under Section 10(38) of the Act, long term capital gain arising to the shareholder from transfer of a long term capital asset being an equity share in the company (i.e. capital asset held for the period of twelve months or more) being a transaction entered into in at recognized stock exchange in India and which is chargeable to Securities Transaction Tax, shall be exempt from tax. Under Section 111A of the Act, capital gains arising from transfer of short term capital assets, being an equity share in the company, which is subject to Securities Transaction Tax will be taxable under the Act @ 15% (plus applicable Surcharge and Education cess).

(c) Subject to the Long term capital gains, other than those mentioned in (b) above, As per the provisions of Section 112(1) (a) and (b) read with proviso to Section 112(1) of the Act, long-term capital gains on transfer of the shares by an Individual, Hindu Undivided Family and Domestic Companies, computed without indexation of cost of acquisition, would be taxed at the concessional rate of 10% (plus applicable Surcharge and Education Cess) in accordance with the provisions of section 112 of the Act and @ 20% in case the same is computed subject to indexation benefit. In case of individuals and HUF's, where the total taxable income as reduced by long-term capital gain is below the basic exemption limit, the long-term capital gain will be reduced to the extent of the shortfall and only the balance long-term capital gain will be subjected to such tax in accordance with the provision to sub-Section (1) of Section 112 of the Act.

(d) Subject to the Long term capital gains, other than those mentioned in (b) above, in accordance with and subject to the conditions and to the extent specified in Section 54EC of the Act, long-term capital gains tax arising on transfer of the shares of the Company shall be exempt from capital gains tax to the extent the gains are invested within six months from the date of transfer in the purchase of long-term specified assets.

(e) Subject to the Long term capital gains, other than those mentioned in (b) above, in accordance with, and subject to the conditions and to the extent specified in Section 54ED of the Act, long-term capital gains tax arising on transfer of the shares of the Company shall be exempt from capital gains tax to the extent the gains are invested within six months from the date of transfer in acquiring equity shares forming part of an eligible issue of capital. In addition the shares should be held for at least one year.

(f) Subject to the Long term capital gains, other than those mentioned in (b) above, in accordance with, and subject to the conditions and to the extent specified in Section 54F of the Act, long-term capital gains tax arising on transfer of the shares of the Company held by an individual or Hindu Undivided Family shall be exempt from capital gains tax in proportion to the net sales consideration utilised, within a period of one year before, or two years after the date of transfer, in the purchase of a new residential house, or for construction of a residential house within three years and the individual or HUF does not own any other residential house.

B. 2. **Non Residents:**

a. Dividend income received from Company qualifies for exemption under section 10 (34) of the IT Act.

b. As per the provisions of section 10 (38) of the IT Act long term capital gains arising from the sate of the shares of the Company will be exempt from tax if the transaction is entered into in a recognized stock exchange in India and such transaction is chargeable to Securities Transaction Tax.

c. As per the provision of Section 111 A, short term capita gains arising from the sale of Company's shares in a transaction entered into in a recognized stock exchange in India and such transaction is chargeable to Securities Transaction Tax, will be chargeable to tax @ 15% plus applicable surcharge and education cess.

d. As per the provisions of section 112 of the IT Act, the long term capital gains from the transfer of the shares of the Company, otherwise than as mentioned above, shall be charged to tax:

i. @ 20% plus applicable surcharge and education cess, if the gains are computed after considering the benefit of indexation;

ii. @10% plus applicable surcharge and education cess, if the gains are computed without considering the benefit of indexation.

e.Non Resident Indian members of the Company can elect to be governed by special provisions as enunciated in section 115 C to 115 I of the Income tax act, according to which exemption from capital gains tax is available subject to those complying with conditions stated in those sections.

(i) Under Section 115E of the Act, any income from investment acquired out of convertible foreign exchange will be taxable at 20% (plus applicable Surcharge and Education Cess) while income from long-term capital gains on transfer of shares the Company acquired out of convertible foreign exchange shall be taxed at the rate of 10% (plus applicable Surcharge and Education Cess).

(ii) Under Section 115F of the Act, and subject to the conditions and to the extent specified therein, long-term capital gain arising to a Non-Resident Indian from transfer of shares of the Company acquired out of convertible foreign exchange shall be except from capital gains tax to the extent the net consideration is invested within six months of the date transfer of the asset in any specified asset or in any saving certificates referred to in clause (4B) of Section 10 of the A and the new asset is held for a period of at least three years.

(iii) Under Section 115G of the Act, it is not necessary for a Non-Resident Indian to file a return of income under Sector 139(1) of the Act, if his total income consists only of investment income and/or long term capital gains earned on transfer of such investment acquired out of convertible foreign exchange, and the tax has been deducted at source from such income under the provisions of Chapter XVII-B of the Act.

(iv) Under Section 115H of the Act, where a Non-Resident Indian becomes assessable as resident in India in any subsequent year he may furnish to the Assessing Officer a declaration in writing along with the return of income for the assessment year for which he is so assessable to the effect that the provisions of Chapter XII-A of the Act shall continue to apply to him in relation to the investment income (other than on shares in the Company) derived from any foreign exchange asset as defined therein. On doing so, the provisions of Chapter XII- A of the Act shall continue to apply to him in relation to such income for that assessment year and for every subsequent assessment year until the transfer or conversion into money of such assets.

(v) Under Section 115I of the Act, where a Non-Resident Indian opts not to be governed by the provisions of Chapter XII-A of the Act for any assessment year, his total income for that assessment year (including

taxable income arising from investment in the Company) will be computed according to the other provisions of the Act, and he will therefore be eligible to get concessions applicable to a resident individual and will be liable to tax accordingly.

f. In accordance with, and subject to provisions of Section 48 of the Act, capital gains arising out of transfer of capital assets being shares in the Company shall be computed by converting the cost of acquisition, expenditure in connection with such transfer and full value of the consideration received or accruing as a result of the transfer of the capital assets into the same foreign currency as was initially utilised in the purchase of shares and the capital gains computed in such foreign currency shall be reconverted into Indian currency, such that the aforesaid manner of computation of capital gains shall be applicable in respect of capital gains accruing/arising from every reinvestment thereafter and sale of shares of the Company. Cost indexation benefits will not be available in such a case.

g. In accordance with, and subject to the conditions and to the extent specified in Section 54EC of the Act, long-term capital gains lax arising on transfer of the shares of the Company shall be exempt from tax to the extent the gains are invested within six months from the date of transfer in the purchase of long-term specified assets and are held for a period of 3 years.

h. In accordance with, and subject to the conditions and to the extent specified in section 54ED of the Act, long-term capital gains tax arising on transfer of the shares of the Company shall be exempt from capital gains tax to the extent the gains are invested within six months from the date of transfer in acquiring equity shares forming part of an eligible issue of capital. In addition the shares should be held for at least one year.

j. In accordance with, and subject to the conditions and to the extent specified in Section 54F of the Act, long-term capital gains tax arising on transfer of the shares of the Company held by an individual shall be exempt from capital gains tax in proportion to the net sales consideration utilised, within a period of one year before or two years after the date of transfer, in the purchase of a new residential house, or for construction of a residential house within three years and the Individual or HUF does not own any other residential house.

C. <u>Foreign Institutional Investors:</u>

(a) Income by way of dividend (referred to in Section 115-O of the Act) is exempt from tax Section 10(34) of the Act.

(b) Under Section 115AD capital gain arising on transfer of short term capital assets, being shares and debentures in a company, are taxed as follows:

i) Short term capital gain on transfer of shares entered in a recognized stock exchange which is subject to Securities Transaction Tax shall be taxed @ 15% (plus applicable Surcharge and Educational Cess): and

ii) Short tem capital gains on transfer of shares/debentures other than those mentioned above would be taxable @ 30% (plus applicable Surcharge and Education Cess).

(c) Under Section 54EC of the Act, Capital gain arising from transfer of long term capital assets (other than those exempt u/s 10 (38) shall be exempt from tax, subject to the conditions and to the extent specified therein, if the capital gain are invested within a period of six months from the date of transfer in specified bonds and the bonds are held for a period at least three years.

(d) Under Section 54ED of the Act, capital gain arising from transfer of long term capital assets, being listed securities or units (other than those exempt u/s. 10 (38), shall be exempt from tax, subject to the conditions and to the extent specified therein, if the capital gain is invested in public issued of equity shares issued by an Indian Public Company within a period of six months from the date of such transfer. If only a part of the capital gain is so reinvested, the exemption shall be proportionately reduced. However, the amount so exempted shall be chargeable to tax subsequently, if the new equity shares are transferred or converted into money within one year from the date of their acquisition. In addition the shares should be held for at least one year.

(e) As per section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the tax treaty to the extent they are more beneficial to the non-resident. Thus, a non-resident can opt to be governed by the beneficial provisions of an applicable tax treaty.

Note: *There is a legal uncertainty over whether a FII can elect to be governed by the normal provisions of the Act, instead of the provisions of section 115AD. Investors are advised to consult their tax advisors in this regard.*

D. Mutual Funds

In case of a shareholder being a mutual fund, as per the provisions of section 10(23D) of the Act, any income of mutual funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made hereunder, mutual funds set up by public sector banks or public financial institutions and mutual funds authorised by the Reserve Bank of India are exempt from income-tax, subject to the conditions notified by Central Government in this regard.

E. Infrastructure Capital Companies/Funds or Co-operative Bank:

As per the provisions of Section 10(23G) of the Act, any income by way of dividends [other than dividends referred to in section 115-O], interest or long-term capital gains of an infrastructure capital fund or an infrastructure capital company [or a co-operative bank] from investments made on or after the 1st day of June, 1998 by way of shares or long-term finance in any enterprise or undertaking wholly engaged in the business referred to in sub-section (4) of section 80-IA or sub-section (3) of section 80-IAB or a housing project referred to in sub-section (10) of section 80-IB or a hotel project or a hospital project and which has been approved by the Central Government on an application made by it in accordance with the rules made in this behalf and which satisfies the prescribed conditions:

Provided that the income, by way of dividends, other than dividends referred to in section 115-O, interest or long-term capital gains of an infrastructure capital company, shall be taken into account in computing the book profit and income-tax payable under section 115JB.

Explanation 1.

For the purposes of this clause,

(a) infrastructure capital company means such company as has made investments by way of acquiring shares or providing long term finance to an enterprise wholly engaged in the business referred to in this clause;

(b) infrastructure capital fund means such fund operating under a trust deed registered under the provisions of the Registration Act, 1908 (16 of 1908) established to raise monies by the trustees for investment by way of acquiring shares or providing long-term finance to an enterprise wholly engaged in the business referred to in this clause;

(c) long-term finance shall have the meaning assigned to it in clause (viii) of sub-section (1) of section 36;
(d) co-operative bank shall have the meaning assigned to it in clause (dd) of section 2 of the Deposit Insurance and Credit Guarantee Corporation Act, 1961 (47 of 1961);
(e) interest includes any fee or commission received by a financial institution for giving any guarantee to, or enhancing credit in respect of, an enterprise which has been approved by the Central Government for the purposes of this clause;]
(f)hotel project means a project for constructing a hotel of not less than three-star category as classified by the Central Government;
(g) hospital project means a project for constructing a hospital with at least one hundred beds for patients.]

Explanation 2.

For the removal of doubts, it is hereby declared that any income by way of dividends, interest or long-term capital gains of an infrastructure capital fund or an infrastructure capital company from investments made before the 1st day of June, 1998 by way of shares or long-term finance in any enterprise carrying on the business of developing, maintaining and operating any infrastructure facility shall not be included and the provisions of this clause as it stood immediately before its amendment by the Finance (No. 2) Act, 1998 (21 of 1998) shall apply to such income

II. WEALTH TAX

(A) Assets as defined under Section 2(ea) of the Wealth-tax Act, 1957 do not include shares in companies and hence, these are not liable to wealth-tax.

III. GIFT TAX:

(A) Gift tax is not leviable in respect of any gifts made on or after 1st October, 1998. Therefore, any gift of shares will not attract gift-tax.

Notes:

In respect of non residents, taxability of capital gains mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreements, if any, between India and the country in which the non-resident has fiscal domicile.

In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor, with respect to specific tax consequences of his/her anticipation in the issue.

The above statement of possible direct and indirect taxes benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity shares.

This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequence, each investor is advised to consult their own tax consultant with respect to the specific tax implications arising out due to their participation in the issue.

We do not express any opinion or provide any assurance as to whether:

- The company or its shareholders will continue to obtain these benefits in future;
- The conditions prescribed for availing the benefits have been/or would be met with.

VIII. COMPANY HISTORY AND MANAGEMENT

The company was incorporated on June 04, 2004 under the name & style of 'Reid & Taylor Retails Private Limited' with the objects mentioned here below. The status of the company was changed to a Public Limited Company on April 20, 2006. On the same date, the name of the company was changed to its present name 'Brandhouse Retails Limited'.

In January 2006, upon issue and allotment of 9,90,000 (Nine lakh ninety thousand) equity shares to SKNL, the company became a wholly owned subsidiary of SKNL. In September 2007, the company issued and allotted 53,00,000 (Fifty Three lakh) equity shares to Sansar Exim Private Limited, a promoter group company. As a consequence, the company became joint subsidiary of SKNL and Sansar Exim Private Limited. Pre-Scheme shareholding of SKNL and Sansar Exim Private Limited in the company respectively was 15.87% and 84.13% of the total paid-up equity share capital of the company.

The CIN of the Company is U52320MH2004PLC146760. The Registered Office of the Company is 'Avadh,' Avadhesh Parisar, Shree Ram Mills Premises, G.K. Marg, Worli, Mumbai 400 018. The Company entered into a Scheme of Arrangement with SKNL. The said scheme was approved by Hon'ble High Court of Judicature at Bombay on 22nd February, 2008. In terms of the Scheme, the Company has taken over the Retail Business of SKNL.

The business of the Company:

- Setting up exclusive brand retail outlets for multiple brands across India.
- Carrying on the business as retailers, importers, dealers in all kind of suiting, shirting, cotton and man made synthetics knitted fabrics, apparel, home textiles and fashion accessories.

The Company is amongst the leading fashion retailers in India. It currently manages the retailing of six brands through exclusive brand outlets across India. These include Reid & Taylor, Carmichael House, Belmonte, Stephens Brothers, Dunhill and ESCADA.

The Vision of BHRL: The Retail Gateway of India for Fashion & Lifestyle.

The Mission of BHRL: To provide a distinct competitive edge to our brands by creating an International Retail Experience for addressing the booming Indian Consumerism.

The day-to-day affairs of the Company are managed by Mr. Tarun Joshi, Managing Director of the Company who is assisted by a team of professionals comprising three Chief Operating Officers (COOs) namely Mr. Ashok Dalal, Mr. Surjit Singh, Mr. Paritosh Jain and Chief Finance Officer Mr. Sandeep Maniyar. The respective COOs have their teams comprising of Sr. Vice Presidents, Vice Presidents and General Managers.

The main objects of Brandhouse Retails Limited are set out in its Memorandum of Association and they are briefly as under:

1. To establish multiple brands as well as exclusive stores for such brands.

2. To carry on business as manufacturers, importers, exporters, whole sellers, retailers and dealers in all kind of Suiting, Shirting, cotton and manmade synthetics knitted fabrics and bleaching, dying, printing of cotton and man made fabrics and to carry on the business of calendaring, bleaching, dyeing, printing, knitting, finishing, packing, folding, manufacturing, buying, selling, agency, importing, exporting, converting, altering, otherwise dealing and processing in cotton, textiles and other type cloths, yarns, fibres and fabrics whether synthetic, blended, artificial or natural and whether grey, semi-finished and utilize any waste arising there from.

3. To carry on the business of preparing, doubling, colouring, pressing, carding, combing, scouring, mixing, spinning, twisting, winding, printing, reeling, blending, texturising, crimping, weaving, sizing, bleaching and otherwise dealing in cotton textile wool, raw silk, synthetics, waste silk, flax, liner, mohair, nylon, rayon, terylene, polyamide, acrylics, polyester, staple and any other types of natural and man-made fibre and yarns or any other or new substances being improvements upon any other fibres or fibrous materials whether an agricultural or animal or natural or chemical or synthetic products.

CHANGES IN THE MEMORANDUM OF ASSOCIATION SINCE INCORPORATION OF THE COMPANY

DATE	PARTICULARS
April 5, 2005	Increase in Authorised share capital of the company from Rs. 1,00,000/- to Rs. 1,00,00,000/-
September 29, 2006	Increase in Authorised share capital of the company from Rs. 1,00,00,000/- to Rs 25,00,00,000/-
April 07, 2008	Increase in Authorised share capital of the company from Rs. 25,00,00,000/- to Rs. 60,00,00,000/-

CHANGES IN THE REGISTERED OFFICE OF THE COMPANY

DATE	PARTICULARS
May 06, 2006	The Registered office of the company was shifted from '99, Niranjan, Marine Drive, Mumbai 400002' to its existing address 'Avadh, Avadhesh Parisar, Shree Ram Mills Premises, G. K. Marg, Worli, Mumbai – 400018.'

SHAREHOLDERS AGREEMENT

There is no separate agreement executed between any shareholder and the Company.

STRATEGIC / FINANCIAL PARTNERS AND OTHER MATERIAL CONTRACTS

BHRL required an infusion of funds to kick start a rapid establishment of stores for establishing multiple brands. For the requirement of the funds, a proposal was made to the above effect to India Debt Management (IDM) for the funds which was approved by them. IDM sanctioned Rs. 65.45 crore in First half of 2007 against subscription to Non Convertible Debentures (NCDs) of the company. The funds were received from IDM on 14th September, 2007 against subscription to 65,45,000 NCDs of Rs. 100 each.

Particulars of Instrument	Total Number issued	Total Amount (Rs.)	Distinctive Numbers / Identification Numbers	Date of Issue	Details of Allottee
NON-CONVERTIBLE DEBENTURES OF RS. 100/- EACH	65,45,000	65,45,00,000	From 1 to 65,45,000 (Both Inclusive)	September 14, 2007	India Debt Management Limited

The main terms & conditions of the facility of subscription in the NCDs from IDM are:

- The NCDs shall have a term upto June 30, 2011.

- Rate of interest payable on redemption as given in the table below:

Period	Rate of Interest (% rate p.a.)
From Closing Date till June 30, 2008	10
From July 1, 2008 till June 30, 2009	11
From July 1, 2009 till June 30, 2010	X
From July 1, 2010 till June 30, 2011	Y

X = Weighted average cut-off rate in the 364 day T-Bills auctioned by the RBI during January to March 2009 plus 7%
Y = Weighted average cut-off rate in the 364 day T-Bills auctioned by the RBI during January to March 2010 plus 8%

- The repayment of the NCDs is to be made as follows: -

Period	Minimum Redemption Payments
By June 30, 2009	30% of the NCDs
By June 30, 2010	65% of the NCDs
By June 30, 2011	100% of the NCDs

BOARD OF DIRECTORS

As per the Articles of Association of the company, the company shall not have less than 3 directors and not more than 12 directors.
The Board of Directors of the Company as on the date of this Information Memorandum:

Sr.	Name, Designation, Address, DIN, Occupation	Date of Birth	Nationality	Directorships in other companies
1.	Mr. Nitin S. Kasliwal Non-Executive Chairman Kanta, Flat No. 1, Little Gibbs Road, Malabar Hill, Mumbai - 400 006 DIN :- 0022630 Occupation: Industrialist	November 22, 1960	Indian	1. S. Kumar Enterprises (Synfabs) Ltd. 2. S. Kumars Nationwide Ltd. 3. S. Kumars (U.K) Ltd. 4. Reid & Taylor (India) Limited 5. Reid & Taylor Ltd, U.K. 6. Anjani Finvest Pvt. Ltd. 7. Modak Beltings Pvt. Ltd. 8. S.K. Worsteds Pvt. Ltd. 9. Dhvani Terefabs Exports Pvt. Ltd.

				10. S. Kumar & Co. (Trades) Pvt. Ltd. 11. Tulja Enterprises Pvt. Ltd. 12. Chamundeshwri Mercantile Pvt. Ltd. 13. Sansar Exim Private Ltd. 14. Maverick Mercantile Pvt. Ltd. 15. Ingenious Finance & Investment Pvt. Ltd. 16. Verve Properties & Investment Pvt. Ltd. 17. Natty Finance & Investment Pvt. Ltd.
2.	Mrs. Jyoti N. Kasliwal. Non-Executive Director Kanta, Flat No. 1, Little Gibbs Road, Malabar Hill, Mumbai 400 006 DIN: - 1339295 Occupation: - Business	December 26, 1960	Indian	1. S. Kumars Nationwide Ltd 2. Reid & Taylor (India) Limited 3. Chamundeshwari Mercantile Pvt. Ltd. 4. Maverick Mercantile Pvt. Ltd. 5. Tulja Enterprises Pvt. Ltd. 6. Sansar Exim Pvt. Ltd. 7. Anjani Finvest Pvt. Ltd. 8. Ingenious Finance & Investment Pvt. Ltd. 9. Verve Properties & Investment Pvt. Ltd. 10. Natty Finance & Investment Pvt. Ltd.
3	Dr. A. C. Shah. Independent Director C - 1/2, Lloyds Garden, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025 DIN: - 0022612 Occupation: - Retired Banker and Economist	October 16, 1932	Indian	1. S. Kumars Nationwide Ltd 2. Elecon Engineering Ltd 3. Adani Exports Ltd 4. Gujarat Petro Syntheses Ltd 5. Goldcrest Finance Ltd 6. Benchmark Mutual Fund Trustee Company 7. Graphiti Multimedia Pvt. Ltd.
4.	Shri Anish Modi Nominee Director 314, Shalaka, Maharshi Karve Road, Mumbai-400021 DIN: - 0031232 Occupation: - Director	March, 21, 1966	Indian	1. Mauritius Debt Management Ltd. 2. S. Kumars Nationwide Limited 3. Blue Brinando Limited 4. Saurashtra Cement Ltd 5. Meta Copper and Alloys Ltd 6. Kitply Industries Limited 7. India Debt Management Pvt. Ltd. 8. Tarang Advisory Pvt. Ltd. 9. Meta Holdings Services Pvt. Ltd. 10. Shree Nirmal Commercial Limited
5	Shri Denys Firth. Nominee Director Flat 301, La Hacidenda, 31-33, Mount Kellett Road, Hong Kong DIN:- 0031942 Occupation: - Director	May 26, 1951	British	1. Mauritius Debt Management Ltd. 2. S. Kumars Nationwide Limited 3. Blue Brinando Limited 4. Saurashtra Cement Ltd 5. Meta Copper and Alloys Ltd 6. Kitply Industries Limited 7. India Debt Management Pvt. Ltd. 8. Tarang Advisory Pvt. Ltd. 9. Meta Holdings Services Pvt. Ltd.

6	Mr. Dara D. Avari. Independent Director A-4, Diamond Court, 40 Nepean Sea Road, Mumbai 400 036 DIN: - 0022642 Occupation: - Director	October 21, 1934	Indian	1. S. Kumars Nationwide Ltd 2. Reid & Taylor (India) Limited 3. Anjani Finvest Pvt. Ltd. 4. Tulja Enterprises Pvt. Ltd. 5. Sansar Exim Pvt. Ltd. 6. S.K. Worsteds Pvt. Ltd. 7. Chamundeshwri Mercantile Pvt. Ltd. 8. Ingenious Finance & Investment Pvt. Ltd. 9. Verve Properties & Investment Pvt. Ltd.
7.	Mr. Tarun Joshi Managing Director 3, Nishant, Little Gibbs Road, Malabar Hill, Mumbai 400 006 DIN: - 1543486 Occupation: - Managing Director	January 01, 1963	Indian	

BRIEF PROFILE OF DIRECTORS

1. **Mr. Nitin S. Kasliwal:** Mr. Nitin S. Kasliwal, a graduate in Science and post graduate in Business Administration from the European University, Switzerland, is the Chairman of the Company. Aged around 48 years, he has over 33 years experience in the field of textiles and retail. He is also the Vice-Chairman & Managing Director of S Kumars Nationwide Ltd, one of the largest textile companies in India, and the flagship company of the SKNL Group. He is member of several associations in the textile industry.

2. Mrs. Jyoti N. Kasliwal: Mrs. Jyoti N. Kasliwal has a Bachelors degree in Economics. She has extensive experience in publicity, marketing and brand building. She is also a director in SKNL.

3. Dr. A. C. Shah: Dr. A. C. Shah, a commerce graduate and has completed Ph. D. in Economics from Mumbai University, is an independent director of the company. Aged about 76 years, he has over 35 years of experience as a banker. He was associated with Bank of Baroda from where he retired as Chairman & Managing Director in 1993. He is an independent member of the Board of the Company. He is a Non-Executive Chairman of SKNL.

4. Mr. Anish Modi: Mr. Anish Modi is a director on the Board nominated by India Debt Management Private Limited. Mr. Modi is working as Managing Director in India Debt Management Private Limited. He has over 18 years of experience in the field of Finance.

5. Mr. Denys Firth: Mr. Denys Firth is a director on the Board nominated by India Debt Management Private Limited where he is a director. Mr. Firth is finance professional with over 35 years of experience in Finance.

6. Mr. Dara D. Avari: Mr. Dara D. Avari is Science & Law graduate from Gujarat University. Aged about 73 years, he has over 52 years of experience in the field of banking and finance. He is also an independent director of the company. He is also a director in SKNL.

7.Mr. Tarun Joshi: ith over 20 years of experience in marketing, communications and retail, Tarun Joshi has been associated with leading multinationals & well-known Indian business houses through his career.

Tarun is the Managing Director of Brandhouse Retails Limited. Over the years, Tarun has been involved in developing & enhancing the brand equity of Reid & Taylor, Carmichael House, Belmonte & Stephens Brothers.

BHRL specializes in setting up and managing exclusive brand outlets for SKNL brands Reid & Taylor, Carmichael House, Stephens Brothers & Belmonte and is the exclusive India franchisee for International Luxury Brands like Dunhill and Escada.

From managing a unique retail model of setting up mono-brand stores, for multiple brands, at multiple locations to retailing across various categories (menswear, women's wear, home textiles & accessories) and across various price segments (mid-premium, premium, super-premium and Luxury), Tarun's association with the retail industry has been profound.

Tarun has pioneered work in Indian Luxury Fashion industry. From introducing the concept of Luxury High Street to combat the dearth of Luxury Retail Locations, the concept of Social Ambassadors (Karan Johar for dunhill) to being instrumental in launching international luxury brands of dunhill and ESCADA, in India.

Tarun has been a panelist on leading Indian & domestic business forums and has participated in various roundtables of the industry. He is on the advisory board for Luxury Marketing Council's India Chapter.

INTEREST OF DIRECTORS

Other than their respective shareholding in the company and reimbursement of out of pocket expenses incurred and normal remuneration / sitting fee from the company, the directors of the company have no other interest in the company.

CORPORATE GOVERNANCE

The provisions of the Listing Agreement with the Stock Exchanges with respect to the Corporate Governance are applicable to the Company and the Company is Corporate Governance compliant.

The Board of Directors of the Company consists of 7 Members. The composition of the Board consists of 6 Non-executive and 1 Executive Director. 4 members of the Board of Directors are Independent. The Independent Directors of the Company include Dr. A.C. Shah, Mr. Dara D. Avari, Mr. Anish Modi and Mr. Denys Firth. The Chairman is a Promoter & Non-executive Director of the Company.

The Board has constituted the following committees required under Clause 49 of the Listing Agreement:

COMMITTEE	NAME OF DIRECTOR	CATEGORY
Audit Committee	1. Dr. A.C. Shah – Chairman 2. Mr. Tarun Joshi 3. Mr. Anish Modi 4. Mr. Dara D. Avari	1. Non Executive Independent 2. Executive – Managing Director 3. Non Executive Independent 4. Non Executive Independent
Shareholders / Investors Grievance Committee	1. Dr. A. C. Shah- Chairman 2. Dara D. Avari 3. Tarun Joshi	1. Non Executive Independent 2. Non Executive Independent 3. Executive – Managing Director
Remuneratio n Committee	1. Dr. A. C. Shah- Chairman 2. Anish Modi 3. Dara D. Avari	1. Non Executive Independent 2. Non Executive Independent 3. Non Executive Independent

The role, powers, scope of functions and duties of the Audit Committee, Shareholders/Investor's Committee and Remuneration Committee of the

Board are as per applicable provisions of the Companies Act, 1956, Clause 49 of the Listing Agreement.

The Board of Director has at its Meeting held on June 17, 2008 approved Code of Conduct for Members of the Board and Senior Management Employees. Same will be uploaded on Company's website http://brandhouseretails.com immediately after listing of Company's Shares on Stock Exchanges.

Compliance Report on Corporate Governance

Particulars	Clause of Listing Agreement	Compliance Status Yes/No	Remarks
I Board of Directors	49 I		
(A) Composition of Board	49 (IA)	Yes	-
(B) Non-executive Directors' compensation & disclosures	49 (IB)	Yes	To be disclosed in next Annual Report
(C) Other provisions as to Board and Committee	49 (IC)	Yes	-
(D) Code of Conduct	49 (ID)	Yes	-
II. Audit Committee	49 (II)		-
(A) Qualified & Independent Audit Committee	49 (IIA)	Yes	-
(B) Meeting of Audit Committee	49 (IIB)	Yes	-
(C) Powers of Audit Committee	49 (IIC)	Yes	-
(D) Role of Audit Committee	49 II(D)	Yes	-
(E) Review of Information by Audit Committee	49 (IIE)	Yes	-
III. Subsidiary Co's	49 (III)	Yes	-
V. Disclosures	49 (IV)		
(A) Basis of related party transactions	49 (IV A)	Yes	To be disclosed in next Annual Report.
(B) Board of Disclosures	49 (IV C)	Yes	-do-
(C) Proceeds from public issues, rights issue, preferential issues etc.	49 (IV D)	Yes	-do-
(D) Remuneration of Directors	49 (IV E)	Yes	-do-
(E) Management	49 (IV F)	Yes	-do-
(F) Shareholders	49 (IV G)	Yes	-do-
V. CEO/CFO Certification	49 (V)	Yes	-do-
VI. Report on Corporate Governance	49 (VI)	Yes	-do-
VII. Compliance	49 (VII)	Yes	-do-

Change in Board of Directors since the Company's inception

Name of the Director	Date of Appointment	Date of Cessation	Reason
Mr. Omprakash Pacheria	June 20, 2004	August 30, 2005	Retirement
Mr. Ramesh Chandra Ladha	June 20, 2004	August 30, 2005	Retirement
Mr. Ramkrishna Naik	June 20, 2004	August 30, 2005	Retirement
Mr. Nitin S. Kasliwal	April 07, 2005	-	-

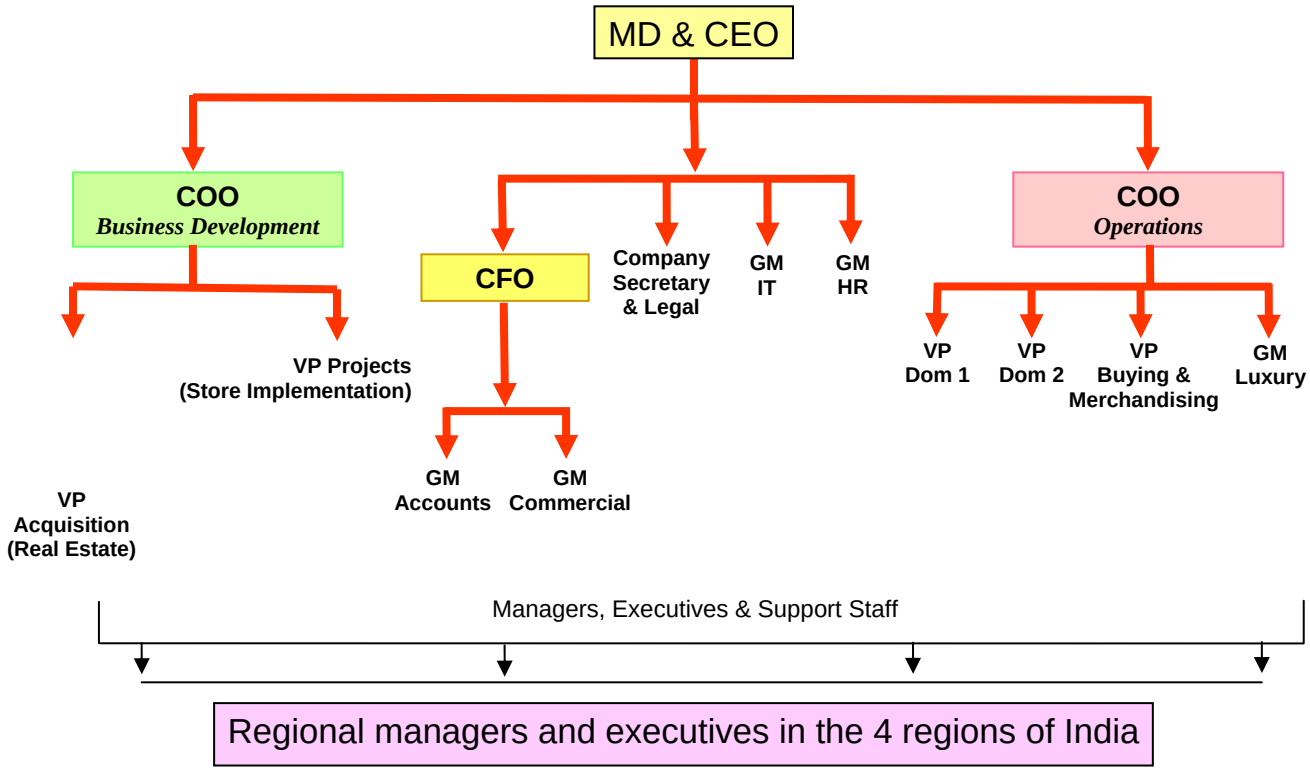
Mr. Dara D. Avari	April 07, 2005	-	-
Mr. Vikas S. Kasliwal	April 07, 2005	May 06, 2006	Resignation
Mr. Tarun Joshi	April 07, 2005	-	-
Mr. Govind Mirchandani	April 07, 2005	August 14, 2007	Resignation
Dr. A.C. Shah	May 06, 2006	-	-
Mrs. Jyoti N. Kasliwal	May 06, 2006	-	-
Mr. Anish Modi	September 14, 2007	-	-
Mr. Denys Firth	September 14, 2007	-	-

Shareholding of Directors

Name of Director	Pre-Scheme	No. of shares issued under the Scheme	Post-Scheme shareholding	% of total share capital Post-Scheme
Mr. Nitin S. Kasliwal	-	2,96,490	2,96,490	0.55
Dr. A.C. Shah	-	100	100	0.00
Mrs. Jyoti N. Kasliwal	-	2,92,932	2,92,932	0.55
Mr. Anish Modi	-	-	-	0.00
Mr. Dara D. Avari	-	-	-	0.00
Mr. Denys Firth	-	-	-	0.00
Mr. Tarun Joshi	-	-	-	0.00
TOTAL	**-**	**5,89,522**	**5,89,522**	**1.10**

IX. OVERVIEW OF ORGANISATION STRUCTURE & SENIOR MANAGEMENT PERSONNEL

ORGANISATIONAL STRUCTURE



KEY MANAGERIAL PERSONNEL

Mr. Tarun Joshi, Managing Director is responsible for the day-to-day affairs of the Company and as such he is the key management personnel. He is ably assisted in the day-to-day management of the Company by a team of professionals. Details of important professionals responsible for their respective functional areas are given below:

NAME & DESIGNATION	AGE	DATE OF APPOINTMENT	QUALIFICATION	TOTAL WORKING EXPERIENCE	DESIGNATION / RESPONSIBILITIES
Mr. Surjit Singh	43	January 29, 2007	B.A.; Diploma in Marketing	Over 20 years	Chief Operating Officer – Business Development
Mr. Paritosh Jain	46	February 23, 2009	B. A. Hons.	Over 23 years	Chief Operating Officer - Operations
Mr. Ashok Dalal	41	May 12, 2008	B. Com. (Hons.), MBA - Marketing	Over 18 years	Chief Operating Officer – Joint Venture
Mr. Sandeep Maniyar	37	December 12, 2007	CWA; ACA; ACS	Over 10 years	Chief Financial Officer
Mr. Indraneell Basu	34	February 11, 2008	B. Tech; PGDM	Over 13 years	Sr. Vice President – Operations
Mr. Ravin Sharma	38	October 17, 2008	M.B.A.	Over 16 years	Sr. Vice President - Operations
Mr. Aseem Verma	44	March 30, 2006	B. Com.	Over 20 years	Vice President – Franchisee Business
Mr. Sameer Sikka	33	August 11, 2006	B. Sc.; Master in Marketing Management	Over 12 years	Vice President – Business Development
Mr. Pulak Banerjee	44	February 05, 2007	B. Com.; L.L.B.; FCS	Over 16 years	Company Secretary
Mr. Sanjay Mehra	43	July 01, 2007	B. Com.	Over 10 years	Vice President – Commercial

DIVIDEND POLICY

There is no fixed dividend policy of the company. The dividend may be paid based on the quantum and availability of future profits after necessary approval of shareholders based on the recommendation of the Board of Directors.

The company, since its incorporation, has not declared or paid any dividend.

X. PROMOTERS AND SUBSIDIARY COMPANIES

PROMOTERS

After the Scheme has become effective, the shareholding of the promoters is as under:

Total promoter shareholding of 55.73% of the issued, subscribed and paid-up share capital of the company. The details of the promoter shareholding in the company is as follows:

NAME	NO. OF SHARES	% TO CAPITAL
Anjani Finvest Pvt Ltd	15,392,921	28.72
Anjani Nitin Kasliwal	8,500	0.02
Chamundeshwari Mercantile Pvt Ltd	636,500	1.19
Girija Holding Pvt Ltd	381,666	0.71
Jyoti Nitin Kasliwal	292,932	0.55
Kartikeya Finvest Pvt Ltd	192,460	0.36
Kartikeya Nitin Kasliwal	8,500	0.02
Nitin S Kasliwal	296,490	0.55
Moolsha Investments Pvt Ltd	273,480	0.51
Raj Infin Pvt Ltd	377,666	0.70
Ani-Abhi Investment PVt Ltd	381,666	0.71
S Kumar Enterprises (Synfabs) Ltd	2,972,164	5.54
S Kumars Ltd	40,900	0.08
S Kumars Retailar Services Pvt Ltd	118,200	0.22
Vidhi Holdings Pvt Ltd	372,106	0.69
Tulja Enterprises Pvt Ltd	766,500	1.43
Ingenious Finance & Investment Pvt. Ltd.	530,000	0.99
S. Kumars Nationwide Limited	1,000,000	1.87
Sansar Exim Pvt. Ltd.	5,300,000	9.89
Verve Properties & Investment Pvt. Ltd.	530,000	0.99
TOTAL	**29,872,651**	**55.73**

THE DETAILS OF PROMOTERS POST SCHEME OF ARRANGEMENT ARE AS FOLLOWS:

1. S. Kumars Nationwide Limited

The S. Kumars Group was founded in 1948 by two brothers, Shambukumar and Abhayakumar Kasliwal. The group was initially engaged in the trading of textiles and ventured into manufacturing in the year 1975. The year 1990 saw the inception of the SKNL group. Since then SKNL has been the flagship brand,

leading the way for its various businesses. It has been a forerunner in the textiles industry for the last five decades and is regarded as one of the most reputed business houses in the country.

From a modest turnover of Rs.5 million in 1948, the group has come a long way, setting standards of excellence, acquiring many "firsts" to its credit and achieving a number of "milestones" on its way, in reaching a turnover of Rs.10 billion.

In 1990 all the textile businesses of the group were consolidated under S. Kumars Nationwide Ltd. The group further acquired new capacities and plants under this entity.

CIN: - L17120MH1990PLC058361
Date of Incorporation: - September 28, 1990

The main objects SKNL are as follows: -

- To buy, sell, market, deal in, trade, develop, import, export all kinds of textile fabrics and textile products made out of cotton, natural fibres and yarns, man made fibres and yarns, synthetic fibres and yarns, silk, wool including apparel fabrics, apparel wear of all types, hosiery of all types, industrial fabrics, nylon fabrics, label and tape fabrics, non wovens, household linen of all types and to manufacture the same and/or to get manufactured by any method or process including spinning, weaving, knitting, warp knitting, dyeing, processing, printing, finishing, stitching, non wovens, mending, packing and to establish and/or get established mills for manufacturing of the same.

- To buy, sell, market and to deal in, trade, develop, import, export and to manufacture and/or get manufactured all types of fibres including polyester, polyamide, acrylic, cotton, viscose, rayon, silk, wool, all types of filaments, all types of yarns and cords, all types of threads and to do the same by any method or process and including all back processes thereof and their bye products.

Promoter and Non-Promoter Shareholding:

Category	No. of equity shares held	% of total issued, subscribed & paid-up shareholding
Promoter shareholding	10,47,40,881	46.89
Non-Promoter shareholding	11,86,50,557	53.11
TOTAL	**22,33,91,438**	**100**

Composition of Board of Directors

- Dr. A. C. Shah – Chairman
- Nitin S. Kasliwal – Vice Chairman & Managing Director
- Anil Channa – Deputy Managing Director
- Jyoti N. Kasliwal
- K. P. Rau – Director (Nominee of IDBI)
- Anish Modi (Nominee – IDM)
- Mr. Denys Firth (Nominee - IDM)
- Vijay Kalantri
- Martin Henry
- Dara D. Avari
- Col. S. K. Raje

Financial Performance

(Rs. in crores)

Particulars	April 01, 2008 to December 31, 2008 (Unaudited)	April 01, 2007 to March 31, 2008 (Audited)	April 01, 2006 to March 31, 2007 (Audited)	April 01, 2005 to March 31, 2006 (Audited)	October 01, 2004 to March 31, 2005 (Audited)
Total Income	1711.79	1,759.16	1,239.44	895.81	348.83
Profits before tax and exceptional items	238.89	262.10	134.49	55.20	9.13
Net Profit after tax and exceptional items	160.02	205.59	107.47	99.78	(202.32)
Equity share capital	223.39	210.05	192.70	154.67	154.67
Basic Earning Per Share (EPS)	6.93	10.19	7.39	3.23	0.59

Details of Listing

The Shares of SKNL are listed on Bombay Stock Exchange and National Stock Exchange. Monthly High and Low Price during preceding 12 months

Particulars	BSE		NSE	
	High	Low	High	Low
January 2008	170.50	90.10	170.85	90.00
February 2008	160.50	126.00	160.80	126.00
March 2008	158.50	79.10	157.00	79.05
April 2008	121.70	85.10	121.70	81.25
May 2008	122.05	103.05	122.00	103.50
June 2008	118.70	74.50	118.65	73.20
July 2008	83.00	52.55	82.70	52.20
August 2008	79.60	62.00	79.80	62.10
September 2008	71.20	42.10	71.80	42.10
October 2008	44.90	20.00	45.00	19.60
November 2008	32.85	21.30	32.00	21.10
December 2008	29.85	20.25	24.95	20.20

The Company is not a Sick Company within the meaning of the SICA.

2. <u>Sansar Exim Private Limited: -</u>

CIN: - U51909MH2007PTC169905

Date of Incorporation: - April, 12, 2007

The main objects as per Memorandum of Association:

To carry on the business in India and abroad as Traders, Distributors, Dealers, Exporter, Importer, Producers, Converters, Conductors, Brokers, Commission agent, Agency business, Selling & Marketing Business of Industrial, Commercial, Agriculture Scientific, Household, Domestic, Automobiles, Farms and Forest product, Goods, Fibers, Ready Made Garments made up of natural fibers, Textiles, Leather and Leather Products, Plastic, Vinyl, Accessories such as earrings, Pendants, Sunglasses, Eye wares, Footways, Shoes, Rubber and rubber product, Petroleum and Petroleum Products, Engineering product goods, Plant & Machinery, Equipment, Apparatus and other Gadgets, Appliances, Accessories, Spare parts, Computer Hardware, Software, all type of Dyes & Chemicals, Minerals, Pharmaceutical, Wool, Yarn, Fibers, Garments, Textiles, Cold Storage, Property & Structure Development, Paper & all kind of Boards, Tea, Timber Products, Rubber, Plastics, Footwear's, Marble, Granites, Cement and Ceramic Tiles, Pesticides, Glass & Glassware, Tyres & Tubes, Cement, Fertilizers, Iron & Steel, Copper, Gold, Silver, Diamonds, Precious Stones and Jewellery, Ferrous & Non Ferrous Metals, Electronic toys, Games, Battens, Button Cells, Telephones & Slim cards, Gas Lighters, Calculating Machines, Electronic Organizers, Computer Floppy Diskettes, Audio, videos tapes, Compact Discs, T.V. Software, Film and TV channels, e-commerce, web based solutions and Internet portals or any other merchandise and commodity.

Promoter & Non-Promoter shareholding:

Category	No. of equity shares held	% of total issued, subscribed & paid-up shareholding
Promoter shareholding	10,000	100
Non-Promoter shareholding	NIL	NIL
Total	10,000	100

Board of Directors

- Nitin S. Kasliwal
- Jyoti N. Kasliwal
- Dara D. Avari
- Anees Fazalbhoy

Financial Performance

Financial performance of Sansar Exim Pvt. Limited is detailed below:

(In Rs.)

Particulars	April 12, 2007 to March 31, 2008 (Audited)
Total Income	50,000
Profits before tax and exceptional	31,706

items	
Net Profit after tax and exceptional items	20,906
Equity share capital	1,00,000
Basic Earning Per Share (EPS)	2.09

The Company is not a Sick Company within the meaning of the SICA.

Sansar Exim Pvt. Ltd., being a private company, is not listed.

3. <u>Anjani Finvest Private Ltd.: -</u>

CIN: - U65990MH1991PTC060533

Date of Incorporation: - February 27, 1991

Business line of Anjani Finvest Private Ltd. is as below: -
Anjani Finvest Private Ltd. is into the business of financing and other financing related activities and also into investing and activities connected therewith.

Promoter & Non-Promoter shareholding:

Category	No. of equity shares held	% of total issued, subscribed & paid-up shareholding
Promoter shareholding	1000	100
Non-Promoter shareholding	Nil	Nil
TOTAL	**1000**	**100**

Composition of Board of Directors

- Nitin S Kasliwal
- Jyoti N Kasliwal
- Dara D. Avari
- Anees Fazalbhoy

Financial Performance

Financial performance of **Anjani Finvest Private Ltd.** is detailed below:
(in Rs.)

Particulars	April 01, 2007 to March 31, 2008 (Audited)	April 01, 2006 to March 31, 2007 (Audited)	April 01, 2005 to March 31, 2006 (Audited)	April 01, 2004 to March 31, 2005 (Audited)	April 01, 2003 to March 31, 2004 (Audited)
Total Income	10,43,776	12,000	49,91,199	53,440	1,18,120
Profits before tax and exceptional items	7,98,542	-39,007	49,78,827	40,049	1,04,308
Net Profit after	4,83,542	-39,007	45,08,827	40,049	1,02,587

tax and exceptional items					
Equity share capital	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000
Basic Earning Per Share (EPS)	483.54	-	4508.83	40.05	102.59

The Company is not a Sick Company within the meaning of the SICA.

Anjani Finvest Private Ltd., being a private company, is not listed.

4. <u>Chamundeshwari Mercantile Private Limited: -</u>

CIN: - U51909MH2007PTC170077

Date of Incorporation: - April 18, 2007

Business line of Chamundeshwari Mercantile Pvt. Ltd. is as below: -
Chamundeshwari Mercantile Pvt. Ltd. is into the business of trading, dealing, importing, exporting producing etc. of textiles, fibers, leather, leather products, plasctic etc.

Promoter & Non-Promoter shareholding:

Category	No. of equity shares held	% of total issued, subscribed & paid-up shareholding
Promoter shareholding	10,000	100
Non-Promoter shareholding	Nil	Nil
TOTAL	**10,000**	**100**

Composition of Board of Directors

- Nitin S Kasliwal
- Jyoti N Kasliwal
- Dara D Avari
- Anees Fazalbhoy

Financial Performance
Financial performance of Chamundeshwari Mercantile Pvt. Ltd. is detailed below:

(in Rs.)

Particulars	April 01, 2007 to March 31, 2008 (Audited)
Total Income	35,33,12,141
Profits before tax and exceptional items	-3,57,92,972
Net Profit after tax and exceptional items	-3,57,92,972

Equity share capital	1,00,000
Basic Earning Per Share (EPS)	-

The Company is not a Sick Company within the meaning of the SICA.

Chamundeshwari Mercantile Pvt. Ltd., being a private company, is not listed.

5. Tulja Enterprises Private Limited: -

CIN: - U51909MH2007PTC170076

Date of Incorporation: - April 18, 2007

Business line of Tulja Enterprises Private Limited is as below: -

Tulja Enterprises Pvt. Ltd. is into the business of trading, dealing, importing, exporting producing etc. of textiles, fibers, leather, leather products, plasctic etc.

Promoter & Non-Promoter shareholding:

Category	No. of equity shares held	% of total issued, subscribed & paid-up shareholding
Promoter shareholding	10,000	100
Non-Promoter shareholding	Nil	Nil
Total	**10,000**	**100**

Composition of Board of Directors

- Nitin S Kasliwal
- Jyoti N Kasliwal
- Dara D Avari
- Anees Fazalbhoy

Financial Performance

Financial performance of Tulja Enterprises Pvt. Ltd. is detailed below:

(in Rs.)

Particulars	April 18, 2007 to March 31, 2008 (Audited)
Total Income	448,649,253
Profits before tax and exceptional items	-3,65,70,067
Net Profit after tax and exceptional items	-3,65,70,067
Equity share capital	1,00,000
Basic Earning Per Share (EPS)	-

The Company is not a Sick Company within the meaning of the SICA.

Tulja Enterprises Pvt. Ltd., being a private company, is not listed.

6. <u>Ingenious Finance & Investment Private Ltd.: -</u>

CIN: - U65990MH1995PTC088313

Date of Incorporation: - May 12, 1995

Business line of Ingenious Finance & Investment Pvt. Ltd. is as below: -
Ingenious Finance & Investment Pvt. Ltd. is into the business of financing and other financing related activities and also into investing and activities connected therewith.

Promoter & Non-Promoter shareholding:

Category	No. of equity shares held	% of total issued, subscribed & paid-up shareholding
Promoter shareholding	10,000	100
Non-Promoter shareholding	NIL	NIL
Total	**10,000**	**100**

Composition of Board of Directors

- Nitin S Kasliwal
- Jyoti N Kasliwal
- Dara D. Avari
- Anees Fazalbhoy

Financial Performance

Financial performance of Ingenious Finance & Investment Pvt. Ltd. is detailed below:

(in Rs.)

Particulars	April 01, 2007 to March 31, 2008 (Audited)	April 01, 2006 to March 31, 2007 (Audited)	April 01, 2005 to March 31, 2006 (Audited)	April 01, 2004 to March 31, 2005 (Audited)	April 01, 2003 to March 31, 2004 (Audited)
Total Income	44,97,260	2,000	-	-	-
Profits before tax and exceptional items	62,776	-13,042	-5,830	-3,959	-4,564
Net Profit after tax and exceptional items	38,776	-13,042	-5,830	-3,959	-4,564
Equity share capital	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000

Basic Earning Per Share (EPS)	3.10	-	-	-	-

The Company is not a Sick Company within the meaning of the SICA.

Ingenious Finance & Investment Pvt. Ltd., being a private company, is not listed.

7. <u>Verve Properties and Investment Private Ltd.: -</u>

CIN: - U67120MH1995PTC089606

Date of Incorporation: - June, 16, 1995

Business line of Verve Properties and Investment Private Ltd. is as below: -
Verve Properties and Investment Private Ltd. is into the business of Investment Company. The company is also into the business of dealing in properties.

Promoter & Non-Promoter shareholding:

Category	No. of equity shares held	% of total issued, subscribed & paid-up shareholding
Promoter shareholding	10,000	100
Non-Promoter shareholding	Nil	Nil
TOTAL	10,000	100

Composition of Board of Directors

- Nitin S Kasliwal
- Jyoti N Kasliwal
- Dara D. Avari
- Anees Fazalbhoy

Financial Performance

Financial performance of Verve Properties and Investment Private Ltd. is detailed below:

(in Rs.)

Particulars	April 01, 2007 to March 31, 2008 (Audited)	April 01, 2006 to March 31, 2007 (Audited)	April 01, 2005 to March 31, 2006 (Audited)	April 01, 2004 to March 31, 2005 (Audited)	April 01, 2003 to March 31, 2004 (Audited)
Total Income	15,95,890	18,950	-	-	-
Profits before tax and exceptional items	46,771	-2,076	-7,851	-4,725	-5,620
Net Profit after	19,771	-2,076	-7,851	-4,725	-5,620

tax and exceptional items					
Equity share capital	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000
Basic Earning Per Share (EPS)	1.98	-	-	-	-

The Company is not a Sick Company within the meaning of the SICA.

Verve Properties and Investment Private Ltd., being a private company, is not listed.

8. <u>Reid & Taylor (India) Ltd.: -</u>

CIN: - U17114MH2000PLC126018

Date of Incorporation: - April, 19, 2000

Business line of Reid & Taylor (India) Ltd. is as below: -
Reid & Taylor (India) Ltd. is into the business of manufacturing, importing, exporting, whole selling, retailing, dealing preparing in all kinds of suiting, shirting etc. and any other work related with it.

Promoter & Non-Promoter shareholding:

Category	No. of equity shares held	% of total issued, subscribed & paid-up shareholding
Promoter shareholding	4,00,50,000	76.97
Non-Promoter shareholding	1,19,84,659	23.03
TOTAL	**5,20,34,659**	**100**

Composition of Board of Directors

- Nitin S. Kasliwal
- Jyoti N. Kasliwal
- Anil Channa
- Dara D. Avari
- Kunnasagaran Chinniah

Financial Performance

Financial performance of Reid & Taylor (India) Ltd. is detailed below:

(in Rs.)

Particulars	April 01, 2007 to March 31, 2008 (Audited)
Total Income	1,42,92,34,812

Profits before tax and exceptional items	43,44,18,698
Net Profit after tax and exceptional items	27,46,44,216
Equity share capital (Rs.)	52,03,46,590
Basic Earning Per Share (EPS)	54.09

The Company is not a Sick Company within the meaning of the SICA.

Reid & Taylor (India) Ltd. is not listed on any stock exchange

9. <u>Natty Finance & Investment Private Ltd.: -</u>

CIN: - U65990MH1995PTC088586

Date of Incorporation: - May 22, 1995

Business line of Natty Finance & Investment Pvt. Ltd. is as below: -
Natty Finance & Investment Pvt. Ltd. is into financing industrial enterprises and other business connected to financing. The company is also into investing into corporate entities and activities in connection to it.

Promoter & Non-Promoter shareholding:

Category	No. of equity shares held	% of total issued, subscribed & paid-up shareholding
Promoter shareholding	10,000	100%
Non-Promoter shareholding	Nil	Nil
TOTAL	10,000	100

Composition of Board of Directors

- Nitin S Kasliwal
- Jyoti N Kasliwal
- Anjani Kasliwal

Financial Performance

Financial performance of Natty Finance & Investment Pvt. Ltd. is detailed below:

(in Rs.)

Particulars	April 01, 2007 to March 31, 2008 (Audited)	April 01, 2006 to March 31, 2007 (Audited)	April 01, 2005 to March 31, 2006 (Audited)	April 01, 2004 to March 31, 2005 (Audited)	April 01, 2003 to March 31, 2004 (Audited)
Total Income	50,000	2,000	-	-	-
Profits before tax and exceptional	33,457	-8,144	-7,249	-4,478	-5,383

items					
Net Profit after tax and exceptional items	12,053	-8,144	-7,249	-4,478	-5,383
Equity shares	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000
Basic Earning Per Share (EPS)	1.21	-	-	-	-

The Company is not a Sick Company within the meaning of the SICA.

Natty Finance & Investment Pvt. Ltd., being a private company, is not listed.

10. <u>Maverick Mercantile Private Ltd.: -</u>

CIN: - U74999MH2007PTC169900

Date of Incorporation: - April, 12, 2007

Business line of Maverick Mercantile Pvt. Ltd. is as below: -
Maverick Mercantile Pvt. Ltd. is into the business of trading, dealing, importing, exporting producing etc. of textiles, fibers, leather, leather products, plastic etc.

Promoter & Non-Promoter shareholding:

Category	No. of equity shares held	% of total issued, subscribed & paid-up shareholding
Promoter shareholding	10,000	100%
Non-Promoter shareholding	Nil	Nil
TOTAL	10,000	100

Composition of Board of Directors

- Nitin S Kasliwal
- Jyoti N Kasliwal
- Anees Fazalbhoy

Financial Performance

Financial performance of Maverick Mercantile Pvt. Ltd. is detailed below:

(in Rs.)

Particulars	April 12, 2007 to March 31, 2008 (Audited)
Total Income	50,000
Profits before tax and exceptional items	30,184

Net Profit after tax and exceptional items	19,884
Equity share capital	1,00,000
Basic Earning Per Share (EPS)	1.99

The Company is not a Sick Company within the meaning of the SICA.

Maverick Mercantile Pvt. Ltd., being a private company, is not listed.

11. Mr. Nitin S. Kasliwal

Mr. Nitin S. Kasliwal, a graduate in Science and post graduate in Business Administration from the European University, Switzerland, is the Chairman of the Company. Aged around 48 years, he has over 33 years experience in the field of textiles and retail. He is also the Vice-Chairman & Managing Director of S Kumars Nationwide Ltd, one of the largest textile companies in India, and the flagship company of the SKNL Group. He is member of several associations in the textile industry.

12. Ms. Jyoti N. Kasliwal

Mrs. Jyoti N. Kasliwal has a Bachelors degree in Economics. She has extensive experience in publicity, marketing and brand building. She is also a director in SKNL.

13. Ms. Anjani N. Kasliwal: -

Ms. Anjani N. Kasliwal is having a Degree in Mass Media. She completed her internship with the international luxury brand, ESCADA AG at Munich. She also worked for Advertising and Publicity team of SKNL. Presently, she is working as General Manager (Luxury Brands) in the Company.

14. Mr. Kartikeya N. Kasliwal: -

Mr. Kartikeya N. Kasliwal has completed Higher Secondary Education and currently pursuing a course in Fashion Management from University of Arts, London.

XI. FINANCIAL STATEMENTS

Consequent to Demerger of Retail Business Undertaking of SKNL, the assets &liabilities relatable to Retail Business of SKNL have been transferred to the Company. The Audited Financial Results of the Company for period ended March 31, 2008, after restatement, is as under.

AUDITORS' REPORT

The Board of Directors
Brandhouse Retails Ltd.
Avadh, Avadesh Parisar,
Shree Ram Mills Premises,
G K Marg, Worli
Mumbai – 400018

Dear Sir,

1. We have examined the Restated Statement of the Assets and Liabilities (Annexure IA) of Brandhouse Retails Ltd. ('The Company") as at 31st March 2008, 2007, 2006, and for the period from 4th June 2004 to 31st March 2005, being the date on which the Company was incorporated and the Restated Statement of Profits and Losses (Annexure I B) for the year / period ended on those dates. We have also examined the following restated financial statements:

Description	Annexure
Statement of Cash Flow (As Restated)	Annexure IC
Statement of Significant Accounting Policies	Annexure II
Notes to Accounts	Annexure III
Related parties disclosure	Annexure IV
Statement of Dividends Paid	Annexure V
Statement of Key Accounting Ratios	Annexure VI
Statement of Capitalization	Annexure VII
Statement of Other Income	Annexure VIII
Statement of Tax Shelter	Annexure IX
Statement of Unsecured Loans	Annexure X
Statement of Secured Loans	Annexure XI
Statement of Contingent Liabilities	Annexure XII
Statement of Loans & Advances	Annexure XIII
Statement of Net Current Assets	Annexure XIV

2 The above statements are hereinafter collectively referred to as "the Financial Information". The financial information has been prepared by the Company in connection with its proposed Public Listing of fully paid up equity shares of the Company pursuant to the Scheme of Arrangement of Demerger between S Kumars Nationwide Limited and the Company and has been approved by the Board of Directors. We have stamped & initialed the same for the purpose of identification.

3 The Financial Information has been prepared in accordance with :

a) Paragraph B (1) of Part II of the Schedule II of the Companies Act, 1956 ("the Act")

b) The Securities & Exchange Board of India (Disclosure & Investor Protection) Guidelines 2000("The Guidelines") and related clarifications issued by the Securities & Exchange Board of India ("SEBI") on January 19, 2000 and the amendments from time to time thereto.

c) The terms of reference received from the Company requesting us to carry out work in connection with the proposed Public Listing of fully paid up equity shares of the Company.

4 The Financial Information has been extracted by the company from the Audited Financial Statements of the respective year / period. The audit for the period / year ended 31st March 2005 and 2006 has been carried out by Malpani & Associates, Chartered Accountants and jointly by us for the year ended 31st March 2007 and 2008. The audit has been carried out in accordance with the Auditing and Assurance Standards issued by the Institute of Chartered Accountants of India. Those Standards require that we plan and perform our audit to obtain reasonable assurance, whether the financial statements are free of material misstatements.

5 Based on the above and in our opinion and according to the information and explanations given to us, we report that:

- The changes in accounting policies have been made retrospectively by the company in respective financial years to reflect the same accounting treatment as per the changed accounting policy for all the reporting periods;

- The prior period items which require adjustments in the financial information has been adjusted;

- The extraordinary items which need to be disclosed separately in the financial information has been disclosed appropriately and

- Adjustments in relation to the qualifications in the Auditors' report has been carried out wherever these qualifications are adjustable in the financial information

6 This report should not be in any way be construed as a re-issuance or re-editing of any of any of the previous audit report issued by us, nor should this report be construed as a new opinion on any of the financial statements referred to herein.

7 This report is intended solely for your information and in connection with its proposed Public Listing of fully paid up equity shares of the Company pursuant to the Scheme of Arrangement of Demerger between S. Kumars Nationwide Limited and the Company and is not to be used, referred to or distributed for any other purpose without our prior consent.

For Malpani & Associates
For Haribhakti & Co.
Chartered Accountants
Chartered Accountants

Shyam Malpani
Manoj Daga
Proprietor
Partner
Membership No. 34171
Membership No. 48523

Place: Mumbai
Date : 17th June 2008

Annexure – IA

STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(Amount in Rs.)

	Particulars	As at March 31,			
		2008	2007	2006	2005
A	**Fixed Assets**				
	Gross Block	590,002,333	347,451,836	851,125	40,738
	Less : Depreciation / Amortization	56,183,543	2,763,782	23,081	1,223
	Net Block	**533,818,790**	**344,688,054**	**828,044**	**39,515**
	Add Capital Work in progress	12,248,487	13,860,860		
		546,067,277	**358,548,914**	**828,044**	**39,515**
	Less: Adjustment for Goodwill written off	-	6,337,190	-	-
		546,067,277	**352,211,724**	**828,044**	**39,515**
B	**Investments**	-	-	-	-
C	**Current Assets, Loans & Advances**				
	Inventories	630,955,344	142,259,332	20,468,073	8,312,141
	Sundry Debtors	775,449,201	101,990,648	189,396	100,869
	Cash & Bank Balances	4,249,287	3,051,647	476,453	325,444
	Loans & Advances	477,513,862	85,939,446	1,251,922	3,300
	Total	**1,888,167,694**	**333,241,073**	**22,385,844**	**8,741,754**
D	**Liabilities & Provisions**				
	Secured Loans	657,088,681	1,372,135	464,388	-
	Unsecured Loans				

		-	-	-	-
	Current Liabilities & Provisions	739,259,580	262,204,450	11,316,263	8,683,693
E	Deferred Tax Liability	4,575,252	1,671,331	37,763	2,704
	Total	**1,400,923,513**	**265,247,916**	**11,818,414**	**8,686,397**
F	**Net Worth (A+B+C-D-E)**	**1,033,311,458**	**420,204,881**	**11,395,474**	**94,872**
G	**Represented by:**				
	Shareholders' Funds				
	Share Capital				
	- Equity share capital	63,000,000	10,000,000	10,000,000	100,000
	Reserves & Surplus (As Restated)	497,283,788	(3,795,119)	1,639,226	26,008
H	Miscellaneous Expenditure to the extent not written off or adjusted	-	-	(243,752)	(31,136)
	Net Worth As Restated (G-H)	**560,283,788**	**6,204,881**	**11,395,474**	**94,872**
	Share Capital - Pending Allotment not included in Net Worth, as above	473,027,670	414,000,000	-	-
	Total	**1,033,311,458**	**420,204,881**	**11,395,474**	**94,872**

Annexure - IB

STATEMENT OF PROFIT AND LOSS, AS RESTATED

(Amount in Rs.)

	Particulars	For the Year Ended March 31,			For the period 4th June 2004 to 31st March 2005
		2008	2007	2006	
A	**Income**				
	Sales & Services	3,137,939,399	554,883,326	34,840,656	13,949,586
	Other income	8,033,206	201,247	121,617	-
	Increase/(Decrease) in Inventories	488,696,011	121,791,259	12,155,931	8,312,141
	Total	3,634,668,617	676,875,832	47,118,204	22,261,727
B	**Expenditure**				
	Purchases & Service Charges				

		2,929,811,806	554,513,131	33,859,729	18,220,856
	Payments to & Provisions for employees	73,239,858	19,630,744	3,165,875	33,833
	Administrative Expenses	295,623,259	88,101,843	6,923,956	3,625,574
	Selling & Distribution Expenses	23,834,899	6,211,597	428,653	271,529
	Depreciation/Amortization	47,082,571	2,740,701	21,858	1,223
	Interest and Bank Charges	38,791,344	971,404	469	
	Total	3,408,383,737	672,169,420	44,400,538	22,153,015
C	**Profit / (Loss) before Tax (A-B)**	226,284,880	4,706,412	2,717,666	108,712
	Adjustment for Goodwill Amortization	-	(6,337,190)	-	-
	Profit / (Loss) before Tax after adjustment	226,284,880	(1,630,778)	2,717,666	108,712
D	**Provision for taxes**				
	Provision for Current Taxation	91,100,000	1,530,000	1,048,806	80,000
	Provision for Fringe Benefit Tax	1,080,000	640,000	20,583	-
	Income Tax for earlier years	63,845	-	-	-
	Provision for Deferred Tax	2,903,921	1,633,565	35,059	2,704
E	**Profit / (Loss) after Tax after adjustment (C-D)**	131,137,114	(5,434,343)	1,613,218	26,008
F	Balance brought forward	(3,795,119)	1,639,226	26,008	-
	Appropriation				
	Debenture Redemption Reserve	127,341,995	-	-	-
	Balance carried to Balance Sheet	-	(3,795,119)	1,639,226	26,008
G	**Adjusted Profit After Tax as Restated**	**127,341,995**	**(3,795,119)**	**1,639,226**	**26,008**

Annexure - IC

CASH FLOW STATEMENT, AS RESTATED

(Amount in Rs.)

	Particulars	As at March 31,			
		2008	2007	2006	2005
A	**Cash Flow from Operating Activities**				
	Net Profit before tax as per Profit & Loss Account after Adjustment	226,284,880	(1,630,777)	2,717,668	108,712
	Adjusted for:				
	Depreciation	47,082,571	2,740,701	21,858	1,223
	Deferred Revenue Expenditure	-	243,752	-	-
	Interest Expenditure	36,673,023	68,269	-	-
	Preliminary Expenses	-		7,784	-
	Interest Income	(8,033,206)	(201,247)	(833)	-
	Add / Less Adjustment for Goodwill Amortization	-	6,337,190	-	-
	Operating Profit before working Capital Changes	**302,007,268**	**7,557,888**	**2,746,477**	**109,935**
	Adjusted for :				
	Trade Payables	357,316,923	378,218,188	1,563,181	8,652,129
	Inventories	(488,696,013)	(121,791,258)	(12,155,932)	(8,312,141)
	Trade Receivables	(1,068,615,893)	(157,220,121)	(1,259,196)	(152,605)
		(897,987,715)	106,764,697	(9,105,470)	297,318
	Direct taxes	3,519,080	1,743,761	(77,953)	-
	Net Cash used in operating activities	**(894,468,635)**	**108,508,458**	**(9,183,423)**	**297,318**
	Cash flow from Investing Activities				
	Acquisition of Fixed Assets (including, capital work in progress)	(181,910,454)	(106,973,985)	(810,387)	(40,738)
B	Preoperative Expenses	-	-	(220,400)	(31,136)
	Interest Income	8,033,206	201,247	833	-

	Net cash flow from (used) in Investing Activities	**(173,877,248)**	**(106,772,738)**	**(1,029,954)**	**(71,874)**
	Cash flow from financing activities				
C	Proceed from secured Loan (net of repayments)	655,716,546	907,745	464,388	-
	Interest	(36,673,023)	(68,269)		-
	Proceed from Share allotted	53,000,000		9,900,000	100,000
	Proceeds from Securities Premium	397,500,000			-
	Net cash generated from financing activities	**1,069,543,523**	**839,476**	**10,364,388**	**100,000**
	Net Increase in Cash and Cash equivalents (A+B+C)	1,197,640	2,575,196	151,011	325,444
	Cash & Cash Equivalents (Opening Balance)	3,051,647	476,453	325,444	-
D	Cash & Cash Equivalents (Closing Balance)	4,249,287	3,051,649	476,455	325,444

Statement of Significant Accounting Policies: **Annexure II**

1. Method of Accounting

The Financial statements are prepared under historical cost convention, on accrual basis of accounting and in accordance with the provisions of the Companies Act, 1956, and comply with the Accounting Standards issued by the Institute of Chartered Accountants of India to the extent applicable.

2. Fixed Assets

Fixed Assets are stated at the cost of acquisition (inclusive of all incidental expenses incurred towards acquisition and installation thereof) less accumulated depreciation thereon.

3. Depreciation

i. The Company provides depreciation on fixed assets on Straight Line Method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956. In respect of leasehold improvements, the Company amortizes the entire value over their useful life as estimated by the management or primary period of lease including any further renewal period thereof, whichever is lower.

ii.Depreciation on assets whose actual cost does not exceed Rs. 5000/- is provided at 100% of the cost as specified in Schedule XIV to the Companies Act, 1956

4. Capital Work in Progress

Projects under commissioning and other capital work-in-progress are carried at cost, comprising direct cost and related incidental expenses.

5. Inventories

Inventories are carried at the lower of cost or Net Realisable value, where cost comprises of all purchase costs and other costs incurred in bringing the inventories to their present location and condition.

6. Purchases

Purchases are shown net of returns, turnover incentives and other incidental charges and include freight charges.

7. Sales & Services

Sales are shown net of returns and Value Added Tax, and are inclusive of tailoring services.

8. Accounting for Taxes on income

Accounting for current taxation is made in accordance with the relevant Income Tax law applicable. Deferred Taxation is calculated as per the recommendations of Accounting Standard-22 issued by the Institute of Chartered Accountants of India.

9. Retirement and other Employee benefits

The Company contributes towards Provident Fund and superannuation fund which are defined contribution schemes. Provision for Gratuity and Leave encashment is made on the basis of Actuarial Valuations done by Independent Actuaries as at year end.

10. Revenue Recognition

Revenue is recognized when no significant uncertainty as to its determination or realization exists.

11. Foreign Currency

Receivables/Payable in foreign currency is translated at the Exchange rate prevailing at the year end and the resultant gain / loss, is accounted in Profit & Loss Account. Foreign Currency translations are made as per the rates prevailing on the respective dates of transactions.

12. Impairment of Assets

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. Impairment loss if any is charged to Profit and Loss account in the year in which impairment is identified.

13. Provisions, Contingent Liabilities & Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised but are disclosed in the notes. Contingent assets are neither recognised nor disclosed in the financial statements

Notes to Accounts **Annexure III**

1. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) -- Rs. 783.56 Lacs (Previous year – Rs. 254.67 Lacs).

2. With effect from 14th September 2007, the Company has become a subsidiary of Sansar Exim Private Limited, a group company, which holds 84.13% of the Paid up Equity share capital of the Company.

3. 10% Non-convertible Debentures issued to India Debt Management Limited are secured in favor of the Debenture Trustee, IDBI Trusteeship Services Ltd. by way of the following:

a. Primary Security

i) An English Mortgage on the immovable fixed assets of the Company situated at Plot No. 3, Survey No. 37, Mouje Ishwarpura, Taluka Kadi, District Mehsana, Ahmedabad to secure issue of the Debenture Certificate.

ii) Equitable Mortgage on future immovable fixed assets of the Company other than that mentioned in i) above.

iii) Charge on the present and future movable fixed assets of the Company.

b. Additional Security

i) Pledge and Default Call Option exercise on 1,05,82,630 Fully Convertible Debentures of Rs. 100 each of S. Kumars Nationwide Limited (SKNL) held by Anjani Finvest Pvt. Ltd (AFPL) and the consequent shares to be issued to AFPL on conversion of the said Fully Convertible Debentures.

ii) Pledge and Default Call Option exercise on the 10,00,000 Equity Shares of Rs. 10/- each of the Company held by SKNL.

c. Redemption of the Non Convertible Debentures

The redemption of Non Convertible Debenture shall take place by June 30, 2009; June 30, 2010 & June 30, 2011 @ 30%, 35% & 35% respectively of the face value of the Non convertible debentures.

The Non Convertible Debentures shall have redemption premium of 20% on face value of debentures redeemed as above.

4. The Scheme of Arrangement between the Company and SKNL and their respective shareholders for the De-merger of the retail business of SKNL in favor of the Company with effect from the Appointed Date, 1st January 2007, was approved by the Hon'ble High Court of Judicature at Bombay on 22nd February 2008.

a. Pursuant to the said Scheme of Arrangement, the shareholders of SKNL will be allotted equity shares of the Company in the ratio of 1 (one) fully paid equity share of the Company of the face value of Rs.10/- each for every 5 (five) equity shares of Rs.10/- each held by them in SKNL as on the Record Date of 2nd May 2008. Accounting effect of the said Scheme has already been given in the accounts of the Company.

b. Goodwill of Rs. 3125.15 Lacs (Previous Year 2534.88 Lacs) had arisen to the Company as on the date of De-merger as the consequence of giving affect to the above Scheme and the Company has amortised Rs.312.52 Lacs (Previous Year 63.37 Lacs as restated) during the year being 1/10th of the said amount.

5. The Scheme of Arrangement between the Company and SKNL and their respective shareholders for the De-merger of the retail business of SKNL in favor of the Company with effect from the Appointed Date, 1st January 2007, was approved by the Hon'ble High Court of Judicature at Bombay on 22nd February 2008.

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b. Goodwill of Rs. 3125.15 Lacs (Previous Year 2534.88 Lacs) had arisen to the Company as on the date of De-merger as the consequence of giving affect to the above Scheme and the Company has amortised Rs.312.52 Lacs (Previous Year 63.37 Lacs as restated) during the year being 1/10th of the said amount.

5. In the opinion of the management, Current Assets, Loans and Advances have a value of at least equal to the amounts shown in the Balance Sheet, if realized in the due course of the business. The provision for all the known liabilities is adequate and not in excess of the amount reasonably necessary.

6. Sundry debtors and Sundry Creditors are subject to confirmation from the respective parties and consequential reconciliation / adjustment, if any

7. a. As per the requirement of transfer to Debenture Redemption Reserve out of the Current year's profits of Rs. 1273.42 Lacs As Restated, an amount of Rs. 1273.42 Lacs as restated has been appropriated as per the availability of profits for appropriation (Previous year NIL)

b. Similarly, the Premium payable on redemption of the above NCD's on maturity, amounting to Rs. 275.58 Lacs was transferred from Securities Premium Account to Provisions (Previous year - Nil).

8. The Company has adopted the Accounting Standard (AS -15) (Revised 2005) "Employee Benefits" effective from April 01, 2007

The Company has classified the various benefits provided to employees as under:

i) Defined Contribution plans

a. Provident Fund & Employees Pension Scheme 1995
b. Employees State Insurance

The Company has recognised the following amounts in the Profit & Loss Account:

	Year ended March 31, 2008 (Rupees in Lacs)
Employer's contribution to Provident Fund & Pension Scheme	37.7
Employer's contribution to Employees State Insurance	5.86

ii) Defined Benefits Plan

a. Contribution to Gratuity (Non Funded Scheme)
b. Leave Encashment (Non Funded Scheme)

In accordance with the Accounting Standards (AS 15) (Revised 2005), actuarial valuation was performed in respect of the aforesaid defined benefit plans based on following assumptions:

Discount Rate (Per Annum)	8%

Rate of increase in compensation levels (Per Annum)	5%
Expected average remaining lives of the employees (in no of years)	29

A. Change in Present Value of Obligation (Rupees in Lacs)

	Year Ended March 31, 2008 (Gratuity)	Year Ended March 31, 2008 (Leave Encashment)
Present value of defined benefits obligation as at the beginning of the period	11.42	4.43
Interest Cost	1.99	Nil
Current Service Cost	13.51	10.07
Benefits Paid	0	Nil
Actuarial (Gain) / loss on obligation	(12.79)	Nil
Present value of defined benefits obligation as at the end of the period	14.13	14.50

Previous Years figures – Not applicable

B. Amount recognised in the Balance Sheet (Rupees in Lacs)

	As at March 31, 2008 (Gratuity)	As at March 31, 2008 (Leave Encashment)
Present value of defined benefits obligation as at the end of the period	14.13	14.50
Liability / (Net Asset) recognised in the Balance Sheet	14.13	14.50

Previous Years figures – Not applicable

C. Expenses recognised in the Profit & Loss Account (Rupees in Lacs)

	Year Ended March 31, 2008 (Gratuity)	Year Ended March 31, 2008 (Leave Encashment)
Current Service Cost	13.51	10.07*
Past Service Cost	-	-
Interest Cost	1.99	-
Curtailment Cost / (Credit)	-	-
Settlement Cost / (Credit)	-	-
Net Acturial (Gain) Loss Recognised in the period	(12.79)	-
Total expenses recognised in the Profit and Loss Account	2.71	10.07*

*Net of benefits paid during the year included under Salaries (Previous Years Figures – Not Applicable)

9. There are no dues to Micro, Small and Medium Enterprises for more than 45 days, so there is no need for provision of interest in current as well as in previous financial years

10. Earning Per Share – Basic as Restated (Rupees in Lacs)

Particulars	Current Year	Previous Year
Numerator – Net Profit After Tax As Restated	1,311.37	(54.34)
Number of Equity Shares used as denominator	39,04,110*	10,00,000
Nominal Value Per Equity Shares (Rs.)	10	10
Earning Per Shares- Basic (Rs.)	33.59	(5.43)

*(10,00,000 shares for 365 days and 53,00,000 shares for 200 days)

Earnings Per Share –Diluted as Restated (Rupees in Lacs)

Particulars	Current Year	Previous Year
Numerator – Net Profit After Tax As Restated	1,311.37	(54.34)
Number of Equity Shares used as denominator	5,12,06,877**	1,12,08,219*

Nominal Value Per Equity Shares (Rs.)	10	10
Earning Per Shares- Diluted (Rs.)	2.56	(0.48)

*(10,00,000 shares for 365 days, and 4,14,00,000 shares for 90 days)

**(4,83,02,767 shares for 365 days and 53,00,000 shares for 200 days)

11. **Managerial remuneration comprises of the following :**

(Excluding Contribution to Gratuity) (Rupees in Lacs)

	Current Year	**Previous Year**
(a) Salary to the Managing and Executive Directors	64.41	23.48
(b) Contribution to Provident fund	3.92	0.51
Total	68.33	24.00

12. Taxation
i) Provision towards Current taxation is made at the rates as applicable for the Assessment year 2008-09
ii) Deferred tax liability is arrived at as under:

(Rupees in Lacs)

Particulars	**Current Year**	**Previous Year**
Opening Balance	16.71	0.37
Add: Deferred tax liability for the period due to timing differences in depreciation	29.04	16.34
Closing Balance	**45.75**	**16.71**

13. The entire operations of the Company comprise of only one segment, namely trading in Fabrics and Made-ups and as such, no separate segment reporting is considered necessary as per the recommendations of the Accounting Standard-17

14. As per the requirement of the Accounting Standard 19, Leases, the total amount of future minimum lease payments, commitment under operating lease agreements as under:

(Rupees in Lacs)

Period	**As at March 31, 2008**	**As at March 31, 2007**
Not later than one year	2,965.42	1,268.33

Later than one year but not later than five years	10,948.10	3,642.07
Later than five years	4,321.55	849.89

During the year, the Company has charged Rs. 2,059.44 Lacs (Previous year Rs.524.03 Lacs) as rent and common area maintenance in respect of above leases

15. Value of Imports on CIF Basis (Rupees in Lacs)

Particulars	**As at March 31, 2008**	**As at March 31, 2007**
Samples	0.33	16.08
Purchases Furniture & Fixture	241.59	252.69
Purchases Merchandise	168.88	184.03

16. Expenditure in Foreign Currency (Rupees in Lacs)

Particulars	**As at March 31, 2008**	**As at March 31, 2007**
Foreign Travel	8.84	4.35

Notes to Accounts for the Year Ended 31st March 2007

1. Pursuant to a Business Sale and Purchase Agreement dated 3rd January 2007 between the Company and S Kumars Nationwide Ltd., the Company has disposed off, certain assets and Liabilities based on the irrespective book values, as on 31.12.2006, at a net value of Rs. 1295 Lacs.

2 At the Board meeting of the Company held on 27th February 2007 a Scheme of Arrangement between the company, (The Resulting Company) and S. Kumars Nationwide Limited (SKNL) (The Demerged Company) and their respective shareholders, for De-merger of the Retails business of SKNL to the Company with effect from 1st January 2007, was approved and the same is subject to the approval of the High Court of Judicature at Bombay.

The swap ratio of one fully paid up equity share of the Company for every five equity shares held by equity shareholders of SKNL under the said scheme was arrived as per the reports of the two independent valuers.

Accounting effect of the said scheme, has been given in the accounts of the Company, awaiting formal approval of the same by the Court.

3.A Goodwill of Rs. 2,534.88 Lacs had arisen to the Company as on the date of De-merger as a consequence of the giving effect to the aforesaid scheme, and the Company will amortize the same in the accounts from the Record Date to be fixed by the High Court

4. The entire opening balance in the Miscellaneous Expenditure, comprising of Preliminary and Pre-operative Expenses amounting to Rs. 2.44 Lacs has been written off to the Profit and Loss Account in tune with the recommendations of the Accounting Standard-26 (AS-26).

5. The entire operations of the Company comprise of only one segment, namely Trading in fabrics, Garments, Accessories, & Home Furnishings, and as such, no separate segment reporting is considered necessary as per the recommendations of the Accounting Standard - 17

6. Purchases are shown net of Returns, turnover incentives and other Incidental charges

Notes to Accounts for the Year Ended 31st March 2005

1.The Accounts for the year ended 31st March 2005, has been prepared for the period 4th June 2004 to 31st March 2005

Annexure - VI

STATEMENT OF KEY ACCOUNTING RATIOS

(Amount in Rs.)

	Particulars	As at and for the Year/Period Ended March 31,			
		2008	2007	2006	2005
1	**Earning Per Share**				
	Profit after Tax As Restated	131,137,114	(5,434,343)	1,613,218	26,008
	Number of Equity Shares for Basic EPS	3904110***	1,000,000	191726	10000
	Number of Equity Shares for Diluted EPS	51206877****	11208219**	191726*	10000
	Earning per Share - Basic	33.59	(5.43)	8.41	2.60
	Earning per Share - Diluted	2.56	(0.48)	8.41	2.60
2	**Return on Net Worth**				
	Profit after tax (Rs.) As Restated	131,137,114	(5,434,343)	1,613,218	26,008
	Net Worth As Restated	560,283,788	6,204,881	11,395,474	94,872
	Return on Net Worth (%)	23.41	(87.58)	14.16	27.41
3	**Net Assets Value**				

	Net Assets (Rs.) As Restated	1,148,908,114	71,036,623	11,069,581	58,061
	Number of Shares	3904110***	1,000,000	191,726	10,000
	Net Assets value per share	294.28	71.04	57.74	5.81

*(10,000 shares for 365 days, and 9,90,000 shares for 67 days)
**(10,00,000 shares for 365 days, and 4,14,00,000 shares for 90 days)
***(10,00,000 shares for 365 days, and 5300000 shares for 200 days)
****(4,83,02,767 shares for 365 days and 53,00,000 shares for 200 days)

(Amount in Rs.)

	Particulars	**As at and for the Year/Period Ended March 31,**			
		2008	**2007**	**2006**	**2005**
	Current ratio				
	Current Assets, Loans and Advances	1,888,167,694	333,241,073	22,385,844	8,741,754
	Current Liabilities & Provisions	739,259,580	262,204,450	11,316,263	8,683,693
	Ratio	**2.55**	**1.27**	**1.98**	**1.01**
	Liquid Ratio				
	Current Assets, Loans and Advances	1,888,167,694	333,241,073	22,385,844	8,741,754
	Current Liabilities & Provisions	739,259,580	262,204,450	11,316,263	8,683,693
	Ratio	**2.55**	**1.27**	**1.98**	**1.01**
	Debtors Turnover Ratio				
	Sundry Debtors	775,449,201	101,990,648	189,396	100,869
	Turnover	3,137,939,399	554,883,326	34,840,656	13,949,586
	Ratio	**90.20**	**67.09**	**1.98**	**2.64**

Annexure - VII

CAPITALIZATION STATEMENT

(Amount in Rs.)

	Particulars	**As at March 31,**			
		2008	**2007**	**2006**	**2005**
1	**Borrowings**				
	Short term Debt	-	-	-	-
	Long term Debt				

		657,088,681	1,372,135	464,388	-
	Total Debt	**657,088,681**	**1,372,135**	**464,388**	**-**
2	**Shareholders' Funds:**				
	Equity Share Capital before considering Equity shares (as per scheme of arrangement of Demerger) to be alloted	63,000,000	10,000,000	10,000,000	100,000
	Equity Share Capital after considering Equity shares (as per scheme of arrangement of Demerger) to be alloted	536,027,670	424,000,000	10,000,000	100,000
	Reserves & Surplus As restated	497,283,788	(3,795,119)	1,639,226	26,008
	Debt Equity Ratio before considering Equity Shares to be alloted as part of Equity	**1.17**	**0.22**	**0.04**	**0.00**
	Debt Equity Ratio after considering Equity Shares to be alloted as part of Equity	**0.64**	**0.00**	**0.04**	**0.00**

Annexure - IX

STATEMENT OF TAX SHELTERS

(Amount in Rs.)

	Particulars	**For the Year/period Ended March 31**			
		2008	**2007**	**2006**	**2005**
	A) Tax at Notional Rates				
	1) Profit Before Tax As Restated	226,284,880	(1,630,778)	2,717,666	108,712
	2) Tax rate including Surcharge & Education Cess	33.99	33.66	33.66	36.59
	3) Tax at Notional rates	76,914,231	(548,920)	914,766	39,778
	B) Adjustments				
	Timing Differences Due to Depreciation	4,575,252	1,671,331	37,763	2,704
	Total Timing Differences being Net Adjustments	4,575,252	1,671,331	37,763	2,704
	C) Tax Savings on Net Adjustments (B * A2)	1,555,128	562,570	12,711	989
	D) Total Current Tax Provided	91,100,000	1,530,000	1,050,000	80,000

Annexure - XIII

STATEMENT OF LOANS & ADVANCES

(Amount in Rs.)

	Particulars	As at March 31			
		2008	**2007**	**2006**	**2005**
	Prepaid Expenses	1,686,181	1,548,344	67,151	3,300
	Advance Tax and Tax Deducted at Source	9,066,121	1,821,714	77,953	-
	Advances to Suppliers	1,433,102	1,032,783		-
	Staff Advances	384,516	1,415,904	9,000	-
	Deposits	464,943,942	80,120,701	1,053,262	-
	Sales Tax Refund Receivable	-	-	44,557	-
		477,513,862	85,939,446	1,251,923	3,300

Annexure - VIII

STATEMENT OF OTHER INCOME

(Amount in Rs.)

	Particulars	As at March 31			
		2008	**2007**	**2006**	**2005**
	Other Income Details	NA	NA	NA	NA
	As per Para no. 6.10.2.7 clause no. (d) "The prospectus shall disclose details of `Other Income' only in cases where such income (net of related expenses) exceeds 20% of the net profit before tax". The information of the Other Income has not been disclosed here since in none of the years Other Income exceeds the said limit.				

Annexure - XII

STATEMENT OF CONTINGENT LIABILITIES

(Amount in Rs.)

	Particulars	As at March 31			
		2008	**2007**	**2006**	**2005**
	Contracts remaining to be executed on capital account	78,356,166	25,466,503	NIL	NIL
	Corporate guarantees given to the Bank/Financial Institutions against credit facilities extended to a Company which was a subsidiary only for a part of the year	-	-	-	-
	Income Tax demand appealed against by the Company	-	-	-	-
	Amount of interest liability /penalty, if any, on non/delayed repayment of Unsecured Loans from FIs/statutory dues	-	-	-	-

	Guarantees given by the bankers on behalf of the company	-	-	-	-

Annexure - X

STATEMENT OF UNSECURED LOANS

(Amount in Rs.)

	Particulars	As at March 31			
		2008	**2007**	**2006**	**2005**
	Unsecured Loan	Nil	Nil	Nil	Nil
	Total	Nil	Nil	Nil	Nil

Annexure - XI

STATEMENT OF SECURED LOANS

(Amount in Rs.)

	Particulars	As at March 31			
		2008	**2007**	**2006**	**2005**
	65,45,000 ,10% Non-Convertible Debentures of Rs 100/- each	654,500,000	-	-	-
	Vehicle Loans	2,588,681	1,372,135	464,388	-
		657,088,681	1,372,135	464,388	-

Annexure - XIV

STATEMENT OF NET CURRENT ASSETS

(Amount in Rs.)

	Particulars	As at March 31			
		2008	**2007**	**2006**	**2005**
	Inventories	630,955,344	142,259,332	20,468,073	8,312,141
	Sundry Debtors	775,449,201	101,990,648	189,396	100,869
	Cash & Bank balances	4,249,287	3,051,647	476,453	325,444
	Loans & Advances	477,513,862	85,939,446	1,251,922	3,300
		1,888,167,694	333,241,073	22,385,844	8,741,754
	Less : Current Liabilities & Provisions				
	Current Liabilities	613,419,039	257,300,497	10,166,874	8,603,693
	Provisions	125,840,541	4,903,953	1,149,389	80,000

		739,259,580	262,204,450	11,316,263	8,683,693
	Net Current Assets	**1,148,908,114**	**71,036,623**	**11,069,581**	**58,061**

Annexure - V

STATEMENT OF DIVIDEND PAID

(Amount in Rs.)

	Particulars	**As at and for the Year/Period Ended March 31,**			
		2008	**2007**	**2006**	**2005**
	No. of Equity Shares	6,300,000	1,000,000	1,000,000	10,000
	Face Value per Share	10	10	10	10
	Paid-up Equity Capital	63,000,000	10,000,000	10,000,000	100,000
	Rate of Dividend - Equity	Nil	Nil	Nil	Nil
	Total Dividend – Equity	Nil	Nil	Nil	Nil
	Tax on Dividend	NA	NA	NA	NA

LATEST AUDITED FINANCIAL STATEMENTS

BALANCE SHEET AS AT 30TH SEPTEMBER, 2008

Particulars	As at 30-09-2008 Amount (Rs.)
SOURCES OF FUNDS	
Shareholders' Funds	
Share Capital	53,60,27,670
Reserves and Surplus	55,32,05,939
	1,08,92,33,609
Loan Funds	
Secured Loans	65,80,52,530
Deferred Tax Liability	89,87,219
Total	**1,75,62,73,358**
APPLICATION OF FUNDS	
Fixed Assets	
Gross Block	62,31,02,976
Less : Depreciation	7,78,44,644
Net Block	**54,52,58,332**
Add : Capital Work in Progress (including Capital Advances)	1,19,43,921
	55,72,02,253
Current Assets, Loans & Advances	
Inventories	96,92,57,351
Sundry Debtors	80,76,19,583
Cash & Bank balances	4,84,05,093
Loans & Advances	53,14,60,472
	2,35,67,42,499
Less : Current Liabilities & Provisions	
Current Liabilities	94,79,61,111
Provisions	20,97,10,285
	1,15,76,71,395
Net Current Assets	1,19,90,71,104
Total	**1,75,62,73,358**

PROFIT AND LOSS ACCOUNT FOR THE PERIOD 1ST APRIL 2008 TO 30TH SEPTEMBER 2008

Particulars	Current Period ended 30-09-2008 Amount (Rs.)
INCOME	
Sales & Services	2,58,04,25,660
Other Income	1,41,729
Increase/(Decrease) in Inventories	33,83,02,007
Total	2,91,88,69,396
EXPENDITURE	
Purchases & Service Charges	2,38,98,12,337
Payment to & Provision for employees	7,90,86,419
Administrative Expenses	24,92,55,227
Selling & Distribution Expenses	47,11,423
Depreciation/Amortisation	2,79,98,291
Interest	3,60,81,040
Total	**2,78,69,44,737**
Profit/(Loss) Before Taxation	13,19,24,659
Provision for Taxation	4,86,61,024
Provision for Fringe Benefit Tax	6,15,000
Short Provision for Income Tax of earlier year's	34,35,950
Deferred Tax Liability	44,11,967
Profit/(Loss) After Taxation	**7,48,00,718**
Balance brought forward from previous year	-
Net Profit Available for Appropriation	7,48,00,718
Appropriations	
Debenture Redemption Reserve	7,48,00,718
Balance Carried to Balance Sheet	-
	7,48,00,718
Earning Per Share	
- Basic	**6.13**
- Diluted	**6.13**

Cashflow Statement for the Period ended on 30th September,2008

Particulars	Current Period Year ended 30/09/ 2008
A. Cash Flow Statement from Operating Activities	
Net Profit Before Tax	*13,19,24,659*
Adjustments for:	
a) Depreciation/Amortisation	2,79,98,291
b) Deferred Revenue Expenditure	-
c) Interest Expenditure	3,60,81,040
d) Interest Income	-1,41,729
Operating Profit before Working Capital Changes	19,58,62,261
Adjustments for	
a) Trade & Other Receivables	-13,61,28,210
b) Inventories	-33,83,02,007
c) Trade payables	34,04,84,084
Cash Generated from /(Used)in Operating Activities	6,19,16,128
a) Direct Taxes	5,00,11,217
Net cash Flow from/(Used)in Operating Activities Total(A)	**11,19,27,345**
B. Cash Flow arising from Investing Activities	
a) Acquisition of Fixed assets (Including Capital work-in-progress)	-3,27,96,077
b) Preoperative Expenses	-
c) Interest income	1,41,729
Net cash Flow from/(Used)in Investing Activities Total (B)	**-3,26,54,348**
C. Cash Flow arising from Financing activity	
a) Proceeds from Secured Loans(Net of repayment)	9,63,849
b) Interest	-3,60,81,040
c) Proceeds from Shares alloted	-
d) Proceeds from Securities Premium	-
Net *cash Flow from Financing Activities Total (C)*	**-3,51,17,191**
Net Increase in Cash and Cash Equivalents Total (A+B+C)	**4,41,55,806**
Cash & Cash Equivalent (Opening Balance)	4,24,9287
Cash & Cash Equivalent (Closing Balance)	**4,84,05,093**

Significant Accounting Policies and Notes to Accounts

I. Significant Accounting Policies

1. **Method of Accounting**: The Financial statements are prepared under historical cost convention, on accrual basis of accounting and in accordance with the provisions of the Companies Act, 1956, and comply with the

Accounting Standards issued by the Institute of Chartered Accountants of India to the extent applicable.

2. **Fixed Assets:** Fixed Assets are stated at the cost of acquisition (inclusive of all incidental expenses incurred towards acquisition and installation thereof) less accumulated depreciation thereon.

Impairment of assets:

If the carrying amount of fixed assets exceeds the recoverable amount on the reporting date, the carrying amount is reduced to the recoverable amount. The recoverable amount is measured as the higher of the net selling price and the value in use determined by the present value of estimated future cash flow. Impairment loss is charged to Profit and Loss Account.

3. **Depreciation**

i. The Company provides depreciation on fixed assets on Straight Line Method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956. In respect of leasehold improvements, the Company amortises the entire value over their useful life as estimated by the management or primary period of lease including any further renewal period thereof, whichever is lower.

ii. Depreciation on assets whose actual cost does not exceed Rs. 5000/- is provided at 100% of the cost as specified in Schedule XIV to the Companies Act, 1956.

iii. Goodwill is amortised over Ten Years in equal annual instalments.

4. **Capital Work in Progress:** Projects under commissioning and other capital work-in-progress are carried at cost, comprising direct cost and related incidental expenses.

5. **Inventories:** Inventories comprising of Textiles and made-ups (including accessories) are carried at the lower of cost or Net Realisable value, where cost comprises of all purchase costs and other costs incurred in bringing the inventories to their present location and condition.

6. **Accounting for Taxes on income:** Accounting for current taxation is made in accordance with the relevant Income Tax law applicable. Deferred Taxation is calculated as per the recommendations of Accounting Standard-22 issued by the Institute of Chartered Accountants of India.

7. **Retirement and other Employee benefits:** The Company contributes towards Provident Fund and superannuation fund which are defined contribution schemes. Provision for Gratuity and Leave encashment is made on the basis of Actuarial Valuations done by Independent Actuaries as at year end.

8. **Revenue Recognition:** Revenue is recognized when no significant uncertainty as to its determination or realization exists. Sales are shown net of returns and Value Added Tax and are inclusive of tailoring services.

Purchases are shown net of returns, turnover incentives and other incidental charges and include freight charges.

9. **Foreign Currency / Fluctuation:**

i. Foreign Exchange transactions are recorded as per the rates prevailing on the dates of transactions.

ii. Foreign exchange variations on assets/ liabilities are being charged to the profit & Loss Account.

10. **Provisions, Contingent Liabilities & Contingent Assets:** Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised but are disclosed in the notes. Contingent assets are neither recognised nor disclosed in the financial statements.

II Notes on Accounts:

1. Estimated amount of contracts remaining to be executed on capital account and not provided for - Rs. 357.91 Lacs (net of advances) (Previous year – Rs. 783.56 Lacs).
2. With effect from 23rd July 2008 , the Company has ceased to be a subsidiary of Sansar Exim Private Limited.
3. 10% Non-convertible Debentures issued to India Debt Management Limited are secured in favour of the Debenture Trustee, IDBI Trusteeship Services Ltd. by way of the following:

a. Primary Security

i) An English Mortgage on the immovable fixed assets of the Company situated at Plot No. 3, Survey No. 37, Mouje Ishwarpura, Taluka Kadi, District Mehsana, Ahmedabad to secure issue of the Debenture Certificate.

ii) Equitable Mortgage on future immovable fixed assets of the Company other than that mentioned in i) above.

iii) Charge on the present and future movable fixed assets of the Company.

b. Additional Security

i) Pledge and Default Call Option exercise on 1, 05, 82,630 Fully Convertible Debentures of Rs. 100 each of S. Kumars Nationwide Limited (SKNL) held by Anjani Finvest Pvt. Ltd (AFPL) and the consequent shares to be issued to AFPL on conversion of the said Fully Convertible Debentures.

ii) Pledge and Default Call Option exercise on the 10,00,000 Equity Shares of Rs. 10/- each of the Company held by SKNL.

c. Redemption of the Non Convertible Debentures

The redemption of Non Convertible Debenture shall take place by June 30, 2009; June 30, 2010 & June 30, 2011 @ 30%, 35% & 35% respectively of the face value of the Non convertible debentures.

The Non Convertible Debentures shall have redemption premium of 20% on face value of debentures redeemed as above.

4. a. The Scheme of Arrangement between the Company and SKNL and their respective shareholders for the De-merger of the retail business of SKNL in favour of the Company with effect from the Appointed Date, 1st January 2007, was approved by the Hon'ble High Court of Judicature at Bombay on 22nd February 2008.

   Pursuant to the said Scheme of Arrangement, the shareholders of SKNL are allotted equity shares of the Company in the ratio of 1 (one) fully paid equity share of the Company of the face value of Rs.10/- each for every 5 (five) equity shares of Rs.10/- each held by them in SKNL as on the Record Date of 2nd May 2008. Accounting effect of the said Scheme has already been given in the accounts of the Company.

   b. Goodwill amortised during the period ended 30th September 2008 Rs.156.25 Lacs (previous year Rs. 312.52 lacs).
5. Outstanding Income tax payments (Assessment year 2008-09) due for more than six months as at the end of the period Rs. 397.78 Lacs (including interest). The same were paid on 12th December 2008.
6. In the opinion of the management, Current Assets, Loans and Advances have a value of at least equal to the amounts shown in the Balance Sheet, if realized in the due course of the business. The provision for all the known liabilities is adequate and not in excess of the amount reasonably necessary.
7. Balances under the heads Sundry debtors, Loans and Advances and Current liabilities are subject to confirmation from the respective parties and consequential reconciliation / adjustment, if any. The necessary accounting effect, if any, will be given by the Company in the period of such confirmation / reconciliation.

8. a. As against the statutory requirement of transfer of Rs. 1260.79 Lacs (Previous year Rs. 1377.91 Lacs), the company has transferred the available post tax profit of Rs.748.01 Lacs to Debenture Redemption Reserve (DRR) (Previous year Rs. 1336.79 Lacs).

   b. The Premium payable on redemption of the above NCD's on maturity, amounting to Rs. 252.15 Lacs was adjusted against Securities Premium Account to Provisions (Previous year – Rs. 275.58 Lacs).

9. The Company has classified the various benefits provided to employees under the preview of Accounting Standard 15 (Revised) as under .

   i) Defined Contribution plans
      a. Provident Fund & Employees Pension Scheme 1995
      b. Employees State Insurance

   The Company has recognised the following amounts in the Profit & Loss Account:

	Period ended Sept 30, 2008 (Rupees in Lacs)	Year ended March 31, 2008 (Rupees in Lacs)
Employer's contribution to Provident Fund & Pension Scheme	32.40	37.70
Employer's contribution to Employees State Insurance	13.37	5.86

   ii) Defined Benefits Plan
      a. Contribution to Gratuity (Non Funded Scheme)
      b. Leave Encashment (Non Funded Scheme)

   In accordance with the Accounting Standard (AS 15) (Revised), actuarial valuation was performed in respect of the aforesaid defined benefit plans based on following assumptions:

	Period ended Sept30,2008	Year ended March 31, 2008
Discount Rate (Per Annum)	7.5%	8%
Rate of increase in compensation levels (Per Annum)	5%	5%
Expected average remaining lives of the employees (in no of years)	29	29

A. Change in Present Value of Obligation

(Rupees in Lacs)

	Period ended Sept 30, 2008 (Gratuity)	Period ended Sept 30, 2008 (Leave Encashment)	Year ended March 31, 2008 (Gratuity)	Year ended March, 31, 2008 (Leave Encashment)
Present value of defined benefits obligation as at the beginning of the period	14.13		11.42	4.43
Interest Cost	0.91		1.99	Nil
Current Service Cost	8.52		13.51	10.07
Benefits Paid	0		0	Nil
Actuarial (Gain) / loss on obligation	7.30		(12.79)	Nil
Present value of defined benefits obligation as at the end of the period	30.86	57.19	14.13	14.50

B. Amount recognised in the Balancesheet (Rupees in Lacs)

	As at Sept 30, 2008 (Gratuity)	As at Sept 30,2008 (Leave Encashment)	As at March 31, 2008 (Gratuity)	As at March 31, 2008 (Leave Encashment)
Present value of defined benefits obligation as at the endof the period	30.86	57.19	14.13	14.50
Liability / (Net Asset) recognised in the Balance Sheet	30.86	57.19	14.13	14.50

C. Expenses recognised in the Profit and Loss Account (Rupees in Lacs)

	Period ended Sept 30, 2008 (Gratuity)	Period ended Sept 30, 2008 (Leave Encashment)	Year ended March 31,2008 (Gratuity)	Year ended March 31, 2008 (Leave Encashment)
Current Service Cost	8.52	-	13.51	10.07*
Past Service Cost	-	-	-	-
Interest Cost	0.91	-	1.99	-
Curtailment Cost / (Credit)	-	-	-	-
Settlement Cost / (Credit)	-	-	-	-
Net Acturial (Gain) Loss Recognised in the period	7.30	-	(12.79)	-
Total expenses recognised in the Profit and Loss Account	16.73	42.69*	2.71	10.07*

*Net of benefits paid during the period included under Salaries

10. There are no dues to Micro, Small and Medium Enterprises for more than 45 days, and hence there is no need for provision of interest in current as well as in previous financial years. The same is as per the information available with the Company and relied upon by the Auditors.

11. Earnings Per Share – Basic

Particulars	Current period	Previous Year
Numerator – Net Profit After Tax (In Lacs)	748.07	1,311.37
Number of Equity Shares used as denominator	2,43,93,955*	39,04,110**
Nominal Value Per Equity Share (Rs.)	10	10
Earnings Per Shares- Basic (Rs.) Annualised	6.13	33.59

*(63,00,000 shares for 183 days and 4, 73, 02,767 shares, issued on 23.7.2008, 70 days)
**(10,00,000 shares for 365 days and 53,00,000 shares for 200 days)

Earnings per Share –Diluted

Particulars	Current period	Previous Year
Numerator – Net Profit After Tax (In Lacs)	748.07	1311.37
Number of Equity Shares used as denominator	2,43,93,955	5,12,06,877**
Nominal Value Per Equity Share (Rs.)	10	10
Earnings Per Shares- Basic (Rs.) Annualised	6.13	2.56

*(63,00,000 shares for 183 days and 4, 73, 02,767 shares, issued on 23.7.2008, 70 days)
**(10,00,000 shares for 365 days and 53,00,000 shares for 200 days)

12. **Managerial remuneration comprises of the following :** (Excluding Contribution to Gratuity) (Rupees in Lacs)

	Current period	Previous Year
(a) Salary to the Managing Director and Executive Director	56.73	64.41
(b) Contribution to Provident fund	3.95	3.92
Total	60.68	68.33

13. **Taxation:**

i) Provision towards Current taxation is made at the rates as applicable for the Assessment year 2009-2010

ii) Deferred tax position is arrived at as under

(Rupees in Lacs)

Particulars	Current Period	Previous Year
Opening Balance	45.75	16.71
Add: Deferred tax for the period due to timing differences in depreciation	64.32	29.04
Less: Deferred Tax effect of Gratuity and Leave encashment	(20.20)	-
Closing Balance	**89.87**	**45.75**

14. The entire operations of the Company comprise of only one segment, namely trading in Fabrics and Made-ups and as such, no separate segment reporting is considered necessary as per the recommendations of the Accounting Standard-17.

15. **Related parties Disclosure under Accounting Standard-18**

Holding	Sansar Exim Pvt. Ltd. (upto 23rd July 2008)	
Associates	• S. Kumars Nationwide Ltd. • Anjani Finvest Pvt. Ltd. • Reid & Taylor (India) Ltd. • Ingenious Finance & Investment Pvt. Ltd. • Verve Properties & Finance Pvt. Ltd. • Natty Finance & Investment Pvt. Ltd. • Tulja Enterprises Pvt. Ltd.	• Chamundeshwari Mercantile Pvt. Ltd. • Maverick Mercantile Pvt. Ltd. • S Kumars Enterprises (Synfabs) Ltd. • S Kumars Textiles Ltd. • S.K.Worsteds Pvt Ltd • Reid & Taylor Ltd ; U.K.
Key Management Personnel	Shri Nitin S. Kasliwal – Chairman Shri Tarun Joshi- Managing Director Smt. Jyoti N. Kasliwal – Director (Executive Director upto 28.01.09)	
Relatives of Key	Ms. Anjani N. Kasliwal (Daughter of Shri Nitin S. Kasliwal)	

Transactions with Related Parties:

(Rupees in Lacs)

Nature of Transactions	Holding Company	Associates	Key Management	Relatives of Key Management Personnel
Purchases of Goods	Nil	23685.93	Nil	Nil
Managerial Remuneration	Nil	Nil	60.68	2.44
Outstanding as on 30st September 2008 Creditors	Nil	6997.89	Nil	Nil

16. As per the requirement of the Accounting Standard 19, Leases, the total amount of future minimum lease payments, commitment under operating lease agreements as under: (Rupees in Lacs)

Period	As at 30.09.2008	As at 31.03.2008
Not later than one year	3,239.63	2,965.42
Later than one year but not later than five years	12,403.86	10,948.10
Later than five years	4,167.84	4,321.55

During the period, the Company has charged Rs. 1923.16 Lacs (Previous year Rs.2,059.44 Lacs) as rent and common area maintenance in respect of above leases.

17. **Value of Imports on CIF Basis**

(Rupees in Lacs)

Particulars	Current period	Previous Year
Samples	2.11	0.33
Purchases Furniture & Fixture	0	241.59
Purchases Merchandise	50.60	168.88

18. **Expenditure in Foreign Currency**

(Rupees in Lacs)

Particulars	Current period	Previous Year
Foreign Travel	30.34	8.84

19. Quantitative Details of Inventory (goods traded) comprising of Textiles, Made-ups (including accessories) (as taken, valued and certified by the Management) Pursuant to part II of Schedule VI to Companies Act, 1956:

Description	Units	(Current Period)		2007-2008 (Previous Year)	
		Total		Total	
		Quantity ('000)	Amount (Rs. in Lacs)	Quantity ('000)	Amount (Rs. in Lacs)
OPENING STOCK					
Textiles	Mtrs	660.41	3113.68	131.82	636.60
Madeups	Pcs	292.36	3195.87	72.17	786.00
Total			**6309.55**		**1422.00**
PURCHASES					
Textiles	Mtrs	3,744.14	11513.81	6,405.54	21,620.68
Madeups	Pcs	2,486.77	12,384.31	842.90	7,677.44
Total			**23898.12**		**29298.12**
SALES					
Textiles	Mtrs	3297.95	11508.80	5,876.96	24,296.17
Madeups	Pcs	2382.60	14295.45	622.72	7,083.23
Total			**25804.25**		**31379.40**
CLOSING STOCK					
Textiles	Mtrs	1106.6	5555.12	660.41	3,113.68
Madeups	Pcs	396.53	4,137.46	292.36	3,195.87
Total			**9692.58**		**6309.55**

20. Previous year's figures are re-grouped/re-arranged wherever considered necessary.

XII. DETAILS AND FINANCIAL HIGHLIGHTS OF COMPANIES UNDER SAME MANAGEMENT

Details & Financial Highlights of Companies under Same Management

The details of Promoters post Scheme of Arrangement are as follows:

1. S. Kumars Nationwide Limited

The S. Kumars Group was founded in 1948 by two brothers, Shambukumar and Abhayakumar Kasliwal. The group was initially engaged in the trading of textiles and ventured into manufacturing in the year 1975. The year 1990 saw the inception of the SKNL group. Since then SKNL has been the flagship brand, leading the way for its various businesses. It has been a forerunner in the textiles industry for the last five decades and is regarded as one of the most reputed business houses in the country.

From a modest turnover of Rs.5 million in 1948, the group has come a long way, setting standards of excellence, acquiring many "firsts" to its credit and achieving a number of "milestones" on its way, in reaching a turnover of Rs.10 billion.

In 1990 all the textile businesses of the group were consolidated under S. Kumars Nationwide Ltd. The group further acquired new capacities and plants under this entity.

CIN: - L17120MH1990PLC058361
Date of Incorporation: - September 28, 1990

The main objects SKNL are as follows: -

- To buy, sell, market, deal in, trade, develop, import, export all kinds of textile fabrics and textile products made out of cotton, natural fibres and yarns, man made fibres and yarns, synthetic fibres and yarns, silk, wool including apparel fabrics, apparel wear of all types, hosiery of all types, industrial fabrics, nylon fabrics, label and tape fabrics, non wovens, household linen of all types and to manufacture the same and/or to get manufactured by any method or process including spinning, weaving, knitting, warp knitting, dyeing, processing, printing, finishing, stitching, non wovens, mending, packing and to establish and/or get established mills for manufacturing of the same.

- To buy, sell, market and to deal in, trade, develop, import, export and to manufacture and/or get manufactured all types of fibres including polyester, polyamide, acrylic, cotton, viscose, rayon, silk, wool, all types of filaments, all types of yarns and cords, all types of threads and to do the same by any method or process and including all back processes thereof and their bye products.

Promoter and Non-Promoter Shareholding:

Category	No. of equity shares held	% of total issued, subscribed & paid-up shareholding
Promoter shareholding	10,47,40,881	46.89
Non-Promoter shareholding	11,86,50,557	53.11
TOTAL	**22,33,91,438**	**100**

Composition of Board of Directors

- Dr. A. C. Shah – Chairman
- Nitin S. Kasliwal – Vice Chairman & Managing Director
- Anil Channa – Deputy Managing Director
- Jyoti N. Kasliwal
- K. P. Rau – Director (Nominee of IDBI)
- Anish Modi (Nominee – IDM)
- Mr. Denys Firth (Nominee - IDM)
- Vijay Kalantri
- Martin Henry
- Dara D. Avari
- Col. S. K. Raje

Financial Performance

(Rs. in crores)

Particulars	April 01, 2008 to December 31, 2008 (Unaudited)	April 01, 2007 to March 31, 2008 (Audited)	April 01, 2006 to March 31, 2007 (Audited)	April 01, 2005 to March 31, 2006 (Audited)	October 01, 2004 to March 31, 2005 (Audited)
Total Income	1711.79	1,759.16	1,239.44	895.81	348.83
Profits before tax and exceptional items	238.89	262.10	134.49	55.20	9.13
Net Profit after tax and exceptional items	160.02	205.59	107.47	99.78	(202.32)
Equity share capital	223.39	210.05	192.70	154.67	154.67
Basic Earning Per Share (EPS)	6.93	10.19	7.39	3.23	0.59

Details of Listing

The Shares of SKNL are listed on Bombay Stock Exchange and National Stock Exchange. Monthly High and Low Price during preceding 12 months

Particulars	BSE		NSE	
	High	Low	High	Low
January 2008	170.50	90.10	170.85	90.00
February 2008	160.50	126.00	160.80	126.00

March 2008	158.50	79.10	157.00	79.05
April 2008	121.70	85.10	121.70	81.25
May 2008	122.05	103.05	122.00	103.50
June 2008	118.70	74.50	118.65	73.20
July 2008	83.00	52.55	82.70	52.20
August 2008	79.60	62.00	79.80	62.10
September 2008	71.20	42.10	71.80	42.10
October 2008	44.90	20.00	45.00	19.60
November 2008	32.85	21.30	32.00	21.10
December 2008	29.85	20.25	24.95	20.20

The Company is not a Sick Company within the meaning of the SICA.

2. <u>Sansar Exim Private Limited: -</u>

CIN: - U51909MH2007PTC169905

Date of Incorporation: - April, 12, 2007

The main objects as per Memorandum of Association:

To carry on the business in India and abroad as Traders, Distributors, Dealers, Exporter, Importer, Producers, Converters, Conductors, Brokers, Commission agent, Agency business, Selling & Marketing Business of Industrial, Commercial, Agriculture Scientific, Household, Domestic, Automobiles, Farms and Forest product, Goods, Fibers, Ready Made Garments made up of natural fibers, Textiles, Leather and Leather Products, Plastic, Vinyl, Accessories such as earrings, Pendants, Sunglasses, Eye wares, Footways, Shoes, Rubber and rubber product, Petroleum and Petroleum Products, Engineering product goods, Plant & Machinery, Equipment, Apparatus and other Gadgets, Appliances, Accessories, Spare parts, Computer Hardware, Software, all type of Dyes & Chemicals, Minerals, Pharmaceutical, Wool, Yarn, Fibers, Garments, Textiles, Cold Storage, Property & Structure Development, Paper & all kind of Boards, Tea, Timber Products, Rubber, Plastics, Footwear's, Marble, Granites, Cement and Ceramic Tiles, Pesticides, Glass & Glassware, Tyres & Tubes, Cement, Fertilizers, Iron & Steel, Copper, Gold, Silver, Diamonds, Precious Stones and Jewellery, Ferrous & Non Ferrous Metals, Electronic toys, Games, Battens, Button Cells, Telephones & Slim cards, Gas Lighters, Calculating Machines, Electronic Organizers, Computer Floppy Diskettes, Audio, videos tapes, Compact Discs, T.V. Software, Film and TV channels, e-commerce, web based solutions and Internet portals or any other merchandise and commodity.

Promoter & Non-Promoter shareholding:

Category	No. of equity shares held	% of total issued, subscribed & paid-up shareholding
Promoter shareholding	10,000	100
Non-Promoter shareholding	NIL	NIL
Total	10,000	100

Board of Directors

- Nitin S. Kasliwal
- Jyoti N. Kasliwal
- Dara D. Avari
- Anees Fazalbhoy

Financial Performance

Financial performance of Sansar Exim Pvt. Limited is detailed below:
(In Rs.)

Particulars	April 12, 2007 to March 31, 2008 (Audited)
Total Income	50,000
Profits before tax and exceptional items	31,706
Net Profit after tax and exceptional items	20,906
Equity share capital	1,00,000
Basic Earning Per Share (EPS)	2.09

The Company is not a Sick Company within the meaning of the SICA.

Sansar Exim Pvt. Ltd., being a private company, is not listed.

3. <u>Anjani Finvest Private Ltd.: -</u>

CIN: - U65990MH1991PTC060533

Date of Incorporation: - February 27, 1991

Business line of Anjani Finvest Private Ltd. is as below: -
Anjani Finvest Private Ltd. is into the business of financing and other financing related activities and also into investing and activities connected therewith.

Promoter & Non-Promoter shareholding:

Category	No. of equity shares held	% of total issued, subscribed & paid-up shareholding
Promoter shareholding	1000	100
Non-Promoter shareholding	Nil	Nil
TOTAL	**1000**	**100**

Composition of Board of Directors

- Nitin S Kasliwal
- Jyoti N Kasliwal
- Dara D. Avari
- Anees Fazalbhoy

Financial Performance

Financial performance of **Anjani Finvest Private Ltd.** is detailed below:
(in Rs.)

Particulars	April 01, 2007 to March 31, 2008 (Audited)	April 01, 2006 to March 31, 2007 (Audited)	April 01, 2005 to March 31, 2006 (Audited)	April 01, 2004 to March 31, 2005 (Audited)	April 01, 2003 to March 31, 2004 (Audited)
Total Income	10,43,776	12,000	49,91,199	53,440	1,18,120
Profits before tax and exceptional items	7,98,542	-39,007	49,78,827	40,049	1,04,308
Net Profit after tax and exceptional items	4,83,542	-39,007	45,08,827	40,049	1,02,587
Equity share capital	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000
Basic Earning Per Share (EPS)	483.54	-	4508.83	40.05	102.59

The Company is not a Sick Company within the meaning of the SICA.

Anjani Finvest Private Ltd., being a private company, is not listed.

4. <u>Chamundeshwari Mercantile Private Limited: -</u>

CIN: - U51909MH2007PTC170077

Date of Incorporation: - April 18, 2007

Business line of Chamundeshwari Mercantile Pvt. Ltd. is as below: -
Chamundeshwari Mercantile Pvt. Ltd. is into the business of trading, dealing, importing, exporting producing etc. of textiles, fibers, leather, leather products, plasctic etc.

Promoter & Non-Promoter shareholding:

Category	No. of equity shares held	% of total issued, subscribed & paid-up shareholding
Promoter shareholding	10,000	100
Non-Promoter shareholding	Nil	Nil
TOTAL	**10,000**	**100**

Composition of Board of Directors

- Nitin S Kasliwal
- Jyoti N Kasliwal
- Dara D Avari
- Anees Fazalbhoy

Financial Performance

Financial performance of Chamundeshwari Mercantile Pvt. Ltd. is detailed below:

(in Rs.)

Particulars	April 01, 2007 to March 31, 2008 (Audited)
Total Income	35,33,12,141
Profits before tax and exceptional items	-3,57,92,972
Net Profit after tax and exceptional items	-3,57,92,972
Equity share capital	1,00,000
Basic Earning Per Share (EPS)	-

The Company is not a Sick Company within the meaning of the SICA.

Chamundeshwari Mercantile Pvt. Ltd., being a private company, is not listed.

5. <u>Tulja Enterprises Private Limited: -</u>

CIN: - U51909MH2007PTC170076

Date of Incorporation: - April 18, 2007

Business line of Tulja Enterprises Private Limited is as below: -

Tulja Enterprises Pvt. Ltd. is into the business of trading, dealing, importing, exporting producing etc. of textiles, fibers, leather, leather products, plasctic etc.

Promoter & Non-Promoter shareholding:

Category	No. of equity shares held	% of total issued, subscribed & paid-up shareholding
Promoter shareholding	10,000	100
Non-Promoter shareholding	Nil	Nil
Total	**10,000**	**100**

Composition of Board of Directors

- Nitin S Kasliwal
- Jyoti N Kasliwal
- Dara D Avari
- Anees Fazalbhoy

Financial Performance

Financial performance of Tulja Enterprises Pvt. Ltd. is detailed below:

(in Rs.)

Particulars	April 18, 2007 to March 31, 2008 (Audited)
Total Income	448,649,253
Profits before tax and exceptional items	-3,65,70,067
Net Profit after tax and exceptional items	-3,65,70,067
Equity share capital	1,00,000
Basic Earning Per Share (EPS)	-

The Company is not a Sick Company within the meaning of the SICA.

Tulja Enterprises Pvt. Ltd., being a private company, is not listed.

6. <u>Ingenious Finance & Investment Private Ltd.: -</u>

CIN: - U65990MH1995PTC088313

Date of Incorporation: - May 12, 1995

Business line of Ingenious Finance & Investment Pvt. Ltd. is as below: -
Ingenious Finance & Investment Pvt. Ltd. is into the business of financing and other financing related activities and also into investing and activities connected therewith.

Promoter & Non-Promoter shareholding:

Category	No. of equity shares held	% of total issued, subscribed & paid-up shareholding
Promoter shareholding	10,000	100
Non-Promoter shareholding	NIL	NIL
Total	**10,000**	**100**

Composition of Board of Directors

- Nitin S Kasliwal
- Jyoti N Kasliwal
- Dara D. Avari
- Anees Fazalbhoy

Financial Performance

Financial performance of Ingenious Finance & Investment Pvt. Ltd. is detailed below:

(in Rs.)

Particulars	April 01, 2007 to March 31, 2008	April 01, 2006 to March 31, 2007	April 01, 2005 to March 31, 2006	April 01, 2004 to March 31, 2005	April 01, 2003 to March 31, 2004

	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
Total Income	44,97,260	2,000	-	-	-
Profits before tax and exceptional items	62,776	-13,042	-5,830	-3,959	-4,564
Net Profit after tax and exceptional items	38,776	-13,042	-5,830	-3,959	-4,564
Equity share capital	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000
Basic Earning Per Share (EPS)	3.10	-	-	-	-

The Company is not a Sick Company within the meaning of the SICA.

Ingenious Finance & Investment Pvt. Ltd., being a private company, is not listed.

7. <u>Verve Properties and Investment Private Ltd.: -</u>

CIN: - U67120MH1995PTC089606

Date of Incorporation: - June, 16, 1995

Business line of Verve Properties and Investment Private Ltd. is as below: -
Verve Properties and Investment Private Ltd. is into the business of Investment Company. The company is also into the business of dealing in properties.

Promoter & Non-Promoter shareholding:

Category	No. of equity shares held	% of total issued, subscribed & paid-up shareholding
Promoter shareholding	10,000	100
Non-Promoter shareholding	Nil	Nil
TOTAL	10,000	100

Composition of Board of Directors

- Nitin S Kasliwal
- Jyoti N Kasliwal
- Dara D. Avari
- Anees Fazalbhoy

Financial Performance

Financial performance of Verve Properties and Investment Private Ltd. is detailed below:

(in Rs.)

Particulars	April 01, 2007 to March 31, 2008 (Audited)	April 01, 2006 to March 31, 2007 (Audited)	April 01, 2005 to March 31, 2006 (Audited)	April 01, 2004 to March 31, 2005 (Audited)	April 01, 2003 to March 31, 2004 (Audited)
Total Income	15,95,890	18,950	-	-	-
Profits before tax and exceptional items	46,771	-2,076	-7,851	-4,725	-5,620
Net Profit after tax and exceptional items	19,771	-2,076	-7,851	-4,725	-5,620
Equity share capital	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000
Basic Earning Per Share (EPS)	1.98	-	-	-	-

The Company is not a Sick Company within the meaning of the SICA.

Verve Properties and Investment Private Ltd., being a private company, is not listed.

8. <u>Reid & Taylor (India) Ltd.: -</u>

CIN: - U17114MH2000PLC126018

Date of Incorporation: - April, 19, 2000

Business line of Reid & Taylor (India) Ltd. is as below: -
Reid & Taylor (India) Ltd. is into the business of manufacturing, importing, exporting, whole selling, retailing, dealing preparing in all kinds of suiting, shirting etc. and any other work related with it.

Promoter & Non-Promoter shareholding:

Category	No. of equity shares held	% of total issued, subscribed & paid-up shareholding
Promoter shareholding	4,00,50,000	76.97
Non-Promoter shareholding	1,19,84,659	23.03
TOTAL	**5,20,34,659**	**100**

Composition of Board of Directors

- Nitin S. Kasliwal

- Jyoti N. Kasliwal
- Anil Channa
- Dara D. Avari
- Kunnasagaran Chinniah

Financial Performance

Financial performance of Reid & Taylor (India) Ltd. is detailed below:

(in Rs.)

Particulars	April 01, 2007 to March 31, 2008 (Audited)
Total Income	1,42,92,34,812
Profits before tax and exceptional items	43,44,18,698
Net Profit after tax and exceptional items	27,46,44,216
Equity share capital (Rs.)	52,03,46,590
Basic Earning Per Share (EPS)	54.09

The Company is not a Sick Company within the meaning of the SICA.

Reid & Taylor (India) Ltd. is not listed on any stock exchange

9. <u>Natty Finance & Investment Private Ltd.: -</u>

CIN: - U65990MH1995PTC088586

Date of Incorporation: - May 22, 1995

Business line of Natty Finance & Investment Pvt. Ltd. is as below: -
Natty Finance & Investment Pvt. Ltd. is into financing industrial enterprises and other business connected to financing. The company is also into investing into corporate entities and activities in connection to it.

Promoter & Non-Promoter shareholding:

Category	No. of equity shares held	% of total issued, subscribed & paid-up shareholding
Promoter shareholding	10,000	100%
Non-Promoter shareholding	Nil	Nil
TOTAL	10,000	100

Composition of Board of Directors

- Nitin S Kasliwal
- Jyoti N Kasliwal
- Anjani Kasliwal

Financial Performance

Financial performance of Natty Finance & Investment Pvt. Ltd. is detailed below:

(in Rs.)

Particulars	April 01, 2007 to March 31, 2008 (Audited)	April 01, 2006 to March 31, 2007 (Audited)	April 01, 2005 to March 31, 2006 (Audited)	April 01, 2004 to March 31, 2005 (Audited)	April 01, 2003 to March 31, 2004 (Audited)
Total Income	50,000	2,000	-	-	-
Profits before tax and exceptional items	33,457	-8,144	-7,249	-4,478	-5,383
Net Profit after tax and exceptional items	12,053	-8,144	-7,249	-4,478	-5,383
Equity shares	1,00,000	1,00,000	1,00,000	1,00,000	1,00,000
Basic Earning Per Share (EPS)	1.21	-	-	-	-

The Company is not a Sick Company within the meaning of the SICA.

Natty Finance & Investment Pvt. Ltd., being a private company, is not listed.

10. <u>Maverick Mercantile Private Ltd.: -</u>

CIN: - U74999MH2007PTC169900

Date of Incorporation: - April, 12, 2007

Business line of Maverick Mercantile Pvt. Ltd. is as below: -
Maverick Mercantile Pvt. Ltd. is into the business of trading, dealing, importing, exporting producing etc. of textiles, fibers, leather, leather products, plastic etc.

Promoter & Non-Promoter shareholding:

Category	No. of equity shares held	% of total issued, subscribed & paid-up shareholding
Promoter shareholding	10,000	100%
Non-Promoter shareholding	Nil	Nil
TOTAL	10,000	100

Composition of Board of Directors

- Nitin S Kasliwal

- Jyoti N Kasliwal
- Anees Fazalbhoy

Financial Performance

Financial performance of Maverick Mercantile Pvt. Ltd. is detailed below:

(in Rs.)

Particulars	April 12, 2007 to March 31, 2008 (Audited)
Total Income	50,000
Profits before tax and exceptional items	30,184
Net Profit after tax and exceptional items	19,884
Equity share capital	1,00,000
Basic Earning Per Share (EPS)	1.99

The Company is not a Sick Company within the meaning of the SICA.

Maverick Mercantile Pvt. Ltd., being a private company, is not listed.

XIII. MANAGEMENT DISCUSSION AND ANALYSIS

Brandhouse Retails Limited was originally incorporated as Reid & Taylor Retails Private Limited on 4th June, 2004 under the Companies Act, 1956 with an object of establishing multiple brands. The status of the company was changed from private company to public company on 20th April, 2006 with removal of the words Private from its name. On the same date i.e. on 20th April, 2006, the name of the company was changed to its present name Brandhouse Retails Limited.

The management of S. Kumars Nationwide Limited and Brandhouse Retails Limited was of the opinion that the Scheme of Arrangement would lead to synergies of operations and more particularly the following benefits:

1. SKNL is engaged in the business of manufacturing, buying, selling, marketing dealing, trading, developing, importing and exporting all kinds of textile fabrics and textile products made out of cotton etc.

2. In order to explore the potential to the fullest and provide focused leadership and management attention, it was intended to demerge the retail business to BHRL.

3. Further in the interest of the shareholders of SKNL it is believed that the demerger of Retail Business to a separate company with a focused strategy would enhance shareholder value.

4. The demerger by the Scheme of Arrangement will enable the shareholders of SKNL to hold shares directly in BHRL.

5. The Scheme provides financial flexibility to BHRL.

The Scheme of Arrangement between SKNL & the company was sanctioned by Hon'ble High Court of Judicature at Bombay vide its order dated February 22, 2008. Pursuant to the Scheme, the company has allotted equity shares to the eligible allottees as on May 02, 2008 (Record date fixed by Board of Directors of SKNL) as mentioned under clause 14 of the Scheme. For more on the Scheme and its benefits, please refer Salient Features of the Scheme of Arrangement mentioned in this Information Memorandum.

XIV. OUTSTANDING LITIGATIONS, DEFAULTS AND MATERIAL DEVELOPMENTS

Brandhouse Retails Limited

There are no litigations which are currently pending against the Company & its Directors.

Litigations pending against group companies: -

S. Kumars Nationwide Limited and its subsidiaries

Pending cases involving S. Kumars Nationwide Limited

1. Oasis Engineering Ltd. has filed an application before the appropriate authority, Mumbai, against SKNL and one of its ex-employees for possession of residential premises taken by the company on leave and license. The appropriate authority has allowed the said application against which the company has preferred a revision application being application No. 88 of 2008 before the Commissioner and the said revision application is admitted and pending for final hearing. During the pendency of the said Revision, the Company has handed over the possession of the said premises.

2. There are few labour disputes filed by the employees of Chamunda Standard Mills, Dewas, before the Labour Authorities. Majority of the said cases are settled and the parties are in the process of withdrawing the said cases.

3. An Appeal which is filed by the company against the order passed by the Upper Collector Court Ghaziabad U.P. regarding the issue of applicability of stamp duty on a Lease Deed is pending before the Commissioner, Meerut, U P.

   Reid & Taylor (India) Limited:

   A review / appeal filed by the company is pending before the appellate authority in Commercial Tax Department, Karnataka, regarding the disputed entry tax.

XV. GOVERNMENT APPROVALS

No Government licenses and approvals are necessary for the company to carry on its business activity.

XVI. REGULATORY AND STATUTORY DISCLOSURES

Authority for Listing

The Honorable High Court of Judicature at Bombay, vide its order dated 22nd February, 2008 has approved the Scheme of Arrangement for the demerger of the Retail Business of SKNL in BHRL. Pursuant to Sections 391 to 394 of the Companies Act, 1956, the Retail Business of SKNL stands transferred and vest with the Company with effect from January 01, 2007 (the Appointed Date under the Scheme). In accordance with the said Scheme, the Equity shares of the Company issued and allotted pursuant to the Scheme as well as its Pre-Scheme equity shares shall be listed and admitted to trading on the Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE). Such listing and admission for trading is not automatic and will be subject to fulfillment by the Company of listing criteria of BSE and NSE for such issues and also subject to such other terms and conditions as may be prescribed by BSE and NSE at the time of the application by the Company seeking listing.

Prohibition by SEBI

The Company, its directors, its promoters, other companies promoted by the promoters and companies with which the Company's directors are associated as directors have not been prohibited from accessing the capital markets under any order or direction passed by SEBI.

Disclaimer from the Company

The Company accepts no responsibility for statement made otherwise than in the Information Memorandum or in the advertisements to be published in terms of Clause 8.3.5.4 of SEBI (DIP) Guidelines, 2000 or any other material issued by or at the instance of the Company and anyone placing reliance on any other source of information would be doing so at his or her own risk. All information shall be made available by the Company to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner.

Eligibility Criterion

There being no Initial Public Offering or Rights Issue, the eligibility criteria in terms of Clause 2.2.1 of SEBI (DIP) Guidelines, 2000 does not become applicable. However, SEBI has vide its letter no. CFD/DIL/NB/VB/152132/2009 dated January 29, 2009 granted permission for Relaxation of the Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957 upon a condition that 16,08,572 equity shares of the Company issued against 80,42,860 unlisted shares of SKNL will not form a part of the promoters lock-in shares of 20% (required to be under lock-in for 3 years from the date of listing) of the post allotment of shares under the Scheme and to freeze the said 16,08,572 equity shares of the Company issued against 80,42,860 unlisted shares of SKNL till resolution is reached on listing of such 80,42,860 unlisted shares of SKNL. The Company has submitted its Information Memorandum, containing information about itself, making disclosures in line with the disclosure requirement for public issues, as

applicable, to BSE and NSE for making the said Information Memorandum available to public through their website viz. www.bseindia.com and www.nseindia.com. The Company is in the process of uploading the said Information Memorandum available on its website *http://brandhouseretails.com*

The Company will publish an advertisement in the newspapers containing its details in line with the details required as in terms of clause 8.3.5.4 of SEBI (DIP) Guidelines. The advertisement will draw specific reference to the availability of this Information Memorandum on its website.

Disclaimer – BSE

As required, a copy of this Information Memorandum has been submitted to BSE. The BSE has vide its letter dated November 13, 2007 approved the Scheme of Arrangement under clause 24(f) of the Listing Agreement and by virtue of that approval the BSE's name in this Information Memorandum as one of the Stock Exchanges on which the Company's securities are proposed to be listed.

The BSE does not in any manner:

- ✓ Warrant, certify or endorse the correctness or completeness of any of the contents of this Information Memorandum; or
- ✓ Warrant that the Company's securities will be listed or will continue to be listed on the BSE; or
- ✓ Take any responsibility for the financial or other soundness of this Company; and
- ✓ It should not for any reason be deemed or construed to mean that this Information Memorandum has been cleared or approved by the BSE.

Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Disclaimer – NSE

As required, a copy of this Information Memorandum has been submitted to NSE. The NSE has vide its letter dated December 03, 2007 approved the Scheme of Arrangement under clause 24(f) of the Listing Agreement and by virtue of that approval the NSE's name in this Information Memorandum as one of the Stock Exchanges on which the Company's securities are proposed to be listed. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that this Information Memorandum has been cleared or approved by NSE; nor does NSE in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Information Memorandum; nor does it warrant that the Company's securities will be listed or continue to be listed on the NSE; nor does it take any responsibility

for the financial or other soundness of this Company, its promoters, its management or any scheme or project of the Company.

Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the NSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Filing

This Information Memorandum has been filed with BSE and NSE.

Listing

Applications have been made to BSE and NSE for permission to deal in and for an official quotation of the Equity Shares of the Company. The Company has nominated BSE as Designated Stock Exchange for the aforesaid listing of the shares.

The Company shall at all times, ensure that it has taken steps for completion of necessary formalities for listing and commencement of trading at all the Stock Exchanges mentioned above.

Demat Facility

The Company has executed Tripartite Agreements with the Registrar & Transfer Agent and the Depositories, NSDL and CDSL for admitting its securities in demat form and has been allotted ISIN - **INE 317J01011**.

The shares issued and allotted by the company pursuant to the Scheme of Arrangement will be credited to the Demat accounts of the eligible shareholders of SKNL as on the Record Date and who have furnished the necessary details to the company.

Despatch of Share Certificates

Upon issue and allotment of the shares of the company in the physical form to the eligible shareholders of SKNL as on the Record Date, the company will dispatch such share certificates to the respective shareholders.

Expert Opinion

Save as stated elsewhere in this Information Memorandum, we have not obtained any expert opinions.

Previous Rights & Public Issues

Since incorporation, the company has not issued any shares under Rights issue or Public issue.

Comission and brokerage on previous issues

Since the Company has not issued shares to the public in the past, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since its incorporation.

Promise vis-à-vis performance

This is for the first time that the Company is getting listed on the Stock Exchange

Debentures or bonds and redeemable preference shares and other instruments issued by the issuer Company under the Scheme of Arrangement

The Company has not issued any securities other than 4,73,02,767 equity shares pursuant to the Scheme of Arrangement.

Stock Market Data for Equity shares of the Company

Equity shares of the Company are not listed on any stock exchanges. The Company is seeking approval for listing of its shares through this Information Memorandum.

Disposal of Investor Grievances

Datamatics Financial Services Limited (DFSSL) is the Registrar and Transfer Agent of the Company. DFSSL has set up a separate cell for the investors / shareholders of the company for accepting and processing their documents/requests/complaints.

All documents are processed by professionally trained personnel. Subsequent to the completion of the process the documents, the documents are scrutinized thoroughly.

The Company has set up service standards for each of the various processes involved such as effecting the transfer/dematerialization of securities/change of address.

The Company has appointed Mr. Pulak Banerjee, Company Secretary as the Compliance Officer and he may be contacted in case of any queries. He can be contacted at the following address:

Mr. Pulak Banerjee
Sr. No.90/H No.5, Inga Complex,
Mahakali Caves Road, Andheri (East),
Mumbai 400 093
Tel: 022-28250797
E-mail: *bhrlinvestors@sknl.co.in*

XVII. IMPORTANT CLAUSES OF ARTICLES OF ASSOCIATION OF THE COMPANY

SHARE CAPITAL

CAPITAL

The Authorised Share Capital of the Company shall be such amounts and be divided into such shares as may from time to time, be provided in Clause V(a) of the Memorandum of Association with power to increase the capital in accordance with the Company's regulations and legislative provisions for the time being in force in that behalf with the powers to divide the share capital, whether original or increased or decreased into several classes and attach thereto respectively such ordinary, preferential or special rights and conditions in such a manner as may for the time being be provided by the Regulations of the Company and allowed by law.

POWER TO INCREASE OF CAPITAL

The Company in general meeting may, from time to time, increase the capital by the creation of new shares of such amount as may be deemed expedient.

NEW SHARES TO RANK WITH SHARES IN EXISTING CAPITAL

Except so far as otherwise provided by the conditions of issue or by these presents, any capital raised by the creation of new shares shall be considered as part of the existing capital, and shall be subject to the provisions herein contained with reference to the payment of calls and installments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.

BUY BACK OF SHARES

Notwithstanding anything contained in these Articles, to the extent it is permitted by law for a company to purchase its own shares or securities, the Board of Directors may, when and if thought fit, buy back such of the Company's own shares or securities as it may think necessary, subject to such limits, upon such terms and conditions, and subject to such approvals, Provisions of Section 77 and SEBI (Buy Back of Shares) Regulations, as may be permitted by law.

REDUCTION OF CAPITAL

The Company may, from time to time, by Special Resolution, reduce its capital in any manner for the time being authorised by law, and, in particular, capital may be paid off on the footing that it may be called up again or otherwise. This Article is not to derogate from any power the Company would have if it were omitted.

SUB-DIVISION, CONSOLIDATION AND CANCELLATION OF SHARES

The Company in general meeting may by an Ordinary Resolution :

(a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;

(b) convert all or any of its fully paid-up shares into stock and reconvert that stock into fully paid-up shares of any denomination;

(c) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum, so however, that in the subdivision the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived;
(d) cancel shares which, at the date of the passing of the resolution in that behalf, have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled.

MODIFICATION OF RIGHTS
If at any time the share capital by reason of the issue of Preference Shares or otherwise, is divided into different classes of shares, all or any of the rights and privileges attached to each class may, subject to the provisions of Sections 106 and 107 of the Act, and whether or not the Company is being wound up, be varied modified abrogated or dealt with, with the consent in writing of the holders of not less than three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the issued shares of that class and all the provisions contained in these Articles as to general meetings (including the provisions relating to quorum at such meetings) shall mutatis mutandis apply to every such meeting. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly prohibited by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.

FURTHER ISSUE OF SHARES

ISSUE OF FURTHERS SHARES NOT TO AFFECT THE RIGHTS OF EXISTING SHAREHOLDERS
A. The rights or privileges conferred upon the holders of the shares of any class issued with preferred or other rights, shall not unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied or modified affected by the creation or issue of further shares ranking pari passu therewith.

B. Where at the time after the expiry of two years from the formation of the company or at any time after the expiry of one year from the allotment of shares in the company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the company by allotment of further shares either out of the un-issued capital or out of the increased share capital then:

i) Such further shares shall be offered to the persons who at the date of the offer, are holders of the equity shares of the company, in proportion, as near as the circumstances admit, to the capital paid up on those shares at the date.

ii) Such offer shall be made by a notice specifying the number of shares offered and limiting a time not less than thirty days from the date of offer and the offer if not accepted, will be deemed to have been declined.

iii) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to them in favour of any other person and the notice referred to in sub clause (b) hereof shall contain a statement of this right. PROVIDED THAT the Directors may decline, without assigning any reason to allot any shares to any person in whose favour any member may renounce the shares offered to him.

iv) After expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose off them in such manner and to such person(s) as they may think, in their sole discretion, fit.

C. Notwithstanding anything contained in sub-clause (B) thereof, the further shares aforesaid may be offered to any persons (Whether or not those persons include the persons referred to in clause (B) sub-clause (i) thereof in any manner whatsoever.

i) If a special resolution to that effect is passed by the company in General Meeting, or
ii) Where no such special resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in the general meeting (including the casting of vote, if any, of the Chairman) by the members who, being entitled to do so, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any cast against the proposal by members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf that the proposal is most beneficial to the Company.

D. Nothing in sub-clause (iii) of (B) hereof shall be deemed;

i) To extend the time within which the offer should be accepted; or
ii) To authorise any person to exercise the right of renunciation for a second time on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.

E. Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the debenture issued or loans raised by the company:

i) To convert such debentures or loans into shares in the Company; or
ii) To subscribe for shares in the company (whether such option is conferred in these Articles or otherwise).

PROVIDED THAT the terms of Issue of such debentures or the terms of such loans include a term providing for such option and such term:

i) Either has been approved by the Central Government before the Issue of the debentures or the raising of the loans or is in conformity with Rules, if any made by that Government in this behalf; and
ii) In the case of debentures or loans or other than debentures issued to or loans obtained from Government or Banks or any institution specified by the Central Government in this behalf, has also been approved by a special

resolution passed by the company in General Meeting before the issue of the debentures or raising of the loans.

SHARES AT THE DISPOSAL OF THE DIRECTORS

Subject to the provisions of Section 81 of the Act and these Articles, the shares in the capital of the company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of Section 79 of the Act) at a discount and at such time as they may from time to time think fit and with the sanction of the company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the capital of the company on payment in full or part of any property sold and transferred or for any services rendered to the company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the company in General Meeting.

LIABILITY OF MEMBERS

Every member or his heirs, executors or administrators, shall pay to the Company the portion of the capital represented by his share or shares which may, for the time being remain unpaid thereon, in such amounts, at such time or times and in such manner as the Board of Directors shall, from time to time, in accordance with the Company's regulations, require or fix for the payment thereof.

SHARE CERTIFICATES

CERTIFICATES OF SHARES

The certificates of title to shares shall be issued under the Seal of the Company which shall be affixed in the presence of and signed by (i) two Directors or persons acting on behalf of the Directors under a duly registered Power of Attorney; and (ii) the Secretary or some other person appointed by the Board for the purpose; provided that at least one of the aforesaid two directors shall be a person other than a Managing Director or Whole-time Director. A Director may sign a share certificate by affixing his signature thereon by means of any machine, equipment or other mechanical means such as engraving in metal or lithography.

PROVIDED ALWAYS that notwithstanding anything contained in this article the certificates of title to shares may be executed and issued in accordance with such other provisions of the Act or the Rules made thereunder, as may be in force for the time being and from time to time.

LIMITATION OF TIME FOR ISSUE OF CERTIFICATES

Every member shall be entitled, without payment, to one or more certificates in marketable lots, for all the shares of each class of denomination registered in his name, or if the Directors so approve (upon paying such fee as the Directors may from time to time determine) to several certificates, each for one or more of such shares and the company shall complete and have ready for delivery such certificates within three months from the date of allotment,

unless the conditions of issue thereof otherwise provide, or within one month of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Every certificate of shares shall be under the seal of the company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid-up thereof and shall be in such form as the directors may prescribe or approve, provided that in respect of a share or shares held jointly by several persons, the company shall not be borne to issue more than one certificate and delivery of a certificate of shares to one of several joint holders shall be sufficient delivery to all such holder.

MEMBERS' RIGHT TO CERTIFICATES

Every member shall be entitled to one certificate for all the shares registered in his name. Every certificate of shares shall specify the denoting numbers of the shares in respect of which it is issued and the amount paid up thereon. For each further certificate the Board of Directors shall be entitled to charge such fees as may be permitted by the Act.

DISCRETION TO REFUSE SUB-DIVISION OR CONSOLIDATION OF CERTIFICATES

Notwithstanding anything contained in the Articles of Association in case of shares, debentures or bonds held in physical form the Board may, in its absolute discretion, refuse applications for the sub-division or consolidation of share, debenture or bond certificates into denominations of less than the marketable lot except when such sub-division or consolidation is required to be made to comply with a statutory provision or an order of a competent Court of law.

RENEWAL OF CERTIFICATES

If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsements of transfer then upon production and surrender thereof to the Company, a new Certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deem adequate, being given, an a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed Certificate. Every Certificates under the Article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rs.2/- for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above the Directors shall comply with such Rules or Regulation or requirements of any Stock Exchange or the Rules made under the Act or the rules made under Securities Contracts (Regulation) Act, 1956 or any other Act, or rules applicable in this behalf.

The provisions of this Article shall mutatis mutandis apply to debentures of the Company.

THE FIRST NAME OF JOINT-HOLDERS DEEMED SOLE HOLDERS

If any share stands in the names of two or more persons, the person first named in the Register shall as regards receipt of dividends or cash bonus, or service of notices or any other matter connected with the Company except voting at meetings and the transfer of the shares, be deemed the sole holder thereof but the joint holders of a share shall be severally as well as jointly liable

for the payment of all installments and calls due in respect of such share and for all incidents thereof according to the company's regulations.

NOTICE OF CHANGE OF NAME OR MARRIAGE OF MEMBER

No member who shall change his name or who, being a female, shall marry, shall be entitled to recover any dividend or to vote in the name other than the one registered with the Company, until notice of the change of name or of marriage, respectively, is given to the Company in order that the same be registered.

FUNDS OF COMPANY MAY NOT BE APPLIED IN PURCHASE OF OR LENDING ON SHARES OF THE COMPANY

Save as otherwise provided by Section 77A &77B of the Act, none of the funds of the Company shall be applied in the purchase of or in lending on security of any shares of the Company.

CALLS

CALLS

The Board of Directors may, from time to time, by a resolution passed at a meeting of the Board make such calls as they think fit upon the members in respect of all moneys unpaid on the shares held by them respectively, and not by the conditions of allotment thereof made payable at fixed times, and each member shall pay the amount of every call so made on him to the persons and at the times and places appointed by the Board of Directors. A call may be made payable by installments.

NOTICE OF CALLS

At least fourteen days' notice of any call shall be given by the Company specifying the time and place of payment, and to whom such call shall be paid. Provided that before the time for payment of such call the Board of Directors may by notice in writing to the members, revoke the same or extend the time for payment thereof.

AMOUNT PAYABLE AT FIXED TIMES ON NEW ISSUES PAYABLE AS CALLS

If by the terms of issue of any shares or otherwise any amount is made payable at any fixed time or by installments at fixed times whether on account of the amount of the shares or by way of premium, every such amount or installments shall be payable as if it were a call duly made by the Board of Directors and of which due notice had been given, and all the provisions herein contained in respect of calls shall relate to such amount or installments accordingly.

CALLS TO DATE FROM RESOLUTION

A call shall be deemed to have been made at the time when the resolution authorising such call was passed at a meeting of the Board of Directors.

WHEN INTEREST ON CALL, OR INSTALLMENT PAYABLE

If the sum payable in respect of any call or installment be not paid on or before the day appointed for payment thereof, the holder for the time being of the share in respect of which the call shall have been made or the installment shall be due, shall pay interest for the same at the rate of nine per cent per annum from the date appointed for the payment thereof to the time

of the actual payment, or at such other rate as the Board of Directors may determine. The Board of Directors may however in their absolute discretion forego payment of any interest where in their opinion the circumstances under the same are just and equitable.

PROOF ON TRIAL OF SUIT FOR MONEY DUE ON SHARES

On the trial or hearing of any action or suit brought by the Company against any member or his representatives for the recovery of any money claimed to be due to the Company in respect of his shares, it shall be sufficient to prove that the name of the member in respect of whose shares the money is sought to be recovered appears entered on the Register as the holder, at or subsequently to the date at which the money sought to be recovered is alleged to have become due, of the shares in respect of which such money is sought to be recovered, that the resolution making the call is duly recorded in the minute book, and that notice of such call was duly given to the member or his representatives sued in pursuance of these presents; and it shall not be necessary to prove the appointment of the Directors who made such call, nor that a quorum of Directors was present at the Board at which any call was made, nor that the meeting at which any call was made was duly convened or constituted nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.

PARTIAL PAYMENT NOT TO PRECLUDE FORFEITURE

Neither the receipt by the Company of a portion of any money which shall from time to time be due from any member to the Company in respect of his shares, either by way of principal or interest, nor any indulgence granted by the Company in respect of the payment of any such money, shall preclude the Company from thereafter proceeding to enforce a forfeiture of such shares as hereinafter provided.

PAYMENT IN ANTICIPATION OF CALLS MAY CARRY INTEREST

The Directors may, if they think fit, subject to the provisions of Section92 of the Act, agree to and receive from any member willing to advance the same whole or any part of the moneys due upon the shares held by him beyond the sums actually called for, and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the company may pay interest at such rate, as the member paying such sum in advance and the Directors agree upon provided that the money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced.

The members shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment become presently payable.

The provisions of these Articles shall mutatis mutandis apply to the calls on debenture of the Company.

FORFEITURE AND LIEN

IF MONEY PAYABLE ON SHARES NOT PAID NOTICE TO BE GIVEN TO MEMBERS

If any member fails to pay any call or installment of a call on or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Board of Directors may, at any time thereafter while the call or installment remains unpaid, give notice to him requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.

TERMS OF NOTICE

The notice shall name a day (not being less than fourteen days from the date of the notice) and a place or places on and at which such call or installment and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of the non-payment at or before the time and at the place appointed, the shares in respect of which the call was made or installment is payable, will be liable to be forfeited.

IN DEFAULT OF PAYMENT, SHARES MAY BE FORFEITED

If the requisitions of any such notice as aforesaid are not complied with, any shares in respect of which such notice has been given may, at any time thereafter and before payment of all calls or installments, interest and expenses due in respect thereof, be forfeited by a resolution of the Board of Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture.

NOTICE OF FORFEITURE TO A MEMBER

When any shares shall have been so forfeited, notice of the forfeiture shall be given to the member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make such entry as aforesaid.

FORFEITED SHARES TO BE PROPERTY OF COMPANY AND MAY BE SOLD ETC.

Any share so forfeited, shall be deemed to be the property of the Company, and may be sold, re-allotted or otherwise disposed of, either to the original holder thereof or to any other person, upon such terms and in such manner as the Board of Directors may think fit.

POWER TO ANNUAL FORFEITURE

The Board of Directors may, at any time before any share so forfeited shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof upon such conditions as it thinks fit.

MEMBER LIABLE TO PAY MONEY OWING AT TIME OF FORFEITURE AND INTEREST

Any member whose shares shall have been forfeited shall, notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company on demand all calls, installments, interest and expenses owing upon or in respect of such shares at the time of the forfeiture, together with interest thereon from the time of forfeiture until payment at such rate not exceeding nine per cent per annum as the Board of Directors may determine, and the Board of Directors may enforce the payment thereof, or any part thereof, if it thinks fit, but shall not be under any obligation so to do.

EFFECT OF FORFEITURE

The forfeiture of a share shall involve extinction, at the time of the forfeiture, of all interest in and all claims and demands against the Company, in respect of

the share and all other rights incidental to the share, except only such of those rights as by these presents are expressly saved.

EVIDENCE OF FORFEITURE

A declaration in writing from a Director or Secretary of the Company that a share in the Company has been duly forfeited in accordance with these Articles on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share.

COMPANY'S LIEN ON SHARES

The Company shall have no lien on its fully paid-up shares. In the case of partly paid-up shares, the Company shall have a lien only to the extent of all moneys called or payable at a fixed time in respect of such shares, otherwise such partly paid-up shares shall be free from any lien of the Company. Any lien on shares shall extend to all dividends from time to time declared in respect of such shares. Unless otherwise agreed, the registration of a transfer of shares shall operate as a waiver of the Company's lien, if any, on such shares. The Board of Directors may at any time declare any shares to be wholly or in part exempt from the provisions of this clause.

ENFORCEMENT OF LIEN BY SALE

For the purpose of enforcing such lien, the Board of Directors may sell the shares subject thereto in such manner as they think fit; but no sale shall be made until such period as aforesaid shall have arrived and until notice in writing of the intention to sell shall have been served as provided in Article 197 hereof on such member, his heirs, executors or administrators and default shall have been made by him or them in the payment, fulfillment, or discharge or such debts, liabilities, or engagements for seven days after such notice. To give effect to any such sale, the Board may authorise some person to execute an instrument of transfer in respect of the shares sold and to transfer the shares sold to the purchaser thereof and the purchaser shall be registered as the holder of the shares comprised in any such transfer. Upon any such sale as aforesaid the certificates in respect of the shares sold shall stand cancelled and become null and void and of no effect, and the Directors shall be entitled to issue a new certificate or certificates in lieu thereof to the purchaser or purchasers concerned.

APPLICATION OF PROCEEDS OF SALES

The net proceeds of any such sale after payment of the costs of such sale shall be applied in or towards satisfaction of the debts, liabilities, or engagements of such member and the residue (if any) shall be paid to him, his heirs, executors, administrators or assigns.

VALIDITY OF SALE

Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers herein before given, the Board of Directors may cause the purchaser's name to be entered in the Register in respect of the shares sold, and the purchaser shall not be bound to see to the regularity of the proceedings, or to the application of the purchase money, and after his name has been entered in the Register in respect of such shares, the validity of the sale and of the entry in the Register in respect of the shares sold shall not be impeached by any person, and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.

APPLICATION OF FORFEITURE PROVISIONS

The provisions of the Articles as to forfeiture shall apply in the case of non-payment of any sum which by the terms of the issue of a share becomes payable at a fixed time, whether on account of the amount of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

TRANSFER AND TRANSMISSION

EXECUTION AND REGISTRATION OF TRANSFER ETC.

No transfer shall be registered unless, in accordance with the provisions of Section 108 of the Act and Article 57 hereof, a proper instrument of transfer has been delivered to the Company within the period specified in the said Section. Every such instrument of transfer shall be duly stamped and executed both by the transferor and the transferee and attested. The transferor shall be deemed to remain the holder of such share until the name of the transferee shall have been entered in the Register in respect thereof.

FORM OF TRANSFER

The instrument of transfer shall be in writing and all provisions of Section 108 of the Companies Act, 1956 and statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof.

NOTICE TO TRANSFEREE AND TRANSFEROR OF REFUSAL TO TRANSFER SHARES

If the Board of Directors refuse to register a transfer of any shares, they shall within two months after the date on which the transfer was lodged with the Company send to the transferee and the transferor notice of the refusal.

NO TRANSFER TO A MINOR, ETC.

No transfer shall be made to a minor or person of unsound mind.

TRANSFER TO BE PRESENTED WITH EVIDENCE OF TITLE

Every instrument of transfer shall be presented to the Company duly stamped for registration accompanied by the certificate or certificates of the shares to be transferred and such other evidence, as the board may require to prove the title of the transferor, his right to transfer the shares and generally under the subject to such conditions and regulations as the Board of Directors shall from time to time prescribe and every registered instrument of transfer shall remain in the custody of the Company until destroyed by order of the Board of directors. But any instrument of transfer which the board of Directors may decline to register shall, on demand, be returned to the person depositing the same.

TRANSFER BOOKS WHEN CLOSED

The Board of Directors shall have power on giving not less than seven days' previous notice by advertisement in some newspaper circulating in the city of Mumbai to close the transfer books, the Register of Members and/ or the Register of Debenture holders at such time or times and for such period or periods, not exceeding thirty days at a time and not exceeding in the aggregate forty-five days in each year, as the Board may deem expedient.

SHARE OF DECEASED MEMBER

The executors or administrators of a deceased member shall be the only persons recognised by the Company as having any title to his share except in cases of joint holders, in which case the surviving holder or holders or the executors or administrators of the last surviving holder shall be the only person entitled to be so recognised; but nothing herein contained shall release the estate of a deceased joint holder from any liability in respect of any share jointly held by him. The Company shall not be bound to recognise such executor or administrator unless he shall have obtained probate or letters of administration or other legal representation, as the case may be, from a duly constituted Court in India to grant such probate or letters of administration. Provided nevertheless that in cases, which the Board in its discretion consider to be special cases and in such only, it shall be lawful for the Board of Directors to dispense with the production of probate or letters of administration or such other legal representation upon such terms as to indemnity or otherwise as the Board of Directors may deem fit. The holder of a succession certificate relating to the share of a deceased member and operative in the State of Maharashtra shall be deemed to be an administrator for the purposes of this clause.

REGISTRATION OF PERSONS ENTITLED TO SHARES OTHERWISE THAN BY TRANSFER (TRANSMISSION CLAUSE)

Any person becoming entitled to shares in consequence of the death, lunacy, bankruptcy or insolvency of any member, or by any lawful means other than by a transfer in accordance with these present, may, with the consent of the Board of Directors (which the Board shall not be under any obligation to give), upon producing such evidence that he sustains the character in respect of which he proposes to act under the Article, or of his title, as the Board of Directors think sufficient, be registered as a member in respect of such shares, or may, subject to the regulations as a transfers hereinabove contained transfer such shares. This clause is hereinafter referred to as “the transmission clause”.

COMPANY NOT LIABLE FOR DISREGARD OF A NOTICE PROHIBITING REGISTRATION OF A TRANSFER

The Company shall incur no liability or responsibility whatever in consequence of its registering or giving effect to any transfer of shares, made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register) to the prejudice of persons having or claiming any equitable right, title, or interest to or in the said shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer and may have entered such notice or referred thereto in any book of the Company, and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right, title or interest, or be under any liability whatsoever for refusing or neglecting so to do, notwithstanding that the notice may have been entered in or referred to in some book of the Company, but the Company shall nevertheless, be at liberty to regard and attend to any such notice, and give effect thereto if the Board of Directors shall so think fit.

REFUSAL TO TRANSFER

The provisions of Section 111 of the Companies Act, 1956, regarding powers to refuse Registration of Transfer and appeal against such refusal should be adhered to. Provided that registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or

persons indebted to the Company on any account whatsoever except when the company has a lien on the shares. Transfer of shares/debentures in whatever lot shall not be refused.

NO FEE ON TRANSFER AND TRANSMISSION

No fee shall be charged or registration of transfer, transmission, Probate, Succession Certificate and Letters of administration, Certificate of Death or Marriage, Power of Attorney or similar other document.

DEMATERIALISATION OF SECURITIES

(i) For the purpose of this Article:

'Beneficial Owner' means a person or persons whose name is recorded as such with a depository;

'SEBI' means the Securities and Exchange Board of India;

'Depository' means a company formed and registered under the Companies Act, 1956, and which has been granted a certificate of registration to act as a depository under the Securities and Exchange Board of India Act, 1992; and

'Security' means such security as may be specified by SEBI from time to time.

(ii)Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the Depositories Act, 1996.

(iii) Every person subscribing to securities offered by the Company shall have the option to receive security certificates or to hold the securities with a depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by the law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required Certificates of Securities.

If a person opts to hold his security with a depository, the Company shall intimate such depository the details of allotment of the security, and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the security.

(iv) All securities held by a depository shall be dematerialised and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 1817B, 187C and 372 of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.

(v) (a) Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be a registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner.

(b)Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.

(c)Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a depository.

(vi) Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs.

(vii) Nothing contained in Section 108 of the Act or these Articles shall apply to transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.

(viii) Notwithstanding anything in the Act or these Articles, where securities are dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.
(ix) Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a depository.
(x)The Register and Index of beneficial owners maintained by a depository under the Depositories Act, 1996, shall be deemed to be the Register and Index of Members and Security holders for the purposes of these Articles.

BORROWING POWERS

POWER TO BORROW
Subject to the provisions of Section 292 and 293 of the Act, the Board of Directors may from time to time at its discretion by a resolution passed at a meeting of the Board, accept deposits from members, either in advance of calls or otherwise and may generally raise or borrow or secure the payment of any sum or sums of money for the Company. Provided, however, where the moneys to be borrowed together with the moneys already borrowed (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate of the paid-up capital of the Company and its free reserves (not being reserves set apart for any specific purpose) the Board of Directors shall not borrow such moneys without the consent of the Company in general meeting.

THE PAYMENT OR RE-PAYMENT OF MONEYS BORROWED
The payment or re-payment of moneys borrowed aforesaid may be secured in such manner and upon such terms and conditions in all respects as the Board of Directors may think fit, and, in particular, pursuant to a resolution passed at a meeting of the Board (and not passed by circular), by the issue of debentures or debenture stock of the Company, charged upon all or any part of the property of the Company (both present and future), including its uncalled capital for the time being.

MEETING OF MEMBERS

ANNUAL OR ORDINARY GENERAL MEETING
The Annual General Meeting shall be held in accordance with Section 166 of the Act and shall be called for a time during business hours, on a day that is not a public holiday and shall be held either at the Registered Office of the Company or at some other place within the city of Mumbai as the Board of Directors may determine and the notices calling the meeting shall specify it as the Annual General Meeting.

RIGHT TO ATTEND GENERAL MEETINGS
Every member of the Company shall be entitled to attend every general meeting either in person or by proxy, and the Auditor of the Company shall have the right to attend and to be heard at any general meeting on any part of the business which concerns him as Auditor.

NOTICE OF MEETING

A general meeting of the Company may be called by giving not less than twenty one days' notice in writing. However, a general meeting may be called after giving a shorter notice than of twenty one days, if consent is accorded thereto:-

(a) in the case of an Annual General Meeting, by all the members entitled to vote thereat; and
(b) in the case of any other meeting, by members of the Company holding not less than ninety five per cent of such part of the paid up share capital of the Company as gives them a right to vote at that meeting.

Provided that where any members of the Company are entitled to vote only on some resolution or resolutions to be passed at the meeting and not of the others, those members shall be taken into account for the purpose of this Article in respect of the former resolution or resolutions but not in respect of the latter.

OMISSION TO GIVE NOTICE NOT TO INVALIDATE MEETING
The accidental omission to give notice of any meetings to or the non receipt of any notice by any member or other person to whom it should be given shall not invalidate the proceedings at the meeting.

RESOLUTIONS REQUIRING SPECIAL NOTICE
Where by any provision contained in the Act or in these Articles, special notice is required of any resolution, notice in respect of the same shall be given to the Company and by the Company as provided in Section 190 of the Act.

VOTES OF MEMBERS

VOTES MAY BE GIVEN BY PROXY OR ATTORNEY
Subject to the provisions of the Act and these Articles, votes may be given either personally or by an attorney or by proxy or in the case of a body corporate also by a representative duly authorised under Section 187 of the Act.

NUMBERS OF VOTES TO WHICH MEMBERS ARE ENTITLED
Subject to the provisions of the Act and these Articles upon a show of hands every member entitled to vote and present in person (including a body corporate present by a representative duly authorised in accordance with the provisions of Section 187 of the Act and these Article) or by attorney shall have one vote.

NO VOTING BY PROXY ON SHOW OF HANDS
No member not personally present shall be entitled to vote on a show of hands unless such member is present by attorney or unless such member is a body corporate present by a representative duly authorised under Section 187 of the Act in which case such attorney or representative may vote on a show of hands as if he were a member of the Company.

NO VOTING BY PROXY ON SHOW OF HANDS
No member not personally present shall be entitled to vote on a show of hands unless such member is present by attorney or unless such member is a

body corporate present by a representative duly authorised under Section 187 of the Act in which case such attorney or representative may vote on a show of hands as if he were a member of the Company.

INSTRUMENT APPOINTING PROXY TO BE DEPOSITED AT OFFICE

The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Registered Office of the Company not less than forty-eight hours before the time for holding the meeting at which the person named in the instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid.

DIRECTORS

NUMBER OF DIRECTORS

Until otherwise determined in a General Meeting of the Company and subject to the provisions of Section 252 of the Act, the number of Directors of the Company (excluding Alternate Directors) shall not be less than three or more than twelve.

ROTATION DIRECTORS OF THE COMPANY

Retirement of Directors by Rotation shall be as per the provision of the Act.

DEBENTURE DIRECTOR

Any trust deed securing and covering the issue of debentures of the Company may provide for the appointment of a Director (in these presents referred to as "the Debenture Director") for and on behalf of the debenture holders for such period as is therein provided not exceeding the period for which the debentures or any of them shall remain outstanding and for the removal from office of such Debenture Director and on a vacancy being caused whether by resignation, death, removal or otherwise, for appointment of a Debenture Director in the vacant place.

APPOINTMENT OF ALTERNATE DIRECTOR

The Board of Directors of the Company may appoint an alternate Director to act for a Director (hereinafter called "the original Director") during his absence for a period of not less than three months from the State of Maharashtra and such appointment shall have effect and such the appointee, whilst he holds offices as an Alternate Directors shall be entitled to notice of meetings of the Directors and to attend and vote thereat accordingly. An alternate Director appointed under this Article shall not hold office as such for a period longer than that permissible to the original Director in whose place he has been appointed and shall vacate office if and when the original Director returns to the State of Maharashtra. If the term of office of the original Director is determined before he so returns to the State of Maharashtra, any provision in the Act or in these Articles for the automatic reappointment of retiring Directors in default of another appointment shall apply to the original Director and not to the alternate Director.

QUALIFICATION OF DIRECTORS

A Director of the Company shall not be required to hold qualification shares.

ROTATION OF DIRECTORS

RETIREMENT OF DIRECTORS BY ROTATIONS

At every Annual General Meeting of the Company one-third of such of the Directors for the time being as are liable to retire by rotation in accordance with the provisions of Section 255 & 256 of the Act or these Articles or if their number is not three or a multiple of three, the number nearest to one-third shall retire from office.

THE SEAL, ITS CUSTODY AND USE

The Board shall provide a Common Seal for the purpose of the Company, shall have powers from time to time to destroy the same and substitute a new Seal in lieu thereof, shall provide for the safe custody of the Seal for the time being, and the Seal shall never be used except by the authority of the Board or Committee of the Board, previously given.

The Company shall also be at liberty to have an official Seal in accordance with Section 50 of the Act, for use in any territory, district or place outside India.

DEEDS HOW EXECUTED

Every deed or other instrument, to which the Seal of the Company is required to be affixed, shall be signed by One Director and the Secretary or some other person appointed by the Board for the purpose provided that in respect of the Share Certificate the Seal shall be affixed in accordance with the Companies (Issue of Share Certificates) Rules, 1960.

DIVIDENDS

DIVIDEND

The profits of the Company subject to any special rights relating thereto created or authorised to be created by the Memorandum or these Articles and subject to the provisions of these Articles shall be divisible among the members in proportion to the amount of capital paid up on the shares held by them respectively.

Provided always that (subject as aforesaid) any capital paid up on a share during the period in respect of which a dividend is declared shall, unless the Directors otherwise determine, only entitle and shall be deemed always to have only entitled, the holder of such share to an apportioned amount of such dividend as from the date of payment.

UNPAID AND UNCLAIMED DIVIDENDS

Where the Company has declared a dividend but which has not been paid or the dividend warrant in respect thereof has been posted within 42 days from the date of declaration to any shareholder entitled to the payment of the dividend, the Company shall within 7 days from the date of expiry of the said period of 42 days, open a special account in that behalf in any scheduled bank called "Unpaid Dividend of Brandhouse Retails Limited" and transfer to the said account, the total amount of dividend which remains unpaid or in relation to which no dividend warrant has been posted.

Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of three years from the date of such transfer, shall be transferred by the Company to the Investor Education and Protection Fund established by the Central Government. A claim to any money so transferred to the above fund may be preferred to the Central Government/Committee appointed by the Central Government by the shareholders to whom the money is due.

No unclaimed or unpaid dividend shall be forfeited by the Board.

INDEMNITY

INDEMNITY

Subject to the provisions of Section 201 of the Act, every Director, Manager and other officer or servant of the Company shall be indemnified by the Company against, and it shall be the duty of Directors, out of the funds of the Company, to pay all costs, losses and expenses which any such officer or servant may incur or become liable to by reason of any contract entered into or act or thing done by him as such officer or servant or in any way in the discharge of his duties including expenses, and in particular, and so as not to limit the generality of the foregoing provisions, against all liabilities incurred by him as such Director, Manager, officer or servant in defending any proceedings, whether civil or criminal, in which judgement is given in his favour or he is acquitted, or in connection with any application under Section 633 of the Act in which relief is granted by the Court, and the amount for which such indemnity is provided shall immediately attach as a lien on the property of the Company.

INDIVIDUAL RESPONSIBILITY OF DIRECTORS

Subject to the provisions of Section 201 of the Act, no Director, Manager or other officer of the Company shall be liable for the acts, receipts, neglects of any other Director or officer or for joining in any receipt or other act for conformity or for any loss or expense happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortuous act of any person with whom any moneys, securities, or effects shall be deposited or for any loss occasioned by an error of judgement, omission, default or oversight on his part, or for any other loss, damage or misfortunes whatever which shall happen in the execution of the duties of his office or in relation thereto unless the same happen through his own dishonesty.

SECRECY CLAUSE

SECRECY CLAUSE

No member shall be entitled to visit or Inspect any Works of the Company without the permission of the Directors or to require discovery of or any information respecting any detail of the Company's trading, or any matter which is or may be in the nature of a trade secret, mystery of trade, secret

process, or any other matter which may relate to the conduct of the business of the Company, and which in the opinion of the Directors it would be inexpedient in the interest of the Company to disclose.

XVIII. MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Information Memorandum) which are or may be deemed material have been entered or to be entered into by our Company. The material documents and also the documents for inspection referred to hereunder, may be inspected at the registered office of our Company from 10.00 am to 4.00 pm on working days from the date of this Information Memorandum until listing

Documents for Inspection:

1. Memorandum and Articles of Association, as amended till date.
2. Certification of incorporation & other certificates.
3. Report of the statutory Auditors of BRANDHOUSE RETAILS LIMITED dated June 17, 2008 and mentioned in this Information Memorandum.
4. Statement of Tax Benefits issued by Haribhakti & Associates, Chartered Accountants, Auditors of the company vide their letter dated June 6, 2008.
5. Scheme of Arrangement sanctioned by the Hon' able High Court of Judicature at Bombay vide its order dated February 22, 2008.
6. ROC filing of the Scheme as on March 05, 2008.
7. Letters of approval from BSE and NSE dated November 13, 2007 and December 03, 2007 respectively, conveying their 'No Objection' to the Scheme under Clause 24(f) of the Listing Agreement.
8. Tripartite Agreement between the Company, the RTA and NSDL dated April 24, 2008.
9. Tripartite Agreement between the Company, the RTA and CDSL dated April 23, 2008.
10. Letter no. CFD/DIL/NB/VB/152132/2009 dated January 29, 2009 granting permission by SEBI for Relaxation of the Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957 vide its letter dated January 29, 2009
11. Letter received from RBI for allotment to FIIs upto 24% of the paid-up share capital of the company dated June 13, 2008.

XIX. DECLARATION

To the best of knowledge and belief of the Board of Directors of the company, all statements made in this Information Memorandum are true and correct.

BY ORDER OF THE BOARD
FOR BRANDHOUSE RETAILS LIMITED

PULAK BANERJEE
COMPANY SECRETARY AND COMPLIANCE OFFICER

Date: March 09, 2009
Place: Mumbai