

S. Kumars Nationwide Limited

B2, 5th Floor, Marathon NextGen, Off G. K. Marg, Lower Parel, Mumbai – 400 013

To
The Shareholder(s),

NOTICE OF POSTAL BALLOT

Notice is hereby given pursuant to Section 192A (2) of the Companies Act, 1956, read with Companies (Passing of the Resolution by Postal Ballot) Rules, 2001 that the following resolution relating to the sale of the Company's 'Belmonte Division' carrying out business in the Mid-Premium Segment comprising of the Fabrics Business and Ready-to-Wear Garments Business carried out under the "Belmonte Brand" and having manufacturing Units at Bengaluru, in the State of Karnataka and Dewas, in the State of Madhya Pradesh, along with all assets and liabilities pertaining / apportioned to the Belmonte Division on a 'Slump Sale basis' and on an as-is-where-is basis as a 'Going Concern' to its wholly owned subsidiary company 'Belmonte Retails Limited' is proposed to be passed by Postal Ballot.

1) Section 293(1)(a) of the Companies Act, 1956 provides inter alia that the Board of Directors of public company shall not, without the consent of the members of the Company, sell, lease or otherwise dispose off the whole or substantially the whole of the undertaking of the Company or where the Company owns more than one undertaking, the whole or substantially whole of any such undertaking.

The members are requested to authorise the Board with the requisite authority under section 293(1) (a) of the Companies Act, 1956 to sell and to transfer the business of 'Belmonte Division' to its wholly owned subsidiary namely 'Belmonte Retails Limited'.

2) As per the provisions of Section 372A of the Companies Act, 1956 the Board of Directors of a Company is hereby authorized to make loans, investments or give guarantees or provide any securities beyond the prescribed limits of -

i) Sixty percent of the aggregate of the paid up capital and free reserves,

Or

ii) One hundred percent of its free reserves,

Whichever is more,

if, a special resolution is passed by the shareholders of the lending Company.

Accordingly, the Company is desirous of seeking your consent to the proposal contained in the undermentioned resolutions.

The explanatory statement pertaining to the resolutions setting out all the material facts and reasons thereof is annexed.

As the consent of the members to the resolutions is required to be obtained by means of a Postal Ballot, it is being sent to you with the explanatory statement for your consideration along with a Postal Ballot Form.

The Company has appointed Mr. Prashant Diwan, Practising Company Secretary of Mumbai, as a 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 and signed in the enclosed self addressed postage pre-paid envelope so as to reach the said Scrutinizer on or before 23rd March 2011.

The Scrutinizer will submit his report to the Chairman after completion of the scrutiny of the Postal Ballot Forms and the results of the Postal Ballots will be announced at the Registered Office of the Company situated at B2, 5th Floor, Marathon NextGen, Off G. K. Marg, Lower Parel, Mumbai – 400 013 on Monday, 28th March 2011.

1. Resolution to be passed under Section 293(1)(a) of the Companies Act, 1956 for sale of the Company's 'Belmonte Division' carrying out business in the Mid-Premium Segment comprising of the Fabrics Business and Ready-to-Wear Garments Business to its wholly owned subsidiary 'Belmonte Retails Limited':

To consider, and if thought fit, to pass the following Resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of sections 192A, 293 (1)(a) and all other applicable provisions, if any, of the Companies Act, 1956, and subject to such other approvals and permissions as may be required, the consent of the Company be and is hereby accorded to the Board of Directors of the Company ("the Board" which expression shall also include a Committee of Directors of the Company) to transfer, sell or otherwise dispose off whole of the undertaking / manufacturing units being the Company's 'Belmonte Division' which is in the mid-premium segment comprising the Fabrics Business and the Ready-to-Wear Garments Business carried on under 'Belmonte Brand' and having manufacturing units at

1) Total Wardrobe Solutions Division, Survey No.121/52, Hosahalli Gollarahaii, Magadi Main Road, Bengaluru – 91, State Karnataka.

and

2) Menswear and Weaving Units, Survey No. 3B Industrial Area No. 2, Agra Bombay Road, Dewas, State Madhya Pradesh; together with all assets including current assets, fixed assets, plant and machinery, land and building, Belmonte Brand pertaining or apportioned to the division on a 'Slump Sale basis' and on an as-is-where-is basis as a 'Going Concern' to the Company's wholly owned subsidiary 'Belmonte Retails Limited' together with the rights, title and interest in the immovable, moveable and intangible assets and liabilities, for a total net value not exceeding Rs.450 Crores, which is arrived at after netting out the current liabilities pertaining to the Belmonte division and after apportioning and netting out bank borrowings of not exceeding Rs. 450 Crores to the above mentioned wholly owned subsidiary, be transferred,

on such terms and conditions as may be decided by the Board, and as incidental to the transfer, sale and disposal thereof subject to requisite approvals as may be required from the lenders and other authorities if any, with full power and authority to the Board to authorise the finalisation and execution of all the necessary documents, agreements, deeds of assignment/ conveyance and other documents and to do all such acts, deeds, matters and things as may be deemed necessary or expedient in their discretion to give effect to the said Resolution.

RESOLVED FURTHER THAT the effective date of the above 'Transaction' would be 1st April, 2011 or such other date as may be decided by the Board or Committee of Directors of the Company."

2. Resolution to be passed under Section 372A of the Companies Act, 1956 for making any loan, investment, guarantee or provide any securities beyond the prescribed limit in subsidiary companies:

To consider and, if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED THAT further to the resolutions passed earlier at the earlier general meetings of the Company and by way of the Postal Ballot processes pursuant to the provisions of section 372A and other applicable provisions, if any, of the Companies Act, 1956 or any amendments or modifications thereof (including any ordinance or statutory modification, re-enactment thereof for the time being in force) and subject to consent and approvals of and permissions as may be necessary under any statute for time being in force, consent and approvals of the members of the Company be and are hereby accorded to the Board of Directors of the Company ("the Board" which expression shall also include a Committee of Directors of the Company):

INVESTMENT

- a) to invest/acquire from time to time by way of subscription, purchase, conversion or otherwise Equity Shares, Preference Shares, Debentures (whether convertible or non-convertible) or any other financial instruments of following company, which may or may not be subsidiary of the Company, as the Board may think fit, in excess of and in addition to the limits for which members' approval has been already obtained in the General Meetings and by way of Postal Ballot processes earlier or the limit specified in section 372A of the Companies Act, 1956, whichever is higher.

Name of the Company	Upto Rs. (In Crores)
In Belmonte Retails Limited	150.00
Total	150.00

CORPORATE LOAN

- b) to make/ give from time to time any loan or loans to the following company, which may or may not be subsidiary of the Company, as the Board may think fit in excess of and in addition to the limits for which members' approval has been already obtained in the General Meetings and by way of Postal Ballot processes earlier or the limits specified in section 372A of the Companies Act, 1956, whichever is higher.

Name of the Company	Upto Rs. (In Crores)
To Belmonte Retails Limited	100.00
Total	100.00

CORPORATE GUARANTEE

- c) to give from time to time any guarantee(s) and/or provide any securities, in connection with any loan(s)/ financial assistance made by any person/ Banks/ Financial Institution/ any other body corporate to the following companies, which may or may not be subsidiary(ies) of the Company, as the Board may think fit, in excess of and in addition to the limits for which members' approval has been already obtained in the General Meetings and by way of Postal Ballot processes held earlier or the limits specified in section 372A of the Companies Act, 1956 whichever is higher.

Name of the Company	Upto Rs. (In Crores)
To Belmonte Retails Limited	600.00
To Reid & Taylor (India) Limited	1000.00
Total	1600.00

RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board be and is hereby authorised to take all such actions and to give all such directions as may be necessary or desirable and also to settle any question or difficulty that may arise in regard to the proposed investment or loan made or guarantees to be provided and further to do all such acts, deeds, matters and things and to execute all such deeds, documents and writings as may be necessary, desirable or expedient in connection therewith."

**By Order of the Board
For S. Kumars Nationwide Limited**

**Nimesh S. Shah
Sr. Vice President & Company Secretary**

Regd Office:
B2, 5th Floor, Marathon NextGen,
Off G. K. Marg, Lower Parel,
Mumbai – 400 013

Place: Mumbai
Date: 10th February 2011

Notes:

1. The relative Explanatory Statement pursuant to Section 173(2) and 192A (2) of the Companies Act, 1956 setting out material facts is annexed hereto.
2. The Board of Directors vide circular resolution dated 10th February 2011 has appointed Shri Prashant Diwan, Practicing Company Secretary as the Scrutinizer to conduct the voting through Postal Ballot, in a fair and transparent manner and to receive and scrutinize the completed Ballot Papers from the Members. The Postal Ballot Form and the self-addressed business reply envelope are enclosed for use of Members.
3. You are requested to carefully read the instructions printed in the Postal Ballot Form and return the said Postal Ballot Form (no other form or photocopy of the Postal Ballot Form is permitted) duly completed with the assent (for) or dissent (against), in the attached self-addressed postage pre-paid envelope, so as to reach the Scrutinizer on or before 23rd March 2011 to be eligible for being considered, failing which, it will be strictly treated as if no reply has been received from the Member.

The Scrutinizer will submit his report to the Chairman after completion of the scrutiny and the results of Postal Ballot will be announced on Monday, 28th March 2011 at the Registered Office of the Company at B2, 5th Floor, Marathon Next Gen, Off G. K. Marg, Lower Parel, Mumbai – 400 013.

The said date of declaration of the result of the Postal Ballot will be taken as the date of passing of the Resolutions.

4. All documents referred to in the accompanying Notice and the Explanatory Statement are open for inspection at the Corporate Office of the Company situated at Sr. No. 90 / H No. 5, Inga Complex, 2nd Floor, Mahakali Caves Road, Andheri (East), Mumbai 400 093, during the office hours on all working days except 2nd and 4th Saturday between 11.00 a.m. and 1.00 p.m. upto Tuesday, 22nd March 2011.
5. The said notice of Postal Ballot and Ballot Form has also been placed on the Company's website viz www.sknl.co.in for the perusal of the members / shareholders.

EXPLANATORY STATEMENT REQUIRED BY SECTION 173 OF THE COMPANIES ACT, 1956 RELATING TO THE AFORESAID RESOLUTIONS.**Item No. 1**

S. Kumars Nationwide Limited (SKNL) currently operates in diverse segments in the textile industry that is, Luxury Textiles, Consumer Textiles, Home Textiles, Ready-to-Wear Garments Business and High Value Fine Cotton (HVFC) Fabric Business.

It is now proposed to spin-off mid-premium segment, comprising the Fabric Business and the Ready-to-Wear Garments Business carried out under 'Belmonte Brand' into a wholly owned subsidiary Company namely 'Belmonte Retails Limited'

The Company, carries on its business in multiple segments of the industry, and to give greater focus to the core business of each of its divisions and to strengthen competencies and to facilitate more transparent benchmarking with its peers the Company has identified its mid-premium segment comprising the Fabric Business and the Ready-to-Wear Garment Business carried out under the 'Belmonte Brand' as a distinct segment to be spun off to its wholly owned subsidiary. This would also facilitate raising of funds by the respective businesses at a later date for further growth and expansion.

In view of the above, it is proposed to sell and transfer the whole of the undertakings / units being 'Belmonte Division' which is a mid-premium segment comprising the Fabrics Business and the Ready-to-Wear Garments Business under the 'Belmonte Brand' and having manufacturing units at

- 1) Total Wardrobe Solutions Division, Survey No.121/52, Hosahalli Gollarahaii, Magadi Main Road, Bengaluru – 91, State Karnataka
- and
- 2) Menswear and weaving units, Survey No. 3B Industrial Area No. 2, Agra Bombay Road, Dewas, State Madhya Pradesh;

together with all assets including current assets, fixed assets, plant and machinery, land and building, Belmonte Brand pertaining or apportioned to the division on a 'Slump Sale basis' and on an as-is-where-is basis as a 'Going Concern' to the Company's wholly owned subsidiary 'Belmonte Retails Limited' together with the rights, title and interest in the immovable, moveable and intangible assets and liabilities, for a total net value not exceeding Rs.450 Crores, which is arrived at after netting out the current liabilities pertaining to the Belmonte division and after apportioning and netting out bank borrowings of not exceeding Rs. 450 Crores to the above mentioned wholly owned subsidiary, be transferred, on such terms and conditions as may be decided by the Board.

The effective date of the 'Transaction' would be 1st April, 2011 or such other date as may be decided by the Board or Committee of Directors of the Company .

The Transaction will be inter alia subject to the following conditions:

1. Prior approval of the Shareholders under Section 293(1) (a) and all other applicable provisions of the Companies Act, 1956.
2. The Company obtains approval from its lenders for the sell and the transfer of the Division as may be required.
3. The receipt of any regulatory approvals as may be required, necessary from any Governmental authorities.
4. Transfer of existing borrowings of SKNL to the extent they relate to the business transferred to Belmonte Retails Limited with the approval of the lenders.

The employees working in the Belmonte Division on the effective date will be transferred along with accrued benefits to Belmonte Retails Limited and their services and emoluments will be protected.

Section 293(1) (a) of the Companies Act, 1956 provides inter alia that the Board of Directors of public company shall not, without the consent of the members of the Company, sell, lease or otherwise dispose off the whole or substantially the whole of the undertaking of the Company or where the Company owns more than one undertaking, the whole or substantially whole of any such undertaking.

The members are requested to authorise the Board with the requisite authority under section 293(1) (a) of the Companies Act, 1956 to sell and to transfer the business of 'Belmonte Division' to its wholly owned subsidiary namely 'Belmonte Retails Limited'.

None of the other Directors of the Company are deemed to be concerned or interested in the resolution.

Your Directors recommend the resolution for your approval.

You are requested to communicate your assent or dissent in writing in the Postal Ballot Form sent herewith in accordance with the instructions therein set out.

Item No. 2

As per the provisions of Section 372A of the Companies Act, 1956 the Board of Directors of a Company can make any loan, investment or give guarantee or provide any security beyond the prescribed limits of -

- i) Sixty percent of the aggregate of the paid up capital and free reserves,
Or
ii) One hundred percent of its free reserves,
whichever is more,
if, a special resolution is passed by the shareholders of the lending Company.

Since the limits mentioned in the resolution are in excess of above prescribed limits, approval of the members is required.

This permission is sought pursuant to the provisions of Section 372A of the Companies Act, 1956 to give powers to the Board of Directors for making further investments, corporate loans and corporate guarantees as under:

(Rs. In Crores)

Name of the Company	Investment up to Rs.	Corporate Loan up to Rs.	Corporate Guarantees up to Rs.
Belmonte Retails Limited	150.00	100.00	600.00
Reid & Taylor (India) Limited	—	—	1000.00
Total	150.00	100.00	1600.00

The above investments, loans and guarantees are proposed to be made out of own or surplus funds, internal accruals or borrowed funds, the objective of which is optimum utilisation of surplus funds of the Company and also to achieve long term strategic and business objectives. The investments, loans and guarantees will be made on the terms and conditions that are most beneficial to the Company or at the prevailing market rates pursuant to the provisions of section 372A of the Act, 1956.

In connection with making investment, giving loans and providing guarantees and securities to Belmonte Retails Limited, None of the Directors of the Company are deemed to be concerned or interested in the resolution.

In connection with providing Corporate Guarantees to Reid & Taylor (India) Limited, None of the Directors of the Company, other than Dr. A. C. Shah, Shri Nitin S. Kasliwal and Shri Anil Channa, are deemed to be concerned or interested in the resolution.

Your Directors recommend the resolution for your approval.

You are requested to communicate your assent or dissent in writing in the Postal Ballot Form sent herewith in accordance with the instructions therein set out.

The said Notice of Postal Ballot and Form have been placed on the Company's website which is www.sknl.co.in for the perusal of the members/shareholders.

**By Order of the Board
For S. Kumars Nationwide Limited**

Regd Office:
B2, 5th Floor, Marathon NextGen,
Off G. K. Marg, Lower Parel,
Mumbai – 400 013

**Nimesh S. Shah
Sr. Vice President & Company Secretary**

Place: Mumbai
Date: 10th February 2011