

HK fund ADM to invest \$107m in S Kumars, retail subsidiary

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TEXTILE and apparel company S Kumars Nationwide (SKNL), along with its retail arm Brandhouse Retail, has tied up private equity investment of \$107 million from the Hong Kong-based investment company ADM. ADM will invest \$82 million to acquire a 10% stake in SKNL and the remaining \$25 million will be invested in Brandhouse Retail for a similar stake in that company. "We will issue warrants to ADM Capital which can then be converted into equity. For the purpose of issuing the warrants SKNL has been valued at Rs 82.5 per share while Brandhouse Retail have been valued at Rs 85 per share," said Nitin Kasliwal, MD and vice chairman of SKNL.

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under various brands like S Kumars, Reid & Taylor, Belmonte and Carmichael House. Brandhouse Retail which plans to invest Rs 400

crore to open 1,000 stores across the country over the next 3 years will utilise the entire \$25 million to fuel its growth plans. Brandhouse

Retail owns and operates SKNL's apparel and textile showrooms and manages international brands like Dunhill and Escada.

SKNL is in the process of giving its retail business a boost by demerging it from the parent and listing it separately on the bourses. The textile and apparel company's board approved the proposal to demerge Brandhouse Retail in January 2007. The swap ratio has been fixed at 5:1. 5 shares of SKNL will be traded for one share of Brandhouse Retail. The demerger process has been kicked off and Brandhouse Retail is expected to be listed on the exchanges as a separate entity in 3-4 months. As part of its business plan Brandhouse Retail is looking at setting up large format textile and apparel stores in future which will house all its brands. Besides this, the company may also look at tying up with other domestic companies to manage their retail activities.

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