

BRANDHOUSE RETAILS LIMITED

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

Website : <http://brandhouseretails.com> • Email : bhrlinvestors@sknl.co.in

Dear Shareholder(s),

NOTICE PURSUANT TO SECTION 192A OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PASSING OF THE RESOLUTION BY POSTAL BALLOT) RULES, 2001

Notice is hereby given to the shareholder(s) pursuant to Section 192A(2) of the Companies Act, 1956 (hereinafter referred to as "the Act"), read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001 (including any statutory modification or re-enactment thereof for the time being in force) to seek consent of the shareholders for making investment(s) in securities of/making loan(s) to/giving guarantee(s)/providing security for the loan(s)/facilities extended to Brandhouse Oviessse Limited, subsidiary of the Company pursuant to Section 372A of the Act by Special Resolution as appended below alongwith the Explanatory Statement thereof as proposed to be passed by way of Postal Ballot. The Postal Ballot Form for exercising your vote is also annexed to this Notice.

The Board of Directors of the Company has appointed Mr. P. N. Parikh of Parikh & Associates, Practising Company Secretaries as the Scrutinizer for conducting the Postal Ballot process in a fair and transparent manner.

You are requested to carefully read the instructions printed in the Postal Ballot Form and return the Form duly completed, in the attached self addressed postage prepaid envelope, so as to reach the Scrutinizer on or before the close of working hours (5 p.m.) on 14th March, 2011. The Scrutinizer will submit his report to the Chairman after completion of the scrutiny of Postal Ballot Forms and the result of the voting by Postal Ballot will be declared on 15th March, 2011 at the registered office of the Company at B-2, 5th Floor, Marathon NextGen, Off G. K. Marg, Lower Parel, Mumbai - 400 013. The date of declaration of the result shall be deemed to be the date of passing of the said resolution.

Draft Resolution:

To consider and if thought fit, to pass the following Resolution as a **Special Resolution**:

"**RESOLVED THAT** pursuant to Section 372A and other applicable provisions, if any, of the Companies Act, 1956 (hereinafter referred to as "the Act") (including any statutory modification or re-enactment thereof for the time being in force) and subject to such approval(s), consent(s), sanction(s) and permission(s) of the Government of India (GOI), Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI) or any other appropriate authority as may be necessary, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any committee which the Board may have constituted or hereinafter constitute to exercise its powers including the power conferred by this resolution) to make investment(s) in securities of, make loan(s) and/or give guarantee(s)/provide security for the loan(s)/facilities extended to Brandhouse Oviessse Limited, subsidiary of the Company, in excess of 60% of the aggregate of the paid-up share capital and free reserves or 100% of the aggregate of free reserves of the Company (whichever is higher), as the Board may in its absolute discretion deem beneficial and in the interest of the Company, subject to the maximum aggregate amount not exceeding Rs. 100 Crores at any time including the existing investment(s), Loan(s) and guarantee(s) as under:

Name of the Company	Relationship	Purpose	Amount (in Rs.)	Remarks
Brandhouse Oviessse Limited	Subsidiary	Investment(s)	30 Crores	For investment(s) in the securities.
		Loan(s)	5 Crores	For giving loan(s).
		Guarantee(s)/ Security	65 Crores	For securing loan(s)/facilities extended to Brandhouse Oviessse Limited (including credit facilities extended by Bank of India).

CERTIFIED TRUE COPY

FOR BRANDHOUSE RETAILS LTD

ASSISTANT COMPANY SECRETARY

RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such actions and give all such directions, instructions etc. as may be necessary or desirable and also to settle any question or difficulty that may arise with regard to this Resolution and further to do all act(s), deed(s), matter(s) and thing(s) as may be necessary, desirable or expedient for giving effect to this resolution."

**By Order of the Board,
For Brandhouse Retails Limited**

Place : Mumbai
Date : 27th January, 2011

**Pulak Banerjee
Company Secretary**

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956
ANNEXED TO THE NOTICE DATED 27TH JANUARY, 2011**

Brandhouse Oviessse Limited (BOL) was incorporated as Company's 62.5% : 37.5% Joint Venture with Oviessse S.p.A. of Italy pursuant to a Joint Venture Agreement for setting up of the brand "Oviessse Industry", Italy's number one fashion brand under single brand retail in India. The initial investment of upto Rs. 50 Crore in the paid-up capital of BOL was approved by the Board of Directors of the Company which was within the limits prescribed under Section 372A of the Companies Act, 1956 ("the Act") i.e. within higher of 60% of the aggregate of the paid-up share capital and free reserves or 100% of the aggregate of free reserves of the Company, as on 28th January, 2009. The current investment of the Company in BOL is Rs. 5.61 Crores by way of subscription of 56.1 lac Equity Shares of Rs. 10/- each. In accordance with the arrangements under the Business Plan forming part of the Joint Venture with Oviessse, the Company would be required to make further investment(s)/ giveLoan(s), if any, from time to time, in BOL. In addition, Bank of India has extended credit facilities to BOL for an amount not exceeding Rs. 50 Crores, comprising Term Loan for an amount not exceeding Rs. 40 Crores and Working Capital for an amount not exceeding Rs. 10 Crores for BOL to meet the expenses towards roll outs of its new stores and other immediate business commitments. One of the conditions to secure the aforesaid credit facilities granted by Bank of India to BOL was to obtain guarantee(s) from the Company in favour of Bank of India. Taking into consideration the then immediate business commitments and financial requirements of BOL, the Board of Directors, at its meeting held on 30th July, 2010, approved for issue of guarantee(s) in favour of Bank of India for the said amount, subject to the approval of the shareholders by Special Resolution and in accordance with the provisions of Section 372A of the Act. The Company may be required to provide, from time to time, guarantee(s)/security, in addition to the above, against any future credit facilities that may be extended to BOL by its lenders.

Pursuant to Section 372A(1) of the Act, no Company can make any loan(s) to another body corporate; give guarantee/provide any security in connection with a loan made by any other person to, or to any other person by, any body corporate; and invest in the securities of any other body corporate exceeding 60% of the investing company's paid-up capital and free reserves, or hundred per cent of its free reserves, whichever is more, except with the previous approval by a Special Resolution of the shareholders. However, pursuant to the second proviso to Section 372A(1) of the Act, a company can give a guarantee, without prior authority of the shareholders by Special Resolution provided such guarantee is given by passing a resolution of the Board and confirmed by the shareholders within twelve months by passing a Special Resolution.

Accordingly, the consent of the shareholders to the above Special Resolution is sought by Postal Ballot in accordance with Section 192A of the Act read with the Companies (Passing of the Resolution through Postal Ballot) Rules, 2001.

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

None of the Directors is interested in the said resolution.

**By Order of the Board,
For Brandhouse Retails Limited**

Place : Mumbai
Date : 27th January, 2011

**Pulak Banerjee
Company Secretary**