

BRANDHOUSE

R E T A I L S

BRANDHOUSE RETAILS LIMITED
SEVENTH ANNUAL REPORT 2010-11



BOARD OF DIRECTORS

Nitin S. Kasliwal	- Chairman & Managing Director
Jyoti N. Kasliwal	
Dr. A. C. Shah	
Anish Modi	- Nominee of India Debt Management Private Limited
Denys Firth	- Nominee of India Debt Management Private Limited
Dara D. Avari	
Alexander Shaik	- Alternate to Mr. Denys Firth

COMPANY SECRETARY & COMPLIANCE OFFICER

Pulak Banerjee

AUDITORS

M/s. Haribhakti & Co., Chartered Accountants

M/s. Malpani & Associates, Chartered Accountants

REGISTRAR & TRANSFER AGENT

Datamatics Financial Services Limited

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

Marol, Andheri (E), Mumbai - 400 093

Website: <http://dfssl.com>

REGISTERED OFFICE

B-2, 5th Floor, Marathon NextGen,

Off G. K. Marg, Lower Parel,

Mumbai – 400 013

Website: <http://brandhouseretails.com>

Email: bhrlinvestors@sknl.co.in

BANKERS

Bank of India

IDBI Bank Limited

Union Bank of India

Central Bank of India

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NOTICE

NOTICE is hereby given that the Seventh Annual General Meeting of the members of BRANDHOUSE RETAILS LIMITED will be held on Wednesday, September 28, 2011 at 4:30 p.m. at Walchand Hirachand Hall, Indian Merchants' Chamber Building, IMC Marg, Near Churchgate Station, Churchgate, Mumbai – 400 020 to transact the following business:

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 2011 and the Balance Sheet as at that date together with the Report of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mrs. Jyoti N. Kasliwal, who retires by rotation, and being eligible, offers herself for re-appointment.
3. To appoint a Director in place of Dr. A.C. Shah, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint Statutory Auditors and fix their remuneration.

BY ORDER OF THE BOARD
FOR BRANDHOUSE RETAILS LIMITED

PULAK BANERJEE
COMPANY SECRETARY

Place : Mumbai

Date : 30th May, 2011

NOTES:

1. A member entitled to attend and vote at the Annual General Meeting ("the Meeting") is entitled to appoint a proxy to attend and vote on a poll in his place and the proxy need not be a member of the Company. The duly executed instrument appointing the proxy should, however, be deposited at the Registered Office of the Company not less than 48 (forty-eight) hours before the commencement of the Meeting.
2. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send a certified copy of the Resolution of the Board of Directors authorising such representative to attend and vote on their behalf at the Meeting.
3. Members are requested to bring their Attendance Slips along with copy of the Annual Report to the Meeting.
4. Members who hold shares in dematerialised form are requested to write their DP and Client ID and those who hold shares in physical form are requested to write their Folio Numbers in the attendance slip for attending the Meeting.
5. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
6. In terms of Section 255 and 256 of the Companies Act, 1956 and the Articles of Association of the Company, Mrs. Jyoti N. Kasliwal and Dr. A. C. Shah, Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. Brief details of these Directors including their directorships in other companies and memberships/chairmanships of the Board Committees are provided hereunder as Annexure to this Notice.

7. The Register of Members and Transfer Books of the Company shall remain closed from Thursday, 22nd September, 2011 to Wednesday, 28th September, 2011 (both days inclusive) for the purpose of the Meeting.
8. Members holding shares in physical form in multiple folios with identical names or joint accounts in the same order of names are requested to send the share certificates to the Company's Registrar and Transfer Agents, M/s. Datamatics Financial Services Limited, for consolidation into a single folio.
9. Members who hold shares in dematerialised form are requested to inform to their Depository Participants and those who hold shares in physical form are requested to inform the Company's Registrar and Transfer Agents, M/s. Datamatics Financial Services Limited immediately of the details of their e-mail addresses and changes to the same, if any.
10. Non-Resident Indian Members are requested to inform the Company's Registrar and Transfer Agents, M/s. Datamatics Financial Services Limited, immediately of:
 - a) Change in their Residential status on return to India for permanent settlement.
 - b) Particulars of their Bank Account maintained in India with complete name, branch, account type, account number and address of the Bank with Pin Code Number, if not furnished earlier.

Annexure to the Notice convening Seventh Annual General Meeting

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

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

DIRECTORS' REPORT

Dear Shareholders,

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

FINANCIAL HIGHLIGHTS

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

YEAR IN RETROSPECT

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

DIVIDEND

Your Directors do not recommend payment of dividend on equity capital for the year ended 31st March, 2011 in order to build up reserves for future development and growth.

DEPOSITORY SYSTEM

As the members are aware, your Company's shares are compulsorily tradeable in electronic form. As on 31st March, 2011, 87.91% of the Company's total paid up capital representing 4,71,19,934 shares were in dematerialised form. In view of the numerous advantages offered by the Depository system, members holding shares in physical mode are advised to avail of the facility of dematerialisation with either of the Depositories.

OPERATING RESULTS AND BUSINESS

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

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

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

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

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

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

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

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

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and Article 130 of the Articles of Association of the company, Mrs. Jyoti N. Kasliwal and Dr. A. C. Shah retire by rotation and being eligible, offer themselves for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

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

1. that in the preparation of the Annual accounts for the year ended on 31st March, 2011 the applicable accounting standards have been followed along with proper explanations relating to material departures, if any;
2. that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of profit of the company for the year.

3. that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and preventing and detecting fraud and other irregularities; and
4. that the Directors have prepared the annual accounts for the year ended on 31st March, 2011 on a going concern basis.

DEPOSITS

Fixed deposits received from shareholders and public stood at NIL as on 31st March, 2011 (previous year Rs. NIL). The company does not have any fixed deposit scheme.

PARTICULARS OF EMPLOYEES

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

CORPORATE GOVERNANCE

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

PROMOTER GROUP COMPANIES

As required under Clause 3(1)(e) of the Securities and Exchange Board of India (Substantial Acquisition of shares and Takeover) Regulations, 1997, persons constituting Group for the purpose of availing exemption from applicability of the provisions of Regulation 10 to 12 of the aforesaid SEBI Regulations are given in Annexure attached herewith and the said Annexure forms part of this Annual Report.

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

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

During the year under review, the expenditure of your company in foreign exchange was Rs. 129.59 Lacs (Previous year Rs. 53.95 Lacs) and there was no earning in foreign exchange (Previous year NIL).

CONSOLIDATION OF ACCOUNTS

As required by Accounting Standards AS-21 and AS-23 issued by the Institute of Chartered Accountants of India (ICAI), the Audited Consolidated Financial Statements reflecting the consolidation of the Accounts of your Company with its subsidiary are annexed to this Annual Report.

AUDITORS

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

ACKNOWLEDGEMENT

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

ON BEHALF OF THE BOARD

NITIN S. KASLIWAL
CHAIRMAN & MANAGING DIRECTOR

Place : Mumbai

Date: 30th May, 2011

ANNEXURE TO THE DIRECTORS' REPORT

Persons forming part of "Group" in terms of Regulation 3(1)(e) of the Securities & Exchange Board of India (Substantial Acquisitions of Shares and Takeovers) Regulations, 1997 for availing exemption from applicability of the provisions of regulation 10, 11 and 12 of the said Regulations are mentioned herein below:

- | | |
|--|--|
| 1. Mr. Nitin S. Kasliwal | 23. SKNL International B.V. |
| 2. Mrs. Jyoti N. Kasliwal | 24. SKNL Europe B.V. |
| 3. Ms. Anjani N. Kasliwal | 25. SKNL Italy S.p.A. |
| 4. Mr. Kartikeya N. Kasliwal | 26. SKNL Global Holdings B.V. |
| 5. Brandhouse Oviessa Limited | 27. Leggiuno S.p.A. |
| 6. S. Kumars Nationwide Limited | 28. SKNL North America B.V. |
| 7. Reid & Taylor (India) Limited | 29. N' Essence Holdings Limited |
| 8. Belmonte Retails Limited | 30. S. Kumars (U.K.) Limited |
| 9. S. Kumars Enterprises (Synfabs) Limited | 31. Remala Trading B.V. |
| 10. S. Kumars Textiles Limited | 32. Copley Corp |
| 11. Sansar Exim Private Limited | 33. HMX Poland sp. Z.o.o |
| 12. Anjaneya Holdings Private Limited | 34. HMX Acquisition Corp. |
| 13. Ingenious Finance & Investment Private Limited | 35. HMX Des Plaines LLC. |
| 14. Verve Properties & Investments Private Limited | 36. Quartet Real Estate LLC. |
| 15. Natty Finance & Investment Private Limited | 37. HMX LLC. |
| 16. Tulja Enterprises Private Limited | 38. HMX, DTC Co. |
| 17. Chamundeshwari Mercantile Private Limited | 39. Marling & Evans Limited |
| 18. Maverick Mercantile Private Limited | 40. Global Apparel (US) Limited |
| 19. S.K. Worsteds Private Limited | 41. Global Apparel (France) Limited |
| 20. Anjaneya Foundation | 42. Global Apparel (Hong Kong) Limited |
| 21. SKNL Foundation | 43. 7172931 Canada Limited |
| 22. Rosewood Holdings Pvt. Limited | |

MANAGEMENT DISCUSSION & ANALYSIS

ECONOMIC OVERVIEW

India has sustained its economic growth and maintained its position as one of the better performing economies world wide with a robust growth in Gross Domestic Product (GDP) of 8.6% during 2010-11, after remaining relatively unscathed by the global financial crisis in 2008-09. The growth was driven by the inherent strength of the country's domestic demand, complemented by well formulated monetary policies of the Reserve Bank of India and the fiscal stimulus provided by the Government of India. Large investment plans by the Government of India across various sectors, rising per capita income and increase in rural and urban spending is expected to further accelerate economic growth in the coming years.

Going forward, the Indian economy is expected to experience moderate GDP growth, which may be a percentage point lesser than in financial year 2010-11, with the fundamentals remaining strong. Apprehensions on the inflation front will persist over the next few months and will pose a major challenge to the policy-makers as inflation continues to remain above the comfort level. With commodity prices, and in particular, crude oil prices remaining at elevated levels, the inflation dynamics for financial year 2011-12 seem to be more adverse than was expected earlier.

However, it is expected that strong demand, robust consumption and higher savings and investment rates would help the country achieve the projected GDP growth rate of 8% during the financial year 2011-12.

INDIAN RETAIL SECTOR

The Indian Retail Industry is one of the largest among the industries, accounting for over 10 per cent of the country's GDP and around 8 per cent of the employment. The Industry has come forth as one of the most dynamic and fast paced industries with several players entering the market. But all of them have not yet tasted success because of the heavy initial investments that are required to break even. The Indian Retail Industry is gradually inching its way towards becoming the next boom industry.

The total concept and idea of shopping has undergone a change in terms of format and consumer buying behaviour, ushering in a revolution in shopping in India. Modern retailing has entered into the retail market in India as is observed in the form of bustling shopping centers, multi-storied malls and the huge complexes that offer shopping, entertainment and food all under one roof.

The growth pattern in organised retailing and in the consumption made by the Indian population will follow a rising graph helping the newer businessmen to enter the Indian Retail Industry.

In India, the vast middle class and its almost untapped retail industry are the key attractive forces for global retail giants wanting to enter into newer markets, which in turn will help the Indian Retail Industry to grow faster. Indian retail is expected to grow 25 per cent annually. Modern retail in India could be worth US\$ 175-200 billion by 2016. The future of the Indian Retail Industry looks promising with the growing of the market, with the government policies becoming more favourable and the emerging technologies facilitating operations.

OPPORTUNITIES, GROWTH, THREATS AND CHALLENGES

The Indian retailing sector is at an inflexion point where the growth of organised retailing and growth in the consumption by the Indian population is going to take a higher growth trajectory. The Indian population is witnessing a significant change in its demographics. A large young working population with median age of 24 years, nuclear families in urban areas, along with increasing population of working women and emerging opportunities in the services sector are going to be the key growth drivers of the organised retail sector in India.

The present global economic scenario throws up opportunities for your Company. The inherent strength, in the form of strong domain expertise, powerful brand positioning and strength and resilience of the brands, combined with the deep retail market penetration, growth potential of the Tier 3, 4 and 5 towns provide a highly potent platform to seize opportunities in the form of newer markets, new segments of customers, new channels of distribution etc.

On the other hand, value buying by consumers, sharp increase in raw material prices, continued weakness in developed geographies, prospect of higher domestic inflation, fiscal tightening, proposed imposition of mandatory levy on branded garments and interest rates are some of the challenges facing the Textile Industry at large.

Notwithstanding signs of recovery from the previous financial crisis, the textile and apparel industry went through a tough year struggling with the surging and fluctuating prices of raw materials. However, the Government is making efforts in boosting the textile industry through various initiatives and investments are increasing steadily. The ministry of Textiles has sanctioned a total of US\$ 133 million under Technology Upgradation Fund Schemes (TUFS) during September 2010. The industry is expected to continue to grow at a significant rate in the future as it is fuelled by a strong domestic consumption.

Retail and Real estate are the two booming sectors of India in the present times. And if industry experts are to be believed, the prospects of both the sectors are mutually dependent on each other. Retail, one of India's largest industries, has presently emerged as the most dynamic and fast paced industry of our times with several players entering the market.

Further, Retailing has seen such a transformation over the past decade that its very definition has undergone a sea change. No longer can a manufacturer rely on sales to take place by ensuring mere availability of his product. Today, retailing is about so much more than mere merchandising. It is about casting customers in a story, reflecting their desires and aspirations and forging long-lasting relationships. As the Indian consumer evolves, he expects more and more at each and every time when he steps into a store. Retail today has changed from selling a product or a service to selling a hope, an aspiration and above all an experience that a consumer would like to repeat.

India is being seen as a potential goldmine for retail investors from over the world and latest research has rated India as the top destination for retailers for an attractive emerging retail market. India's vast middle class and its almost untapped retail industry are key attractions for global retail giants wanting to enter newer markets. Even though India has well over 5 million retail outlets, the country sorely lacks anything that can resemble a retailing industry in the modern sense of the term. This presents international retailing specialists with a great opportunity. The organised retail sector is expected to grow stronger than GDP growth in the next five years driven by changing lifestyles, burgeoning income and favourable demographic outline.

While India presents a large market opportunity given the number and increasing purchasing power of consumers, there are significant challenges as well given that over 90% of trade is conducted through independent local stores. Challenges include: Geographically dispersed population, small ticket sizes, complex distribution network, little use of IT systems, limitations of mass media and existence of counterfeit goods.

COMPANY'S RETAIL BUSINESS

REID & TAYLOR

Reid & Taylor (R&T) is Company's brand offering in the premium suiting and garment segment. R&T has approximately 24% of the market share for worsted suiting and fabrics and is rated amongst the top two brands for premium clothing.

STEPHENS BROTHERS

Stephens Brothers (SB) is Company's brand offering in the Super-Premium brand segment. SB is an English brand that offers a wide range of business attire designed to perfection both for ladies and gentlemen.

BELMONTE

Belmonte is Company's brand offering in the mid premium segment that offers fabrics as well as garments retailed by the Company through a pan-India network. Belmonte offers fabric, suiting and ready to wear clothing and is a brand ideal for consumers who are both fashion and value conscious.

CARMICHAEL HOUSE

Carmichael House is the brand that offers premium and mid-premium home textiles by S. Kumars Nationwide Limited. The objective of the brand is to provide home makers an array of choices in the home linen category. It offers a complete range of high quality home textiles including bed linen, towels, duvet covers and upholstery.

DUNHILL

Dunhill is the offering by the Company in men's luxury brand segment which is synonymous with the 'pursuit of male indulgence'. Dunhill is a complete men's luxury brand specializing in clothes, luxury leather goods, writing implements, lighters, timepieces, fragrances and watches.

OVIESSE JOINT VENTURE

Brandhouse Oviessa Limited (BOL), incorporated as Company's Joint Venture with Oviessa S.p.A. Italy, under a Joint Venture Agreement for setting up of the brand "Oviessa industry", Italy's number one fashion brand under single brand retail, commenced its business operations with opening of stores in Bangalore, Chennai, New Delhi and Mumbai offering quality fashionable apparel for men, women and kids at affordable prices under the brand "Oviessa industry" in terms of the Joint Venture Agreement, the Company holds 62.5% of the JV Company's equity while the remaining 37.5% is held by Oviessa S.p.A. The Joint Venture will, for the initial year, import the merchandise from Italy and thereafter will introduce local sourcing / manufacturing in a phased manner in order to minimize costs. However, even with local sourcing / manufacturing, the designing & styling will continue to be totally Italian.

OUTLOOK

The Company is well positioned to consistently grow and improve earnings. The optimism is driven by a robust store network, strategic expansion of new stores, presence across socio-economic segments and rising consumer appetite.

Increasing consumer sentiment provides the Company with greater confidence on achieving enhanced sales on the back of an overall improvement in the demand scenario. There is strong growth in demand expected in the tier-2 and 3 cities. The Company's resilient position in all socio-economic segments of the branded apparel space in the domestic market has been a major growth driver for the Company. Also the continued focus of the Company on overall cost rationalisation, better working capital rotation and enhanced same store sales have helped the Company deliver better results.

The Company is poised to take advantage of the continuing demand growth in the domestic retail segment on the back of a well-diversified set of brands and a planned expansion in store network.

RISKS & CONCERN

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 capitalise 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 the Company continues to innovate and catches up with the latest trends, there is a possibility that the popularity of its products will decline, resulting in decreased sales. Further, any slowdown or downturn in the Indian economy could adversely affect consumer spending which in turn is likely to directly impact its sales and results of operation.

Rent is one of the largest components in a retail business's fixed costs, and the case is no different for the Company.

Retail is currently not viewed as an industry in India. Hence there are certain levies / cascading effect of taxes on the business which are proving to be a large burden as there are no modes for the industry to recover or pass on these levies.

INTERNAL CONTROL SYSTEMS AND ADEQUACY

The Company is adhering to a system of internal controls for financial reporting of transactions and compliance with relevant laws and regulations commensurate with its size and nature of business. The Company also has a well-defined process for ongoing management reporting, and periodic review of businesses so as to ensure alignment with strategic objectives.

The internal audit function is carried out partly by internal resources and the balance activity is outsourced to Chartered Accountant firms. As part of the effort to evaluate the effectiveness of the internal control systems, the internal audit department reviews the control measures on a periodic basis and recommends improvements, wherever appropriate. The internal audit department is manned by qualified and experienced personnel and reports directly to the Audit Committee of the Board. The Audit Committee regularly reviews the audit findings as well as the adequacy and effectiveness of the internal control measures. Based on their recommendations, the Company has implemented a number of control measures both in operational and accounting related areas, apart from security related measures.

FINANCIAL PERFORMANCE ANALYSIS

REVENUES

In the Financial Year 2010-11 your Company's revenues grew 12.16% to Rs. 737.44 crore due to improved same store sales and better volumes achieved.

EXPENDITURE

Total expenditure during the period under review, excluding interest & depreciation, increased by 6.08% to Rs. 696.14 crore from Rs. 656.21 crore last year. As a natural effect of the Company's enhanced scale of operations, total expenditure has also increased.

During the year under review the Company successfully negotiated vastly competitive occupancy rates for its stores. The focus of the Company's scouting team is forever on further reducing cost on this parameter with a vision to control fixed operating cost for the Company.

EBIDTA

EBIDTA during the year stood at Rs. 59.64 crore as compared to Rs. 56.90 crore in the previous year. The sustenance of the EBIDTA is also reflective of the sound business model of the Company, the strength of its strategies and its partner brands.

The focus of your Company is now on escalating the network of the Company managed stores, with an understanding that the own store model has a superior EBIDTA, which going forward, ought to lead to further enhancement in EBIDTA performance.

INTEREST COST

Interest Cost for the financial year 2010-11 is higher at Rs. 28.31 crore as compared to Rs. 19.65 crore in the previous year. The increase in the interest cost is due to utilisation of the full cash credit facility availed by the Company during the year.

NET PROFIT

Net profit for the financial year 2010-11 rose by 24.12% to Rs. 20.12 crore in comparison to Rs. 16.21 crore translating to an EPS of Rs. 3.75.

CAUTIONARY STATEMENT

Statements made in this report in describing the Company's objectives, projections, estimates, expectations or predictions may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Forward-looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realised by the Company. Actual results could differ materially from those expressed in the statement or implied due to the influence of external and internal factors, which are beyond the control of the Company. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements on the basis of any subsequent developments, information or events.

REPORT ON CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company is committed to good Corporate Governance practices that serve and protect the short and long term interests of the stakeholders. It plays a vital role in overseeing the corporate practices adopted by the Company to bring out transparency, accountability and sound reporting.

The following report on the implementation of the Corporate Governance requirements under clause 49 of the Listing Agreement illustrates the efforts of the Company in having followed the Corporate Governance principles, both, in its letter and spirit.

COMPLIANCE WITH CLAUSE 49 OF THE LISTING AGREEMENT

The Company's Report on Corporate Governance under clause 49 of the Listing Agreement is as under:

1. BOARD OF DIRECTORS

A. Composition of the Board:

As on 31st March, 2011, the Company's Board comprised of six Directors (excluding the alternate director), of which three are Independent Directors, one Non-Executive Promoter Director, one Executive Promoter Director and one Non-Executive Non-Independent Director. The composition of the Board given below is in conformity with clause 49 of the Listing Agreement.

Name of the Director	Designation	Promoter / Non-Promoter	Executive / Non-Executive	Independent / Non-Independent
Mr. Nitin S. Kasliwal*	Chairman & Managing Director	Promoter	Executive	Non-Independent
Mrs. Jyoti N. Kasliwal*	Director	Promoter	Non-Executive	Non-Independent
Dr. A. C. Shah	Director	Non-Promoter	Non-Executive	Independent
Mr. Anish Modi	Nominee Director**	Non-Promoter	Non-Executive	Independent
Mr. Denys Firth	Nominee Director**	Non-Promoter	Non-Executive	Independent
Mr. Dara D. Avari	Director	Non-Promoter	Non-Executive	Non-Independent
Mr. Alexander Shaik	Alternate Director***	Non-Promoter	Non-Executive	Independent

*Promoter of the Company.

** Nominee of India Debt Management Private Limited.

*** Alternate to Mr. Denys Firth.

B. Number of Board Meetings:

The Board of Directors met four (4) times during the year on 28th May, 2010, 30th July, 2010, 29th October, 2010 and 27th January, 2011. The maximum time gap between any two consecutive Board Meetings did not exceed four months.

Attendance of the Directors and details of their Directorships and membership of Committees in other Companies:

Name of Director	Board Meetings Attended	Attendance in Last AGM held on 28 th September, 2010	No. of Directorships in other Public Limited Companies*	No. of Committees#	
				Chairman	Member
Mr. Nitin S. Kasliwal	3	Yes	3	-	-
Mrs. Jyoti N. Kasliwal	2	Yes	1	-	-
Dr. A. C. Shah	4	Yes	7	3	3
Mr. Anish Modi	3	Yes	3	-	4
Mr. Denys Firth	-	No	2	-	-
Mr. Dara D. Avari	4	Yes	2	-	4
Mr. Alexander Shaik**	1	No	2	-	-

* Excludes Private Companies, Foreign Companies and Section 25 Companies.

Committees include Audit Committee and Investors' Grievance Committee of the Board.

** Alternate to Mr. Denys Firth.

All the Directors have made necessary disclosures about the committee positions they occupy in other Companies.

The Company has not entered into any materially significant transaction during the year under review with Promoters, Directors, Senior Management Personnel etc. other than transactions, if any, entered into in the normal course of Company's business.

The Company's Board of Directors play primary role in ensuring good governance and functioning of the Company. The Board's role, functions, responsibility and accountability are clearly defined. All relevant information as specified in Annexure 1A to Clause 49 of the Listing Agreement is regularly placed before the Board. Agenda and Notes on Agenda are circulated to the Directors in advance of each meeting of the Board of Directors. Where it is not practical to attach or send the relevant information as part of agenda papers, the same are tabled at the meeting and the presentations are made to the Board. The Members of the Board have complete freedom to express their opinion and the decisions are taken after detailed discussions. *The Board is in the process of reviewing periodically the compliances of all laws, rules and regulations applicable to the Company.*

The Board meets at least once in a quarter to review the quarterly financial results and operations of the Company. Apart from the above, additional Board Meetings are convened by giving appropriate notice to address the specific needs of the Company.

In accordance with the provisions of the Companies Act, 1956 and Article 130 of the Articles of Association of the Company, Mrs. Jyoti N. Kasliwal and Dr. A.C. Shah retire by rotation and being eligible, offer themselves for re-appointment.

C. Code of Conduct:

The Company has laid down a Code of Conduct for all Board Members and Senior Management Personnel of the Company which is posted on the Company's website. All the Board members and Senior Management Personnel have affirmed compliance with the said Code of Conduct.

D. Code on Insider Trading:

The Company has framed a Code on Prevention of Insider Trading in accordance with the code prescribed under SEBI (Prohibition of Insider Trading) Regulations, 1992. The Code is applicable to all Directors, Senior Management and Designated Employees of the Company. By its terms, all Directors, Senior Management and Designated Employees are restricted from dealing in the shares of the Company during the restricted periods notified by the Company from time to time. In compliance with the provisions of the said Code, all Directors, Senior Management and Designated Employees of the Company have disclosed their dealings in the shares of the Company and obtained prior approval before dealing in shares, if any, in excess of the prescribed limits under the said Code. This includes disclosures regarding changes in their shareholdings during the financial year and position as at the end of the year.

2. AUDIT COMMITTEE

A. Composition of Audit Committee

The Company has an Audit Committee at the Board level, with the powers and the role that are in accordance with the Clause 49II (C) and (D) of the Listing Agreement and section 292A of the Companies Act, 1956, which acts as a link between the management, the Statutory and Internal Auditors and the Board of Directors and oversees the financial reporting process of the Company.

The Audit Committee of the Board of Directors of the Company comprises of three members of whom two are Independent. The members of the Audit Committee have knowledge on financial matters and have accounting or related financial management expertise. The Chairman of the Audit Committee is an Independent Director. The Statutory Auditors, Internal Auditors and head of the finance department of the Company are also invited to the Audit Committee Meetings.

The Company Secretary acts as the Secretary to the Audit Committee.

B. Meetings of Audit Committee

During the year under review, the Audit Committee met four (4) times on 28th May, 2010, 30th July, 2010, 29th October, 2010 and 27th January, 2011. The details of the composition and attendance by the Committee members are as follows:

Name of Director	Designation	Meetings Attended during the year
Dr. A. C. Shah	Chairman	4
Mr. Anish Modi	Member	3
Mr. Dara D. Avari	Member	4

As stipulated under clause 49 of the Listing Agreement, at each of the meetings of the Audit Committee, the requisite quorum of two members or one third of the members of the Audit Committee, whichever is greater, subject to a minimum of two independent members were present *except for the meeting of the Audit Committee held on 30th July, 2010 when only one Independent Director viz. Dr. A. C. Shah was present along with the non-independent member.*

The Chairman of the Audit Committee was present at the Sixth Annual General Meeting of the Company held on 28th September, 2010.

C. Terms of Reference

The terms of reference of the Audit Committee are in accordance with all the items listed in Clause 49 II (D) and (E) of the Listing Agreement as follows:

- a) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- b) Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the Statutory Auditor and the fixation of Audit Fees.
- c) Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors.
- d) Reviewing, with the management, the annual financial statements before submission to the Board for approval.
- e) Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
- f) Reviewing, with the management, performance of the Statutory and Internal Auditors, and adequacy of the internal control systems.
- g) Reviewing the adequacy of internal audit function, if any, including the structure of the Internal Audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of Internal Audit.
- h) Discussing and reviewing with the Internal Auditors any significant findings, its reporting to the Board and follow up there on.
- i) Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- j) Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- k) Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- l) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
- m) Reviewing significant related party transactions.

3. REMUNERATION COMMITTEE

The Remuneration Committee deals with the matters specified in Clause 49 of the Listing Agreement and also reviews the overall compensation structure and policies of the Company. The Remuneration Committee of the Board was constituted in the Board Meeting held on 17th June, 2008. The Chairman of the Remuneration Committee is an Independent Director. Since there was no change in the composition of the Board of Directors, more specifically of the Executive Directors, no meeting of the Remuneration Committee was required to be held during the year under reporting.

The Constitution of the Remuneration Committee is as under:

Name of Director	Designation
Dr. A. C. Shah	Chairman
Mr. Anish Modi	Member
Mr. Dara D. Avari	Member

Remuneration paid to the Directors:

- (A) The Non-Executive Directors of the Company do not draw any remuneration from the Company except sitting fees for the meetings of the Board of Directors, Audit Committee and Committee of Directors attended by them. Pursuant to a resolution passed by the Board of Directors at its meeting held on 27th January, 2011, the sitting fees payable to the Non-Executive Directors stand increased from Rs. 5,000/- to Rs. 20,000/- for each meeting of the Board of Directors, Audit Committee and Committee of Directors attended by them after 27th January, 2011.

The details of sitting fees paid to the Non-Executive directors for the financial year 2010-11 are as under:

Name of the Director	Sitting Fees for the Financial Year 2010-11			(In Rs.)
	Board Meeting	Audit Committee	Committee of Directors	Total
Mr. Nitin S. Kasliwal	N.A.	N. A.	N.A.	Nil
Mrs. Jyoti N. Kasliwal	10,000	N. A.	N.A.	10,000
Dr. A. C. Shah	20,000	20,000	10,000	50,000
Mr. Anish Modi	15,000	15,000	N.A.	30,000
Mr. Denys Firth	NIL	N. A.	N.A.	NIL
Mr. Dara D. Avari	20,000	20,000	10,000	50,000
Mr. Alexander Shaik*	5,000	N.A.	-	5,000

* Alternate to Mr. Denys Firth.

- (B) The details of remuneration paid to the executive directors for the financial year 2010-11 is as follows:

Name / Designation	Tenure of Office during the Financial Year	Salary	Perquisites incl contribution to Provident Fund	Incentives etc.	Total
Mr. Nitin S. Kasliwal, Chairman & Managing Director *	1st April, 2010 to 31st March, 2011	Nil	Nil	Nil	Nil

* Appointed as Managing Director of the Company from 30th January, 2010 to 29th January, 2013 without any remuneration.

The Notice Period for the Managing Director is two months.

The Company does not have a scheme for grant of Stock Options.

(C) Shareholding of the Directors in the Company as on 31st March, 2011

Name of Director	As on 31st March, 2011	
	Number of Shares	%
Nitin S. Kasliwal	296,490	0.55
Jyoti N. Kasliwal	292,932	0.55
Dr. A. C. Shah	100	0.00
Anish Modi	-	-
Denys Firth	-	-
Dara D. Avari	-	-
TOTAL	589,522	1.10

4. TRANSFER & SHAREHOLDERS'/INVESTORS' GRIEVANCES COMMITTEE

The Transfer & Shareholders'/Investors' Grievance Committee of the Board was constituted on 17th June, 2008 with the following terms of reference:

- Approving transfer(s), transmission(s) and transposition(s) of the shares held in physical form.
- Approving sub-division / consolidation of Share Certificates, subject to marketable lot size.
- Approving dematerialisation / rematerialisation requests.
- Redressing any other grievances / queries of the shareholders / investors not mentioned above which it may deem fit.
- Reviewing statutory compliances falling under shares related activities.

A total of 16 meetings of the Transfer & Shareholders'/Investors' Grievance Committee were held during the year under review.

The composition of the Committee and the number of meetings attended by the members are as follows:

Name of Director	Designation	Meetings Attended
Dr. A. C. Shah	Chairman	16
Mr. Dara D. Avari	Member	16

Mr. Pulak Banerjee, the Company Secretary is the Compliance Officer of the Company.

A total of 11 complaints were received during the financial year under reporting. All these complaints have been resolved to the satisfaction of complainants. No complaint was pending as on 31st March, 2011. No requests for transfers were pending for approval as on 31st March, 2011.

5. COMMITTEE OF DIRECTORS

A Committee of the Board of Directors of the Company was constituted at the meeting of the Board of Directors held on 30th January, 2010 with the first meeting of the Committee so constituted held during financial year 2010-11. The Committee meetings were held on 14th April, 2010 and 14th October, 2010. The details of the composition and attendance of the members of the Committee of Directors met during the year are as under:

Name of Director	Designation	Meetings Attended
Mr. Nitin S. Kasliwal	Chairman	2
Dr. A. C. Shah	Member	2
Mr. Dara D. Avari	Member	2

6. GENERAL BODY MEETINGS

Annual General Meetings

The details of the last three Annual General Meetings held are as follows:

Year	AGM	Date and Time of AGM	Venue
2007-2008	4th	17th June, 2008 at 3:00 p.m.	"Avadh" Avadhesh Parisar, Shree Ram Mills Premises, G. K. Marg, Worli, Mumbai – 400018
2008-2009	5th	24th September, 2009 at 4:30 p.m.	Walchand Hirachand Hall, Indian Merchants' Chamber Building, IMC Marg, Churchgate, Mumbai – 400020
2009-2010	6th	28th September, 2010 at 4:30 p.m.	Walchand Hirachand Hall, Indian Merchants' Chamber Building, IMC Marg, Churchgate, Mumbai – 400020

Special Resolutions passed in the last three Annual General Meetings are as follows:

AGM	AGM Date	Special Resolutions passed for:
4th	17th June, 2008	Revision in remuneration payable to Mrs. Jyoti N. Kasliwal, Executive Vice-Chairman Revision in remuneration payable to Mr. Tarun Joshi, Managing Director Revision in remuneration payable to Ms. Anjani N. Kasliwal, General Manager (Luxury Brands) pursuant to Section 314(1B) of the Companies Act, 1956
5th	24th September, 2009	Appointment of Mr. Kartikeya N. Kasliwal as General Manager (Retail Operations) pursuant to Section 314(1B) of the Companies Act, 1956 Keeping of the Statutory Registers, Documents and Papers at a place other than the Registered Office of the Company
6th	28th September, 2010	Appointment of Mr. Nitin S. Kasliwal as Managing Director, without any remuneration, for a period of three (3) years with effect from 30th January, 2010 pursuant to Sections 269 and 316 of the Companies Act, 1956

Extra Ordinary General Meetings

The details of the Extra-Ordinary General Meetings held during the last three financial years are as follows:

Year	Date and Time of EoGM	Venue
2007 – 2008	On 30th July, 2007 at 4:00 p.m.	"Avadh" Avadhesh Parisar, Shree Ram Mills Premises, G. K. Marg, Worli, Mumbai – 400 018
2008 – 2009	On 7th April, 2008 at 11:00 a.m.	"Avadh" Avadhesh Parisar, Shree Ram Mills Premises, G. K. Marg, Worli, Mumbai – 400 018
	On 26th May, 2008 at 4:00 p.m.	"Avadh" Avadhesh Parisar, Shree Ram Mills Premises, G. K. Marg, Worli, Mumbai – 400 018

Special Resolutions passed in the Extra-Ordinary General Meetings held during the last three financial years are as follows:

EoGM Date	Special Resolutions passed for:
30th July, 2007	Issue of Fifty Three lac fully paid equity shares of Rupees Ten each of the Company to Sansar Exim Private Limited
7th April, 2008	Increase in Authorised Capital of the Company from Rupees Twenty Five crore to Rupees Sixty crore Alteration to Articles of Association of the Company to amend Article "Authorised Capital" to give effect to the increase of Authorised Capital Appointment of Ms. Anjani N. Kasliwal as General Manager (Luxury Brands) pursuant to Section 314(1) of the Companies Act, 1956 Increase in Foreign Institutional Investors Investment limit, subject to the approval of regulatory authorities, to 49% of the paid-up share capital of the Company
26th May, 2008	Substitution of old Articles of Association by the new Articles of Association for complying with the listing requirements of the Stock Exchanges.

Postal Ballot

During the Financial Year under review, one Postal Ballot was conducted as per the following details:

Date of Notice	Brief details of the Resolutions passed	Type of Resolution	Result
27th January, 2011	Resolution for making investment(s) in securities of, making loan(s) and / or giving guarantee(s) / providing security for loan(s) / facilities extended to Brandhouse Oviessa Limited, subsidiary of the Company.	Special Resolution pursuant to section 372A of the Companies Act, 1956	The votes cast in favour of the Resolution were 99.79% as against 0.21% votes cast against the Resolution. The Resolution was accordingly passed by requisite majority.

Mr. P. N. Parikh of Parikh & Associates, Practising Company Secretaries at Mumbai as the Scrutinizer conducted the Postal Ballot processes in a fair and transparent manner.

None of the resolutions proposed for the ensuing Annual General Meeting is needed to be passed by postal ballot.

7. SUBSIDIARIES:

The Company has one subsidiary, namely Brandhouse Oviessa Limited, which is a Joint Venture Company of the Company and Oviessa S.p.A., Italy.

Details of Subsidiaries:

Name of the Subsidiary	Date of Incorporation	Shareholding as on 31st March, 2011
Brandhouse Oviessa Limited	29th July, 2009	62.5%

Material Non-Listed Indian Subsidiary: The revised Clause 49 defines a 'Material Non-Listed Indian Subsidiary' as an unlisted subsidiary, incorporated in India, whose turnover or net worth (i.e. paid-up capital and free reserves) exceeds 20% of the consolidated turnover or net worth respectively, of the listed holding Company and its subsidiaries in the immediately preceding accounting year. Therefore, the Company does not have any Material Non-Listed Indian Subsidiary.

The Subsidiary has commenced its operations during the Financial Year 2010-11 and the financial statements and minutes of the Board Meetings of the subsidiary are being placed from time to time before the meeting of the Board of Directors.

8. DISCLOSURES:

a) Disclosure regarding materially significant related party transaction

There are no materially significant related party transactions which have potential conflict with the interest of the Company at large. Transactions with related parties are disclosed separately under Notes to Accounts in this Annual Report.

b) Details of Non-Compliance of statutory provisions of capital market

The Company has complied with all statutory provisions of regulatory authorities. No penalties or strictures have been imposed on the Company by any Stock Exchange or SEBI or any other statutory authority on any matter related to capital market during the last three years.

c) Compliance of Clause 49 of the Listing Agreement

The Company has generally complied with the mandatory requirements of Clause 49 of the Listing Agreement subject to the statements made herein. Certification by CEO and CFO about the true & fairness of the accounts and financial statements of the Company for the year ended 31st March, 2011 has been duly received and was placed before the Board Meeting held on 30th May, 2011 for approving the accounts for the year ended on 31st March, 2011.

d) Risk Management

The Company has formulated a Risk Management Policy which was approved and made effective for the Company by the Directors by passing a circular resolution on 30th March, 2011.

e) Disclosure of relationship between Directors inter-se

Mr. Nitin S. Kasliwal and Mrs. Jyoti N. Kasliwal are husband and wife. No other Director is related to any other Director.

f) Management

The Management Discussion and Analysis Report forms part of this Annual Report.

Clause 49 of the Listing Agreement mandates to obtain a certificate from either the Auditors or Practicing Company Secretary regarding compliance of conditions of corporate governance stipulated in the clause and annex the certificate with the Directors' Report, which is sent annually to all the shareholders. The company has obtained a certificate from the Practicing Company Secretary to this effect and the same is given as an annexure to the Directors' Report.

g) Proceeds from Issues, if any

Not Applicable

9. MEANS OF COMMUNICATION

The Company has been promptly communicating any material developments in the Company to the shareholders.

During the year, the financial results of the Company were published as follows:

Period	Date of the Board Meeting	Date of publishing	Newspapers
Audited Financial Results for the Financial Year 2009-10	28th May, 2010	30th & 31st May, 2010	Respectively in The Free Press Journal & Navashakti
Unaudited Financial Results for the Quarter ended 30th June, 2010 (Q1)	30th July, 2010	01st August, 2010	The Free Press Journal & Navashakti
Unaudited Financial Results for the Half Year ended 30th September, 2010 (H1)	29th October, 2010	30th October, 2010	The Free Press Journal & Navashakti
Unaudited Financial Results for the Quarter ended 31st December, 2010 (Q3)	27th January, 2011	28th January, 2011	The Free Press Journal & Navashakti

All material information including financials, presentations, press releases, corporate updates, shareholders information promptly communicated to BSE, NSE is available on the respective websites of BSE and NSE and also on the website of the Company <http://brandhouseretails.com>.

10. GENERAL SHAREHOLDERS INFORMATION:

10.1 Annual General Meeting

Date, Time and Venue:

Wednesday, 28th September, 2011 at 4:30 p.m. at Walchand Hirachand Hall, Indian Merchants' Chamber Building, IMC Marg, Churchgate, Mumbai – 400020

10.2 Financial Year

1st April to 31st March

Financial Calendar during the Financial Year 2011-12 is as follows:

Board Meeting for considering Audited Financial Results for the Year ended 31st March, 2011	30th May, 2011
Financial Reporting for the Quarter ending on 30th June, 2011	By 14th August, 2011
Financial Reporting for the Quarter / Half year ending on 30th September, 2011	By 14th November, 2011
Financial Reporting for the Quarter / Nine months ending on 31st December, 2011	By 14th February, 2012
Financial Reporting for the Quarter / Year ending on 31st March, 2012 (Audited Results)	By 30th May, 2012

10.3 Date of Book Closure

Thursday, 22nd September, 2011 to Wednesday, 28th September, 2011 (both days inclusive)

10.4 Dividend Payment Date

The Company has not declared / proposed any interim / final dividend for the financial year ended on 31st March, 2011.

10.5 Listing on Stock Exchanges

Bombay Stock Exchange Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001	National Stock Exchange of India Limited (NSE) Exchange Plaza, Bandra - Kurla Complex, Bandra (East), Mumbai 400 051
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The requisite Listing Fees for the financial year 2011-12 have been duly paid to BSE & NSE.

10.6 Stock Code & ISIN for the equity shares of the Company

BSE Scrip Code: 533059

NSE Symbol: BRANDHOUSE

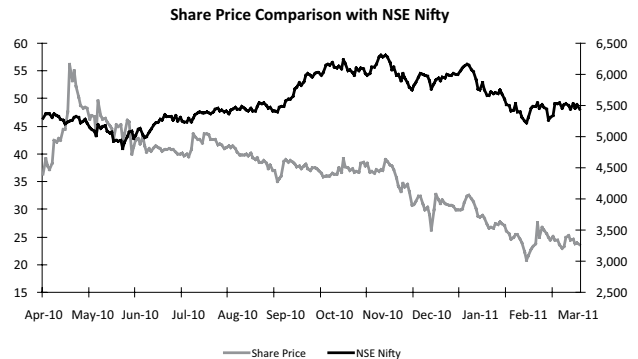
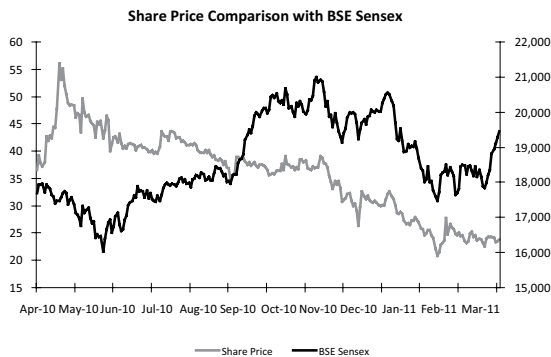
ISIN for the equity shares of the Company: INE317J01011

10.7 Market Price Data:

Monthly share price movement on BSE & NSE during the Financial Year 2010-11 was as below:

Month	BSE			NSE		
	High	Low	Volume	High	Low	Volume
April 2010	59.40	33.70	2,44,34,534	59.30	34.00	3,58,52,355
May 2010	50.20	38.60	76,47,368	50.30	38.70	1,22,79,318
June 2010	44.25	39.15	35,00,252	44.40	39.00	63,71,520
July 2010	45.70	39.25	68,22,974	45.75	39.10	1,20,14,944
August 2010	42.65	34.75	31,57,021	42.55	34.75	67,90,514
September 2010	41.20	34.80	19,77,745	40.70	34.90	35,81,256
October 2010	40.80	35.50	31,98,960	39.95	35.70	48,88,347
November 2010	41.00	29.75	26,28,518	40.80	26.90	41,29,161
December 2010	33.05	25.05	16,95,956	33.20	25.00	35,92,909
January 2011	33.40	25.20	7,96,448	33.25	25.10	15,46,777
February 2011	28.20	20.60	14,73,807	28.20	20.40	26,21,892
March 2011	27.80	23.70	6,75,151	26.65	22.65	21,84,207

10.8 Performance in comparison to broad-based indices



10.9 Registrar & Transfer Agent

Datamatics Financial Services Limited
 A 16 & 17, MIDC Part B Crosslane,
 Marol, Andheri (East),
 Mumbai 400 093
 Tel: +91-22-66712237
 Fax: +91-22-66712161
 E-mail: bhrlinvestors@sknl.co.in

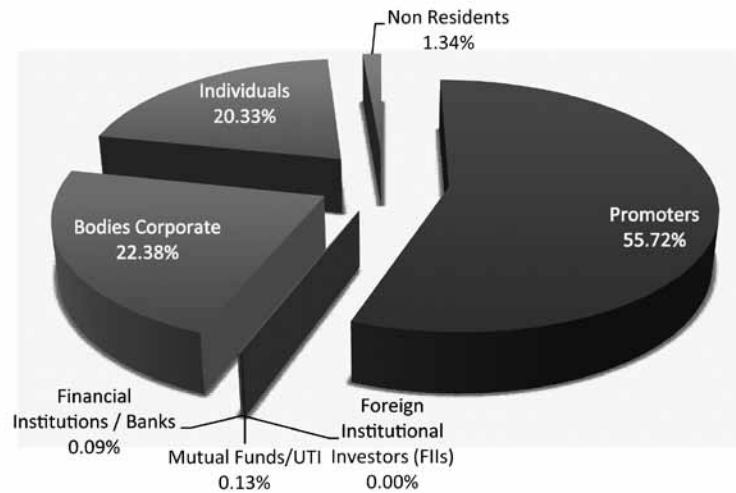
10.10 Share Transfer System

The Company together with its RTA ensures prompt disposal of all the requests for transfer / transmission / transposition of equity shares of the Company. Usually, the requests received with proper documentation are cleared within 21 days from their lodgment. The requests with incomplete / improper documentation are sent back within 15 days from lodgment.

10.11 Shareholding Pattern

Category of Shareholder	As on 31st March, 2011	
	Number of Shares	%
Promoters	2,98,72,651	55.73
Mutual Funds/UTI	70,880	0.13
Financial Institutions / Banks	48,590	0.09
Foreign Institutional Investors (FIIs)	11	-
Bodies Corporate	1,19,97,490	22.38
Individuals	1,08,93,063	20.33
Non Residents	7,20,082	1.34
TOTAL	5,36,02,767	100.00

Shareholding Pattern as on 31st March, 2011



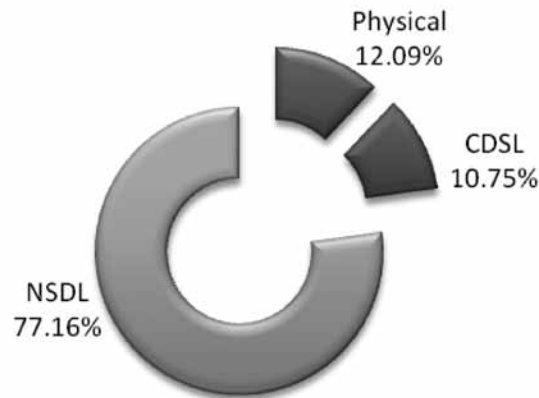
Distribution of holdings

Shares Range	As on 31 st March, 2011			
	Number of Shares	% To Capital	No. of shareholders	% to no. of shareholders
From - To				
1 - 500	23,03,502	4.30	24,089	88.03
501 – 1,000	13,10,766	2.45	1,535	5.61
1,001 – 2,000	12,51,839	2.34	788	2.88
2,001 – 3,000	7,66,853	1.43	293	1.07
3,001 – 4,000	4,85,528	0.91	133	0.49
4,001 – 5,000	7,77,055	1.45	162	0.59
5,001 – 10,000	13,04,316	2.43	174	0.64
10,001 – 50,000	29,25,690	5.46	141	0.52
50,001 & above	4,24,77,218	79.24	48	0.18
	5,36,02,767	100.00	27,363	100.00

10.12 Dematerialisation of shares and liquidity

The equity shares of the Company are admitted into the depository system of NSDL & CDSL and the ISIN allotted is INE317J01011. The Company together with RTA ensures that all dematerialisation and rematerialisation requests received from the depository participants are disposed of within 15 days of receipt of request. The trading of the equity shares of the Company, both on BSE & NSE, is compulsorily to be in the dematerialised form.

As on 31st March, 2011, 4,71,19,934 equity shares aggregating 87.91% of the total equity shares of the Company were held in demat form.

Mode of Shareholding

10.13 Outstanding GDRs / ADRs / Warrants or any Convertible instruments, conversion date and likely impact on equity

The Company has not issued any GDRs / ADRs / Warrants or any other instruments to be converted into equity shares.

10.14 Plant Locations / Registered Office

Registered Office:

Brandhouse Retails Limited

B-2, 5th Floor, Marathon NextGen,

Off G. K. Marg, Lower Parel,

Mumbai – 400 013

Tel: +91-22-24824500

Fax: +91-22-24930378

E-mail: bhrlinvestors@sknl.co.in

Website: <http://brandhouseretails.com>

10.15 Address for correspondence

The shareholders may contact the Company / RTA on the following addresses:

General Correspondence:

Brandhouse Retails Limited

Inga Complex, Mahakali Caves Road,
Andheri (East), Mumbai – 400 093

Tel: +91-22-28250797

Fax: +91-22-28207577

Website: <http://brandhouseretails.com>

e-mail ID for investors grievances: bhrlinvestors@sknl.co.in

Correspondence related to shares / queries / requests:

Datamatics Financial Services Limited

A 16 & 17, MIDC Part B Crosslane, Marol, Andheri (East),
Mumbai - 400 093

Tel: +91-22-66712237

Fax: +91-22-66712161

Website: <http://www.dfssl.com>

10.16 Evolution of Issued, Subscribed and Paid-Up Equity Share Capital as on 31st March, 2011

Shares Range Date	Particulars	(In No. of Shares)			(In Rs.)		
		Opening Balance	Increase / (Decrease)	Closing Balance	Opening Balance (Rs.)	Increase / (Decrease) (Rs.)	Closing Balance (Rs.)
4th June, 2004	Incorporation	0	10,000	10,000	0	1,00,000	1,00,000
24th January, 2006	Allotment to S. Kumars Nationwide Limited	10,000	9,90,000	10,00,000	1,00,000	99,00,000	1,00,00,000
14th September, 2007	Allotment to Sansar Exim Private Limited	10,00,000	53,00,000	63,00,000	1,00,00,000	5,30,00,000	6,30,00,000
23rd July, 2008	Allotment under the Scheme of Arrangement	63,00,000	4,73,02,767	5,36,02,767	6,30,00,000	47,30,27,670	53,60,27,670

11. Non Mandatory Requirement:

As stated above the Board has already constituted a Remuneration Committee. As regards Whistle Blower Policy, all employees have access to the Audit Committee.

DECLARATION BY THE MANAGING DIRECTOR UNDER CLAUSE 49 I(D) OF THE LISTING AGREEMENT REGARDING ADHERENCE TO THE COMPANY'S CODE OF CONDUCT

This is to confirm in accordance with Clause 49 I(D) of the Listing Agreement with the Stock Exchanges that all Directors and Senior Management of the Company have affirmed compliance with the Code of Conduct laid down by the Company as applicable to them for the Financial Year ended on 31st March, 2011.

FOR BRANDHOUSE RETAILS LIMITED
 NITIN S. KASLIWAL
 CHAIRMAN & MANAGING DIRECTOR

Date: 30th May, 2011

Place: Mumbai

PRACTISING COMPANY SECRETARIES' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of
Brandhouse Retails Limited

We have examined the compliance of conditions of Corporate Governance by Brandhouse Retails Limited for the year ended on March 31, 2011, as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us and *subject to the statements made by the management* in the Corporate Governance report, we certify that the Company has generally complied with the conditions of corporate governance as stipulated in Clause 49 of the abovementioned listing Agreement.

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

For Parikh & Associates

Practising Company Secretaries

P. N. Parikh

FCS: 327 CP: 1228

Mumbai

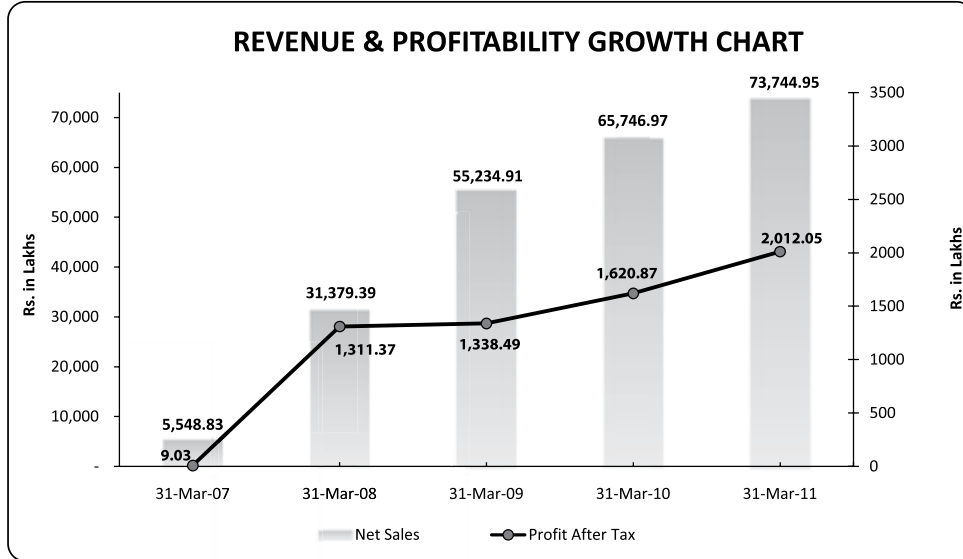
Dated: 30th May, 2011

KEY FINANCIALS AT A GLANCE
BALANCE SHEET (STANDALONE)

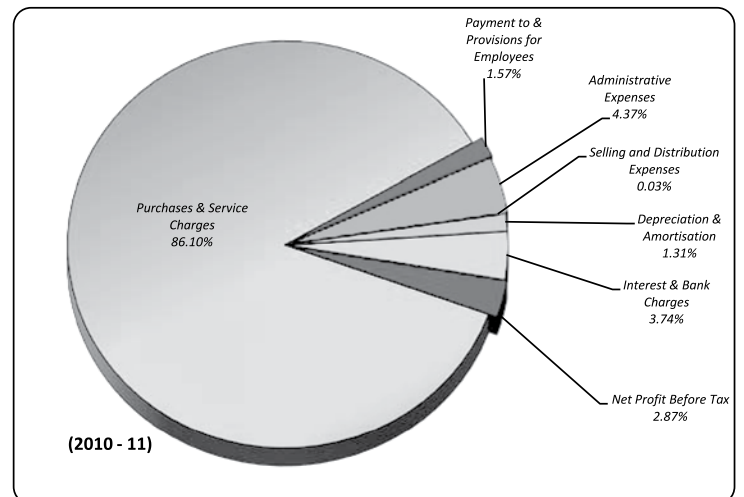
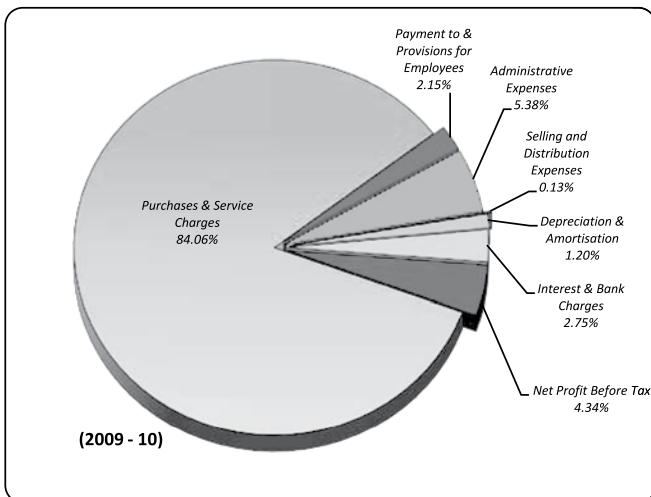
(Rs. in Lacs)					
Particulars	2006-07	2007-08	2008-09	2009-10	2010-11
(A) SOURCES OF FUNDS					
(ai) Shareholders' Funds					
Share Capital (Equity Shares of Rs. 10/- each)	100.00	630.00	5,360.28	5,360.28	5,360.28
Reserves and Surplus	25.42	5,036.21	5,841.57	7,123.53	8,974.09
TOTAL (ai)	125.42	5,666.21	11,201.85	12,483.81	14,334.37
(aii) Amount to be Converted into Shares	4,140.00	4,730.28	-	-	-
(aiii) Loan Funds					
Secured Loans	13.72	6,570.89	10,155.44	18,757.54	17,949.59
(aiv) Deferred Tax Liability	16.72	45.75	-	-	-
TOTAL (A) (ai+aii+aiii+aiv)	4,295.86	17,013.13	21,357.29	31,241.35	32,283.96
(B) APPLICATION OF FUNDS					
(bi) Fixed Assets					
Gross Block	3,474.52	5,900.02	6,488.28	6,702.65	6,760.52
Less : Depreciation/Amortisation	27.64	498.46	1,321.49	2,172.30	3,160.26
Net Block	3,446.88	5,401.56	5,166.79	4,530.35	3,600.26
Add : Capital Work in Progress (incl. Capital Advances)	138.61	122.48	89.71	28.38	28.05
TOTAL (bi)	3,585.49	5,524.04	5,256.50	4,558.73	3,628.31
(bii) Investments	-	-	-	5.00	1,280.70
(biii) Deferred Tax Assets	-	-	32.38	52.11	40.99
(biv) Current Assets, Loans & Advances					
Inventories	1,422.59	6,309.55	13,958.04	19,521.99	21,355.09
Sundry Debtors	1,019.91	7,754.49	21,881.24	26,835.02	24,600.37
Cash & Bank balances	30.52	42.49	307.42	54.27	42.58
Loans & Advances	859.39	4,775.14	5,389.60	5,479.92	3,741.86
Total Current Assets, Loans & Advances (i)	3,332.41	18,881.67	41,536.30	51,891.20	49,739.90
Less : Current Liabilities & Provisions					
Current Liabilities	2,573.00	6,134.18	22,564.02	20,500.90	20,356.52
Provisions	49.04	1,258.40	2,903.87	4,764.79	2,049.42
Total Current Liabilities & Provisions (ii)	2,622.04	7,392.58	25,467.89	25,265.69	22,405.94
Net Current Assets (i-ii) (biv)	710.37	11,489.09	16,068.41	26,625.51	27,333.96
TOTAL (B) = (bi+bii+biii+biv)	4,295.86	17,013.13	21,357.29	31,241.35	32,283.96

KEY FINANCIALS AT A GLANCE
PROFIT AND LOSS ACCOUNT (STANDALONE)

	(Rs. in Lacs)				
Particulars	2006-07	2007-08	2008-09	2009-10	2010-11
Income					
Net Sales	5,548.83	31,379.39	55,234.91	65,746.97	73,744.95
Other Income	2.01	80.33	5.76	233.96	27.30
Increase/(Decrease) in Stock	1,217.91	4,886.96	7,648.49	5,563.95	1,833.11
Total	6,768.75	36,346.68	62,889.16	71,544.88	75,605.36
Expenditure					
Purchases & Service Charges	5,545.13	29,298.12	52,316.96	60,143.71	65,098.29
Payment to & Provisions for Employees	196.31	732.40	1,531.75	1,536.16	1,188.67
Administrative Expenses	881.02	2,956.23	4,839.78	3,851.13	3,302.42
Selling & Distribution Expenses	62.11	238.35	82.71	89.87	24.35
Depreciation & Amortisation	27.41	470.82	827.57	856.04	987.97
Interest & Bank Charges	9.71	387.91	878.03	1,965.19	2,830.62
Total	6,721.69	34,083.83	60,476.80	68,442.10	73,432.32
Profit/(Loss) Before Taxation	47.06	2,262.85	2,412.36	3,102.78	2,173.04
Provision for Current Taxation	(15.30)	(911.00)	(1,105.00)	(1,157.00)	(690.00)
Provision for Wealth Taxation	-	-	(0.25)	(0.35)	(0.49)
Provision for Fringe Benefit Tax	(6.40)	(10.80)	(13.20)	-	-
Income Tax for Earlier Years	-	(0.64)	(33.54)	(344.30)	443.77
Provision for Deferred Tax (Asset)/(Reversal)/Liability	(16.33)	(29.04)	78.12	19.74	85.73
Profit/(Loss) After Taxation	9.03	1,311.37	1,338.49	1,620.87	2,012.05
Balance Profit Brought Forward	16.39	25.42	-	-	-
Net Profit Available for Appropriation	25.42	1,336.79	1,338.49	1,620.87	2,012.05
Appropriations					
Debenture Redemption Reserve	-	1,336.79	1,338.49	1,620.87	2,012.05
Balance Carried To Balance Sheet	25.42	-	-	-	-
Total	25.42	1,336.79	1,338.49	1,620.87	2,012.05
Earning Per Share (Basic) (F.V. = Rs. 10/-)	0.90	33.59	3.44	3.02	3.75
Earning Per Share (Diluted) (F.V. = Rs. 10/-)	0.09	2.56	3.44	3.02	3.75



COST AS A % OF TOTAL INCOME



AUDITORS' REPORT

TO THE MEMBERS OF BRANDHOUSE RETAILS LIMITED

1. We have audited the attached Balance Sheet of Brandhouse Retails Limited ('the Company') as at March 31, 2011 and also the Profit and Loss account and the Cash Flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the paragraph 3 above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii. The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow statement dealt with by this report comply with the Accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - v. On the basis of the written representations received from the directors, as on March 31, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

- vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required, subject to Note No. 7 of Schedule 16 (II) relating to pending confirmations and reconciliations of balances of Loans & Advances and consequential adjustments, if any, give a true and fair view in conformity with the accounting principles generally accepted in India;
- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011;
 - b) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
 - c) in the case of Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For Malpani & Associates

Chartered Accountants
Firm Registration No. 120438 W

Shyam Malpani

Proprietor
Membership No: F-034171

For Haribhakti & Co.

Chartered Accountants
Firm Registration No. 103523 W

Rakesh Rathi

Partner
Membership No. F- 045228

Place : Mumbai
Dated : 30th May, 2011

ANNEXURE TO AUDITORS' REPORT

[Referred to in paragraph 3 of the Auditors' Report of even date to the members of Brandhouse Retails Limited on the financial statements for the year ended 31.3.2011]

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All the fixed assets have not been physically verified by the management during the year, but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.
- (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
- (ii) (a) As explained to us, the management has physically verified the inventory at all the showrooms as per a phased program, in which, all the showrooms are covered at least once in a year. In our opinion, the frequency of such verification is reasonable. .
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of records of Company, we are of the opinion that the Company is maintaining proper records of inventory. The discrepancies noticed on verification between physical stocks and book stocks were not material and same have been properly dealt with in the books of accounts.
- (iii) (a) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 and hence, clauses (iii)(b), (iii)(c) and (iii)(d) of paragraph 4 of the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, are not applicable to the Company.
- (b) As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 and hence clauses (iii)(f) and (iii)(g) of paragraph 4 of the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations provided to us, there exists an adequate internal control system commensurate with the size of the Company and nature of its business with regards to purchase of inventories, fixed assets and sale of goods and services. During the course of our audit, we have not observed nor have been informed of any continuing failure to correct major weaknesses in internal control systems of the Company.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under Section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lacs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.

- (vi) The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Companies Act, 1956 and the rules framed there under.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products dealt with by the Company.
- (ix) (a) Undisputed statutory dues including provident fund, Investor Education and Protection Fund, or Employees' State Insurance, Sales-tax, Wealth tax, Service tax, Customs duty, Excise duty, Cess etc. have generally been regularly deposited with the appropriate authorities.

Further, since the Central Government has till date not prescribed the amount of cess payable under section 441 A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same.

- (b) According to the information and explanations given to us, undisputed dues in respect of advance Income-tax amounting to Rs. 298.76 lacs (excluding interest) for F.Y. 2010-11 was outstanding, as at the year end for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues of Income tax, Sales-tax, Wealth tax, Service tax, Customs duty, Excise duty and Cess which have not been deposited on account of any dispute except for the following:

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum at which appeal is pending
Sales Tax, UP	Sales Tax	4.10 Lacs	F.Y. 2007-08	Deputy Commissioner
Sales Tax, Mumbai	Sales Tax	12.80 Lacs	F.Y. 2004-05	Deputy Commissioner

- (x) The Company has neither accumulated losses as at March 31, 2011 nor has it incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
- (xii) As explained to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or any other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 are not applicable to the Company.
- (xiv) The Company has not dealt with or traded in shares, securities or debentures. In respect of investments made by it, the Company has maintained proper records and all the investments are held by the Company in its own name.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- (xvi) During the year under review, the Company has not obtained any Term Loans.

- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) During the year, the Company has not made any preferential allotment of Shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) According to the information and explanations given to us, the Company had issued debentures in earlier years for which security has been created.
- (xx) The Company has not raised any money by issue of any shares/securities to public during the year under review.
- (xxi) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

For Malpani & Associates

Chartered Accountants
Firm Registration No. 120438 W

Shyam Malpani

Proprietor
Membership No: F-034171

For Haribhakti & Co.

Chartered Accountants
Firm Registration No. 103523 W

Rakesh Rathi

Partner
Membership No. F-045228

Place : Mumbai
Dated : 30th May, 2011

BALANCE SHEET AS AT 31ST MARCH, 2011

(Rs in Lacs)

Particulars	Schedule	Current Year As at 31 st March 2011		Previous Year As at 31 st March 2010	
SOURCES OF FUNDS					
SHAREHOLDERS' FUNDS					
Share Capital	1	5,360.28		5,360.28	
Reserves and Surplus	2	8,974.09	14,334.37	7,123.53	12,483.81
LOAN FUNDS					
Secured Loans	3		17,949.59		18,757.54
TOTAL			32,283.96		31,241.35
APPLICATION OF FUNDS					
FIXED ASSETS					
Gross Block	4	6,760.52		6,702.65	
Less : Depreciation/Amortisation		3,160.26		2,172.30	
Net Block		3,600.26		4,530.35	
Add : Capital Work in Progress (including Capital Advances)		28.05	3,628.31	28.38	4,558.73
INVESTMENTS					
	5		1,280.70		5.00
DEFERRED TAX ASSETS					
			40.99		52.11
CURRENT ASSETS, LOANS & ADVANCES					
Inventories		21,355.09		19,521.99	
Sundry Debtors		24,600.37		26,835.02	
Cash & Bank balances		42.58		54.27	
Loans & Advances		3,741.86		5,479.92	
	i)	49,739.90		51,891.20	
LESS : CURRENT LIABILITIES & PROVISIONS					
Current Liabilities	7	20,356.52		20,500.90	
Provisions		2,049.42		4,764.79	
	ii)	22,405.94		25,265.69	
NET CURRENT ASSETS	(i)-(ii)		27,333.96		26,625.51
TOTAL			32,283.96		31,241.35
Significant Accounting Policies and Notes forming part of Accounts	16				

Schedules referred to above form integral part of Balance Sheet

As per our attached report of even date

 For Malpani & Associates
 Chartered Accountants

 For Haribhakti & Co
 Chartered Accountants

For and on behalf of the Board

 Shyam Malpani
 Proprietor
 M.No: 34171

 Rakesh Rathi
 Partner
 M.No: 45228

 Nitin S. Kasliwal
 D. D. Avari
 Pulak Banerjee

 Chairman & Managing Director
 Director
 Company Secretary

 Place : Mumbai
 Date : 30th May, 2011

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

(Rs in Lacs)

Particulars	Schedule	Current Year ended on 31 st March 2011	Previous Year ended on 31 st March 2010
INCOME			
Sales	8	73,744.95	65,746.97
Other Income	9	27.30	233.96
Increase/(Decrease) in Inventories	10	1,833.11	5,563.95
TOTAL		75,605.36	71,544.88
EXPENDITURE			
Purchases	11	65,098.29	60,143.71
Payments to & Provisions for employees	12	1,188.67	1,536.16
Administrative Expenses	13	3,302.42	3,851.13
Selling & Distribution Expenses	14	24.35	89.87
Depreciation/Amortisation		987.97	856.04
Interest and Bank Charges	15	2,830.62	1,965.19
TOTAL		73,432.32	68,442.10
Profit Before Taxation		2,173.04	3,102.78
Provision for Current Taxation		(690.00)	(1,157.00)
Provision for Wealth Tax		(0.49)	(0.35)
Income Tax for earlier years		443.77	(344.30)
Provision for Deferred Tax (Asset)		85.73	19.74
Profit After Taxation		2,012.05	1,620.87
Balance Brought forward		-	-
Net Profit Available for Appropriation		2,012.05	1,620.87
APPROPRIATIONS :			
Debenture Redemption Reserve		2,012.05	1,620.87
Balance carried to Balance Sheet		-	-
TOTAL		2,012.05	1,620.87
Earnings Per Share (Basic & Diluted) (Nominal Value of Shares Rs.10)		3.75	3.02
Significant Accounting Policies and Notes forming part of Accounts	16		

Schedules referred to above form integral part of Profit and Loss Account

As per our attached report of even date

 For Malpani & Associates
 Chartered Accountants

 For Haribhakti & Co
 Chartered Accountants

For and on behalf of the Board

 Shyam Malpani
 Proprietor
 M.No: 34171

 Rakesh Rathi
 Partner
 M.No: 45228

Nitin S. Kasliwal

Chairman & Managing Director

D. D. Avari

Director

Pulak Banerjee

Company Secretary

Place : Mumbai

 Date : 30th May, 2011

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

(Rs in Lacs)

Particulars	Current Year ended on 31 st March 2011	Previous Year ended on 31 st March 2010
A. CASH FLOW STATEMENT FROM OPERATING ACTIVITIES		
Net Profit Before Tax	2,173.04	3,102.79
Adjustments for:		
a) Depreciation/Amortisation	987.97	856.04
b) Loss on sale of fixed assets	0.04	3.57
c) Interest Expenditure	2,830.63	1,915.95
d) Exchange Rate Fluctuation	2.12	(5.00)
e) Interest Income	(2.60)	(1.52)
Operating Profit before Working Capital Changes	5,991.20	5,871.83
Adjustments for		
a) Trade & Other Receivables	6,036.73	(5,044.09)
b) Inventories	(1,833.11)	(5,563.95)
c) Trade payables	(3,163.24)	(2,037.78)
Cash Generated from /(Used)in Operating Activities	7,031.58	(6,773.99)
a) Direct Taxes	(2,064.00)	
Net cash Flow from /(Used)in Operating Activities TOTAL (A)	4,967.58	(6,773.99)
B. CASH FLOW ARISING FROM INVESTING ACTIVITIES		
a) Acquisition of Fixed assets (Including Capital work-in-progress)	(57.59)	(161.83)
b) Investments	(1,285.70)	(5.00)
c) Interest income	2.60	1.52
Net cash Flow from /(Used)in Investing Activities TOTAL (B)	(1,340.69)	(165.31)
C. CASH FLOW ARISING FROM FINANCING ACTIVITY		
a) Proceeds from Secured Loans	(807.95)	7,821.49
b) Interest	(2,830.63)	(1,135.34)
Net cash Flow from Financing Activities TOTAL (C)	(3,638.58)	6,686.15
NET INCREASE IN CASH AND CASH EQUIVALENTS TOTAL (A+B+C)	(11.69)	(253.15)
Cash & Cash Equivalent at the beginning of the year	54.27	307.42
Cash & Cash Equivalent at the end of the year	42.58	54.27
NET CHANGE IN CASH AND CASH EQUIVALENTS	(11.69)	(253.15)

NOTES:

1 The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard-3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India.

2 Cash and Cash Equivalents at the Year end consists of Cash in Hand and Balances with Bank as follows:

Particulars	As at 31.03.2011	As at 31.03.2010
Cash in hand	6.22	17.92
Balance with Banks	1.73	2.97
Fixed Deposit Account	34.63	33.38
TOTAL	42.58	54.27

3 Figures in brackets represents outflows.

4 Previous Year figures have been recast/restated wherever necessary

As per our attached report of even date

For Malpani & Associates
Chartered Accountants

For Haribhakti & Co
Chartered Accountants

For and on behalf of the Board

Shyam Malpani
Proprietor
M.No: 34171

Rakesh Rathi
Partner
M.No: 45228

Nitin S. Kasliwal Chairman & Managing Director
D. D. Avari Director
Pulak Banerjee Company Secretary

Place : Mumbai
Date : 30th May, 2011

SCHEDULES FORMING PART OF THE ACCOUNTS

Particulars	(Rs in Lacs)	
	As at 31 st March 2011	As at 31 st March 2010
SCHEDULE - 1 : SHARE CAPITAL		
Authorised		
60,000,000 Equity Shares of Rs.10/- each (Previous Year 60,000,000)	6,000.00	6,000.00
Issued, Subscribed & Paid up		
5,36,02,767 (Previous Year 5,36,02,767) Equity Shares of Rs.10/- each fully paid-up, out of which 4,73,02,767 equity shares of Rs. 10/- each fully paid were issued for consideration other than cash, pursuant to a Scheme of Arrangement of De-merger approved by the High Court of Judicature at Bombay vide its order dated 22.2.2008	5,360.28	5,360.28
TOTAL	5,360.28	5,360.28
SCHEDULE - 2 : RESERVE & SURPLUS		
Securities Premium Account		
Balance as per last Accounts	2,827.37	3,166.28
Less : Premium on Redemption of Non-Convertible Debentures	161.49	338.91
Closing Balance	(a) 2,665.88	2,827.37
Debenture Redemption Reserve		
Balance as per last Accounts	4,296.16	2,675.29
Add : Transfer from Profit & Loss Account	2,012.05	1,620.87
Closing Balance	(b) 6,308.21	4,296.16
TOTAL (a) + (b)	8,974.09	7,123.53
SCHEDULE - 3 : SECURED LOANS		
65,45,000 15% Non-Convertible Debentures of Rs. 100 each	6,545.00	6,545.00
Add : Accrued Interest on NCD (Refer Note No. II (3) of Schedule - 16)	488.10	780.61
	(a) 7,033.10	7,325.61
Cash Credit Loans from Banks (Refer Note No. II (4) of Schedule - 16)	(b) 10,902.90	11,394.64
Vehicle Loans (Secured by hypothecation of the vehicles financed)	(c) 13.59	37.29
TOTAL (a) + (b) + (c)	17,949.59	18,757.54

SCHEDULES FORMING PART OF THE ACCOUNTS
SCHEDULE - 4 : FIXED ASSETS

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	As At 1 st April, 2010	Additions During the Year	Deductions During the Year	Total as at 31 st March 2011	At the Beginning of the Year	Depreciation /Impairment For the year	Deductions During the Year	Total as at 31 st March 2011	Net Block as at 31 st March 2010	Net Block as at 31 st March 2011
Goodwill	3,125.15	-	-	3,125.15	937.55	312.52	-	1,250.07	2,187.60	1,875.08
Land	4.84	-	-	4.84	-	-	-	-	4.84	4.84
Furniture & Fixtures	3,094.20	45.35	-	3,139.55	1,115.12	628.96	-	1,744.08	1,979.08	1,395.47
Motor Cars	122.38	-	-	122.38	23.63	11.62	-	35.25	98.75	87.13
Computer & Peripherals	165.58	6.00	-	171.58	58.45	26.34	-	84.79	107.13	86.79
Office Equipments	190.50	6.62	0.10	197.02	37.55	8.53	0.01	46.07	152.95	150.95
TOTAL	6,702.65	57.97	0.10	6,760.52	2,172.30	987.97	0.01	3,160.26	4,530.35	3,600.26
Capital Work in progress	28.38	51.19	51.52	28.05	-	-	-	-	28.38	28.05
Grand Total	6,731.03	109.16	51.62	6,788.57	2,172.30	987.97	0.01	3,160.26	4,558.73	3,628.31
Previous Year	6,577.99	357.04	204.00	6,731.03	1,321.49	856.04	5.23	2,172.30	4,558.73	4,558.73

SCHEDULES FORMING PART OF THE ACCOUNTS

Particulars	(Rs in Lacs)	
	As at 31 st March 2011	As at 31 st March 2010
SCHEDULE - 5 : INVESTMENTS		
At Cost, Trade, Long term, unquoted		
In 62.50% Subsidiary Company, Brandhouse Oviessa Ltd.,		
1,28,07,041 (P.Y.50,000) Equity Shares of Rs.10/- each, fully paid -up	1,280.70	5.00
TOTAL	1,280.70	5.00
SCHEDULE - 6 : CURRENT ASSETS, LOANS & ADVANCES		
(i) Inventories		
(At lower of cost and Net Realisable Value)		
(As taken, valued and certified by the Management)		
Textiles & Made-ups (Including Accessories)	21,040.20	19,521.99
Stock-In-Transit of Textiles & Made-ups (Including Accessories)	314.89	-
Total (i)	21,355.09	19,521.99
(ii) Sundry Debtors		
(Unsecured & considered good, unless otherwise stated)		
Over six months	3,571.00	3,119.68
Others	21,029.37	23,715.34
Total (ii)	24,600.37	26,835.02
(iii) Cash & Bank Balances		
a) Cash on hand	6.22	17.92
b) Balances in Current Account with Scheduled Banks	1.73	2.97
c) Fixed Deposit Account with Scheduled Banks*	34.63	33.38
*Includes FDRs pledged with Sales Tax Authorities-Rs. 34.63 Lacs (Previous Year Rs.33.38 Lacs)		
Total (iii)	42.58	54.27
(iv) Loans & Advances		
(Unsecured & considered good, unless otherwise stated)		
Advances recoverable in Cash or in kind or for value to be received		
Advance Income Tax & TDS	15.98	927.67
Advances to Suppliers	2.12	11.52
Staff Advances	4.95	36.25
Deposits	3,681.87	3,926.49
Share Application Money to Subsidiary Company	17.39	561.10
Prepaid Expenses	19.55	16.89
Total (iv)	3,741.86	5,479.92
TOTAL (i) + (ii) + (iii) + (iv)	49,739.90	51,891.20

SCHEDULES FORMING PART OF THE ACCOUNTS

Particulars	(Rs in Lacs)	
	As at 31 st March 2011	As at 31 st March 2010
SCHEDULE - 7 : CURRENT LIABILITIES & PROVISIONS		
(i) Current Liabilities		
Sundry Creditors		
a) Total outstanding dues of Micro and Small Enterprises (Refer Note II(10) of Schedule 16)	-	-
b) Total outstanding dues of creditors other than Micro and Small Enterprises		
- For Goods	19,585.62	19,740.77
- For Expenses	593.24	371.64
- For Capital goods & Services	27.91	33.06
Book Overdraft with Banks	6.58	-
Other Liabilities	143.17	355.43
Due to Companies under same Management Rs.19585.62 Lacs, (Previous Year Rs.19740.77 Lacs)		
Total (i)	20,356.52	20,500.90
(ii) Provisions		
Provision - Income Tax	690.00	3531.07
Provision - Wealth Tax	0.85	0.61
Provision - Fringe Benefit Tax	-	13.20
Provision - Gratuity	38.78	43.84
Provision - Leave Encashment	40.87	58.64
Provision - Premium on Redemption of NCDs	1,278.92	1,117.43
Total (ii)	2,049.42	4,764.79
TOTAL (i)+(ii)	22,405.94	25,265.69

SCHEDULES FORMING PART OF THE ACCOUNTS

Particulars	(Rs in Lacs)	
	Current Year ended on 31 st March 2011	Previous Year ended on 31 st March 2010
SCHEDULE - 8 : SALES		
Sales	73,169.62	65,180.52
Tailoring Income	575.33	566.45
TOTAL	73,744.95	65,746.97
SCHEDULE - 9 : OTHER INCOME		
Interest on Fixed Deposit (TDS Rs.0.26 Lacs, previous year Rs.0.17 Lacs)	2.60	1.52
Exchange Rate Fluctuation	-	5.00
Compensation Received	-	222.57
Miscellaneous Receipts	24.70	4.87
TOTAL	27.30	233.96
SCHEDULE - 10 : INCREASE/DECREASE IN INVENTORIES		
Closing Stock of Textiles, Made-ups (including accessories) as at 31 st March 2011	21,355.09	19,521.98
Less : Opening Stock of Textiles, Made-ups (including accessories) as at 01 st April 2010	19,521.98	13,958.03
TOTAL	1,833.11	5,563.95
SCHEDULE - 11 : PURCHASES		
Purchases	64,702.84	59,756.16
Tailoring Expenses	395.45	387.55
TOTAL	65,098.29	60,143.71
SCHEDULE - 12 : PAYMENTS TO & PROVISIONS FOR EMPLOYEES		
Salaries, Wages, Bonus, Gratuity & Other Benefits	1,119.69	1,437.55
Contribution to Welfare Funds	64.73	79.33
Medical Expenses	0.74	11.63
Staff Welfare Expenses	3.51	7.65
TOTAL	1,188.67	1,536.16

SCHEDULES FORMING PART OF THE ACCOUNTS

Particulars	(Rs in Lacs)	
	Current Year ended on 31 st March 2011	Previous Year ended on 31 st March 2010
SCHEDULE -13 : ADMINISTRATIVE EXPENSES		
Rent	2,370.43	2,767.47
Rates & Taxes	19.62	53.66
Repairs & Maintenance - others	56.88	49.28
Travelling Expenses - Foreign	267.59	245.65
Travelling Expenses - Inland	59.97	96.25
Electricity Charges	206.31	243.61
Vehicle Maintenance	14.50	16.96
Directors' Remuneration	-	57.02
Remuneration to Auditors (inclusive of Service Tax)		
- Audit Fees	24.27	24.27
- Tax Audit Fees	4.41	4.41
Showroom Expenses	-	0.12
Exchange Rate Fluctuations	2.12	-
Insurance	20.78	22.71
Conveyance	19.43	19.48
Legal & Professional Charges	44.92	57.93
Loss of Sale of Fixed Assets	0.04	3.57
General Expenses	74.53	46.44
Postage & Telephones	63.13	66.43
Printing & Stationery	22.51	34.12
Security Service Charges	19.57	40.12
Brokerage Charges	-	1.33
Membership & Subscriptions	11.41	0.30
TOTAL	3,302.42	3,851.13
SCHEDULE -14 : SELLING & DISTRIBUTION EXPENSES		
Sales Promotion Expenses	16.16	31.36
Business Convension & Exhibition Expenditure	7.88	30.25
Sample Expenses	0.31	28.26
TOTAL	24.35	89.87
SCHEDULE -15 : INTEREST & BANK CHARGES		
Interest on NCDs (TDS Rs.96.54 lacs, Previous Year Rs.86.73 lacs)	965.43	867.35
Interest on Vehicle Loans	2.90	4.51
Interest on Bank Overdraft	1,564.58	968.95
Interest on Others	14.25	6.07
Bank Charges & Commission	111.69	118.31
Other Financial Charges	171.77	-
TOTAL	2,830.62	1,965.19

SCHEDULE 16

I SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31ST MARCH 2011

1. Method of Accounting

The Financial statements have been prepared on accrual basis, except wherever otherwise stated, under the historical cost convention, in accordance with the accounting principles generally accepted in India and comply with the Accounting Standards as referred to in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government in exercise of power conferred under sub-section (i)(a) of Section 642 and the relevant provisions of the Companies Act, 1956.

2. Use of Estimates

The preparation of the financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities on the date of financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods.

3. 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. Intangible assets are carried at cost less accumulated depreciation.

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.

4. 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 each costing less than Rs. 5,000/- is provided for at 100% of the cost as specified in Schedule XIV to the Companies Act, 1956.
- iii. In respect of Stores closed, the WDV of Furniture and Fixture is further depreciated @ 20% in the year in which stores are closed down.
- iv. Goodwill on demerger is amortised over Ten Years in equal annual instalments.

5. Capital Work in Progress

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

6. Revenue Recognition

- i. Revenue is recognised on sale of products when no significant uncertainty as to its determination or realisation exists.
- ii. Sales are shown net of returns and Value Added Tax.
- iii. Purchases, consistently accounted on the basis of actual receipt of goods, are shown net of returns, turnover incentives and other incidental charges and include freight charges.
- iv. Interest Income is recognised on time proportion basis taking into account the amount outstanding and the rate applicable.
- v. Compensation are recognised on receipt basis.

7. Inventories

Finished Goods 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. Goods in Transit are carried at cost.

8. Borrowing Costs

Borrowing costs attributable to the acquisition/construction of a qualifying asset are capitalised as part of the cost of such assets, up to the period assets are ready for their intended use. Other borrowing costs are recognised as an expense in the period in which they are incurred.

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 on each Balance Sheet date, forming part of defined benefit plans.

10. Accounting for Taxes on income

- i. Current tax is determined as the amount of tax payable in respect of taxable income for the year, based on the applicable tax rates and tax laws
- ii. Deferred tax is recognised on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal on one or more subsequent periods and is measured using tax rates that have been enacted or substantively enacted as on the Balance sheet date. Where there is unabsorbed depreciation or carry forward losses, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. Other deferred tax assets are recognised only to the extent there is reasonable certainty of realisation in future. Deferred tax assets/liabilities are reviewed on yearly basis to reassess their realisation or otherwise

11. Foreign Currency / Fluctuation

- i. Foreign Exchange transactions are recorded as per the rates prevailing on the dates of transactions and at year end are restated at rate as on Balance sheet date.
- ii. Resultant Foreign exchange gain/ loss on restatement of assets / liabilities are charged to the Profit & Loss account.

12. Earnings per Share

In determining earnings per share, the company considers the net profit after tax and includes the post tax effect of any extraordinary items. The number of shares used in computing basic earnings per share is weighted average number of shares outstanding during the period.

For the purpose of computing diluted earnings per share, the net profit attributable to equity shareholders and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential equity shares from exercise of options on un-issued share capital.

13. Provisions, Contingent Liabilities & Contingent Assets

Disputed liabilities and claims against the Company including claims raised by various revenue authorities (Eg Sales Tax, Income Tax, Excise etc.), pending in appeal/court for which no reliable estimates can be made of the amount of the obligation or which are remotely poised for crystallisation are not provided for in accounts but disclosed in Notes on Accounts.

However, present obligation as a result of past event with possibility of outflow of resources, when reliably estimable, is recognised in accounts.

A contingent asset is neither recognised nor disclosed in the financial statements.

14. Investments

- (i) Investment in shares being in the nature of long term investments is carried at cost of acquisition.
- (ii) Quoted current investments are stated at the lower of cost or market value.
- (iii) Unquoted current investments are stated at lower of cost or fair value where available.

15. Segment Reporting Policies:

The Company prepares its segment information if any, in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

16. Leases

Operating Lease rentals are expensed with reference to lease terms and other considerations.

II NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2011
1 Contingent Liabilities

		(Rs in Lacs)	
Sr. No.	Particulars	As at 31st March 2011	As at 31st March 2010
1.	Sales Tax – Dispute in Appeal – Mumbai	12.80	Nil
2.	Sales Tax – Dispute in Appeal – Ghaziabad	4.10	4.10
3.	DLF Limited Delhi towards TDS	*5.62	*5.62
4.	Bank guarantee in favour of The Collector, Ghaziabad, U.P. for Stamp duty in the Court of Hon'ble Court of District Magistrate/Collector	**14.15	**14.15
5.	As may arise due to delay / non-compliance of certain statutory requirement.	Amount Unascertainable	Amount Unascertainable

** FDR with Scheduled Banks Rs. 16.45 Lacs (including accumulated interest of Rs. 2.45 Lacs) kept as deposits in respect of the above.

* FDR with Schedule Bank Rs. 6.04 Lacs kept as deposit in respect of above.

- 2 Estimated amount of Contracts remaining to be executed on capital account and not provided for (net of advances) – Rs. 16.01 Lacs (Previous Year – Rs Nil).
- 3 15% Non-Convertible Debentures issued to India Debt Management Limited are secured in favour of the Debenture Trustees, 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, and 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 Debentures shall take place by 30th June, 2011 and 31st December, 2011 @ 35% and 65% 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 Working Capital facilities from Banks are secured by hypothecation of :
- i. Principal Security/(First *pari-passu*) – present and future Current Asset of the Company.
 - ii. Second *pari-passu* – present and future Movable and Non-Movable Fixed Asset of the Company.
 - iii. Collateral Security – Company’s stock and book-debts, present and future.
 - iv. Personal Guarantee of Directors
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 realised in the normal course of the business. The provision for all the known liabilities is adequate and not in excess of the amount reasonably necessary.
- 6 The Company has become the holding company of Brandhouse Oviessie Ltd on 29th July, 2009. It additionally acquired by virtue of subscription to 1,28,07,041 shares (Previous Year 50,000 shares) i.e. 62.50% paid-up Share Capital of the Subsidiary on 13th May, 2010. Previous Year Brandhouse Oviessie Ltd was the wholly-owned subsidiary of the Company.
7. Balances under the heads Loans & Advances 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. 807.43 Lacs (Previous year Rs. 1694.57 Lacs), the Company has transferred the available post tax profit of Rs. 2012.05 Lacs (Previous year Rs. 1620.87 Lacs) to Debenture Redemption Reserve (DRR).The additional amount of Rs. 1204.58 have been transferred to DRR to cover the deficit of Rs. 1291.00 of earlier years.
- b. The Premium payable on redemption of the above NCD’s on maturity, amounting to Rs. 161.49 Lacs was adjusted against Securities Premium Account shown under the head current liabilities and provisions (Previous year – Rs. 338.91 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:

Particulars	(Rs in Lacs)	
	Year ended 31st March, 2011	Year ended 31st March, 2010
Employer’s contribution to Provident Fund & Pension Scheme	46.13	69.60
Employer’s contribution to Employees State Insurance	12.85	7.54
Employer’s contribution to Insurance fund	1.48	2.18

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:

Particulars	(Rs in Lacs)	
	Year ended 31st March, 2011	Year ended 31st March, 2010
Discount Rate (Per Annum)	8.25%	8%
Rate of increase in compensation levels (Per Annum)	5%	5%
Expected average remaining lives of the employees (in number of years)	20	21

A. Change in Present Value of Obligation

Particulars	(Rs in Lacs)			
	Year ended 31st March, 2011 (Gratuity)	Year ended 31st March, 2010 (Gratuity)	Year ended 31st March, 2011 (Leave Encashment)	Year ended 31st March, 2010 (Leave Encashment)
Present value of defined benefits obligation as at the beginning of the period	43.84	31.11	56.15	50.60
Interest Cost	3.51	4.04	4.49	4.47
Current Service Cost	20.64	21.11	13.45	14.85
Benefits Paid	(9.87)	0	(29.81)	(15.50)
Actuarial (Gain) / loss on obligation	(20.12)	(12.42)	(3.42)	1.73
Present value of defined benefits obligation as at the end of the period	38.78	43.84	40.87	56.15

B. Amount recognised in the Balance Sheet

Particulars	(Rs in Lacs)			
	As at 31st March, 2011 (Gratuity)	As at 31st March, 2010 (Gratuity)	As at 31st March, 2011 (Leave Encashment)	As at 31st March, 2010 (Leave Encashment)
Present value of defined benefits obligation as at the end of the period	38.78	43.84	40.87	56.15
Liability / (Net Asset) recognised in the Balance Sheet	38.78	43.84	40.87	56.15

C. Expenses recognised in the Profit and Loss Account

Particulars	(Rs in Lacs)			
	Year ended 31st March, 2011 (Gratuity)	Year ended 31st March, 2010 (Gratuity)	Year ended 31st March, 2011 (Leave Encashment)	Year ended 31st March, 2010 (Leave Encashment)
Current Service Cost	20.64	21.11	13.45	14.85
Past Service Cost	0.79	-	-	-
Interest Cost	3.51	4.04	4.49	4.47
Net Actuarial (Gain) Loss Recognised in the period	(20.12)	(12.42)	(3.42)	1.73
Total expenses recognised in the Profit and Loss Account	4.81	12.73	14.52	21.06

10. There are no dues payable to Micro, Small and Medium Enterprises for more than 45 days, and hence there is no need for provision of interest in the current year. The same is based on the information available with the Company and relied upon by the Auditors.

11. Earnings Per Share :- Basic & Diluted

Particulars	As at 31st March, 2011 Basic & Diluted	As at 31st March, 2010 Basic & Diluted
Numerator – Net Profit After Tax (Rs. In Lacs)	2012.01	1620.87
Number of Equity Shares used as denominator	5,36,02,767	5,36,02,767
Nominal Value Per Equity Share (Rs.)	10	10
Earnings Per Shares- (Rs.) Annualised	3.75	3.02

12. Managerial remuneration comprises of the following :

Particulars	(Rs in Lacs)	
	Managing Director	
	Year ended 31st March, 2011	Year ended 31st March, 2010
a) Salary	-	55.08
b) Contribution to Provident fund	-	2.81
c) Other Perquisites	-	1.95
Total	-	59.84

Note: - The above figure do not include provision for Leave encashment and contribution to Gratuity, since the same is provided as on actuarial basis for the Company as a whole.

13. Taxation:

- i) Provision towards Current taxation is made at the rates as applicable for the Assessment year 2011-2012
- ii) Deferred tax position is arrived at as under

Particulars	(Rs in Lacs)		
	Deferred Tax Assets as at 01.04.2010	Current Year Charges / Credit	Deferred Tax Assets as at 31.03.2011
(i) Difference between books and Tax depreciation.	(51.80)	85.38	33.58
(ii) Disallowance u/s. 43 B	7.06	0.35	7.41
Deferred Tax Assets	(44.74)	85.73	40.99

14. The entire operations of the Company comprise of only one segment, namely Retail and as such, no separate segment reporting is considered necessary for segment reporting as stipulated in Accounting Standard-17 issued by Institute of Chartered Accountants of India.
15. Based on the age of the Assets situated at various locations/stores and considering the fact that the Company operates generally in the leased out properties, the management is of the opinion that there was no material impairment in its fixed assets during the year under review with in the definition of Accounting Standard 28, Impairment of Assets issued by the Institute of Chartered Accountants of India. The position will, however be reviewed on yearly basis.
16. The Company believes that Goodwill as represented in the books of accounts as at the Balance Sheet date amounting to Rs.1, 875.08 Lacs (Previous year Rs. 2,187.60 Lacs) has an appropriate future economic benefit as arrived at upon its de-merger of business with the erstwhile parent Company in the earlier years.
17. **Related Parties Disclosure under Accounting Standard-18**

Subsidiary Company	Brandhouse Oviessse Ltd. (w.e.f. 29.07.2009)
Key Enterprises in which directors are interested.	S. Kumars Nationwide Ltd.
	Belmonte Retails Ltd.
	Sansar Exim Pvt. Ltd.
	Anjaneya Holdings Pvt. Ltd.
	Reid & Taylor (India) Ltd.
	Ingenious Finance & Investment Pvt. Ltd.
	Verve Properties & Investments 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	

Key Enterprises in which directors are interested.	Rosewood Holdings Pvt Ltd. SKNL International B.V. SKNL Europe B.V. SKNL Italy S.p.A. SKNL Global Holding B.V. Leggiuno S.p.A. SKNL North America B.V. N ' Essence Holdings Limited S. Kumars (U.K.) Ltd. Anjaneya Foundation SKNL Foundation Remala Trading B.V. Copley Corp. HMX Poland sp. Z.o.o HMX Acquisition Corp. HMX Des Plaines LLC. Quartet Real Estate LLC. HMX LLC. HMX, DTC Co. Marling & Evans Ltd, U.K. Global Apparel (U.S) Limited Global Apparel (France) Limited Global Apparel (Hongkong) Limited 7172931 Canada Limited
Key Management Personnel	Mr. Nitin S. Kasliwal – Chairman & Managing Director Mrs. Jyoti N. Kasliwal – Director
Relatives of Key Management Personnel	Ms. Anjani N. Kasliwal (Daughter of Mr. Nitin S. Kasliwal and Mrs. Jyoti N. Kasliwal) Mr. Kartikeya N. Kasliwal (Son of Mr. Nitin S. Kasliwal and Mrs. Jyoti N. Kasliwal)

Transactions with Related Parties:

Nature of Transactions	(Rs in Lacs)							
	Subsidiary Company Brandhouse Oviessa Ltd		Key Enterprises in which directors are interested.		Key Management Personnel		Relatives of Key Management Personnel	
	As at 31.03.11	As at 31.03.10	As at 31.03.11	As at 31.03.10	As at 31.03.11	As at 31.03.10	As at 31.03.11	As at 31.03.10
Purchases of Goods	Nil	Nil	65,290.18	59,595.33	Nil	Nil	Nil	Nil
Managerial Remuneration	Nil	Nil	Nil	Nil	Nil	59.84	18.52	20.09
Investments	1,280.70	5.00	Nil	Nil	Nil	Nil	Nil	Nil
Share Application Money	17.39	566.09	Nil	Nil	Nil	Nil	Nil	Nil
Loans and Advances Repaid	0	4.99	Nil	Nil	Nil	Nil	Nil	Nil
Outstanding as on 31 st March 2011	17.39	561.10	19,585.62	19,740.77	Nil	Nil	Nil	Nil

- i) Related party relationships are as identified by the management and have been relied upon by the auditors.
- ii) There is no written off or written back of any balances due from / to related parties.

18. The company has obtained various stores on operating Lease. Lease payments made during the year debited to Profit and loss account is Rs.2,370.43 lacs (Previous Year Rs.2,767.47 Lacs).The amount of future minimum lease payments/commitment under Non Cancelable operating Lease is as under:

Period	(Rs in Lacs)	
	As at 31st March 2011	As at 31st March 2010
Not later than one year	2,178.15	3,459.87
Later than one year but not later than five years	10,676.90	11,972.97
Later than five years	11,466.39	7,812.86

19. Value of Imports on CIF Basis

Particulars	(Rs in Lacs)	
	Year Ended 31st March 2011	Year Ended 31st March 2010
Samples & Sales Promotion	15.31	10.78
Purchases Furniture & Fixture	11.93	36.80
Purchases Merchandise	97.21	81.41

20. Expenditure in Foreign Currency

Particulars	(Rs in Lacs)	
	Year Ended 31st March 2011	Year Ended 31st March 2010
Foreign Travel	129.59	53.95

21. The year-end foreign currency payables that have not been hedged by a derivative instrument or otherwise are as under:

Particulars	As at 31st March, 2011		As at 31st March, 2010	
	Amt in FC HKD	Rupees in Lacs	Amt in FC HKD	Rupees in Lacs
Purchase of Furniture	-	-	HKD 2,98,818	18.83
Purchase of Merchandise	HKD 4,99,512	28.62	HKD 1,72,676	10.43
Purchase of Sales promotion Items	HKD 30,200	1.73	HKD 71,348	4.54
Total		30.35		33.80

22. 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	As at 31st March, 2011		As at 31st March, 2010	
		Quantity ('000)	Amount (Rs. in Lacs)	Quantity ('000)	Amount (Rs. in Lacs)
OPENING STOCK					
Textiles	Mtrs	2,453.32	15,526.24	2,455.41	8,858.78
Made-up (including accessories)	Pcs	423.91	3,995.74	581.32	5,099.26
	Total		19,521.98		13,958.04
PURCHASES					
Textiles	Mtrs	11,341.08	60,380.65	12,029.71	56,463.36
Made-up (including accessories)	Pcs	346.15	4322.19	180.33	3,292.80
	Total		64,702.84		59,756.16
SALES					
Textiles	Mtrs	11168.26	69,997.44	12,031.80	62,651.88
Made-up (including accessories)	Pcs	393.00	3,172.18	337.74	2,528.64
	Total		73,169.62		65,180.52
CLOSING STOCK					
Textiles	Mtrs	2626.14	17,311.51	2,453.32	15,526.24
Made-up (including accessories)	Pcs	377.06	4,043.58	423.91	3,995.74
	Total		21,355.09		19,521.98

23. Previous year's figures are re-grouped/re-arranged wherever considered necessary.
24. Information pursuant to Part-IV of Schedule VI to the Companies Act, 1956 regarding Balance Sheet Abstract and Company's General Business Profile is as under:

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE
I. Registration Details

 Registration No. State Code

 Balance Sheet Date
 Date Month Year

II. Capital raised during the year (Amount in Rupees in Lacs)

 Public Issue Rights Issue

 Bonus Issue Private Placement
III. Position of Mobilisation and Deployment of Funds (Amount in Rupees in Lacs)

 Total Liabilities Total Assets
Sources of Funds

 Paid up Capital
Application of Funds

 Net Fixed Assets

 Reserve & Surplus

 Investments

 Secured Loans

 Net Current Assets

 Misc. Expenditure

 Deferred Tax Assets

 Accumulated Losses
IV. Performance of Company (Amount in Rupees in Lacs)

 Turnover & Other Income

 Total Expenditure

 Profit Before Tax

 Profit After Tax

 Earnings Per Share in Rs.

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

Not Applicable

For and on behalf of the Board

Nitin S. Kasliwal

Chairman & Managing Director

D. D. Avari

Director

Pulak Banerjee

Company Secretary

 Place : Mumbai
 Date : 30th May, 2011

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

Sr. No.	Particulars	Name of the Subsidiary Company Brandhouse Oviessie Limited
1.	Financial year of the subsidiary ended on	31st March, 2011
2.	Extent of shareholding of Brandhouse Retails Limited in the subsidiary as on 31st, 2011	
	No. of Equity shares of Face Value Rs. 10/- each	1,28,07,041
	% to Share Capital of Brandhouse Oviessie Limited	62.5%
3.	Profit / (loss) so far as it concerns the members of Brandhouse Retails Limited and dealt / not dealt with in the accounts of Brandhouse Retails Limited	
I	Profit / (loss) so far as it concerns the members of Brandhouse Retails Limited and not dealt with in the accounts of Brandhouse Retails Limited	
	(a) For the financial year ended 31st March, 2011 (Before considering Minority Interest)	Rs. (12,87,95,690)
	(b) For the previous years since it became a subsidiary	Rs. (2,69,55,628)
II	Profit / (loss) so far as it concerns the members of Brandhouse Retails Limited and dealt with in the accounts of Brandhouse Retails Limited	
	(a) For the financial year ended 31st March, 2011	-
	(b) For the previous years since it became a subsidiary	-
4.	Changes in the interest of Brandhouse Retails Limited between the end of the subsidiary's financial year and 31st March, 2011	-
	• Number of shares acquired	-
	• Material changes between the end of the subsidiary's financial year and 31st March, 2011	-
	a) Fixed Assets (net additions)	-
	b) Investments (net)	-
	c) Money's lent by the subsidiary	-
	d) Moneys borrowed by the subsidiary company other than for the meeting current liabilities.	-

For and on behalf of the Board

Nitin S. Kasliwal	Chairman & Managing Director
D. D. Avari	Director
Pulak Banerjee	Company Secretary

Place : Mumbai
 Date : 30th May, 2011

INFORMATION IN RESPECT OF SUBSIDIARY COMPANIES FOR THE FINANCIAL YEAR ENDED MARCH 31, 2011

Particulars of the subsidiary company for the financial year 2010-11, as required by general circular no. 2/2011 dated 8th February, 2011 issued by the Ministry of Corporate Affairs, Government of India pursuant to section 212(8) of the Companies Act, 1956, are as follows:

(Amount in Rs.)

Name of the Subsidiary Company		Brandhouse Oviesse Limited
•	Exchange Rate applicability (Yes/No) (If yes, Exchange Currency & Rate of Exchange Currency)	No
(a)	Share Capital	
•	Equity	20,49,12,660
•	Preference	-
(b)	Reserves and Surplus (Net of debit balance of Profit and Loss Account)	(15,57,51,318)
(c)	Total Assets other than Investments (Fixed Assets + Current Assets + Miscellaneous Expenditure to the extent not written off)	22,37,91,012
(d)	Total Liabilities (Loan Funds + Current Liabilities and Provisions)	17,34,79,780
(e)	Investments (Except investments in subsidiaries)	-
•	Investment in Government Securities	90,000
(f)	Turnover (Net Sales)	4,89,25,064
(g)	Profit / (Loss) before Taxation	(12,87,95,690)
(h)	Provision for Taxation	-
(i)	Profit / (Loss) after Taxation	(12,87,95,690)
(j)	Proposed Dividend (including Corporate Dividend Tax)	-

Note:

In accordance with the general circular no. 2/2011 dated 08th February, 2011 issued by the Ministry of Corporate Affairs, Government of India and the necessary resolutions passed by the Board of Directors of the Company at its meeting held on 30th May, 2011, the annual accounts of Brandhouse Oviesse Limited, subsidiary of the Company have not been attached with the annual accounts of the Company. However, in line with the aforesaid circular and provisions of section 212 of the Companies Act, 1956, annual accounts and the related information of the subsidiary company will be made available to the investors of the Company and the subsidiary of the Company seeking such information at any point of time. The annual accounts of the subsidiary company are available for inspection by any investor at the Registered Office of the Company and of the subsidiary of the Company.

Consolidated Financial Statements

AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF BRANDHOUSE RETAILS LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS:

1. We have audited the attached Consolidated Balance Sheet of Brandhouse Retails Limited ("the Company") and its Subsidiary – "Brandhouse Oviessa Limited (collectively referred to as "the BHRL group") as at 31st March, 2011 and the Consolidated Profit and Loss Account and also the Consolidated Cash Flow Statement for the year ended on that date annexed thereto (together comprising the "Consolidated Financial Statements"). These Consolidated Financial Statements are the responsibility of the Company's Management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We have relied on unaudited financial statement and financial information furnished by the management with respect to Brandhouse Oviessa Limited, the subsidiary of the Company whose financial year also ended on 31st March, 2011 and have been included in the consolidated financial statements. The financial statements of the said subsidiary reflect total assets of Rs. 2238.81 lacs as at 31st March, 2011, total revenues of Rs. 489.88 lacs and total net cash Inflows of Rs.90.34 lacs for the year then ended

We are unable to comment upon the resultant impact, if any, on the profit, assets and liabilities of the consolidated financial statements of the BHRL Group as at 31st March, 2011, had the subsidiary been audited.

4. In case of the Company, balances of Loans & Advances are subject to confirmation, reconciliation and consequential adjustments, if any (Refer Note no. 9 of Schedule 16 (II) of Consolidated Financial Statements).
5. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, "Consolidated Financial Statements" and Accounting Standard (AS) 27, 'Financial Reporting of interest in Joint Ventures' notified pursuant to the Companies (Accounting Standards) Rules, 2006 and on the basis of the separate financial statements of BHRL Group.

6. On the basis of the information and explanations given to us and on the consideration of the separate audit reports on financial statements of the BHRL Group and to the best of our information and according to the explanations given to us, we are of the opinion that the attached Consolidated Financial Statements, subject to paragraph 3 and 4 above, give a true and fair view in conformity with the accounting principles generally accepted in India:
- (a) in case of Consolidated Balance Sheet, of the consolidated state of affairs of BHRL Group as at 31st March 2011;
 - (b) in case of Consolidated Profit and Loss Account, of the consolidated profit for the year ended on that date.
 - (c) in case of Consolidated Cash Flow Statement, of the consolidated cash flows of the BHRL Group for the year ended on that date.

For Malpani & Associates
Chartered Accountants
Firm Registration No. 120438 W

For Haribhakti & Co.
Chartered Accountants
Firm Registration No. 103523 W

Shyam Malpani
Proprietor
Membership No. F- 034171

Rakesh Rathi
Partner
Membership No: F-045228

Place : Mumbai,
Dated: 30th May, 2011

BALANCE SHEET AS AT 31ST MARCH, 2011

(Rs in Lacs)

Particulars	Schedule	Current Year As at 31 st March 2011		Previous Year As at 31 st March 2010	
SOURCES OF FUNDS					
SHAREHOLDERS' FUNDS					
Share Capital	1	5,360.28		5,360.28	
Reserves and Surplus	2	7,899.56	13,259.84	6,853.97	12,214.25
			285.38		-
MINORITY INTEREST					
LOAN FUNDS					
Secured Loans	3		18,673.82		18,757.54
TOTAL			32,219.04		30,971.79
APPLICATION OF FUNDS					
FIXED ASSETS					
Gross Block	4	7,216.29		6,703.43	
Less : Depreciation/Amortisation		3,205.81		2,172.27	
Net Block		4,010.48		4,531.16	
Add : Capital Work in Progress (including Capital Advances)		206.66	4,217.14	99.14	4,630.30
			0.90		-
INVESTMENTS					
			40.99		52.07
DEFERRED TAX ASSETS					
CURRENT ASSETS, LOANS & ADVANCES					
Inventories		22,165.02		19,521.99	
Sundry Debtors		24,600.85		26,835.02	
Cash & Bank balances		133.02		54.36	
Loans & Advances		4,468.94		5,154.23	
			51,367.83		51,565.60
LESS : CURRENT LIABILITIES & PROVISIONS					
Current Liabilities	7	21,351.23		20,513.00	
Provisions		2,057.80		4,764.79	
			23,409.03		25,277.79
NET CURRENT ASSETS			27,958.80		26,287.81
MISCELLANEOUS EXPENDITURE : (To the extent not written off or adjusted)					
Preliminary Expenses			1.21		1.61
TOTAL			32,219.04		30,971.79
Significant Accounting Policies and Notes forming part of Accounts		16			

Schedules referred to above form integral part of Balance Sheet

As per our attached report of even date

 For Malpani & Associates
 Chartered Accountants

 For Haribhakti & Co
 Chartered Accountants

For and on behalf of the Board

 Shyam Malpani
 Proprietor
 M.No: 34171

 Rakesh Rathi
 Partner
 M.No: 45228

 Nitin S. Kasliwal Chairman & Managing Director
 D. D. Avari Director
 Pulak Banerjee Company Secretary

 Place : Mumbai
 Date : 30th May, 2011

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

(Rs in Lacs)			
Particulars	Schedule	Current Year ended on 31 st March 2011	Previous Year ended on 31 st March 2010
INCOME			
Sales & Services	8	74,234.20	65,746.99
Other Income	9	27.92	233.54
Increase/(Decrease) in Inventories	10	2,643.03	5,563.95
TOTAL		76,905.15	71,544.48
EXPENDITURE			
Purchases & Service Charges	11	66,238.94	60,143.71
Payments to & Provisions for employees	12	1,543.75	1,680.50
Administrative Expenses	13	3,976.64	3,906.64
Selling & Distribution Expenses	14	284.40	159.13
Depreciation/Amortisation		1,033.56	856.05
Interest and Bank Charges	15	2,942.80	1,965.22
TOTAL		76,020.09	68,711.25
Profit Before Taxation		885.06	2,833.23
Provision for Current Taxation		(690.00)	(1,157.00)
Provision for Wealth Tax		(0.49)	(0.36)
Income Tax for earlier years		443.77	(344.30)
Provision for Deferred Tax (Asset)		85.73	19.74
Profit Before Minority Interest		724.07	1,351.31
Minority Interest		482.98	-
Profit After Minority Interest		1,207.05	1,351.31
Balance Brought forward		(269.54)	-
Net Profit Available for Appropriation	TOTAL	937.51	1,351.31
APPROPRIATIONS :			
Debenture Redemption Reserve		2,012.05	1,620.85
Balance carried to Balance Sheet		(1,074.54)	(269.54)
TOTAL		937.51	1,351.31
Earnings Per Share (Basic & Diluted) (Nominal Value of Shares Rs.10)		2.25	2.52
Significant Accounting Policies and Notes forming part of Accounts	16		

Schedules referred to above form integral part of Profit and Loss Account

As per our attached report of even date

For Malpani & Associates
Chartered Accountants

For Haribhakti & Co
Chartered Accountants

For and on behalf of the Board

Shyam Malpani
Proprietor
M.No: 34171

Rakesh Rathi
Partner
M.No: 45228

Nitin S. Kasliwal Chairman & Managing Director
D. D. Avari Director
Pulak Banerjee Company Secretary

Place : Mumbai
Date : 30th May, 2011

CONSOLIDATED CASHFLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

Particulars	(Rs in Lacs)	
	Current Year ended on 31 st March 2011	Previous Year ended on 31 st March 2010
A. CASH FLOW STATEMENT FROM OPERATING ACTIVITIES		
Net Profit Before Tax	885.06	2,833.23
Adjustments for:		
a) Depreciation/Amortisation	1,033.56	856 .05
b) Preliminary Expenses Paid/W.off	0.40	(1.61)
c) Loss on sale of fixed assets	0.04	3.57
d) Interest Expenditure	2,942.80	1,915.95
e) Exchange Rate Fluctuation	27.62	(5.00)
f) Interest Income	(2.73)	(1.59)
Operating Profit before Working Capital Changes	4,886.75	5,600.60
Adjustments for		
a) Trade & Other Receivables	4,983.45	(4,718.39)
b) Inventories	(2,643.03)	(5,563.95)
c) Trade payables	(2,208.76)	(2,025.68)
Cash Generated from/(Used)in Operating Activities	5,018.41	(6,707.42)
Direct Taxes	(2,064.00)	
Net Cash Flow from/(Used) in Operating Activities TOTAL (A)	2,954.41	(6,707.42)
B. CASH FLOW ARISING FROM INVESTING ACTIVITIES		
a) Acquisition of Fixed assets (Including Capital work-in-progress)	(620.38)	(233.38)
b) Issue of Shares to Subsidiary Company	768.42	-
c) Interest income	2.73	1.58
Net Cash Flow from/(Used) in Investing Activities TOTAL (B)	150.77	(231.79)
C. CASH FLOW ARISING FROM FINANCING ACTIVITY		
a) Proceeds from Secured Loans	(83.72)	7,821.49
b) Interest	(2,942.80)	(1,135.34)
Net Cash Flow from Financing Activities TOTAL (C)	(3,026.52)	6,686.15
NET INCREASE IN CASH AND CASH EQUIVALENTS TOTAL (A+B+C)	78.66	(253.06)
Cash & Cash Equivalent at the beginning of the year	54.36	307.42
Cash & Cash Equivalent at the end of the year	133.02	54.36
NET CHANGE IN CASH AND CASH EQUIVALENTS	78.66	(253.06)

NOTES:

1 The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard-3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India.

2 Cash and Cash Equivalents at the Year end consists of Cash in Hand and Balances with Bank as follows:

Particulars	As at 31.03.2011	As at 31.03.2010
Cash in hand	7.70	18.01
Balance with Banks	88.61	2.97
Fixed Deposit Account	36.71	33.38
TOTAL	133.02	54.36

3 Figures in brackets represents outflows.

4 Previous Year figures have been recast/restated wherever necessary

As per our attached report of even date

For Malpani & Associates
Chartered Accountants

For Haribhakti & Co
Chartered Accountants

For and on behalf of the Board

Shyam Malpani
Proprietor
M.No:-34171

Rakesh Rathi
Partner
M.No:-45228

Nitin S.Kasliwal
D.D.Avari
Pulak Banerjee
Chairman & Managing Director
Director
Company Secretary

Place : Mumbai
Date : 30th May, 2011

SCHEDULES FORMING PART OF THE ACCOUNTS

Particulars	(Rs in Lacs)	
	As at 31 st March 2011	As at 31 st March 2010
SCHEDULE - 1 : SHARE CAPITAL		
Authorised		
9,00,00,000 Equity Shares of Rs.10/- each (Previous Year 6,10,00,000)	9,000.00	6,100.00
Issued, Subscribed & Paid up		
5,36,02,767 (Previous Year 5,36,02,767)Equity Shares of Rs.10/- each fully paid-up, out of which 4,73,02,767 equity shares of Rs. 10/- each fully paid were issued for consideration other than cash,pursuant to a Scheme of Arrangement of De-merger approved by the High Court of Judicature at Bombay vide its order dated 22.2.2008	5,360.28	5,360.28
TOTAL	5,360.28	5,360.28
SCHEDULE - 2 : RESERVE & SURPLUS		
Securities Premium Account		
Balance as per last Accounts	2,827.37	3,166.28
Less : Premium on Redemption of Non-Convertible Debentures	161.49	338.91
Closing Balance (a)	2,665.88	2,827.37
Debenture Redemption Reserve		
Balance as per last Accounts	4,296.16	2,675.29
Add : Transfer from Profit & Loss Account	2,012.05	1,620.87
Closing Balance (b)	6,308.21	4,296.16
Profit & Loss Accounts		
Balance as per last Accounts	(269.56)	-
Add : Transfer from Profit & Loss Account	(804.97)	(269.56)
Closing Balance (c)	(1,074.53)	(269.56)
TOTAL (a)+(b)+(c)	7,899.56	6,853.97
SCHEDULE - 3 : SECURED LOANS		
65,45,000 15% Non-Convertible Debentures of Rs. 100 each	6,545.00	6,545.00
Add : Accrued Interest on NCD	488.10	780.61
(Refer Note No. II (5)of Schedule - 16) (a)	7,033.10	7,325.61
Term Loan from Banks (b)	696.62	-
(Refer Note no II (6) Schedule - 16)		
Cash Credit Loans from Banks (c)	10,930.51	11,394.64
(Refer Note no II (6) Schedule - 16)		
Vehicle Loans (d)	13.59	37.29
(Secured by hypothecation of the vehicles financed)		
TOTAL (a)+(b)+(c)+(d)	18,673.82	18,757.54

CONSOLIDATED SCHEDULES FORMING PART OF THE ACCOUNTS
SCHEDULE - 4 : FIXED ASSETS

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	As At 1 st April, 2010	Additions During the Year	Deductions During the Year	Total as at 31 st March, 2011	At the Beginning of the Year	Depreciation /Impairment For the year	Deductions During the Year	Total as at 31 st March, 2011	Net Block as at 31 st March, 2011	Net Block as at 31 st March, 2010
Goodwill	3,125.15	-	-	3,125.15	937.55	312.51	-	1,250.06	1,875.09	2,187.61
Land	4.84	-	-	4.84	-	-	-	-	4.84	4.84
Furniture & Fixtures	3,094.20	410.17	-	3,504.37	1,115.12	662.47	-	1,777.59	1,726.78	1,979.08
Motor Cars	122.38	-	-	122.38	23.64	11.61	-	35.25	87.12	98.75
Computer & Peripherals	166.36	65.85	-	232.21	58.41	37.15	-	95.56	136.65	107.91
Office Equipments	190.50	36.94	0.10	227.34	37.55	9.82	0.02	47.35	179.99	152.94
TOTAL	6,703.43	512.96	0.10	7,216.29	2,172.27	1,033.56	0.02	3,205.81	4,010.48	4,531.16
Capital Work in progress	99.14	208.05	100.53	206.66	-	-	-	-	206.66	99.14
Grand Total	6,802.57	721.01	100.63	7,422.95	2,172.27	1,033.56	0.02	3,205.81	4,217.14	4,630.30
Previous Year	6,577.99	357.82	133.24	6,802.57	1,321.49	856.05	5.27	2,172.27	4,630.30	

SCHEDULES FORMING PART OF THE ACCOUNTS

Particulars	(Rs. in Lacs)	
	As at 31 st March 2011	As at 31 st March 2010
SCHEDULE - 5 : INVESTMENTS		
Non-Trade-Long Term Investment (Unquoted)		
Government Securities-6 Years National Saving Certificate VIII Issue	0.90	-
TOTAL	0.90	-
SCHEDULE - 6 : CURRENT ASSETS, LOANS & ADVANCES		
(i) Inventories (at lower of cost and Net Realisable Value)		
Textiles & Made-ups (Including Accessories)	21,850.13	19,521.99
Stock-In-Transit Textiles & Made-ups (Including Accessories)	314.89	-
(As taken, valued and certified by the Management)		
Total (i)	22,165.02	19,521.99
(ii) Sundry Debtors		
(Unsecured & considered good, unless otherwise stated)		
Over six months	3,571.00	3,119.68
Others	21,029.85	23,715.34
Total (ii)	24,600.85	26,835.02
(iii) Cash & Bank Balances		
a) Cash on hand	7.70	18.01
b) Balances with Scheduled Banks		
On Current Account	88.61	2.97
c) Fixed Deposit Account *	36.71	33.38
* Includes FDRs pledged with Sales Tax Authorities - Rs.34.63 Lacs (Previous Year Rs.33.38 Lacs)		
Total (iii)	133.02	54.36
(iv) Loans & Advances		
(Unsecured & considered good, unless otherwise stated)		
Advances recoverable in Cash or in kind or for value to be received		
Advance Income Tax & TDS	15.98	927.67
Advances to Suppliers	56.35	11.52
Other Advances	0.25	-
Staff Advances	9.05	36.25
Deposits	4,357.74	4,159.50
Balance with Custom Authorities	7.64	-
Prepaid Expenses	21.93	19.29
Total (iv)	4,468.94	5,154.23
TOTAL (i) + (ii) + (iii) + (iv)	51,367.83	51,565.60

SCHEDULES FORMING PART OF THE ACCOUNTS

Particulars	(Rs. in Lacs)	
	As at 31 st March 2011	As at 31 st March 2010
SCHEDULE - 7 : CURRENT LIABILITIES & PROVISIONS		
(i) Current Liabilities		
Sundry Creditors		
a) Total outstanding dues of Micro and Small Enterprises	-	-
b) Total outstanding dues of creditors other than Micro and Small Enterprises		
- For Goods	20,178.56	19,740.77
- For Expenses	944.57	383.75
- For Capital goods & Services	53.13	33.06
Book Overdraft with Banks	6.58	-
Other Liabilities	168.39	355.42
Due to Company under same Management Rs.19585.62 Lacs (Previous Year Rs.19740.77 Lacs)		
TOTAL (i)	21,351.23	20,513.00
(ii) Provisions		
Provision - Income Tax	690.00	3,531.08
Provision - Wealth Tax	0.85	0.61
Provision -Fringe Benefit Tax	0.00	13.20
Provision -Gratuity	42.00	43.84
Provision -Leave Encashment	46.03	58.63
Provision - Premium on Redemption of NCDs	1,278.92	1,117.43
TOTAL (ii)	2,057.80	4,764.79
TOTAL (i) + (ii)	23,409.03	25,277.79

SCHEDULES FORMING PART OF THE ACCOUNTS

Particulars	(Rs. in Lacs)	
	Current Year Ended On 31 st March 2011	Previous Year Ended On 31 st March 2010
SCHEDULE - 8 : SALES		
Sales	73,658.87	65,180.54
Tailoring Income	575.33	566.45
TOTAL	74,234.20	65,746.99
SCHEDULE - 9 : OTHER INCOME		
Interest on Fixed Deposit (TDS Rs.0.26 Lacs, previous year Rs.0.17 Lacs)	2.73	1.52
Exchange Rate Fluctuation	-	4.51
Compensation Received	-	222.57
Miscellaneous Receipts	25.19	4.94
TOTAL	27.92	233.54
SCHEDULE -10 : INCREASE/DECREASE IN INVENTORIES		
Closing Stock of Textiles, Made-ups (including accessories) as at 31st March 2011	22,165.02	19,521.99
Less : Opening Stock of Textiles,Made-ups (including accessories) as at 01st April 2010	19,521.99	13,958.04
TOTAL	2,643.03	5,563.95
SCHEDULE - 11 : PURCHASES		
Purchases	65,843.49	59,756.16
Tailoring Expenses	395.45	387.55
TOTAL	66,238.94	60,143.71
SCHEDULE -12 :PAYMENTS TO & PROVISIONS FOR EMPLOYEEES		
Salaries,Wages,Bonus,Gratuity & Other Benefits	1,443.07	1,581.89
Contribution to Welfare Funds	79.12	79.33
Medical Expenses	3.59	11.63
Staff Training Expenses	7.28	-
Staff Welfare Expenses	10.69	7.65
TOTAL	1,543.75	1,680.50

SCHEDULES FORMING PART OF THE ACCOUNTS

Particulars	(Rs. in Lacs)	
	Current Year Ended On 31 st March 2011	Previous Year Ended On 31 st March 2010
SCHEDULE - 13 :ADMINISTRATIVE EXPENSES		
Rent	2,641.45	2,768.57
Rates & Taxes	58.04	53.70
Repairs & Maintenance - others	61.74	49.32
Travelling Expenses - Foreign	276.64	289.08
Travelling Expenses - Inland	113.35	96.25
Electricity Charges	225.94	243.61
Vehicle Maintenance	14.50	16.96
Directors' Remuneration	69.53	57.02
Remuneration to Auditors (inclusive of Service Tax)		
- Audit Fees	30.27	23.72
- Tax Audit Fees	6.41	4.41
- Other services	2.12	3.31
Showroom Expenses	116.41	0.12
Exchange Rate Fluctuations	27.62	-
Insurance	22.87	22.99
Conveyance	22.21	19.48
Legal & Professional Charges	70.59	63.67
Loss on Sale of Fixed Assets	0.04	3.57
General Expenses	74.53	46.49
Postage & Telephones	70.80	67.81
Printing & Stationery	25.67	34.41
Security Service Charges	28.40	40.12
Brokerage Charges	0.00	1.33
Membership & Subscriptions	11.41	0.30
Miscellaneous Expenses	5.70	-
Preliminary Expenses- written off	0.40	0.40
TOTAL	3,976.64	3,906.64

SCHEDULES FORMING PART OF THE ACCOUNTS

Particulars	(Rs. in Lacs)	
	Current Year Ended On 31 st March 2011	Previous Year Ended On 31 st March 2010
SCHEDULE -14 :SELLING & DISTRIBUTION EXPENSES		
Sales Promotion Expenses	182.88	32.59
Business Convension & Exhibition Expenditure	35.23	96.20
Sample Expenses	0.31	30.34
Warehouse Management Expenses	37.28	-
Freight and Octroi Outward	13.91	-
Packing Material	14.79	-
TOTAL	284.40	159.13
SCHEDULE -15 : INTEREST & BANK CHARGES		
Interest on NCDs (TDS Rs.96.54 lacs, Previous Year Rs.86.73 lacs)	965.43	867.35
Interest on Term Loan	40.62	-
Interest on Vehicle Loans	2.90	4.51
Interest on Bank Overdraft	1,564.58	968.95
Interest on Others	23.06	6.07
Bank Charges & Commission	174.44	118.34
Other Financial Charges	171.77	-
TOTAL	2,942.80	1,965.22

SCHEDULE 16:**I SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31ST MARCH 2011****1. Method of Accounting**

The Financial statements have been prepared on accrual basis, except wherever otherwise stated, under the historical cost convention, in accordance with the accounting principles generally accepted in India and comply with the Accounting Standards as referred to in the Companies (Accounting Standards) Rules 2006 issued by the Central Government in exercise of power conferred under sub-section (i)(a) of section 642 and the relevant provisions of the Companies Act, 1956.

2. Use of Estimates

The preparation of the financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities on the date of financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods.

3. 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.

4. 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 each costing less than Rs. 5,000/- is provided for at 100% of the cost as specified in Schedule XIV to the Companies Act, 1956.
- iii. In respect of Stores closed, the WDV of Furniture and Fixture is further depreciated @ 20% in the year in which stores are closed down
- iv. Goodwill on demerger is amortised over Ten Years in equal annual instalments.
- v. Software is amortised over a period of six years.

5. Capital Work in Progress

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

6. Revenue Recognition

- i. Revenue is recognised on sale of products when no significant uncertainty as to its determination or realisation exists.
- ii. Sales are shown net of returns and Value Added Tax.
- iii. Purchases, consistently accounted on the basis of actual receipt of goods, are shown net of returns, turnover incentives and other incidental charges and include freight charges.
- iv. Interest Income is recognised on time proportion basis taking into account the amount outstanding and the rate applicable.
- v. Compensation are recognised on receipt basis.

7. Inventories

Finished Goods 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.

8. Borrowing Costs

Borrowing costs attributable to the acquisition/construction of a qualifying asset are capitalised as part of the cost of such assets, upto the period assets are ready for their intended use. Other borrowing costs are recognised as an expense in the period in which they are incurred.

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 on each Balance Sheet date, forming part of defined benefit plans.

10. Accounting for Taxes on income

- i. Current tax is determined as the amount of tax payable in respect of taxable income for the year, based on the applicable tax rates and tax laws
- ii. Deferred tax is recognised on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal on one or more subsequent periods and is measured using tax rates that have been enacted or substantively enacted as on the Balance sheet date. Where there is unabsorbed depreciation or carry forward losses, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. Other deferred tax assets are recognised only to the extent there is reasonable certainty of realisation in future. Deferred tax assets/ liabilities are reviewed on yearly basis to reassess their realisation or otherwise

- iii. Fringe Benefit Tax (FBT) payable under the provisions of section 115 WC of the Income Tax Act, 1961 is in accordance with the Guidance Note on Accounting for Fringe Benefits Tax issued by the Institute of Chartered Accountants of India regarded as an additional income tax.

11. Foreign Currency / Fluctuation

- i. Foreign Exchange transactions are recorded as per the rates prevailing on the dates of transactions and at year end are restated at rate as on Balance sheet date.
- ii. Resultant Foreign exchange gain/ loss on restatement of assets / liabilities are charged to the profit & Loss Account.

12. Earnings per Share

In determining earnings per share, the company considers the net profit after tax and includes the post tax effect of any extraordinary items. The number of shares used in computing basic earnings per share is weighted average number of shares outstanding during the period.

For the purpose of computing diluted earnings per share, the net profit attributable to equity shareholders and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential equity shares from exercise of options on un- issued share capital

13. Provisions, Contingent Liabilities & Contingent Assets

Disputed liabilities and claims against the Company including claims raised by various revenue authorities (Eg Sales Tax, Income Tax, Excise etc.), pending in appeal/court for which no reliable estimates can be made of the amount of the obligation or which are remotely poised for crystallisation are not provided for in accounts but disclosed in Notes on Accounts

However, present obligation as a result of past event with possibility of outflow of resources, when reliably estimable, is recognised in accounts

A contingent asset is neither recognised nor disclosed in the financial statements.

14. Segment Reporting Policies:

The company prepares its segment information if any, in conformity with the accounting policies adopted for preparing and presenting the financial statements of the company as a whole.

15. Miscellaneous Expenditure (to the extent not written off or adjusted)

Preliminary Expenses are amortised over a period of 5 years in the profit and Loss Account. Balance remaining at the end of the year is shown in the Balance sheet under the head Miscellaneous Expenditure.

II NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2011:
1. Principles of Consolidation:

The Consolidated Financial Statements relate to Brandhouse Retails Ltd ("the Company") and its subsidiary company.

The Consolidated Financial Statements have been prepared on the following basis:

The financial statements of the Company and its subsidiary company have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating the intra-group balances and intra-group transactions resulting in unrealised profits or losses as per Accounting Standards 21- "Consolidated Financial Statements" notified by Companies (Accounting Standards) Rules, 2006.

The difference between the cost of investment in the subsidiary and the Company's share of net assets at the time of acquisition of shares in the subsidiary is recognised in the financial statement as Goodwill or Capital Reserve.

Minority interest in the net assets of consolidated subsidiary is identified and presented in the consolidated balance sheet separately from liabilities and the equity of the company's shareholders.

Minority interest in the net assets of consolidated subsidiary consists of:

- i) The amount of equity attributable to the minorities at the date on which investment in subsidiary is made; and
- ii) The minorities' share of movements in the equity since the date the parent subsidiary relationship comes into existence.

Minority interest in the net profit for the year of consolidated subsidiary is identified and adjusted against the profit after tax of the group.

The financial statements of the subsidiary used into the consolidation are drawn up to the same reporting date as that of the company i.e. 31st March, 2011.

Subsidiary company which is included in the consolidation and the Company's holdings therein are as under:

Sr. No.	Name of Subsidiary Company	Ownership in %	Country of Incorporation
1	Brandhouse Oviessie Ltd	62.50%	India

2. Contingent Liabilities:

		(Rs. in Lacs)
Sr.	Particulars	31 st March, 2011
1	Sales Tax – Disputed in Appeal - Mumbai	12.80
2	Sales Tax – Dispute in Appeal - Ghaziabad	4.10
3	DLF Limited Delhi towards TDS	**5.62
4.	Bank guarantee in favour of The Collector, Ghaziabad, U.P for Stamp duty in the court of Hon'ble Court of District Magistrate/Collector	*14.15
5.	As may arise due to delay / non-compliance of certain statutory requirement.	Amount Unascertainable

* FDR with Scheduled Banks Rs. 16.45 Lacs (including accumulated interest of Rs. 2.45 Lacs) kept as deposits in respect of the above.

** FDR with Schedule Bank Rs. 6.04 Lacs kept as deposit in respect of above.

3. The year-end foreign currency payables that have not been hedged by a derivative instrument or otherwise are as under:

Particulars	As at 31 st March, 2011		As at 31 st March, 2010	
	Amount in Foreign Currency	Rs. in Lacs.	Amount in Foreign Currency	Rs. in Lacs.
Purchase of Furniture	-	-	HKD 2,98,818	18.82
Purchase of Merchandise	HKD 4,99,511.55	28.62	HKD 1,72,676	10.43
Purchase of Sales promotion Items	HKD 30,200	1.73	HKD 71,348	4.54
Purchase of Merchandise	EURO 9,74,925	616.54	EURO 1,614	0.98
Total		646.89		34.77

- 4 Estimated amount of Contracts remaining to be executed on capital account and not provided for Rs. 278.56 lacs (previous year Rs. 120.32 lacs) (net of advances)
- 5 15% Non-Convertible Debentures issued to India Debt Management Private Limited are secured in favour of the Debenture Trustees, 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 Ishwarapura, Taluka Kadi, District Mehsana, and 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 Debentures shall take place by 30th June, 2011 and 31st December, 2011 @ 35% and 65% 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.

- 6 Term Loan and Working Capital Loans from Bank of India is secured against hypothecation of all tangible movable machineries, plant, properties, other assets, stocks, book debts, out standings, money receivables, claims, bills, rent deposits, both present and future, of the Company by way of first charge.

- 7 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 realised in the normal course of the business. The provision for all the known liabilities is adequate and not in excess of the amount reasonably necessary.
- 8 The Company has become the holding company of Brandhouse Oviessie Ltd on 29th July, 2009. It additionally acquired by virtue of subscription to 1,28,07,041 shares (Previous Year 50000 shares) i. e. 62.50 % paid-up Share Capital of the Subsidiary on 13th May, 2010. Previous Year Brandhouse Oviessie Ltd was the wholly-owned subsidiary of the Company.
- 9 Balances under the heads Loan & Advances 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.
- 10 a. As against the statutory requirement of transfer of Rs. 807.43 Lacs (Previous year Rs. 1 694.57 Lacs), the Company has transferred the available post tax profit of Rs. 2012.05 Lacs (Previous year Rs. 1 620.87 Lacs) to Debenture Redemption Reserve (DRR).The additional amount of Rs. 1204.58 have been transferred to DRR to cover the deficit of Rs. 1291.00 of earlier years.
- b. The Premium payable on redemption of the above NCD's on maturity, amounting to Rs. 161.49 Lacs was adjusted against Securities Premium Account shown under the head current liabilities and provisions (Previous year – Rs. 338.91 Lacs).

11 Earnings Per Share – Basic and Diluted

Particulars	As at 31.03.2011	As at 31.03.2010
	Basic & Diluted	Basic & Diluted
Net Profit After Tax (after adjusting minority interest) as per profit and Loss Account (Rs. in Lacs)	1,207.04	1,351.31
Weighted Average Number of Equity Shares used as denominator	5,36,02,767	5,36,02,767
Nominal Value Per Equity Share (Rs.)	10	10
Earnings Per Shares- (Rs.) Annualised	2.25	2.52

12 Managerial remuneration comprises of the following :

Particulars	(Rs in Lacs)	
	Managing Director	
	Year Ended 31.03.2011	Year Ended 31.03.2010
a) Salary	65.70	55.08
b) Contribution to Provident fund	3.83	2.81
c) Other Perquisites	--	1.95
Total	69.53	59.84

Note : The above figure do not include provision for Leave encashment and contribution to Gratuity, since the same is provided as on actuarial basis for the Company as a whole.

13. Taxation:

- i) Provision towards Current taxation is made at the rates as applicable for the Assessment year 2011-2012
- ii) Deferred tax position is arrived at as under

Particulars	(Rs. in Lacs)		
	Deferred Tax Assets/ as at 01.04.2010	Current Year Charges / Credit	Deferred Tax Assets as at 31.03.2011
(i) Difference between books and Tax depreciation.	(51.80)	85.38	33.58
(ii) Disallowance u/s. 43 B	7.06	0.35	7.41
Deferred Tax Assets	(44.74)	85.73	40.99

14. The entire operations of the Company comprise of only one segment, namely Retail and as such, no separate segment reporting is considered necessary for segment reporting as stipulated in Accounting Standard-17 issued by Institute of Chartered Accountants of India.
15. The Company believes that Goodwill as represented in the books of accounts as at the Balance Sheet date amounting to Rs.1, 875.09 Lacs (Previous year Rs. 2,187.61 Lacs) has an appropriate future economic benefit as arrived at upon its de-merger of business with the erstwhile parent Company in the earlier years.
16. Related parties Disclosure under Accounting Standard-18

Key Enterprises in which directors are interested	S. Kumars Nationwide Ltd. Belmonte Retails Ltd. Sansar Exim Pvt. Ltd. Anjaneya Holdings Pvt. Ltd. Reid & Taylor (India) Ltd. Ingenious Finance & Investment Pvt. Ltd. Verve Properties & Investments 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.Worstedes Pvt. Ltd. Rosewood Holdings Pvt. Ltd. SKNL International B.V. SKNL Europe B.V. SKNL Italy S.p.A SKNL Global Holding B.V. Leggiuno S.p.A. SKNL North America B.V. N 'Essence Holdings Limited
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Key Enterprises in which directors are interested	S. Kumars (U.K.) Ltd. Anjaneya Foundation. SKNL Foundation. Remala Trading B.V. Copley Corp HMX Poland sp. Z.o.o HMX Acquisition Corp. HMX Des Plaines LLC. Quartet Real Estate LLC. HMX LLC. HMX, DTC Co. Marling & Evans Ltd, U.K. Global Apparel (U.S) Limited Global Apparel (France) Limited. Global Apparel (Hongkong) Limited. 7172931 Canada Limited
Key Management Personnel	Mr. Nitin S. Kasliwal – Chairman & Managing Director Mrs. Jyoti N. Kasliwal – Director
Relatives of Key Management Personnel	Ms. Anjani N. Kasliwal (Daughter of Mr. Nitin S. Kasliwal and Mrs. Jyoti N. Kasliwal) Mr. Kartikeya N. Kasliwal (Son of Mr. Nitin S. Kasliwal and Mrs. Jyoti N. Kasliwal)

Transactions with Related Parties:

(Rs. in Lacs)

Nature of Transactions	Key Enterprises in which directors are interested		Key Management Personnel		Relatives of Key Management Personnel	
	As at 31.03.11	As at 31.03.10	As at 31.03.11	As at 31.03.10	As at 31.03.11	As at 31.03.10
Purchases of Goods	65,290.18	59,595.33	Nil	Nil	Nil	Nil
Managerial Remuneration	Nil	Nil	69.53	59.84	18.52	20.09
Investments	Nil	Nil	Nil	Nil	Nil	Nil
Loans and Advances Given	Nil	Nil	Nil	Nil	Nil	Nil
Loans and Advances Repaid	Nil	Nil	Nil	Nil	Nil	Nil
Outstanding as on 31st March 2011	19,585.62	19,740.77	Nil	Nil	Nil	Nil

- i) Related party relationships are as identified by the management and have been relied upon by the auditors.
- ii) There is no written off or written back of any balances due from / to related parties.

For and on behalf of the Board

Nitin S.Kasliwal	Chairman & Managing Director
D.D.Avari	Director
Pulak Banerjee	Company Secretary

Place : Mumbai
 Date : 30th May, 2011

BRANDHOUSE RETAILS LIMITED

Regd. Office: - B-2, 5th Floor, Marathon NextGen, Off G. K. Marg, Lower Parel, Mumbai – 400 013
• email: bhrlinvestors@sknl.co.in

Dear Shareholder,

**SUB: - MCA GREEN INITIATIVE
(ELECTRONIC MODE OF SERVICE OF DOCUMENTS)**

In a bid to conserve the environment, the Ministry of Corporate Affairs (MCA), Government of India (GoI) has issued a circular bearing no. 17/2011/95/2011 CL-V dated April 21, 2011 as part of its “Green Initiatives”, reporting that a company will have complied with section 219 and other applicable provisions of the Companies Act, 1956 if service of Annual Reports/Notices/Intimations/Documents etc. on its shareholders has been made using the electronic mode.

This initiative of MCA is praiseworthy and your Company welcomes and supports the same.

In view of the above, your Company proposes to send in future the documents like Annual Reports, Notices, Intimations and all other shareholder communications using the electronic mode to the email address provided by you and made available to us by the Registrar & Transfer Agents (RTA) of the Company/Depositories. This would also ensure timely delivery of the aforesaid documents without any loss in transit and also help your Company save cost of printing/posting.

However, you may note that you will be entitled to be furnished, free of cost, a copy of the above mentioned documents upon receipt of a request from you any time, as a shareholder of the Company.

Keeping in mind the above circular of MCA, you are requested to convey your email address to the RTA in case you are holding shares in physical mode/your Depository Participant in case you are holding shares in demat mode, at your earliest.

Your Company is confident that you would appreciate the “Green Initiative” taken by MCA and support the same in the interest of the humankind.

Thanking you,

Yours faithfully,

For Brandhouse Retails Limited
Pulak Banerjee
Company Secretary

This is a computer generated message for electronic dissemination and hence does not require signature.

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BRANDHOUSE RETAILS LIMITED

B-2, 5th Floor, Marathon NextGen, Off G. K. Marg, Lower Parel, Mumbai - 400 013

PROXY FORM

(To be filled in and signed by the Shareholder)

7th ANNUAL GENERAL MEETING

FOLIO NUMBER/DP & CLIENT ID:

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

NUMBER OF SHARES HELD

--	--	--	--	--	--	--	--

I/We, _____, resident(s) of _____ in the district of _____ in the state of _____, being shareholder(s) of the Company hereby appoint Mr./Mrs./Ms. _____, resident of _____ in the district of _____ in the state of _____ or failing him/her, Mr./Mrs./Ms. _____, resident of _____ in the district of _____ in the state of _____ as my/our proxy to vote for me/us and on my/our behalf at the 7th Annual General Meeting of the shareholders of the Company to be held on Wednesday, September 28, 2011 at 4:30 p.m. at Walchand Hirachand Hall, Indian Merchants' Chamber Building, IMC Marg, Near Churchgate Station, Churchgate, Mumbai – 400 020. Signed this _____ day of _____ 2011.

Affix
Re.1/-
Revenue
Stamp

Note: This form, in order to be effective, should be duly stamped, completed, signed and submitted at the Registered Office of the Company not less than 48 hours before the meeting.

BRANDHOUSE RETAILS LIMITED

B-2, 5th Floor, Marathon NextGen, Off G. K. Marg, Lower Parel, Mumbai - 400 013

ATTENDANCE SLIP

(To be filled in and signed by the Shareholders/Proxies)

7th ANNUAL GENERAL MEETING

FOLIO NUMBER/DP & CLIENT ID:

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

NUMBER OF SHARES HELD

--	--	--	--	--	--	--	--

I, _____, certify that I am the Shareholder / Proxy for the Shareholder of the Company.

I hereby record my presence at the 7th Annual General Meeting of the Company on Wednesday, September 28, 2011 at 4:30 p.m. at Walchand Hirachand Hall, Indian Merchants' Chamber Building, IMC Marg, Near Churchgate Station, Churchgate, Mumbai – 400 020.

Signature of the Shareholder/Proxy

Note: Please fill up this Attendance Slip and hand it over at the entrance of the meeting hall. Shareholders are requested to bring copy of Annual Report to the meeting.



BRANDHOUSE
R E T A I L S

BRANDHOUSE RETAILS LIMITED

Regd. Office: B-2, 5th Floor, Marathon NextGen, Off G. K. Marg, Lower Parel, Mumbai: 400 013
Tel.: +91-22-24824500 Fax.: +91-22-24931685