

BOARD OF DIRECTORS

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

COMPANY SECRETARY

Pulak Banerjee

AUDITORS

M/s. Haribhakti & Co., Chartered Accountants

M/s. Malpani & Associates, Chartered Accountants

REGISTRAR & TRANSFER AGENT

Datamatics Financial Services Limited

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

Marol, Andheri (E), Mumbai - 400 093

Website: www.dfssl.com

REGISTERED OFFICE

"Avadh" Avadhesh Parisar, Shree Ram Mills Premises,

G. K. Marg, Worli, Mumbai – 400 018

Website: <http://brandhouseretails.com>

Email: bhrlinvestors@sknl.co.in

BANKERS

Bank of India

IDBI Bank Limited

Union Bank of India

Central Bank of India

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NOTICE

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

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

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

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

By Order of the Board
For BRANDHOUSE RETAILS LIMITED

Place : Mumbai
Date : 30th July, 2010

PULAK BANERJEE
COMPANY SECRETARY

NOTES:

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

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

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

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

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

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

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

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

By Order of the Board
For BRANDHOUSE RETAILS LIMITED

Place : Mumbai
Date : 30th July, 2010

PULAK BANERJEE
COMPANY SECRETARY

ANNEXURE TO THE NOTICE CONVENING SIXTH ANNUAL GENERAL MEETING

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

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

* Section 25 company

DIRECTORS' REPORT

Dear Shareholders,

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

FINANCIAL HIGHLIGHTS

(Rs in Lacs)

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

YEAR IN RETROSPECT

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

DIVIDEND

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

DEPOSITORY SYSTEM

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

LISTING OF COMPANY'S SHARES

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

OPERATING RESULTS AND BUSINESS

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

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

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

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

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

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

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

DIRECTORS

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

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

1. that in the preparation of the Annual accounts for the year ended on 31st March, 2010 the applicable accounting standards have been followed along with proper explanations relating to material departures, if any;
2. that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of profit of the company for the year;
3. that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and preventing and detecting fraud and other irregularities; and
4. that the Directors have prepared the annual accounts for the year ended on 31st March, 2010 on a going concern basis.

DEPOSITS

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

PARTICULARS OF EMPLOYEES

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

CORPORATE GOVERNANCE

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

PROMOTER GROUP COMPANIES

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

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

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

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

CONSOLIDATION OF ACCOUNTS

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

AUDITORS

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

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

ACKNOWLEDGEMENT

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

On behalf of the Board

Place : Mumbai

NITIN S. KASLIWAL

Date : 28th May, 2010

CHAIRMAN & MANAGING DIRECTOR

ANNEXURE TO THE DIRECTORS' REPORT

Persons forming part of "Group" as defined in the Monopolies & Restrictive Trade Practices Act, 1969 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 | 25. SKNL Italy S.P.A. |
| 2. Mrs. Jyoti N. Kasliwal | 26. SKNL Global Holding B.V. |
| 3. Ms. Anjani N. Kasliwal | 27. Raj Infin Private Limited |
| 4. Mr. Kartikeya N. Kasliwal | 28. LEGGIUNO S.P.A. |
| 5. Brandhouse Oviessse Limited | 29. SKNL North America B.V. |
| 6. S. Kumars Nationwide Limited | 30. N' Essence Holdings Limited |
| 7. Reid & Taylor (India) Limited | 31. SKNL (U.K.) Limited |
| 8. Belmonte Lifestyle Limited | 32. Remala Trading B.V. |
| 9. S Kumars Enterprises (Synfabs) Limited | 33. Copley Corp |
| 10. S Kumars Textiles Limited | 34. Girija Holdings Private Limited |
| 11. Sansar Exim Private Limited | 35. HMX Poland sp. Z.o.o |
| 12. Anjani Finvest Private Limited | 36. HMX Poland sp. Z.o.o, Luxembourg |
| 13. Ingenious Finance & Investment Private Limited | 37. HMX Acquisition Corp. |
| 14. Verve Properties & Investment Private Limited | 38. HMX Des Plaines LLC. |
| 15. Natty Finance & Investment Private Limited | 39. Quartet Real Estate LLC. |
| 16. Tulja Enterprises Private Limited | 40. HMX LLC. |
| 17. Chamundeshwari Mercantile Private Limited | 41. HMX, DTC Co. |
| 18. Maverick Mercantile Private Limited | 42. Ani-Abhi Investment Private Limited |
| 19. S.K.Worsteds Private Limited | 43. Marling & Evans Limited, U.K. |
| 20. Anjaneya Foundation | 44. Global Apparel (US) Limited |
| 21. SKNL Foundation | 45. Global Apparel (France) Limited |
| 22. Reid & Taylor Limited; U.K. | 46. Global Apparel (HongKong) Limited |
| 23. SKNL International B.V. | 47. 717291 Canada Limited |
| 24. SKNL Europe B.V. | |

MANAGEMENT DISCUSSION & ANALYSIS

ECONOMIC OVERVIEW

Despite the global slowdown, the Indian economy expanded by 7.4% during 2009-10, as against 6.7% in 2008-09, supported by the Government's stimulus package. The revival in consumption boosted the industry and the services sector in the economy. The economic backdrop continued to impact performance of companies across sectors including organized retail in the financial Year 2009-10. Consumer sentiment and business confidence registered a marked improvement during the second half of the financial year. The collateral damage to growth from the global financial crisis and the domestic drought was more limited and better contained than was earlier expected. For instance, the industry numbers seemed to have been aided by both monetary and fiscal stimulus measures of the Government.

INDIAN RETAIL SECTOR

The retail industry is the fastest growing industry in India as it contributes for 10% of the country's GDP and its current growth rate is 8.5%. According to the 8th Annual Global Retail Development Index (GRDI) of AT Kearny, Indian retail industry is the most promising emerging market for investment and is the fifth largest in the world. Comprising of organized and unorganized sectors, Indian retail industry is one of the fastest growing industries in India, especially over the last few years. The growth in the overall retail market is expected to be driven, largely by the explosion in the modern retail market. According to Investment Commission of India data, this segment accounted for US\$ 12.10 bn of sales in 2006, 4.6% of the total retail segment. As per study by Business Monitor International Ltd., Modern retail sales will reach US\$ 99.09 bn by 2014, 13.1% of the total retail sales in the country. The growth of scope in the Indian retail market is mainly due to the change in the consumer behaviour. For the new generation have preference towards luxury commodities, which have been due to the strong increase in income, changing lifestyle and demographic patterns which are favourable.

OPPORTUNITIES AND THREATS

The opportunities in Indian organized retail sector are many, for this sector is witnessing a boom. The various opportunities in the organized retail sector in India are mainly there as the Indian consumers' behaviour patterns have changed. Now the Indian consumer gets more hefty pay- packages, is younger, a large number of women are working, western influences and more disposable income have opened up a lot of opportunities in Indian organized retail sector.

The Indian government in 2005 allowed foreign direct investment (FDI) in single brand retail upto 51%. This opened up a lot of opportunities in Indian organized retail sector. In fact 325 departmental stores, 300 new malls, and 1500 supermarkets are being built which shows the tremendous opportunities in the organized retail sector in India.

The Indian retail Industry is poised for further growth if foreign direct investment (FDI) is allowed by the Government in multiple brand retail, to which the Company belongs. The opportunities in the organized retail sector in India have also increased with the desire of many global retail giants to set up shop here.

COMPANY'S BRANDS

REID & TAYLOR

Reid & Taylor is Company's brand offering in the premium suiting and garment segment and has been able to capture approximately 22% of the market share for worsted suiting and fabrics to be 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, the most recent brand added to the Company's arsenal. SB is an English brand that offers a wide range of business attire that is 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 which is ideal for those consumers who are both fashion and value conscious.

CARMICHAEL HOUSE

Carmichael House is the brand that offers premium and mid-premium home textiles of 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', Alfred Dunhill – the founder of the brand has since inception set new benchmarks in engineering and precision in the male wardrobe and accessories. 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 Oviessse Limited (BOL) was incorporated as Company's Joint Venture with Oviessse S.p.A. Italy, under a Joint Venture Agreement for setting up of the brand "Oviessse Industry", Italy's number one fashion brand under single brand retail. The brand "Oviessse industry" offers quality fashionable apparel for men, women and kids at affordable prices.

In terms of the Joint Venture Agreement, the Company holds 62.5% of the equity while the remaining 37.5% is held by Oviessse S.p.A. The Joint Venture is exclusive to the domestic market and has planned to set up 190 stores over the next five years. The store rollout is expected to commence later this year and continue for the next five years setting up stores across metro / tier 1 / tier 2 cities.

Oviessse is one of Italy's leading fashion brands. It offers high quality fashionable apparel and accessories at affordable prices. India's middle class youth is growing rapidly and disposable incomes are also on the rise. The Company recognized that even though the propensity to spend has increased, there is no apparel brand that caters to the fashion conscious mid-price segment. Accordingly, bringing an established Italian brand would benefit from Oviessse's brand building, design, development and trend forecasting expertise while Oviessse will be able to operate effectively in the Indian market utilizing the Company's domestic retail, distribution, logistics and marketing expertise.

The Joint Venture will, for the first 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.

Encouraging 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 which would provide the Company brands with a competitive market place. 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 rationalization, 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 capitalize on prevailing trends, timely forecast of changing trends or failure to keep pace with the rate of such change will affect its growth prospects. Also, the Company's business is cyclical and subject to seasonal fluctuations as the range of products in the garment/apparel business changes according to the season. Apparels do have a tendency of going out of fashion and unless 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 very 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 2009-10 your Company's revenues grew 19.03% to Rs. 65,746.07 Lacs due to improved same store sales and better volumes achieved through opening of new stores across the country.

EXPENDITURE

Total expenditure during the period under review, excluding interest & depreciation, increased by 17.57% to Rs. 60,105.25 Lacs from Rs. 51,122.71 Lacs last year. As a natural effect of the Company's enhanced scale of operations, total expenditure has also increased.

Rentals nationwide corrected during the year under review and 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. 5,640.82 Lacs as compared to Rs. 4,112.20 Lacs in the previous year, an increase of 37.17%. EBIDTA margins have successfully been enhanced to 8.58% in the current year from 7.44% previously. The focal reason for this uptick in the EBIDTA margins is the revival in consumer sentiment. This strong growth in 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 2009-10 is higher at Rs. 1,915.95 Lacs as compared to Rs. 878.03 Lacs in the previous year. This increase in interest cost is the outcome of availing additional working capital finance in order to ensure smooth working of day to day operations of the Company.

NET PROFIT

Net profit after tax for the financial year 2009-10 rose by 21.10% to Rs. 1,620.87 Lacs as compared to Rs. 1,338.50 Lacs in the previous year, translating to an EPS of Rs. 3.02.

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 realized 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 adheres to good corporate practices and is constantly striving to better them and adopt emerging best practices. It is believed that adherence to business ethics and commitment to corporate social responsibility would help the Company achieve its goal of maximising value for all its stakeholders. The Company will continue to focus its resources, strengths and strategies to achieve its vision of becoming a true Fashion Retailer. The corporate governance framework is there to encourage the efficient use of resources and equally to require accountability for the stewardship of these resources.

The Company has set its Corporate Governance philosophy to enhance the long-term value of Company's stakeholders. It is an approach to sustainable development. Good Governance is an essential ingredient of good business. The following report on the implementation of the Corporate Governance requirements under clause 49 of the Listing Agreement is a sincere effort of the Company to follow the Corporate Governance principles, both, in their letter and spirit as well.

COMPLIANCE WITH CLAUSE 49 OF THE LISTING AGREEMENT

The Company has generally complied with the provisions of clause 49 of the Listing Agreement which deals with the compliance of Corporate Governance requirements. The same are detailed below.

1. BOARD OF DIRECTORS

a. Composition of the Board

As on 31st March, 2010, 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 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
Mr. Tarun Joshi [#]	Managing Director	Non-Promoter	Executive	Non-Independent

^{*} Promoter of the Company. / ^{**} Nominee of India Debt Management Private Limited. / ^{***} Alternate to Mr. Denys Firth.

[#] Resigned as Managing Director and Director of the Company with effect from 30th January, 2010.

b. Number of Board Meetings

The Board of Directors met four times during the year on 30th June, 2009, 25th July, 2009, 31st October, 2009 and 30th January, 2010. 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 in other Committees:

Name of Director	Board Meetings Attended	Attendance in Last AGM held on 24 th September, 2009	No. of Directorships in other Public Limited Companies	No. of Committees [#]	
				Chairman	Member
Mr. Nitin S. Kasliwal	4	No	3	-	-
Mrs. Jyoti N. Kasliwal	4	No	2	-	-
Dr. A. C. Shah	4	Yes	7	1	8
Mr. Anish Modi	3	No	4	-	5
Mr. Denys Firth	-	No	2	-	-
Mr. Dara D. Avari	4	Yes	3	-	3
Mr. Alexander Shaik [*]	2	No	2	-	-
Mr. Tarun Joshi ^{**}	3	Yes	N.A.	-	-

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

^{*} Alternate to Mr. Denys Firth.

^{**} Resigned as Managing Director and Director of the Company with effect from 30th January, 2010

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 a 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 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.

During the year, Mr. Tarun Joshi resigned as Managing Director and Director of the Company. At the Board meeting held on 30th January, 2010 Mr. Nitin S. Kasliwal, the Chairman of the Company was appointed as the Managing Director pursuant to section 269 of the Companies Act, 1956 for a period of three years with effect from 30th January, 2010 without any remuneration subject to approval from the shareholders and the Central Government. In accordance with the provisions of the Companies Act, 1956 and Article 130 of the Articles of Association of the Company, Mr. Denys Firth and Mr. Dara D. Avari retire by rotation and being eligible, offer themselves for re-appointment.

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 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 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.

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, 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 times on 30th June, 2009, 25th July, 2009, 31st October, 2009 and 30th January, 2010. 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
Mr. Tarun Joshi*	Member	3

* Ceased to be a member following his resignation as Managing Director and Director of the Company with effect from 30th January, 2010

The Chairman of the Audit Committee was present at the Fifth Annual General Meeting of the Company.

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:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the Statutory Auditors and the fixation of audit fees.
- Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors.
- Reviewing, with the management, the annual financial statements before submission to the Board for approval.
- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
- Reviewing, with the management, performance of Statutory and Internal Auditors, and adequacy of the internal control systems.
- 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.
- Discussing and reviewing with the internal auditors any significant findings, its reporting to the Board and follow up there on.
- 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.
- 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.
- 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.
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
- 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.

Two meetings of the Remuneration Committee were held during the year under review on 30th June, 2009 and 30th January, 2010.

Attendance at the meetings of the Remuneration Committee is as under:

Name of Director	Designation	Meetings Attended
Dr. A. C. Shah	Chairman	2
Mr. Anish Modi	Member	2
Mr. Dara D. Avari	Member	2

Remuneration paid to the Directors

- a) The Non-Executive Directors of the Company do not draw any remuneration from the Company except sitting fees of Rs. 5,000/- for each meeting of the Board of Directors and Audit Committee attended by them.

The details of sitting fees paid to the Non-Executive Directors for the financial year 2009-10 are as follows:

(In Rs.)

Name of the Director	Sitting Fees for the financial year 2009-10		Total
	Board Meeting	Audit Committee	
Mr. Nitin S. Kasliwal*	15,000	N. A.	15,000
Mrs. Jyoti N. Kasliwal	20,000	N. A.	20,000
Dr. A. C. Shah	20,000	20,000	40,000
Mr. Anish Modi	15,000	15,000	30,000
Mr. Denys Firth	NIL	N. A.	NIL
Mr. Dara D. Avari	20,000	20,000	40,000
Mr. Alexander Shaik**	5,000	-	5000

*Appointed as the Managing Director of the Company with effect from 30th January, 2010.

**Alternate to Mr. Denys Firth.

b) The details of remuneration paid to the Executive Directors for the financial year 2009-10 is as follows:

(In Rs. Lacs)

Name / Designation	Tenure of Office	Salary	Contribution to PF	Other Perquisites	Total
Mr. Tarun Joshi, Managing Director*	From 1 st April 2009 to 30 th January, 2010	55.08	2.81	1.95	59.84
Mr. Nitin S. Kasliwal, Chairman & Managing Director**	From 30 th January, 2010 to 31 st March, 2010	-	-	-	-

* Resigned as Managing Director and Director of the Company with effect from 30th January, 2010

** Appointed as the Managing Director of the Company with effect from 30th January, 2010 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, 2010 :

Name of Director	As on 31 st March, 2010	%
	Number of Shares	
Nitin S. Kasliwal	2,96,490	0.55
Jyoti N. Kasliwal	2,92,932	0.55
Dr. A. C. Shah	100	0.00
Anish Modi	-	-
Denys Firth	-	-
Dara D. Avari	-	-
TOTAL	5,89,522	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.

- d) Redressing any other grievances / queries of the shareholders / investors not mentioned above which it may deem fit.
- e) 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. Tarun Joshi*	Member	12

* Ceased to be a member following his resignation as Managing Director and Director of the Company with effect from 30th January, 2010

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

A total of 7 complaints were received during the year. All these complaints have been resolved to the satisfaction of complainants. No complaint was pending as on 31st March, 2010. No requests for transfer were pending for approval as on 31st March, 2010.

5. GENERAL BODY MEETINGS

Annual General Meetings

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

Year	AGM	Time & Date of AGM	Venue
2006-2007	3 rd	On 29 th October, 2007 at 5:30 p.m.	"Avadh" Avadhesh Parisar, Shree Ram Mills Premises, G. K. Marg, Worli, Mumbai – 400 018.
2007 -2008	4 th	On 17 th June, 2008 at 3:00 p.m.	"Avadh" Avadhesh Parisar, Shree Ram Mills Premises, G. K. Marg, Worli, Mumbai – 400 018.
2008 - 2009	5 th	On 24 th September, 2009 at 4:30 p.m.	Walchand Hirachand Hall, Indian Merchants' Chamber Building, IMC Marg, Churchgate, Mumbai – 400 020.

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

AGM	Date of AGM	Special Resolutions passed for :
3 rd	29 th October, 2007	Revision in remuneration payable to Mrs. Jyoti N. Kasliwal, Executive Director
		Revision in remuneration payable to Mr. Tarun Joshi, Managing Director
4 th	17 th 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
5 th	24 th 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 place other than the Registered Office of the Company

Extra Ordinary General Meetings

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

Year	Time & Date of EoGM	Venue
2006 -2007	On 9 th November, 2006 at 11:30 a.m.	"Avadh" Avadhesh Parisar, Shree Ram Mills Premises, G. K. Marg, Worli, Mumbai – 400 018
	On 29 th December, 2006 at 11:00 a.m.	"Avadh" Avadhesh Parisar, Shree Ram Mills Premises, G. K. Marg, Worli, Mumbai – 400 018
2007 -2008	On 30 th July, 2007 at 4:00 p.m.	"Avadh" Avadhesh Parisar, Shree Ram Mills Premises, G. K. Marg, Worli, Mumbai – 400 018
2008 -2009	On 7 th April, 2008 at 11:00 a.m.	"Avadh" Avadhesh Parisar, Shree Ram Mills Premises, G. K. Marg, Worli, Mumbai – 400 018
	On 26 th 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 last three financial years are as follows:

EoGM Date	Special Resolutions passed for:
9 th November, 2006	Issue of Two crore Forty Lac fully paid equity shares of Rupees Ten each of the Company to S. Kumars Nationwide Limited
29 th December, 2006	Acquisition of the running business by S. Kumars Nationwide Limited
30 th July, 2007	Issue of Fifty Three lac fully paid equity shares of Rupees Ten each of the Company to Sansar Exim Private Limited
7 th April, 2008	Increase in Authorised Capital of the Company from Rupees Twenty Five crore to Rupees Sixty crore
	Alteration of 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
26 th 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, two Postal Ballots were conducted as per the following details:

Date of Notice	Brief details of the Resolutions passed	Type of Resolution	Result
25 th July, 2009	Resolution for Alteration of the Main Objects in the Memorandum of Association of the Company	Special Resolution pursuant to section 17 of the Companies Act, 1956	The votes cast in favour of the resolution were 99.99% as against 0.01% votes cast against the resolution. The resolution was accordingly passed by requisite majority.
31 st October, 2009	Resolution for Increase in the remuneration payable to Ms. Anjani N. Kasliwal, Vice-President (Luxury Brands) of the Company	Special Resolution pursuant to section 314(1B) of the Companies Act, 1956	The votes cast in favour of the resolution were 99.80% as against 0.20% votes cast against the resolution. The resolution was accordingly passed by requisite majority.

Mr. P. N. Parikh of Parikh & Associates, Practicing 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 required to be passed by Postal Ballot.

6. SUBSIDIARIES :

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

Details of Subsidiaries:

Name of the Subsidiary	Date of Incorporation	Shareholding as on 31 st March, 2010
Brandhouse Oviesse Limited	29 th July, 2009	100%

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 Subsidiaries.

The Subsidiary will commence its operations during the Financial Year 2010-11 and accordingly the financial statements and minutes of the Board Meetings of the subsidiary will be placed before the ensuing meeting of the Board of Directors for considering the unaudited financial results of the Company for the quarter ending on 30th June, 2010.

7. 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. Certification by CEO and CFO about the true & fairness of the accounts and financial statements of the Company for the year ended 31st March, 2010 has been duly received and was placed before the Board Meeting held on 28th May, 2010 for approving the accounts for the year ended on 31st March, 2010.

d) Risk Management

The company is in the process of formulating a Risk Management Policy.

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

8. MEANS OF COMMUNICATION :

The Company has been promptly communicating any material developments in the Company to the shareholders. On 30th January, 2010, Mr. Tarun Joshi resigned from the Company as a Managing Director and Director. On the same day, the Board appointed Mr. Nitin S. Kasliwal as the Managing Director of the Company, subject to the approval of shareholders in the general meeting and from the Central Government pursuant to section 316 of the Companies Act, 1956. An abstract to this effect was promptly sent to the shareholders in compliance of section 302 of the Companies Act, 1956.

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

Period	Date of the Board Meeting	Date of publishing	Newspapers
Audited Financial Results for the Financial Year 2008-09	30 th June, 2009	2 nd July, 2009	The Business Standard & Navashakti
Unaudited Financial Results for the Quarter ended 30 th June, 2009 (Q1)	25 th July, 2009	27 th July, 2009	The Financial Express & Navashakti
Unaudited Financial Results for the Half Year ended 30 th September, 2009 (H1)	31 st October, 2009	2 nd November, 2009	The Financial Express & Navashakti
Unaudited Financial Results for the Quarter ended 31 st December, 2009 (Q3)	30 th January, 2010	1 st February, 2010	The Free Press Journal & Navashakti

All material information including financials, presentations, press releases, corporate updates, shareholders

information promptly communicated to BSE and NSE is available on their respective websites and also on the website of the Company <http://brandhouseretails.com>.

9. GENERAL SHAREHOLDERS INFORMATION:

a) Annual General Meeting

Date, Time and Venue : Tuesday, 28th September, 2010 at 4:30 p.m. at Walchand Hirachand Hall, Indian Merchants' Chamber Building, IMC Marg, Churchgate, Mumbai – 400020

b) Financial Year

1st April to 31st March

Financial Calendar during the Financial Year 2010-11 is as follows:

Board Meeting for considering Audited Financial Results for the year ended 31 st March, 2010	28 th May, 2010
Financial Reporting for the Quarter ending on 30 th June, 2010	By 14 th August, 2010
Financial Reporting for the Quarter/Half year ending on 30 th September, 2010	By 14 th November, 2010
Financial Reporting for the Quarter/Nine months ending on 31 st December, 2010	By 14 th February, 2011
Financial Reporting for the Quarter / Year ending on 31 st March, 2011	By 30 th May, 2011

c) Date Of Book Closure

Saturday, 18th September, 2010 to Tuesday, 28th September, 2010 (both days inclusive)

d) Dividend Payment Date

The Company has not declared / proposed any interim / final dividend for the financial year ended on 31st March, 2010.

e) 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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Pursuant to the Scheme of Arrangement with S. Kumars Nationwide Limited, 51,994,195 equity shares of the Company were listed on BSE & NSE with effect from 27th March, 2009. However, 16,08,572 equity shares of the Company held by its promoters, listing of which was pending pursuant to an order passed by SEBI, were listed on BSE & NSE with effect from 30th March, 2010.

The requisite Listing Fees for the financial year 2010-11 have been duly paid to BSE & NSE.

f) Stock Code & ISIN for the Equity Shares of the Company

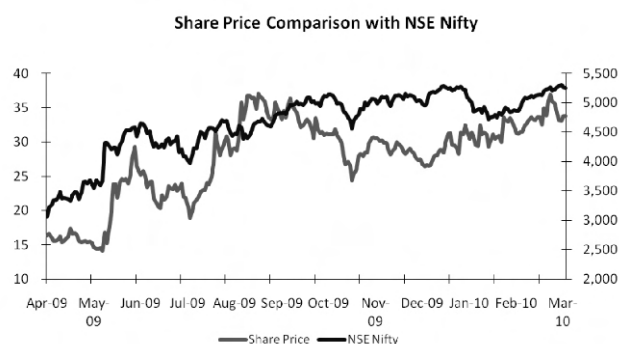
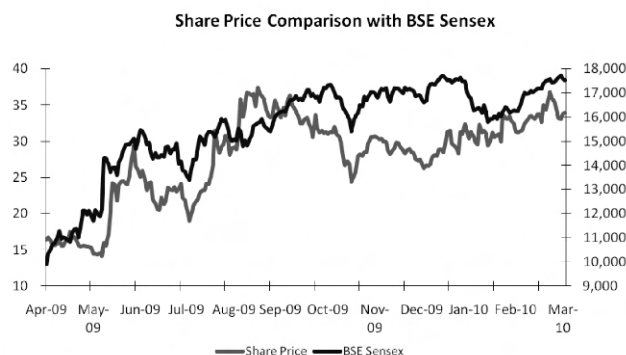
BSE Scrip Code: 533059 NSE Symbol: BRANDHOUSE

ISIN for the equity shares of the Company: INE317J01011

g) Market Price Data

Monthly share price movement on BSE & NSE during the Financial Year 2009-10 was as below:

Month	BSE			NSE		
	High	Low	Volume	High	Low	Volume
April 2009	18.40	15.05	49,17,435	19.80	15.50	96,90,030
May 2009	26.00	14.00	72,31,490	26.20	14.00	96,32,566
June 2009	30.50	19.10	79,34,055	30.50	19.30	89,82,656
July 2009	32.35	18.40	1,22,24,165	32.35	18.30	1,55,77,633
August 2009	38.80	27.50	2,56,45,951	38.75	27.50	3,25,69,107
September 2009	37.25	31.85	91,35,812	37.80	31.65	1,39,20,464
October 2009	34.70	25.20	63,82,795	34.65	25.65	97,14,819
November 2009	31.75	24.10	33,76,697	31.65	22.25	50,69,764
December 2009	30.75	26.25	22,51,269	30.85	26.20	31,33,091
January 2010	33.40	28.05	96,74,724	33.35	28.10	1,33,45,246
February 2010	35.00	29.00	83,30,940	35.00	28.35	1,18,91,441
March 2010	37.80	31.30	87,30,956	37.80	31.30	1,18,64,528

h) Performance in comparison to broad-based indices


i) Registrar & Transfer Agent

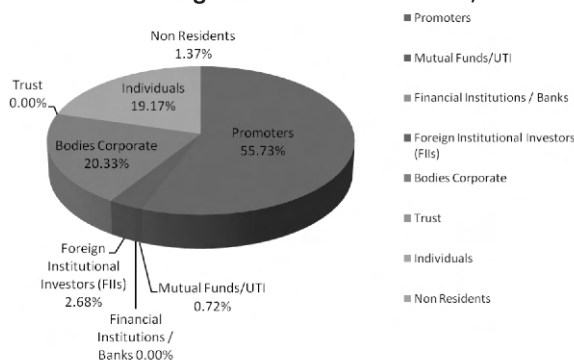
Datamatics Financial Services Limited
 A16 & 17, MIDC Part B Crosslane,
 Marol, Andheri (East), Mumbai 400 093
 Tel: +91-22-66712237
 Fax: +91-22-66712161
 E-mail: bhrlinvestors@sknl.co.in

j) 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.

k) Shareholding Pattern

Category of shareholder	As on 31 st March, 2010	
	No. of shares	%
Promoters	2,98,72,651	55.73
Mutual Funds/UTI	3,85,880	0.72
Financial Institutions / Banks	840	0.00
Foreign Institutional Investors (FIIs)	14,39,212	2.68
Bodies Corporate	1,08,99,199	20.33
Trust	200	0.00
Individuals	1,02,72,698	19.17
Non Residents	7,32,087	1.37
TOTAL	5,36,02,767	100.00

Shareholding Pie as on 31st March, 2010


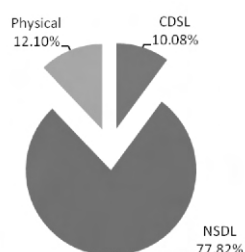
Distribution of holdings

Share Range From - To	As on 31 st March, 2010			
	No. of shares	% to capital	No. of shareholders	% to No. of Shareholders
1 - 500	20,45,944	3.82	23,613	89.65
501 - 1,000	10,94,479	2.04	1,258	4.78
1,001 - 2,000	9,71,080	1.81	592	2.25
2,001 - 3,000	6,11,855	1.14	228	0.87
3,001 - 4,000	3,60,393	0.67	100	0.38
4,001 - 5,000	8,51,195	1.59	175	0.66
5,001 - 10,000	13,48,655	2.52	173	0.66
10,001 - 50,000	34,41,285	6.42	151	0.57
50,001 & above	4,28,77,881	79.99	48	0.18
	5,36,02,767	100.00	26,338	100.00

l) 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 off 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, 2010, 4,71,16,607 equity shares aggregating 87.90% of the total equity shares of the Company were held in demat form.

Mode of Shareholding

m) 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.

n) Plant Locations / Registered Office

Registered Office :

Brandhouse Retails Limited

"Avadh" Avadhesh Parisar,

Shree Ram Mills Premises, G. K. Marg, Worli,

Mumbai – 400 018

Tel: +91-22-24933184/85

Fax: +91-22-24931685

 E-mail: bhrlinvestors@sknl.co.in

 Website: <http://brandhouseretails.com>
o) 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: +91-22-2820 7577

 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>
p) Evolution of Issued, Subscribed and Paid-up Equity Share Capital as on 31st March, 2010

Date	Particulars	No. of Shares			(In Rs.)		
		Op. Bal.	Inc./(Dec)	Clg. Bal.	Op. Bal.	Inc./(Dec)	Clg. Bal.
04 th June, 2004	Incorporation	-	10,000	10,000	-	1,00,000	1,00,000
24 th 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
14 th 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
23 rd 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

10. 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, 2010.

FOR BRANDHOUSE RETAILS LIMITED

Place : Mumbai
Date : 28th May, 2010

NITIN S. KASLIWAL
CHAIRMAN & MANAGING DIRECTOR

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 31st March, 2010, 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

Place: Mumbai
Dated: 28th May, 2010

P. N. Parikh
FCS: 327 CP: 1228

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, 2010 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' of India (the 'Act') 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 purposes 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 cash flow statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the balance sheet, profit and loss account and 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, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 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 14 relating to pending confirmations and reconciliations of balances of sundry debtors, loans and advances including capital advances and sundry creditors 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, 2010;
 - b) in the case of the profit and loss account, of the profit for the year ended on that date; and
 - c) in the case of cash flow statement, of the cash flows 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: 28th May, 2010

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 31.3.2010]

- (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) According to the information and explanations given to us, 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 the records of the Company, we are of the opinion that the Company is maintaining proper records in respect of the 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 clause (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, is 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 clause (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, is not applicable to the company.
- (iv) *In our opinion and according to the information and explanations provided to us in respect of purchase of inventories and sale of goods of the company, the documentations and internal control system needs to be strengthened, to be commensurate with the size of the company and nature of its business. 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 lakhs 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 Act and the rules framed there under.
- (vii) *The prevailing internal audit system needs to be strengthened, to be commensurate with its size of the company 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 of the company.
- (ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, or employees' state insurance, income-tax, sales-tax, wealth tax, service tax, custom duty, excise duty, cess 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 provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other statutory dues which were outstanding, at the year end for a period of more than six months from the date they became payable are as follows:*

Name of the statute	Nature of the dues	Amount (Rs)	Period to which the amount relates
Income Tax Act, 1961	Income- Tax	581.00 Lacs	F.Y.2009-10
Income Tax Act, 1961	Income- Tax, FBT	1456.00 Lacs	F.Y.2008-09
Wealth Tax Act, 1957	Wealth Tax	0.25 Lacs	F.Y.2008-09

- (c) According to the information and explanation 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.
- (x) In our opinion, the accumulated losses of the company are not more than fifty percent of its net worth. Further, the company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year, *subject to paragraph 4(vi) in the Auditors Report.*
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank 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) are not applicable to the Company.
- (xiv) The Company has not dealt or traded in shares, securities or debentures. In respect of investments, the Company has maintained proper records and all the investments are held by the Company in its own name, except to the extent of exemption granted under section 49 of the Act.
- (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 Loan.
- (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 Act.
- (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

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: 28th May, 2010

BALANCE SHEET AS AT 31ST MARCH, 2010

Particulars	Schedule	Current Year As at 31 st March, 2010 Amount (Rs.)		Previous Year As at 31 st March, 2009 Amount (Rs.)	
SOURCES OF FUNDS					
SHAREHOLDERS' FUNDS					
Share Capital	1	53,60,27,670		53,60,27,670	
Reserves and Surplus	2	71,23,52,627	1,24,83,80,297	58,41,57,338	1,12,01,85,008
LOAN FUNDS					
Secured Loans	3		1,87,57,54,351		1,01,55,43,820
TOTAL			3,12,41,34,648		2,13,57,28,828
APPLICATION OF FUNDS					
FIXED ASSETS	4				
Gross Block		67,02,64,696		64,88,28,018	
Less : Depreciation/Amortisation		21,72,30,267		13,21,48,898	
Net Block		45,30,34,429		51,66,79,120	
Add:Capital Work in Progress (including Capital Advances)		2,837,740	45,58,72,169	89,70,938	52,56,50,058
INVESTMENT	5		5,00,000		-
DEFERRED TAX ASSETS (NET)			52,11,490		32,37,562
CURRENT ASSETS, LOANS & ADVANCES	6				
Inventories		1,95,21,99,265		1,39,58,04,069	
Sundry Debtors		2,68,35,02,462		2,18,81,23,940	
Cash & Bank balances		54,26,179		3,07,42,400	
Loans & Advances		54,79,91,277		53,89,60,166	
	i)	5,18,91,19,183		4,15,36,30,575	
LESS : CURRENT LIABILITIES & PROVISIONS	7				
Current Liabilities		2,05,00,87,961		2,25,64,01,679	
Provisions		47,64,80,233		29,03,87,688	
	ii)	2,52,65,68,194		2,54,67,89,367	
NET CURRENT ASSETS	(i)-(ii)		2,66,25,50,989		1,60,68,41,208
TOTAL			3,12,41,34,648		2,13,57,28,828
Significant Accounting Policies and Notes forming part of accounts	14				

Schedules referred to above form integral part of Balance Sheet
As per our attached report of even date

For Malpani & Associates
Chartered Accountants

Shyam Malpani
Proprietor
M.No:-34171

Place : Mumbai
Date : 28th May, 2010

For Haribhakti & Co
Chartered Accountants

Rakesh Rathi
Partner
M.No:-45228

For and on behalf of the Board

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

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

Particulars	Schedule	Current Year ended on 31 st March, 2010 Amount (Rs.)	Previous Year ended on 31 st March, 2009 Amount (Rs.)
INCOME			
Sales & Services		6,57,46,06,871	5,52,34,91,232
Other Income	8	2,33,95,943	5,76,225
Increase/(Decrease) in Inventories	9	55,63,95,197	76,48,48,724
TOTAL		7,15,43,98,011	6,28,89,16,181
EXPENDITURE			
Purchases & Service Charges		6,01,42,79,894	5,23,16,95,615
Payments to & Provisions for employees	10	15,36,16,281	15,31,75,408
Administrative Expenses	11	39,00,37,116	48,39,77,830
Selling & Distribution Expenses	12	89,86,781	82,70,934
Depreciation/Amortisation		8,56,04,044	8,27,56,929
Interest and Bank Charges	13	19,15,94,994	8,78,02,944
TOTAL		6,84,41,19,110	6,04,76,79,660
Profit Before Taxation		3,102,78,901	24,12,36,521
Provision for Current Taxation		11,57,00,000	11,05,00,000
Provision for Wealth Tax		36,000	25,000
Provision for Fringe Benefit Tax		-	13,20,000
Income Tax for earlier years		3,44,30,220	33,54,121
Provision for Deferred Tax (Asset)/ (reversal)/Liability		(19,73,928)	(78,12,814)
Profit After Taxation		16,20,86,609	13,38,50,214
Balance Profit Brought forward		-	-
Net Profit Available for Appropriation		16,20,86,609	13,38,50,214
APPROPRIATIONS			
Debenture Redemption Reserve		16,20,86,609	13,38,50,214
Balance carried to Balance Sheet		-	-
TOTAL		16,20,86,609	13,38,50,214
Earning Per Share (Basic and Diluted) (Nominal Value of Shares Rs.10)		3.02	3.44
Significant Accounting Policies and Notes Forming parts of Accounts	14		

Schedules referred to above form an integral part of Profit and Loss Account
As per our attached report of even date

For Malpani & Associates
Chartered Accountants

Shyam Malpani
Proprietor
M.No:-34171

Place : Mumbai
Date : 28th May, 2010

For Haribhakti & Co
Chartered Accountants

Rakesh Rathi
Partner
M.No:-45228

For and on behalf of the Board

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

CASHFLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

Particulars	Current Year ended on 31 st March, 2010 Amount (Rs.)	Previous Year ended on 31 st March, 2009 Amount (Rs.)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax:	31,02,78,901	24,12,36,521
Adjustments for:		
a) Depreciation/Amortisation	8,56,04,044	8,27,56,929
b) Loss on sale of fixed assets	3,57,152	15,84,198
c) Interest Expenditure	19,15,94,994	8,78,02,944
d) Exchange Rate Fluctuation	(5,00,359)	25,26,929
e) Interest Income	(1,51,789)	(5,76,225)
Operating Profit before Working Capital Changes	58,71,82,943	41,53,31,296
Adjustments for		
a) Trade & Other Receivables	(50,44,09,633)	(1,56,82,75,154)
b) Inventories	(55,63,95,197)	(76,48,48,724)
c) Trade payables	(20,37,78,353)	1,63,64,89,883
Cash Generated from /(Used)in Operating Activities	(67,74,00,240)	(28,13,02,699)
Direct Taxes	-	9,25,69,913
Net Cash Flow from/(Used)in Operating Activities Total (A)	(67,74,00,240)	(18,87,32,786)
B. CASH FLOW ARISING FROM INVESTING ACTIVITIES		
a) Acquisition of Fixed assets (Including Capital work-in-progress)	(1,61,83,307)	(5,60,02,521)
b) Investments	(5,00,000)	-
c) Interest income	1,51,789	5,76,225
Net Cash Flow from/(Used)in Investing Activities Total (B)	(1,65,31,518)	(5,54,26,296)
C. CASH FLOW ARISING FROM FINANCING ACTIVITIES		
a) Proceeds from Secured Loans	78,21,49,302	35,84,55,139
b) Interest	(11,35,33,765)	(8,78,02,944)
Net Cash Flow from Financing Activities Total (C)	66,86,15,537	27,06,52,195
Net Increase in Cash and Cash Equivalents Total (A+B+C)	(2,53,16,221)	2,64,93,113
Cash & Cash Equivalent at the beginning of the year	3,07,42,400	42,49,287
Cash & Cash Equivalent at the end of the year	54,26,179	3,07,42,400
Net Change in Cash and Cash Equivalents	(2,53,16,221)	2,64,93,113

NOTES:

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

Particulars	As at 31 st March, 2010	As at 31 st March, 2009
Cash in hand	17,91,555	4,94,288
Balance with Banks	2,96,831	2,78,23,475
Fixed Deposit Account	33,37,793	24,24,637
Total	54,26,179	3,07,42,400

- Figures in brackets represents outflows.
- Previous Year figures have been recast/restated wherever necessary

As per our attached report of even date

 For Malpani & Associates
 Chartered Accountants

 Shyam Malpani
 Proprietor
 M.No:-34171

 Place : Mumbai
 Date : 28th May, 2010

 For Haribhakti & Co
 Chartered Accountants

 Rakesh Rathi
 Partner
 M.No:-45228

For and on behalf of the Board

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

SCHEDULES FORMING PART OF THE ACCOUNTS

Particulars	As at 31 st March, 2010 Amount (Rs.)	As at 31 st March, 2009 Amount (Rs.)
SCHEDULE - 1 :		
SHARE CAPITAL		
Authorised		
6,00,00,000 (Previous Year 6,00,00,000) Equity Shares of Rs.10/- each	60,00,00,000	60,00,00,000
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 for De-merger approved by the Hon'ble High Court of Judicature at Bombay vide its order dated 22 nd Feb, 2008	53,60,27,670	53,60,27,670
Total	53,60,27,670	53,60,27,670
SCHEDULE - 2 :		
RESERVE & SURPLUS		
Securities Premium Account		
Balance as per last Accounts	31,66,27,939	36,99,41,793
Less : Share Issue Expenses	-	(30,20,127)
Less : Premium on Redemption of Non-Convertible Debentures	(3,38,91,320)	(5,02,93,727)
Closing Balance (a)	28,27,36,619	31,66,27,939
Debenture Redemption Reserve		
Balance as per last Accounts	26,75,29,399	13,36,79,185
Add : Transfer from Profit & Loss Account	16,20,86,609	13,38,50,214
Closing Balance (b)	42,96,16,008	26,75,29,399
Total (a)+(b)	71,23,52,627	58,41,57,338
SCHEDULE - 3 :		
SECURED LOANS		
65,45,000 14% Non-Convertible Debentures of Rs. 100 each	65,45,00,000	65,45,00,000
Add :Accrued Interest on NCD	7,80,61,229	-
(Refer Note no II-3 (a) , (b) & (c) of schedule - 14)	73,25,61,229	65,45,00,000
(a)		
Working Capital Demand Loans from Banks	1,13,94,64,309	35,46,08,111
(Refer Note no II-4 of schedule - 14)		
(b)		
Vehicle Loans	37,28,813	64,35,709
(Secured by hypothecation of the vehicles financed)		
(c)		
Total (a)+(b)+(c)	1,87,57,54,351	1,01,55,43,820

SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE - 4 : FIXED ASSETS

P A R T I C U L A R S	G R O S S B L O C K			D E P R E C I A T I O N				N E T B L O C K		
	As at 1 st April, 2009	Additions During the Year	Deductions During the Year	Total as at 31 st March 2010	At the Beginning of the Year	Depreciation for the Year	Deductions During the Year	Total as at 31 st March 2010	Net Block as at 31 st March 2010	Net Block as at 31 st March 2009
Goodwill	31,25,15,255	-	-	31,25,15,255	6,25,03,050	3,12,51,525	-	9,37,54,575	21,87,60,680	250,012,205
Land	4,83,820	-	-	4,83,820	-	-	-	-	4,83,820	483,820
Furniture & Fixtures	29,16,90,668	2,15,44,630	38,15,529	30,94,19,769	6,20,77,158	4,96,21,207	186,272	11,15,12,093	19,79,07,676	229,613,510
Motor Cars	1,24,90,177	6,34,313	8,86,192	1,22,38,298	13,72,171	11,78,233	186,858	23,63,546	98,74,752	11,118,006
Computer & Peripherals	1,36,14,440	45,70,387	16,26,850	1,65,57,977	34,72,909	25,21,301	149,545	58,44,665	1,07,13,312	10,141,531
Office Equipments	1,80,33,658	11,92,219	1,76,300	1,90,49,577	27,23,610	10,31,778	-	37,55,388	1,52,94,189	15,310,048
TOTAL	64,88,28,018	2,79,41,549	65,04,871	67,02,64,696	13,21,48,898	8,56,04,044	522,675	21,72,30,267	45,30,34,429	51,66,79,120
Capital Advance	89,70,938	77,62,343	1,38,95,541	28,37,740	-	-	-	-	28,37,740	89,70,938
Grand Total	65,77,98,956	3,57,03,892	2,04,00,412	67,31,02,436	13,21,48,898	8,56,04,044	522,675	21,72,30,267	45,58,72,169	52,56,50,058
Previous Year	60,22,50,820	9,72,45,029	4,16,96,893	65,77,98,956	4,98,46,353	8,27,56,929	454,392	13,21,48,898	52,56,50,058	

SCHEDULES FORMING PART OF THE ACCOUNTS

Particulars	As at 31st March, 2010 Amount (Rs.)	As at 31st March, 2009 Amount (Rs.)
SCHEDULE - 5 :		
INVESTMENTS		
At Cost, Non trade, Long term, unquoted		
In a wholly owned Subsidiary Company, Brandhouse Oviesse Ltd.,		
50,000 Equity Shares of Rs.10 each, fully paid -up	5,00,000	-
Total	5,00,000	-
SCHEDULE - 6 :		
CURRENT ASSETS, LOANS & ADVANCES		
(i) Inventories		
(at lower of cost and Net Realisable Value)		
Textiles & Made-ups (Including Accessories)	1,95,21,99,265	1,39,58,04,069
(As taken, valued and certified by the Management)		
(a)	1,95,21,99,265	1,39,58,04,069
(ii) Sundry Debtors		
(Unsecured & considered good, unless otherwise stated)		
Over six months	31,19,67,940	19,05,32,390
Others	2,37,15,34,522	1,99,75,91,550
(b)	2,68,35,02,462	2,18,81,23,940
(iii) Cash & Bank Balances		
a) Cash on hand	17,91,555	4,94,288
b) Balances with Scheduled Banks		
On Current Account	2,96,831	2,78,23,475
c) Fixed Deposit Account *	33,37,793	24,24,637
*Includes FDRs pledged with Sales Tax Authorities		
Rs.17.92 Lacs (Previous Year Rs.9.63 Lacs)		
(c)	54,26,179	3,07,42,400
(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	9,27,66,537	9,27,48,989
Advances to Suppliers	11,51,689	7,54,268
Other Advances	-	46,91,225
Staff Advances	36,25,196	14,40,425
Deposits	39,26,48,813	43,79,51,516
Share Application Money to Subsidiary Company	5,61,09,740	-
Prepaid Expenses	16,89,302	13,73,743
(d)	54,79,91,277	53,89,60,166
Total (a)+(b)+(c)+(d)	5,18,91,19,183	4,15,36,30,575

SCHEDULES FORMING PART OF THE ACCOUNTS

Particulars	As at 31 st March, 2010 Amount (Rs.)	As at 31 st March, 2009 Amount (Rs.)
SCHEDULE - 7 :		
CURRENT LIABILITIES & PROVISIONS		
(i) Current Liabilities		
a) Total outstanding dues of Micro and Small Enterprise (Refer Note No. II (10) of schedule 14	-	-
b) Total outstanding dues of creditors other than Micro and Small Enterprises		
Sundry Creditors - For Goods	1,97,40,75,121	2,10,00,27,396
- For Expenses	3,71,64,101	7,99,52,524
- For Capital goods & Services	33,05,810	2,72,60,183
Other Liabilities	3,55,42,929	4,91,61,576
(Due to Company under same Management Rs.1,97,40,75,121 Previous Year Rs. 2,10,00,27,396)		
(a)	2,05,00,87,961	2,25,64,01,679
(ii) Provisions		
Provision - Income Tax	35,31,07,444	20,30,18,990
Provision - Wealth Tax	61,000	25,000
Provision - Fringe Benefit Tax	13,20,000	13,20,000
Provision - Gratuity	43,84,436	31,11,094
Provision - Leave Encashment	58,64,100	50,60,670
Provision - Premium on Redemption of NCDs	11,17,43,253	7,78,51,934
(b)	47,64,80,233	29,03,87,688
Total (a)+ (b)	2,52,65,68,194	2,54,67,89,367
Particulars	Year ended 31 st March, 2010 Amount (Rs.)	Year ended 31 st March, 2009 Amount (Rs.)
SCHEDULE - 8 :		
OTHER INCOME		
Interest on Fixed Deposit (TDS Rs.17,548/-,previous year Rs.94,349/-)	1,51,789	5,35,360
Exchange Rate Fluctuation	5,00,359	-
Compensation Received	2,22,56,652	-
Miscellaneous Receipts	4,87,143	40,865
Total	2,33,95,943	5,76,225
SCHEDULE - 9 :		
INCREASE/DECREASE IN INVENTORIES		
Closing Stock of Textiles, Made-ups (including accessories) as at 31 st March 2010	1,95,21,99,265	1,39,58,04,068
Less : Opening Stock of Textiles,Made-ups (including accessories) as at 1 st April, 2009	1,39,58,04,068	63,09,55,344
Total	55,63,95,197	76,48,48,724

SCHEDULES FORMING PART OF THE ACCOUNTS

Particulars	Year ended 31 st March, 2010 Amount (Rs.)	Year ended 31 st March, 2009 Amount (Rs.)
SCHEDULE - 10 :		
PAYMENTS TO & PROVISIONS FOR EMPLOYEES		
Salaries, Wages, Bonus & Other Benefits	14,24,52,769	14,05,55,841
Contribution to Welfare Funds	79,32,881	93,74,308
Provision for Gratuity	13,02,188	16,98,029
Medical Expenses	11,63,221	7,30,569
Staff Welfare Expenses	7,65,222	8,16,661
Total	15,36,16,281	15,31,75,408
SCHEDULE - 11 :		
ADMINISTRATIVE EXPENSES		
Rent	27,67,46,503	36,80,43,658
Rates & Taxes	1,02,90,277	98,38,708
Repairs & Maintenance - others	49,27,634	25,59,572
Travelling Expenses - Foreign	2,45,64,656	1,03,76,688
Travelling Expenses - Inland	96,24,843	61,01,210
Electricity Charges	2,43,61,386	2,57,15,625
Vehicle Maintenance	16,95,947	15,05,016
Directors' Remuneration	57,02,493	1,02,40,188
Remuneration to Auditors (inclusive of Service Tax)		
- Audit Fees	20,95,994	16,54,500
- Tax Audit Fees	4,41,200	3,86,050
- Other service	3,30,606	10,22,400
Showroom Expenses	11,552	14,27,108
Exchange Rate Fluctuation	-	25,26,929
Insurance	22,71,225	24,43,852
Conveyance	19,47,873	21,62,751
Legal & Professional Charges	57,93,204	1,03,29,797
Loss on Sale of Fixed Assets	3,57,152	15,84,198
General Expenses	46,44,383	22,71,725
Postage & Telephones	66,43,402	66,37,160
Printing & Stationery	34,11,911	30,70,344
Security Service Charges	40,11,934	1,09,51,010
Brokerage Charges	1,33,240	31,15,716
Membership & Subscriptions	29,701	13,625
Total	39,00,37,116	48,39,77,830

SCHEDULES FORMING PART OF THE ACCOUNTS

Particulars	Year ended 31 st March, 2010 Amount (Rs.)	Year ended 31 st March, 2009 Amount (Rs.)
SCHEDULE - 12 :		
SELLING & DISTRIBUTION EXPENSES		
Sales Promotion Expenses	31,35,780	2,19,222
Business Convension & Exhibition Expenditure	30,24,693	73,40,613
Sample Expenses	28,26,308	7,11,099
Total	89,86,781	82,70,934
SCHEDULE - 13 :		
INTEREST & BANK CHARGES		
Interest on NCDs (TDS Rs. 86,73,470, Previous Year Rs. 1,59,44,809)	8,67,34,699	7,03,63,233
Interest on Vehicle Loans	4,50,858	3,37,552
Interest on Bank Overdraft	9,68,95,224	15,81,970
Interest on Others	6,07,492	25,46,878
Bank Charges & Commission	69,06,721	1,29,73,311
Total	19,15,94,994	8,78,02,944

SCHEDULE 14 :**I SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31ST MARCH, 2010****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. 5000/- is provided for at 100% of the cost as specified in Schedule XIV to the Companies Act, 1956.
- iii. 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 and are inclusive of Tailoring services.
- 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. 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 and market value.
- iii. Unquoted current investments are stated at lower of cost and fair value where available.

15. Segment Reporting Policy

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.

II NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

1 Contingent Liabilities

Sr.no	Particulars	As at 31st March, 2010	As at 31st March, 2009
1.	Sales Tax – Disputed in Appeal-Mumbai	-	1.64 Lacs
2.	Sales Tax – Disputed in Appeal-Ghaziabad	4.10 Lacs	-
3.	DLF Limited Delhi towards TDS	5.62 Lacs**	-
4.	Bank guarantee in favour of The Collector, Gaziabad, U.P. for Stamp duty in the court of Hon'ble Court of District Magistrate/Collector	14.15 Lacs*	14.15 Lacs*
5	As may arise due to delay / non-compliance of certain statutory requirement	Amount Unascertainable	Amount Unascertainable

* FDR with Scheduled Banks Rs. 15.45 Lacs (including accumulated interest of Rs. 1.30 Lacs) kept as deposits in respect of the above.

** FDR with Schedule Bank Rs. 5.65 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) - NIL (Previous Year Rs 107.77 Lacs).

- 3 14% 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

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

- i) The Non convertible Debentures shall be due for repayment on June 30, 2010 (35%); July 15, 2010 (30%) and June 30, 2011 (35%) after considering the revision in the repayment dates allowed by Debenture Holders, subsequent to the Balance Sheet date.
- ii) The Non Convertible Debentures shall have redemption premium of 20% on face value of debentures redeemed as above.

- 4 Working Capital Demand Loans from Banks are secured by hypothecation of company's stocks and book-debts, present and future and by a second charge on all the immovable properties of the company.
- 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 Oviesse Ltd on 29th July 2009 by virtue of subscription to 50,000 Equity Shares of Rs. 10 each aggregating Rs. 5,00,000 i.e.100 % paid-up Equity Share Capital of the Subsidiary.
- 7 Balances under the heads Sundry debtors, Loans and advances and Sundry Creditors 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. 1694.57 Lacs (Previous year Rs. 2514.67 Lacs), the Company has transferred the available post tax profit of Rs.1620.87 Lacs (Previous year Rs. 1338.51 Lacs) to Debenture Redemption Reserve (DRR).
 - b. The Premium payable on redemption of the above NCD's on maturity, amounting to Rs. 338.91 Lacs was adjusted against Securities Premium Account shown under the head current liabilities and provisions (Previous year Rs. 502.94 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:

(Rs. in Lacs)

Particulars	Year ended 31 st March, 2010	Year ended 31 st March, 2009
Employer's contribution to Provident Fund & Pension Scheme	69.60	80.01
Employer's contribution to Employees State Insurance	7.54	13.73

ii) Defined Benefits Plan

- a. Contribution to Gratuity (Non Funded Scheme)
- b. Leave Encasement (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	Year ended 31 st March, 2010	Year ended 31 st March, 2009
Discount Rate (Per Annum)	8%	7.75%
Rate of increase in compensation levels (Per Annum)	5%	5%
Expected average remaining lives of the employees (in no of years)	21	21

A. Change in Present Value of Obligation

(Rs. in Lacs)

Particulars	Year ended 31 st March, 2010 (Gratuity)	Year ended 31 st March, 2009 (Gratuity)	Year ended 31 st March, 2010 (Leave Encashment)	Year ended 31 st March, 2009 (Leave Encashment)
Present value of defined benefits obligation as at the beginning of the period	31.11	14.13	50.60	14.50
Interest Cost	4.04	2.64	4.47	2.07
Current Service Cost	21.11	18.86	14.85	11.38
Benefits Paid	-	-	(15.50)	-
Actuarial (Gain) / loss on obligation	(12.42)	(4.52)	1.73	22.65
Present value of defined benefits obligation as at the end of the period	43.84	31.11	56.15	50.60

B. Amount recognised in the Balance Sheet

(Rs. in Lacs)

Particulars	Year ended 31 st March, 2010 (Gratuity)	Year ended 31 st March, 2009 (Gratuity)	Year ended 31 st March, 2010 (Leave Encashment)	Year ended 31 st March, 2009 (Leave Encashment)
Present value of defined benefits obligation as at the end of the period	43.84	31.11	56.15	50.60
Liability / (Net Asset) recognised in the Balance Sheet	43.84	31.11	56.15	50.60

C. Expenses recognised in the Profit and Loss Account

(Rs. in Lacs)

Particulars	Year ended 31 st March, 2010 (Gratuity)	Year ended 31 st March, 2009 (Gratuity)	Year ended 31 st March, 2010 (Leave Encashment)	Year ended 31 st March, 2009 (Leave Encashment)
Current Service Cost	21.11	18.86	14.85	11.38
Past Service Cost	-	-	-	-
Interest Cost	4.04	2.64	4.47	2.07
Net Actuarial (Gain) Loss Recognised in the period	(12.42)	(4.52)	1.73	22.65
Total expenses recognised in the Profit & Loss Account	12.73	16.98	21.06	36.10

- 10 There is 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 and Diluted

Particulars	As at 31 st March, 2010	As at 31 st March, 2009
Numerator – Net Profit After Tax (In Lacs)	1620.87	1338.50
Weighted Average Number of Equity Shares used as denominator	5,36,02,767	3,89,58,349*
Nominal Value Per Equity Share (Rs.)	10	10
Earnings Per Shares- (Rs.) Annualised	3.02	3.44

*(63, 00,000 shares for 365 days and 4, 73, 02,767 shares, issued on 23rd July, 2008, 252 days)

12. Managerial remuneration comprises of the following :

(Rs. in Lacs)

Particulars	Managing Director		Whole Time Director	
	Year ended 31 st March, 2010	Year ended 31 st March, 2009	Year ended 31 st March, 2010	Year ended 31 st March, 2009
a) Salary	55.08	57.16	-	41.14
b) Contribution to Provident fund	2.81	3.74	-	3.63
c) Other Perquisites	1.95	1.98	-	2.12
Total	59.84	62.88	-	46.89

Note :- The above figures 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. Current Liabilities representing Sundry creditors in respect of goods purchased by the Company include the following balances due to concerns in which the directors of the Company are interested as directors:

(Rs. in Lacs)

Name of the concern	As at 31 st March, 2010	As at 31 st March, 2009
S. Kumars Nationwide Limited	5,736.99	9,338.13
Reid & Taylor (India) Limited	14,003.76	11,659.49

14. Taxation :

i) Provision towards Current taxation is made at the rates as applicable for the Assessment year 2010-2011

ii) Deferred tax position is arrived at as under;

(Rs. in Lacs)

Particulars	Deferred Tax Assets/ as at 31 st March, 2009	Current Year Charges/ Credit	Deferred Tax Assets/ as at 31 st March, 2010
Difference between books and Tax depreciation. (a)	14.33	13.33	27.66
Disallowance u/s. 43 B (b)	18.04	6.41	24.45
Deferred Tax Assets (a) + (b)	32.37	19.74	52.11

15. 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 the Institute of Chartered Accountants of India.

16. 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 within 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.

17. The Company believes that Goodwill as represented in the books of accounts as at the Balance Sheet date amounting to Rs.2,187.61 Lacs (Previous year Rs.2,500.12 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.

18. Related parties Disclosure under Accounting Standard-18

Subsidiary Company	Brandhouse Oviesse Ltd. (w.e.f. 29 th July, 2009).
	S. Kumars Nationwide Ltd.
	Belmonte Lifestyle Ltd.
	Sansar Exim Pvt. Ltd.
Key Enterprises in which Directors are Interested	Anjani Finvest Pvt. Ltd.
	Reid & Taylor (India) Ltd.
	Ingenious Finance & Investment Pvt. Ltd.
	Verve Properties & Investments Pvt. Ltd.
	Natty Finance & Investment Pvt. Ltd.

Key Enterprises in which directors are interested.	<p> Tulja Enterprises Pvt. Ltd. Chamundeshwari Mercantile Pvt. Ltd. Maverick Mercantile Pvt. Ltd. S Kumars Enterprises (Synfabs) Ltd. S Kumars Textiles Ltd. S.K.Worsted's Pvt Ltd Reid & Taylor Ltd ; U.K. 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. SKNL (U.K.) Ltd. Anjaneya Foundation. SKNL Foundation. Remala Trading B.V. Copley Corp HMX Poland sp. Z.o.o HMX Poland sp. Z.o.o, Luxembourg. 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 </p>
Key Management Personnel	<p> Mr. Nitin S. Kasliwal-Chairman & Managing Director Mrs. Jyoti N. Kasliwal - Director </p>
Relatives of Key Management Personnel	<p> Ms. Anjani N. Kasliwal (Daughter of Shri Nitin S. Kasliwal and Smt Jyoti N. Kasliwal) Mr. Kartikeya N. Kasliwal (Son of Shri Nitin S. Kasliwal and Smt Jyoti N. Kasliwal) </p>

Transactions with Related Parties :

(Rs. in Lacs)

Nature of Transactions	Subsidiary Company (Brandhouse Oviesse Ltd)	Associates		Key Management Personnel		Relatives of Key Management Personnel	
		As at 31 st March, 2010	As at 31 st March, 2009	As at 31 st March, 2010	As at 31 st March, 2009	As at 31 st March, 2010	As at 31 st March, 2009
Purchases of Goods	Nil	59,595.33	48,256.76	Nil	Nil	Nil	Nil
Managerial Remuneration	Nil	Nil	Nil	59.84	109.77	20.09	3.57
Investments	5.00	Nil	Nil	Nil	Nil	Nil	Nil
Loans and Advances Given	566.09	Nil	Nil	Nil	Nil	Nil	Nil
Loans and Advances Repaid	4.99	Nil	Nil	Nil	Nil	Nil	Nil
Outstanding as on 31 st March 2010	561.10	19,740.75	20,997.63	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.

19. The company has obtained various stores on operating Lease. Lease payments made during the year debited to Profit and loss account is Rs.2,767.46 lacs (Previous Year Rs.3,680.44 Lacs).The amount of future minimum lease payments/commitment under Non Cancelable operating Lease is as under:

(Rs. in Lacs)

Period	As at 31 st March, 2010	As at 31 st March, 2009
Not later than one year	3,459.87	3,557.87
Later than one year but not later than five years	11,972.97	13,710.86
Later than five years	7,812.86	5,492.78

20. Value of Imports on CIF Basis

(Rs. in Lacs)

Particulars	Year ended 31 st March, 2010	Year ended 31 st March, 2009
Samples & Sales Promotion	10.78	3.94
Purchases - Furniture & Fixture	36.80	67.59
Purchases - Merchandise	81.41	252.85

21. Expenditure in Foreign Currency

(Rs. in Lacs)

Particulars	Year ended 31 st March, 2010	Year ended 31 st March, 2009
Foreign Travel	53.95	33.43

22. 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, 2010			As at 31 st March, 2009		
	Amount in Foreign Currency	Amount in Rs.		Amount in Foreign Currency	Amount in Rs.	
Purchase of Furniture	HKD	2,98,818	18,82,555	-	-	-
Purchase of Merchandise	HKD	1,72,676	10,43,511	HKD	30,88,451	1,99,25,650
				EURO	3,595	2,42,434
Purchase of Sales promotion Item	HKD	71,348	4,53,913	HKD	51,466	3,34,590
Total			33,79,979			2,05,02,674

23. 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 31 st March, 2010		As at 31 st March, 2009	
		Quantity (‘000)	Amount (Rs. in Lacs)	Quantity (‘000)	Amount (Rs. in Lacs)
Opening Stock					
Textiles	Mtrs	2,455.41	8,858.78	660.41	3,113.68
Madeups (incl. accessories)	Pcs	581.32	5,099.26	292.36	3,195.87
Total			13,958.04		6,309.55
Purchases					
Textiles	Mtrs	12,029.71	56,850.00	9,263.75	27,252.23
Madeups (incl. accessories)	Pcs	180.33	3,292.80	5,585.54	25,064.71
Total			60,142.80		52,316.94
Sales					
Textiles	Mtrs	12,031.80	62,651.88	7,468.75	25,675.70
Madeups (incl. accessories)	Pcs	337.74	3,094.19	5,296.58	29,559.21
Total			65,746.07		55,234.91
Closing Stock					
Textiles	Mtrs	2,453.32	15,526.24	2,455.41	8,858.78
Madeups (incl. accessories)	Pcs	423.91	3,995.75	581.32	5,099.26
Total			19,521.99		13,958.04

24. Previous year's figures are re-grouped/re-arranged wherever considered necessary.
25. 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 & COMPANY'S GENERAL BUSINESS PROFILE
I. Registration details

Registration No. State Code

Balance Sheet

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

Public issue Rights Issue

Bonus issue Private Placement

III. Position of Mobilisation and Deployment of Funds(Amount in Rupees)

Total Liabilities Total Assets

Sources of Funds

Paid-up Capital

Reserves & Surplus

Application of Funds

Net Fixed Assets

Investments

Secured Loans

Unsecured Loans

Deferred Tax Liability

Net Current Assets

Misc. Expenditure

Deferred Tax Assets

Accumulated Losses

IV. Performance of Company (Amount in Rupees)
Turnover &

Other Income

Profit Before Tax

Earning Per Share in Rs.

Total Expenditure

Profit After Tax

Dividend Rate %

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

Not Applicable

For Brandhouse Retails Limited

Place : Mumbai
 Date : 28th May, 2010

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

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

Sr. No.	Name of the Subsidiary Company	Brandhouse Oviesse Limited
1.	Financial year of the subsidiary ended on	31 st March, 2010
2.	Extent of shareholding of Brandhouse Retails Limited in the subsidiary as on 31 st March, 2010	100%
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 31 st March, 2010	Rs. (2,69,55,628)
(b)	For the previous years since it became a subsidiary	-
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 31 st March, 2010	-
(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 31 st March, 2010	
	Number of shares acquired	-
	Material changes between the end of the subsidiary's financial year and 31 st March, 2010	
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 meeting current liabilities.	-

INFORMATION IN RESPECT OF SUBSIDIARY COMPANIES FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2010

Particulars of the subsidiary company for the financial year ended on 31st March, 2010 issued pursuant to section 212(8) of the Companies Act, 1956 are as follows:

(Amount in Rs.)	
Name of the Subsidiary Company	Brandhouse Oviessie Limited
(a) Share Capital	5,00,000
(b) Reserves and Surplus (Net of debit balance of Profit and Loss Account)	(2,69,55,628)
(c) Total Assets (Fixed Assets + Current Assets + Miscellaneous Expenditure to the extent not written off)	3,08,65,178
(d) Total Liabilities (Debts + Current Liabilities and Provisions)	5,73,20,806
(e) Details of Investments (Except investments in subsidiaries)	-
(f) Turnover	-
(g) Profit / (Loss) before Taxation	(2,69,55,628)
(h) Provision for Taxation	-
(I) Profit / (Loss) after Taxation	(2,69,55,628)
(j) Proposed Dividend (including Corporate Dividend Tax)	-

The Company is seeking exemption from the Ministry of Corporate Affairs, Government of India, New Delhi from attaching the accounts of its subsidiary. Annual Accounts and the related information of the subsidiary company will be made available to the investors of the Company, and of 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.

AUDITOR'S 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 Oviesse Limited" (collectively referred to as "the BHRL group") as at 31st March, 2010 and the Consolidated Profit and Loss Account for the year ended on that date 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 BHRL Group'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 have 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 did not audit the financial statements of the subsidiary whose financial statements reflect total net assets of Rs. (-)264.56 Lacs as at 31st March 2010 and total net revenue of Rs. 0.07 Lacs and net cash inflows of Rs. 0.10 Lacs for the year ended on that date. These financial statements have been audited by other auditors, whose reports have been furnished to us and in our opinion, in so far as, it relates to the amounts included in respect of subsidiary, is based solely on the reports of the other auditors.
4. In case of Brandhouse Retails Limited (BHRL), balances of sundry debtors, loans and advances including capital advances and sundry creditors are subject to confirmations, reconciliations and consequential adjustments, if any (Refer Note no. 6 of Schedule 13 (II) of the 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, on "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of and its subsidiary included in the Consolidated Financial Statements.

6. On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of Brandhouse Retails Limited and its aforesaid subsidiary 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 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 2010
- (b) in case of Consolidated Profit and Loss Account, of the profit for the year ended on that date.
- (c) in case of Consolidated Cash Flow Statement, of the consolidated cash flows 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: 28th May, 2010

BALANCE SHEET AS AT 31ST MARCH, 2010

Particulars	Schedule	Current Year As at 31 st March, 2010 Amount (Rs.)	
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	53,60,27,670	
Reserves and Surplus	2	68,53,96,999	1,22,14,24,669
LOAN FUNDS			
Secured Loans	3		1,87,57,54,351
TOTAL			3,09,71,79,020
APPLICATION OF FUNDS			
FIXED ASSETS	4		
Gross Block		67,03,43,214	
Less : Depreciation/Amortisation		21,72,31,383	
Net Block		45,31,11,831	
Add:Capital Work in Progress (including Capital Advances)		99,13,878	46,30,25,709
DEFERRED TAX ASSETS (NET)			52,11,490
CURRENT ASSETS, LOANS & ADVANCES	5		
Inventories		1,95,21,99,265	
Sundry Debtors		2,68,35,02,463	
Cash & Bank balances		54,36,029	
Loans & Advances		51,54,21,522	
	i)	5,15,65,59,279	
LESS : CURRENT LIABILITIES & PROVISIONS	6		
Current Liabilities		2,05,12,98,425	
Provisions		47,64,80,233	
	ii)	2,52,77,78,658	
NET CURRENT ASSETS	(i)-(ii)		2,62,87,80,621
MISCELLANEOUS EXPENDITURE : (To the extent not written off or adjusted)			
Preliminary Expenses			1,61,200
TOTAL			3,09,71,79,020
Significant Accounting Policies and Notes forming part of accounts	13		

Schedules referred to above form integral part of Balance Sheet

As per our attached report of even date

 For Malpani & Associates
 Chartered Accountants

 Shyam Malpani
 Proprietor
 M.No:-34171

 Place : Mumbai
 Date : 28th May, 2010

 For Haribhakti & Co
 Chartered Accountants

 Rakesh Rathi
 Partner
 M.No:-45228

For and on behalf of the Board

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

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

Particulars	Schedule	Current Year ended 31 st March, 2010 Amount (Rs.)
INCOME		
Sales & Services		6,57,46,06,871
Other Income	7	2,33,54,380
Increase/(Decrease) in Inventories	8	55,63,95,197
TOTAL		7,15,43,56,448
EXPENDITURE		
Purchases & Service Charges		6,01,42,79,894
Payments to & Provisions for employees	9	16,80,50,408
Administrative Expenses	10	39,55,86,915
Selling & Distribution Expenses	11	1,59,12,653
Depreciation/Amortisation		8,56,05,160
Interest and Bank Charges	12	19,15,98,145
TOTAL		6,87,10,33,175
Profit Before Taxation		28,33,23,273
Provision for Current Taxation		11,57,00,000
Provision for Wealth Tax		36,000
Income Tax for earlier years		3,44,30,220
Provision for Deferred Tax (Asset)		(19,73,928)
Profit After Taxation		13,51,30,981
Balance Profit Brought forward		-
Net Profit Available for Appropriation		13,51,30,981
APPROPRIATIONS		
Debenture Redemption Reserve		16,20,86,609
Balance carried to Balance Sheet		(2,69,55,628)
TOTAL		13,51,30,981
Earning Per Share (Basic and Diluted) (Nominal Value of Shares Rs.10)		2.52
Significant Accounting Policies and Notes Forming parts of Accounts	13	

Schedules referred to above form an 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 : 28th May, 2010

CASHFLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH,2010

Particulars	Current Year ended 31st March 2010 Amount (Rs.)
A. CASH FLOW FROM OPERATING ACTIVITIES	
Net Profit Before Tax	28,33,23,273
Adjustments for:	
a) Depreciation/Amortisation	8,56,05,160
b) Preliminary Expenses Paid/W.off	(1,61,200)
c) Loss on sale of fixed assets	3,57,152
d) Interest Expenditure	19,15,94,994
e) Exchange Rate Fluctuation	(5,00,359)
f) Interest Income	(1,58,758)
Operating Profit before Working Capital Changes	56,00,60,262
Adjustments for	
a) Trade & Other Receivables	(47,18,39,879)
b) Inventories	(55,63,95,197)
c) Trade payables	(20,25,67,887)
Cash Generated from /(Used)in Operating Activities	Total (A) (67,07,42,701)
B. CASH FLOW ARISING FROM INVESTING ACTIVITIES	
a) Acquisition of Fixed assets (Including Capital work-in-progress)	(2,33,37,965)
b) Interest income	1,58,758
Net Cash Flow from/(Used)in Investing Activities	Total (B) (2,31,79,207)
C. CASH FLOW ARISING FROM FINANCING ACTIVITY	
a) Proceeds from Secured Loans	78,21,49,302
b) Interest	(11,35,33,765)
Net Cash Flow from Financing Activities	Total (C) 66,86,15,537
Net Increase in Cash and Cash Equivalents	Total (A+B+C) (2,53,06,371)
Cash & Cash Equivalent at the beginning of the year	3,07,42,400
Cash & Cash Equivalent at the end of the year	54,36,029
Net Change in Cash and Cash Equivalents	(2,53,06,371)

NOTES:

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

Particulars	As at 31 st March, 2010
Cash in hand	18,01,405
Balance with Banks	2,96,831
Fixed Deposit Account	33,37,793
Total	54,36,029

- Figures in brackets represents outflows.
- Previous Year figures have been recast/restated wherever necessary

As per our attached report of even date

 For Malpani & Associates
 Chartered Accountants

 Shyam Malpani
 Proprietor
 M.No:-34171

 Place : Mumbai
 Date : 28th May, 2010

 For Haribhakti & Co
 Chartered Accountants

 Rakesh Rathi
 Partner
 M.No:-45228

For and on behalf of the Board

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

SCHEDULES FORMING PART OF THE ACCOUNTS

Particulars	As at 31 st March, 2010 Amount (Rs.)
SCHEDULE - 1 :	
SHARE CAPITAL	
Authorised	
6,10,00,000 Equity Shares of Rs.10/- each	61,00,00,000
Issued, Subscribed & Paid up	
5,36,02,767 (P.Y. 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 for De-merger approved by the Hon'ble High Court of Judicature of Bombay vide its order dated 22 nd Feb, 2008	53,60,27,670
Total	53,60,27,670
SCHEDULE - 2 :	
RESERVE & SURPLUS	
Securities Premium Account	
Balance as per last Accounts	31,66,27,939
Less : Premium on Redemption of Non-Convertible Debentures	(3,38,91,320)
Closing Balance (a)	28,27,36,619
Debenture Redemption Reserve	
Balance as per last Accounts	26,75,29,399
Add : Transfer from Profit & Loss Account	16,20,86,609
Closing Balance (b)	42,96,16,008
Profit & Loss Account	
Balance as per last Accounts	-
Add : Transfer from Profit & Loss Account	(2,69,55,628)
Closing Balance (c)	(2,69,55,628)
Total (a)+(b)+(c)	68,53,96,999
SCHEDULE - 3 :	
SECURED LOANS	
65,45,000 14% Non-Convertible Debentures of Rs. 100 each	65,45,00,000
Add :Accrued Interest on NCD (Refer Note no II (3) (a) (b) & (c) of schedule - 13)	7,80,61,229
(a)	73,25,61,229
Working Capital Demand Loans from Banks (Refer Note no II (4) of schedule - 13)	(b) 1,13,94,64,309
Vehicle Loans (Secured by hypothecation of the vehicles financed)	(c) 37,28,813
Total (a)+(b)+(c)	1,87,57,54,351

SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE - 4 : FIXED ASSETS

P A R T I C U L A R S	G R O S S B L O C K			D E P R E C I A T I O N			N E T B L O C K			
	As at 1 st April, 2009	Additions During the Year	Deductions During the Year	Total as at 31 st March, 2010	At the Beginning of the Year	Depreciation for the Year	Deductions During the Year	Total as at 31 st March, 2010	Net Block as at 31 st March, 2010	Net Block as at 31 st March, 2009
Goodwill	31,25,15,255	-	-	31,25,15,255	6,25,03,050	3,12,51,525	-	9,37,54,575	218,760,680	25,00,12,205
Land	4,83,820	-	-	4,83,820	-	-	-	-	483,820	4,83,820
Furniture & Fixtures	29,16,90,668	2,15,44,630	38,15,529	30,94,19,769	6,20,77,158	4,96,21,207	1,86,272	11,15,12,093	19,79,07,676	22,96,13,510
Motor Cars	1,24,90,177	6,34,313	8,86,192	1,22,38,298	13,72,170	11,78,233	1,86,858	23,63,545	98,74,753	1,11,18,006
Computer & Peripherals	1,36,14,440	46,48,905	16,26,850	1,66,36,495	34,72,909	25,22,417	1,49,544	58,45,782	10,790,713	1,01,41,531
Office Equipments	1,80,33,658	11,92,219	1,76,300	1,90,49,577	27,23,609	10,31,778	-	37,55,387	15,294,190	1,53,10,048
TOTAL	64,88,28,018	2,80,20,067	65,04,871	67,03,43,214	13,21,48,896	8,56,05,160	5,22,674	21,72,31,383	45,31,11,831	51,66,79,120
Capital Advance	89,70,938	77,62,343	1,38,95,541	28,37,740	-	-	-	-	99,13,878	89,70,938
Grand Total	65,77,98,956	3,57,82,410	2,04,00,412	67,31,80,954	13,21,48,896	8,56,05,160	5,22,674	21,72,31,383	46,30,25,709	52,56,50,058
Previous Year	60,22,50,820	9,72,45,029	4,16,96,893	65,77,98,956	4,98,46,353	8,27,56,929	4,54,392	13,21,48,898	52,56,50,058	

SCHEDULES FORMING PART OF THE ACCOUNTS

Particulars	As at 31 st March, 2010 Amount (Rs.)
SCHEDULE - 5 :	
CURRENT ASSETS, LOANS & ADVANCES	
(i) Inventories (at lower of cost and Net Realisable Value) Textiles & Made-ups (Including Accessories) (As taken, valued and certified by the Management)	1,95,21,99,265
(a)	1,95,21,99,265
(ii) Sundry Debtors (Unsecured & considered good, unless otherwise stated) Over six months Others	31,19,67,940 2,37,15,34,523
(b)	2,68,35,02,463
(iii) Cash & Bank Balances a) Cash on hand b) Balances with Scheduled Banks On Current Account c) Fixed Deposit Account * *Includes FDRs pledged with Sales Tax Authorities Rs.17.92 Lacs (Previous Year Rs.9.63 Lacs)	18,01,405 2,96,831 33,37,793
(c)	54,36,029
(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 Advances to Suppliers Staff Advances Deposits Prepaid Expenses	9,27,66,537 11,51,688 36,25,196 41,59,49,443 19,29,258
(d)	51,54,21,522
Total (a)+(b)+(c)+(d)	5,15,65,59,279

SCHEDULES FORMING PART OF THE ACCOUNTS

Particulars	As at 31 st March, 2010 Amount (Rs.)
SCHEDULE - 6 :	
CURRENT LIABILITIES & PROVISIONS	
(I) Current Liabilities	
a) Total outstanding dues of Micro and Small Enterprise (Refer Note No. II (9) of Schedule 13)	-
b) Total outstanding dues of creditors other than Micro and Small Enterprises	
Sundry Creditors	
- For Goods	1,97,40,75,121
- For Expenses	3,83,74,565
- For Capital goods & Services	33,05,810
Other Liabilities	3,55,42,929
(Due to Company under same Management Rs.1,97,40,75,121)	
(a)	2,05,12,98,425
(ii) Provisions	
Provision - Income Tax	35,31,07,444
Provision - Wealth Tax	61,000
Provision - Fringe Benefit Tax	13,20,000
Provision -Gratuity	43,84,436
Provision - Leave Encashment	58,64,100
Provision - Premium on Redemption of NCDs	11,17,43,253
(b)	47,64,80,233
Total (a)+(b)	2,52,77,78,658
SCHEDULE - 7 :	
OTHER INCOME	
Interest on Fixed Deposit (TDS Rs.17,548/-)	1,51,789
Exchange Rate Fluctuation	4,51,827
Compensation Received	2,22,56,652
Miscellaneous Receipts	4,94,112
Total	2,33,54,380
SCHEDULE - 8 :	
INCREASE/DECREASE IN INVENTORIES	
Closing Stock of Textiles, Made-ups (including accessories) as at 31 st March 2010	1,95,21,99,265
Less : Opening Stock of Textiles, Made-ups (including accessories) as at 1 st April 2009	1,39,58,04,068
Total	55,63,95,197

SCHEDULES FORMING PART OF THE ACCOUNTS

Particulars	Year ended 31 st March, 2010 Amount (Rs.)
SCHEDULE -9 :	
PAYMENTS TO & PROVISIONS FOR EMPLOYEES	
Salaries, Wages, Bonus & other Benefits	15,68,86,896
Contribution to Welfare Funds	79,32,881
Provision for Gratuity	13,02,188
Medical Expenses	11,63,221
Staff Welfare Expenses	7,65,222
Total	16,80,50,408
SCHEDULE -10 :	
ADMINISTRATIVE EXPENSES	
Rent	27,68,56,536
Rates & Taxes	1,02,94,041
Repairs & Maintenance - others	49,32,077
Travelling Expenses - Foreign	2,89,07,653
Travelling Expenses - Inland	96,24,843
Electricity Charges	2,43,61,386
Vehicle Maintenance	16,95,947
Directors' Remuneration	57,02,493
Remuneration to Auditors (inclusive of Service Tax)	
- Audit Fees	23,71,744
- Tax Audit Fees	4,41,200
- Other service	3,30,606
Showroom Expenses	11,552
Insurance	22,99,003
Conveyance	19,47,873
Legal & Professional Charges	63,66,765
Loss on Sale of Fixed Assets	3,57,152
General Expenses	46,49,356
Postage & Telephones	67,80,720
Printing & Stationery	34,40,793
Security Service Charges	40,11,934
Brokerage Charges	1,33,240
Membership & Subscriptions	29,701
Preliminary Expenses- written off	40,300
Total	39,55,86,915

SCHEDULES FORMING PART OF THE ACCOUNTS

Particulars	Year ended 31 st March, 2010 Amount (Rs.)
SCHEDULE - 11 :	
SELLING & DISTRIBUTION EXPENSES	
Sales Promotion Expenses	32,59,316
Business Convension & Exhibition Expenditure	96,19,735
Sample Expenses	30,33,602
Total	1,59,12,653
SCHEDULE - 12 :	
INTEREST & BANK CHARGES	
Interest on NCDs (TDS of Rs. 86,73,470)	8,67,34,699
Interest on Vehicle Loans	4,50,858
Interest on Bank Overdraft	9,68,95,224
Interest on Others	6,07,492
Bank Charges & Commission	69,09,872
Total	19,15,98,145

SCHEDULE 13 :

CONSOLIDATED SCHEDULES FORMING PART OF THE ACCOUNTS: 31ST MARCH 2010

I SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

1 Principles of Consolidations :

The Consolidated Financial Statements relate to Brandhouse Retails Ltd ("the Company") and its subsidiary company, Brandhouse Oviesse Limited. The Consolidated Financial Statements have been prepared on the following basis:

The financial statements of the Company and its subsidiary 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.

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, 2010.

The details of subsidiary company which are included in the consolidation and the Company's holdings therein are as under:

Sr. No.	Name of Subsidiary Companies	Ownership in % either directly or through Subsidiary	Country of Incorporation
1	Brandhouse Oviesse Ltd (w.e.f. 29th July, 2009)	2009-10 100%	India

2. 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.

3. 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.

4. 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.

5. 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. 5000/- is provided for at 100% of the cost as specified in Schedule XIV to the Companies Act, 1956.
- iii. Goodwill on demerger is amortised over Ten Years in equal annual instalments.

6. Capital Work in Progress

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

7. 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 and are inclusive of tailoring services.
- 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.

8. 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.

9. 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.

10. 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.

11. 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.

12. 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.

13. 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.

14. 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.

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.

II NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010
1 Contingent Liabilities :

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

* FDR with Scheduled Banks Rs. 15.45 Lacs (including accumulated interest of Rs. 1.30 Lacs) kept as deposits in respect of the above.

** FDR with Schedule Bank Rs. 5.65 Lacs kept as deposit in respect of above.

2 Estimated amount of Contracts remaining to be executed on capital account and not provided for – Rs. 120.32 Lacs (net of advances)

3 14% 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 Ishwarpura, Taluka Kadi, District Mehsana, Ahmedabad to secure issue of the Debenture Certificate.
- ii) Equitable Mortgage on future immovable fixed assets of the Company other than that mentioned in i) above.
- iii) Charge on the present and future movable fixed assets of the Company.

b. Additional Security

- i) Pledge and Default Call Option exercise on 1,05,82,630 Fully Convertible Debentures of Rs. 100 each of S. Kumars Nationwide Limited (SKNL) held by Anjani Finvest Pvt. Ltd (AFPL) and the consequent shares to be issued to AFPL on conversion of the said Fully Convertible Debentures.
- ii) Pledge and Default Call Option exercise on the 10,00,000 Equity Shares of Rs. 10/- each of the Company held by SKNL.

c. Redemption of the Non Convertible Debentures

- i) The Non convertible Debentures shall be due for repayment on June 30, 2010 (35%); July 15, 2010 (30%) and June 30, 2011 (35%) after considering the revision in the repayment dates allowed by Debenture Holders, subsequent to the Balance Sheet date.
- ii) The Non Convertible Debentures shall have redemption premium of 20% on face value of debentures redeemed as above.

- 4 Working Capital Demand Loans from Banks are secured by hypothecation of company's stocks and book-debts, present and future and by a second charge on all the immovable properties of the company.
- 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 Balances under the heads Sundry debtors amounting to Rs. 5123 lacs, Loans and advances and Sundry Creditors 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.
- 7
 - a. As against the statutory requirement of transfer of Rs. 1694.57 Lacs, the Company has transferred the available post tax profit of Rs. 1620.87 Lacs to Debenture Redemption Reserve (DRR).
 - b. The Premium payable on redemption of the above NCD's on maturity, amounting to Rs. 338.91 Lacs was adjusted against Securities Premium Account shown under the head current liabilities and Provisions.
- 8 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:

(Rs. in Lacs)

Particulars	Year ended 31 st March, 2010
Employer's contribution to Provident Fund & Pension Scheme	69.60
Employer's contribution to Employees State Insurance	7.54

ii) Defined Benefits Plan

- a. Contribution to Gratuity (Non Funded Scheme)
- b. Leave Encasement (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	Year ended 31 st March, 2010
Discount Rate (Per Annum)	8%
Rate of increase in compensation levels (Per Annum)	5%
Expected average remaining lives of the employees (in no of years)	21

A. Amount recognised in the Balance Sheet

(Rs. in Lacs)

Particulars	Year ended 31 st March, 2010 (Gratuity)	Year ended 31 st March, 2010 (Leave Encashment)
Present value of defined benefits obligation as at the beginning of the period	31.11	50.60
Interest Cost	4.04	4.47
Current Service Cost	21.11	14.85
Benefits Paid	-	(15.50)
Actuarial (Gain) / loss on obligation	(12.42)	1.73
Present value of defined benefits obligation as at the end of the period	43.84	56.15

B. Amount recognised in the Balance Sheet

(Rs. in Lacs)

Particulars	As at 31 st March, 2010 (Gratuity)	As at 31 st March, 2010 (Leave Encashment)
Present value of defined benefits obligation as at the end of the period	31.11	56.15
Liability / (Net Asset) recognised in the Balance Sheet	43.84	56.15

C. Expenses recognised in the Profit and Loss Account

(Rs. in Lacs)

Particulars	As at 31 st March, 2010 (Gratuity)	As at 31 st March, 2010 (Leave Encashment)
Current Service Cost	21.11	14.85
Past Service Cost	-	-
Interest Cost	4.04	4.47
Net Actuarial (Gain) Loss Recognised in the period	(12.42)	1.73
Total expenses recognised in the Profit & Loss Account	12.73	21.06

- 9 There is 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.

10 Earnings Per Share – Basic and Diluted

Particulars	31 st March, 2010
Numerator – Net Profit After Tax (In Lacs)	1351.31
Weighted Average Number of Equity Shares used as denominator	5,36,02,767
Nominal Value Per Equity Share (Rs.)	10
Earnings Per Shares- (Rs.) Annualised	2.52

11. Current Liabilities representing Sundry creditors in respect of goods purchased by the Company include the following balances due to concerns in which the directors of the Company are interested as directors:

(Rs. in Lacs)

Name of the concern	As at 31 st March, 2010
S. Kumars Nationwide Limited	5,736.99
Reid and Taylor (India) Limited	14,003.76

12. Taxation :

- i) Provision towards Current taxation is made at the rates as applicable for the Assessment year 2010 - 2011
 ii) Deferred tax position is arrived at as under

(Rs. in Lacs)

Particulars	Deferred Tax Assets as at 1 st April, 2009	Current Year Credit	Deferred Tax Assets as at 31 st March, 2010
i) Difference between books and Tax depreciation.	14.33	13.33	27.66
ii) Disallowance u/s. 43 B	18.04	6.41	24.45
Deferred Tax Assets (i) + (ii) Total	32.37	19.74	52.11

13. The entire operations of the Company comprise of only one segment, namely Retails and as such, no separate segment reporting is considered necessary for segment reporting as stipulated in Accounting Standard-17 issued by The Institute of Chartered Accountants of India.
14. 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.
15. The Company believes that Goodwill as represented in the books of accounts as at the Balance Sheet date amounting to 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 Lifestyle Ltd. Sansar Exim Pvt. Ltd. Anjani Finvest 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.Worsted's Pvt Ltd Reid & Taylor Ltd ; U.K. 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. SKNL (U.K.) Ltd. Anjaneya Foundation. SKNL Foundation. Remala Trading B.V. Coppley Corp HMX Poland sp. Z.o.o HMX Poland sp. Z.o.o, Luxembourg. 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 Shri Nitin S. Kasliwal and Smt Jyoti N. Kasliwal) Mr. Kartikeya N. Kasliwal (Son of Shri Nitin S. Kasliwal and Smt 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 st March, 2010	As at 31 st March, 2010	As at 31 st March, 2010
Purchases of Goods	59,595.33	Nil	Nil
Managerial Remuneration	Nil	59.84	20.09
Outstanding as on 31st March 2010	19,740.75	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.

17. The company has obtained various stores on operating Lease. Lease payments made during the year debited to Profit and loss account is Rs.2,767.46 lacs . The amount of future minimum lease payments/commitment under Non Cancelable operating Lease is as under :

(Rs. in Lacs)

Period	As at 31 st March, 2010
Not later than one year	3,459.87
Later than one year but not later than five years	11,972.97
Later than five years	7,812.86

18. 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, 2010		
		Amount in Foreign Currency	Amount in Rs.
Purchase of Furniture	HKD	2,98,818	18,82,555
Purchase of Merchandise	HKD	1,72,676	10,43,511
Purchase of Sales promotion Item	HKD	71,348	4,53,913
Total			33,79,979

19. Since this is the first year of consolidation, Previous year figures do not exist.

For Brandhouse Retails Limited

Place : Mumbai
 Date : 28th May, 2010

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



BRANDHOUSE RETAILS LIMITED
"AVADH" AVADHESH PARISAR, SHREE RAM MILLS PREMISES, G. K. MARG, WORLI, MUMBAI – 400 018

PROXY FORM
(To be filled in and signed by the Shareholder)

6TH 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 6th Annual General Meeting of the shareholders of the Company to be held on Tuesday, September 28, 2010 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 _____, 2010.

Please affix
15 paise Revenue
Stamp & Sign
Across

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



----- Please Tear Here -----

BRANDHOUSE RETAILS LIMITED
"AVADH" AVADHESH PARISAR, SHREE RAM MILLS PREMISES, G. K. MARG, WORLI, MUMBAI – 400 018

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

6TH ANNUAL GENERAL MEETING

FOLIO NUMBER/ DP & CLIENT ID:

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

NUMBER OF SHARES HELD:

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

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

I hereby record my presence at the 6th Annual General Meeting of the Company on Tuesday, September 28, 2010 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 the Annual Report to the meeting.