

S. KUMARS NATIONWIDE LIMITED

Avadh, Avadhesh Parisar, Shree Ram Mills Premises, Ganpatrao Kadam Marg,
Worli Mumbai 400 018

Notice of Postal Ballot

About the Company - S. Kumars Nationwide Limited:

S.Kumars Nationwide Ltd. (SKNL) is one of India's leading textiles and apparel manufacturing company has extensive presence in multiple product categories from Fabrics to Apparels and Home Textiles. Ever since its inception in 1990, the company has been a frontrunner in its line of businesses and has come to be known as one of the most respected business houses in the sector.

SKNL offers an excellent set of high value products ranging from low cost high quality textiles to world class premium ready to wear suiting. The brands in its fold include S. Kumars, Reid & Taylor, Stephens Brothers, Carmichael House and Belmonte. The Company also plans to add more brands to its mix in order to have a higher degree of penetration across various price points and differing preferences.

SKNL has state-of-the-art manufacturing capabilities and has a distribution network that is unparalleled in terms of its reach. The company also has a management team with several years of experience translating to an exhaustive knowledge of the industry.

To the Shareholder(s),

Notice is hereby given pursuant to Section 192A of the Companies Act, 1956 (the "Act"), read with the Companies (Passing of the Resolutions by Postal Ballot) Rules, 2001 ("Rules") for the consent of the Members of S. Kumars Nationwide Limited for the proposed ordinary and special resolutions set out below, which is sought to be obtained by means of Postal Ballot. The Explanatory Statement stating all material facts and the reasons for the proposed resolutions is also appended hereto for your consideration.

Special Business

1. Reclassification of share capital:

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

"RESOLVED THAT pursuant to the provisions of Section 94 and all other applicable provisions, if any, of the Companies Act, 1956 and clause no. 3 and 4 of the Articles of Association of the Company, 90,00,000 numbers of preference shares of Rs.100/- (Rupees Hundred Only) each aggregating Rs. 90,00,00,000/- (Rupees Ninety Crores) forming part of the Authorized Share Capital of the Company be and are hereby reclassified as 9,00,00,000 numbers of equity shares of Rs.10/- (Rupees Ten Only) each so that the Authorised Share Capital of the Company shall be Rs. 460,00,00,000/- (Four Hundred And Sixty Crores) divided into 37,00,00,000 numbers of Equity Shares of Rs. 10/- (Rupees Ten Only) each and 90,00,000 numbers of Preference Shares of Rs.100/- (Rupees Hundred Only) each.

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take such steps as may be necessary to give effect to this resolution."

2. Alteration in Capital clause of Memorandum of Association of the Company:

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**.

"RESOLVED THAT pursuant to the provisions of Section 16 and all other applicable provisions, if any, of the Companies Act, 1956, the existing Capital Clause of the Memorandum of Association of the Company relating to the Share Capital be and is hereby altered by substituting the following new Capital Clause in its place and stead:

Capital Clause

"The Authorised Share Capital of the Company is Rs. 460,00,00,000/- (Rupees Four Hundred and Sixty Crores Only) divided into 37,00,00,000 numbers of Equity Shares of Rs.10/- (Rupees Ten Only) each and 90,00,000 numbers of Preference Shares of Rs.100/- (Rupees Hundred Only) each with the rights, privileges or conditions that are specified in the Articles of Association of the Company for the time being. The Company shall have the power to divide the shares in the Capital in several classes."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take such steps as may be necessary to give effect to this resolution."

3. Alteration in Article No. 3 of the Articles of Association of the Company:

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

"RESOLVED THAT pursuant to the provisions of Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, Article No.3 of the Articles of Association of the Company be and is hereby altered by substituting the following new Article in its place and stead:

Article 3

"The Authorised Share Capital of the Company is Rs. 460,00,00,000/- (Rupees Four Hundred and Sixty Crores Only) divided into 37,00,00,000 numbers of Equity Shares of Rs.10/- (Rupees Ten Only) each and 90,00,000 numbers of Preference Shares of Rs.100/- (Rupees Hundred Only) each. The Company shall have the power to increase or reduce its Capital, and to divide the shares in the Capital in several classes and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions as may be permissible by law and as may be determined in

accordance with the Articles of Association and to vary, modify or abrogate any such rights, privileges or conditions in such a manner as may be permitted by law and as may be specified in the Articles of Association of the Company for the time being in force."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take such steps as may be necessary to give effect to this resolution."

4. Issue of equity shares to the Qualified Institutional Buyers:

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

"RESOLVED THAT pursuant to the provisions of Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any amendments thereto or re-enactment thereof), the provisions of Chapter XIII-A of the SEBI (Disclosure and Investor Protection) Guidelines 2000 ("SEBI DIP Guidelines") and the provisions of the Foreign Exchange Management Act, 1999, Foreign Exchange Management (Transfer or issue of Security by a Person Resident Outside India) Regulations, 2000, Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993 and also subject to the provisions of all other applicable statutes, guidelines, regulation, approvals, consents, permissions or sections (the "Approvals") of the Central Government, the Reserve Bank of India, SEBI, Stock Exchanges, Ministry of Finance and any other appropriate authorities, institutions or bodies as may be required, consent of the Company be and is hereby accorded to the Board of Directors ("Board") of the Company at its absolute discretion, to issue, offer and allot Equity Shares of the Company ("Equity Shares") and/or equity shares through Global Depository Shares (GDSs) / Receipts (GDRs) and / or American Depository Receipts (ADRs), and/or private placement and/or Foreign Currency Convertible Bonds (FCCBs) and/or convertible bonds, convertible debentures, fully or partly and / or any other securities, convertible into or exchangeable with equity shares ("Securities") upto the overall amount not exceeding Rs. 500 crores (Rupees Five

Hundred Crores only) or its equivalent in any foreign currency as the case may be (inclusive of such premium as may be determined) in one or more tranche or tranches as specified above.

RESOLVED FURTHER THAT the Board be and is hereby authorised to create, offer, issue and allot, from time to time, such number of Equity Shares/Securities at such price that may be decided by the Board in its absolute discretion, as may be necessary in accordance with the terms of the offering of any of the aforesaid Shares/Securities; and

- a) all such additional Equity Shares or Securities, shall rank pari-passu in all respects, with the then existing respective Shares/Securities, as the case may be, of the Company, but shall be subject to such lock-in requirements as may be prescribed by appropriate authorities under applicable laws, if any;
- b) the Securities to be so offered, issued and allotted shall be subject to the provisions of the Memorandum and Articles of Association of the Company;
- c) the relevant date for the determination of applicable price for the issue of the Securities means the date of the meeting in which the Board of the company or the Committee of Directors duly authorised by the Board of the company decides to open the proposed issue. ;

RESOLVED FURTHER THAT in case of offer/issue/allotment of Shares/Securities in Indian and/or International market under the respective guidelines of SEBI, RBI, or other appropriate authorities, as the case may be, the price (inclusive of premium) of the Shares and / or Securities shall not be less than the price arrived in accordance with the provisions of respective applicable guidelines, rules, regulations or directions.

RESOLVED FURTHER THAT the Company through its Board or any of its Committee and/or any agency or body authorised by the Company, may issue receipts/certificates or other requisite documents representing the underlying Securities issued/to be issued by the Company with such features and attributes as are prevalent in Indian/International capital markets, for instruments of this nature and provide for the free tradability or transferability thereof as per laws, rules, regulations and guidelines under the forms and practices prevalent in the Indian/International market.

RESOLVED FURTHER THAT for the purpose of giving effect to any offer, issue or allotment of Securities or instruments or Equity Shares or Securities representing the same, the Board be and is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary or desirable for such purpose, including but without limitation, determining the type, form and manner of the issue, the class of eligible investors to whom the Securities are to be offered, issued and allotted in each tranche, issue price, face value, premium/discount amount on issue/conversion of Securities/exercise of warrants/redemption of Securities, rate of interest, conversion or redemption period, appointment of Managers, Merchant Bankers, Guarantors, Financial and/or Legal Advisors, Consultants, Depositories, Custodians, Registrars, Trustees, Bankers, and all other agencies or intermediaries, whether in India or abroad, and to remunerate them by way of commission, brokerage, fees or the like, entering into or execution of all such agreements / arrangements / Memorandum of Understandings / documents with any authorities / agencies, and listing of the Shares / Securities (including the resultant Equity Shares to be issued as per the terms of issue of the said Securities) on any Indian and/or Foreign Stock Exchange(s).

RESOLVED FURTHER THAT the Board be and is hereby authorised to issue and allot such number of equity shares as may be required to be issued and allotted upon conversion of any Securities referred above as may be necessary in accordance with the terms of the offering, all such shares being pari passu with the then existing

shares of the Company in all respects, as may be provided under the terms of the issue and in the offering document.

RESOLVED FURTHER THAT the issue to the holders of the securities with equity shares underlying such securities shall be inter alia, subject to suitable adjustment in the number of shares, the price and the time period, etc. in the event of any change in the equity capital structure of the Company consequent upon any merger, amalgamation, takeover or any other re-organization or restructuring in the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorised to settle all questions, difficulties, doubts or problems that may arise in regard to the offer, issue, or allotment of the aforesaid Shares/Securities and utilisation of the issue proceeds as it may in its absolute discretion deem fit, without being required to seek any further consent or approval of the members or otherwise, with the intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT for the purpose aforesaid, the Board be and is hereby authorised to settle all questions, difficulties or doubts that may arise in regard to the issue, offer or allotment of securities and utilisation of the issue proceeds including but without limitation to the creation of such mortgage / charge under Section 293 (1) (a) of the said Act in respect of the aforesaid securities either on pari passu basis or otherwise or in the borrowing of loans as it may in its absolute discretion deem fit without being required to seek any further consent or approval of the members or otherwise to the end and intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT to give effect to the aforesaid resolution, the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee of Directors or Managing Director or any Director or Directors or other officers of the Company, or to any intermediary or agent of the Company, or to

such other person(s) as the Board may think fit and necessary in its absolute discretion."

5. To invest the funds and to provide corporate guarantee to the wholly owned subsidiary and step down Subsidiary Companies:

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

"RESOLVED THAT in furtherance to the resolutions passed earlier at the *General Meetings* and by way of postal ballot processes pursuant to the provisions of section 372A and all 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 Reserve Bank of India (RBI), Public Financial Institution(s), Securities and Exchange Board of India (SEBI) or such authorities, if required and/or in accordance with the guidelines and notifications issued by SEBI, Government, etc. and such other approvals/ permissions as may be necessary under any other statute for time being in force, consent and approval of the Company be and hereby accorded to the Board of Directors of the Company to invest/acquire and/ or to provide corporate guarantee from time to time by way of subscription, purchase, conversion or otherwise Equity Shares, Preference Shares, or any other financial instruments of following subsidiary companies outside India , as the Board may think fit, as mentioned herein below in excess of and in addition to the limits for which members' approval has already been 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.

(Rs. In Crores)

Sr. No.	Name of the Subsidiary Companies	Investment	Corporate Guarantee
1.	SKNL International B.V. - Netherlands	400	200
2.	SKNL Europe B.V. - Netherlands	50	100
3.	SKNL Italy S.p.A - Italy	50	50
Name of the Step down Subsidiary Companies			
4.	SKNL Global Holdings B. V. - Netherlands	-	50
5.	SKNL North America B. V. - Netherlands	-	100
6.	SKNL (UK) Limited - United Kingdom	-	100
	Total	500	600

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 and /or corporate guarantee 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."

6. **To create mortgages / charges in favour of Banks:**

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

"RESOLVED THAT consent of the members of the Company be and is hereby accorded in terms of Section 293(1)(a) and all other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification or re-enactment thereof, for the time being in force) to the Board of Directors (hereinafter called "the Board" which term shall be deemed to include any Committee which the Board may have constituted or hereinafter constitute to exercise including the power of this Resolution) to create mortgage / create charge, in addition to the mortgages / charges created/ to be created by the Company, in such form and the manner and with such ranking and at such time and on such terms as the Board may determine, on all or any of the movable and / or immovable properties of the Company, both present and future and /or the whole or any part of the undertaking(s) of the Company together with the power to take over the assets of the business of the Company in certain events of default, in favour of the following Banks / Institutions for securing the borrowings availed / to be availed by the Company by way of loan(s)/ borrowings from time to time, subject to the limits approved under section 293(1)(d) of the Companies Act, 1956, together with interest at the respective agreed rates, additional interest, compound interest in case of default, accumulated interest, liquidated damages, commitment charges, premium on prepayment, remuneration , premium (if any) on redemption, all other costs, charges and expenses, and all other monies payable by the Company in terms of the Loan Agreement(s) / Heads of Agreement(s), entered into/ to be entered into between the Company and the Banks / Institutions in respect of the following loans / borrowings and containing such specific terms and conditions and covenants in respect of enforcement of security as may be stipulated in that behalf and agreed to between the Board of Directors or Committee thereof and the Banks as follows:

- (1) Working Capital facility from Bank of India (lead consortium) of Rs. 150 crores.
- (2) Rupee Term Loan under Technology Upgradation Fund Scheme aggregating Rs. 300 crores from Punjab National Bank and / or other Banks / Institutions for setting up new units for cotton spinning and polyester viscose spinning at Dewas, Madhya Pradesh and Jhagadia, Gujarat.
- (3) Rupee Term Loan under Technology Upgradation Fund Scheme aggregating Rs. 160 crores from Bank of India and / or other Banks / Institutions for setting up new units for weaving, stitching and process house, at Dewas, Madhya Pradesh and Jhagadia, Gujarat.
- (4) Rupee Term Loan upto Rs.300 crores from ICICI Bank for the refinancing of Non-Convertible Debentures (NCDs) subscribed by India Debt Management Private Limited.
- (5) Rupee Term Loan of Rs. 120 crores from IDBI Bank.
- (6) Rupee Term Loan of Rs. 24 crores from Bank of India and / or other Banks / Institutions for upgradation / modernization of units at Dewas, Madhya Pradesh.
- (7) Rupee Term Loan of Rs. 35 crores from Bank of India and / or other Banks / Institutions.

Types of Charges in favour of above Banks / Institutions:

- a) In connection with the Working Capital Facilities as per point No: (1) above the lenders shall have *Second pari passu* charge / mortgage on all moveable and immovable fixed assets of the Company.
- b) In connection with the Rupee Term Loan under Technology Upgradation Fund Scheme as per Point No: (2) above, the lenders shall have First charge / mortgage, on *pari passu* basis with the other project lenders, on the moveable and immovable fixed assets of the

- respective project, both present and future and Second charge / mortgage, on *pari passu* basis, on all moveable and immovable fixed assets (other than the project assets) of the company.,
- c) In connection with the Rupee Term Loan under Technology Upgradation Fund Scheme, as per Point No: (3) above, the lenders shall have First charge / mortgage, on *pari passu* basis with the project lenders, on the moveable and immovable fixed assets of the project, and First charge / mortgage, on *pari passu* basis with the terms lenders, on the other moveable and immovable fixed assets of the Company (excluding the fixed assets of Home Textile (H T) & High Value Fine Cotton (H V F C) units at Jhagadia).
- d) In connection with the Rupee Term Loan as per Point No: (4) above, the lender shall have First *Pari Passu* Charge / mortgage on moveable and immovable fixed assets of the Company (excluding the fixed assets at Jhagadia), and Second *Pari Passu* charge on the fixed assets of Home Textile (H T) & High Value Fine Cotton (H V F C) units at Jhagadia).
- e) In connection with the Rupee Term Loan as per Point No: (5) above, the lenders shall have First *Pari Passu* Charge / mortgage on the fixed assets of the Company (excluding the fixed assets of Home Textile (H T) & High Value Fine Cotton (H V F C) units at Jhagadia) and Second *Pari Passu* charge on the fixed assets at Jhagadia.
- f) In connection with the Rupee Term Loan as per Point No: (6) above, the lenders shall have First *Pari Passu* Mortgage / Charge on the movable and immovable fixed assets of the Company (excluding the existing and proposed fixed assets at Jhagadia).
- g) In connection with the Rupee Term Loan as per Point No: (7) above, the lenders shall have First *Pari Passu* Mortgage / Charge on the assets to be acquired from the proceeds of the loan.

<p>Regd. Office: Avadh, Avadhesh Parisar, Shree Ram Mills Premises, Ganpatrao Kadam Marg, Worli, Mumbai 400 018</p> <p>Place: Mumbai Date: 30th June, 2009</p>	<p>By order of the Board S. Kumars Nationwide Limited</p> <p>Nimesh S. Shah Vice President & Company Secretary</p>
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Notes:

1. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 setting out material facts is annexed hereto.
2. The Board of Directors has appointed Shri Promod S. Shah, 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 pre - paid envelope, so as to reach the Scrutinizer on or before 11th August 2009 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 12th August 2009, at the Registered Office of the Company at Avadh, Avadhesh Parisar, Shree Ram Mills Premises, Ganpatrao Kadam Marg, Worli, Mumbai - 400 018.

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, Next to Onida House, 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. to 1.00 p.m. upto 11th August 2009.
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

(Pursuant to Section 173(2) of the Companies Act, 1956)

Item No. 1, 2 and 3

The present authorised share capital of the Company is Rs.460 Crores divided into authorised equity share capital of Rs.280 Crores and authorised preference share capital of Rs.180 Crores.

The Company has plans to raise funds in future in the form of Equity Capital. Therefore, present authorised equity share capital needs to be increased to Rs.370 Crores from Rs.280 Crores by way of reclassification of 90,00,000 numbers of preference shares of Rs.100/- (Rupees Hundred Only) each into 9,00,00,000 numbers of equity shares of Rs. 10/- (Rupees Ten Only) each aggregating to 37,00,00,000 numbers of equity shares of Rs. 10/- (Rupees Ten Only) each aggregating to Rs. 370 Crores.

The authorised preference share capital will be reduced from Rs. 180 Crores to Rs. 90 Crores.

The overall authorised share capital of the Company will remain unchanged at Rs. 460 Crores.

Your Board of Directors recommends the above enabling resolution for your approval in the best interest of the Company.

None of the Directors of the Company is in any way concerned or interested in the resolution.

Item No.4

In order to achieve organic and inorganic growth in the business, the Company has undertaken various expansion plans including setting up of new production facilities funded partly by term loans under TUF (Technology Upgradation Fund Scheme) and partly by equity capital which have synergies with the existing business of the Company. Accordingly, your Company proposes to tap capital markets to raise additional long-term resources to finance the expansion plans of the Company. In this regard, the Company

proposes to raise resources to the extent of Rs. 500 Crores (Rupees Five Hundred Crores Only) or its equivalent in any foreign currency as the case may be (inclusive of such premium as may be determined) by way of issuance of Equity Shares of the Company ("**Equity Shares**") and/or any instruments or Securities representing Equity Shares and/or convertible into Equity Shares (either at the option of the Company or holder thereof) and / or any such instrument or security being either with or without detachable warrants attached thereto entitling the warrant holder to apply for Equity Shares/instruments or Securities (hereinafter collectively referred to as the "Securities") in the domestic or international markets.

The pricing of the Securities to be issued to Qualified Institutional Buyers in pursuant to Chapter XIII-A of the SEBI DIP Guidelines shall be freely determined subject to such price not being less than the price calculated in accordance with clause 13A.3 of the said guidelines.

The Special Resolution seeks to empower the Board of Directors to undertake a Qualified Institutional Placement (QIP) with Qualified Institutional Buyers as defined under Chapter XIII-A of the SEBI DIP Guidelines.

The detailed terms and conditions for the issue of Securities will be determined in consultation with the advisors, and such Authority/Authorities as may be required to be consulted by the Company considering the prevailing market conditions and other relevant factors.

The Securities issued under QIP issue pursuant to the offer, if necessary, may be secured by way of mortgage / hypothecation on the Company's assets as may be finalized by the Board of Directors in consultation with the Security Holders / Trustees in favour of Security Holders / Trustees for the holders of the said securities. As the documents to be executed between the security holders / trustees for the holders of the said securities and the Company may contain the power to take over the assets of the Company in certain events, enabling approval is also sought under Section 293 (1) (a) of the Companies Act, 1956.

The consent of the Shareholders is being sought pursuant to the provisions of Section 81 (1A) and other applicable provisions of the Companies Act,

1956 and in terms of the provisions of the listing agreement executed by the Company with Stock Exchanges where the Equity Shares of the Company are listed. Since the resolution involves issue of Equity Shares to persons other than existing shareholders, special resolution in terms of Section 81 (1A) is proposed for your approval.

The Equity Shares, which would be allotted, shall rank in all respects pari passu with the existing Equity Shares of the Company.

For the reasons aforesaid, an enabling resolution is proposed for consideration of the shareholders to give adequate flexibility and discretion to the Board to finalise the terms of the issue of Securities. The Equity Shares that may be issued pursuant to the Qualified Institutional Placement(s) or Equity Shares arising out of conversion of other Securities would be listed on the Indian Stock Exchanges where the Company's Equity Shares are listed.

Your Board of Directors recommend the above enabling resolution for your approval in the best interest of the Company.

None of the Directors of the Company is in any way concerned or interested in the resolution.

Item No. 5

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 ceiling of

- i) Sixty per cent of the aggregate of the paid up capital and free reserves or,
 - ii) Hundred percent of its free reserves, whichever is more,
- if, Special Resolution is passed by the shareholders of the Company.

The limits mentioned in the resolution are in excess of and in addition to the limits for which members' approval has already been obtained in the General Meetings of the Company and by way of postal ballot process or the limits specified in section 372A of the Companies Act, 1956

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 or provide corporate guarantee as stated above in the resolution.

Till date SKNL has been focusing on domestic sales, which have resulted in strong recognition of its Brands and also helped the Company to build substantial market share. As part of the growth strategies, SKNL will not only continue to have a strong focus on the domestic markets, but will also look at growth in international markets through acquisitions. There are potential acquisition opportunities in Europe and North America, which are currently being examined by the Company. It has been decided to pursue potential targets that would result in strong front - end / back - end synergy for the Company and where Companies operate in fashion and design led activities as opposed to low cost commodity business. These would result in strong business opportunities for SKNL's Garment, Home Textile and High Value Fine Cotton Divisions.

The Board accordingly request to pass resolution through postal ballot for the proposed investment and/ or corporate guarantee in terms of section 372 A.

These investments are proposed to be made out of own /surplus funds / internal accruals and / or any other sources, to achieve long term strategic and business objectives.

None of the Directors of the Company, other than, Shri Nitin S. Kasliwal, Shri Anil Channa, Smt Jyoti N. Kasliwal and Shri Dara D. Avari being a director in subsidiary companies and step down subsidiary companies are in any way, concerned or interested in the said resolution.

The Directors recommend the resolution to the members for their approval.

Item No. 6

The Bankers have assessed further working capital limits (fund based) of Rs. 150 crores. The Company has to create securities in favour of Consortium of Banks for these facilities and also for other new facilities as stated above.

Accordingly, the charges are to be created by way of mortgages of immovable and movable properties (present and future) of the Company as stated above.

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

Since the mortgaging by the Company of its immovable and movable properties as aforesaid in favour of the Banks / Institutions may be regarded as disposal of the Company's properties/undertakings, it is necessary for the members to pass a resolution under section 293(1)(a) of the Companies Act, 1956, before creation of the said mortgages/charges. The borrowings of the Company are, in general, required to be secured by suitable mortgage or charge on all or any of the movable and/or immovable properties of the Company in such form, manner and type as may be determined by the Board of Directors of the Company, from time to time, in consultation with the lender(s).

The mortgage and/or charge by the Company of its movable and/or immovable properties and/or the whole or any part of the undertaking(s) of the Company in favour of the Banks / Institutions, with a power to take over the assets of the Company in certain events of default by the Company, may be regarded as disposal of the Company's undertaking(s) within the meaning of section 293(1) (a) of the Companies Act, 1956. Hence it is necessary to obtain approval for the same from the Shareholders voting by postal ballot.

Your approval is sought by voting by postal ballot in terms of the provisions of Section 192A of the Companies Act, 1956 read with the provisions of the Companies (Passing of Resolutions by Postal Ballot) Rules, 2001.

Your Directors recommend the resolution for your approval.

None of the Directors of the Company, other than Mr. Keshav P Rau, a Director, nominated by IDBI Bank, is in any way, concerned or interested in the said resolution.

<p>Regd. Office: Avadh, Avadhesh Parisar, Shree Ram Mills Premises, Ganpatrao Kadam Marg, Worli, Mumbai 400 018</p> <p>Place: Mumbai Date: 30th June, 2009</p>	<p>By order of the Board S. Kumars Nationwide Limited</p> <p>Nimesh S. Shah Vice President & Company Secretary</p>
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