

## **SKNL: Q2 FY2010 Financial Results Highlights**

**Net Sales up 69.7% to Rs. 9514.1 million**

**EBIDTA at Rs. 183.2 crores, a 37.5% increase**

**Mumbai, 31 October 2009:** SKNL, a leading brand-led conglomerate involved in design, marketing and distribution of high quality fabrics and ready-to-wear garments, has announced its results for the second quarter and half year ended 30 September, 2009.

**Financial performance update: (All figures are consolidated unless stated otherwise)**

Q2 FY2010 Financial results highlights:

- ❖ Net sales from operations up 69.7% to Rs. 951.4 crores from Rs. 560.5 crores
- ❖ EBIDTA improves 37.5% to Rs. 183.2 crores from Rs. 133.3 crores
- ❖ Net profit (before minority interest) up 18.1% to Rs. 69.2 crores compared to Rs. 58.6 crores
- ❖ PAT after minority interest at Rs. 58.4 crores
- ❖ Fully diluted EPS after minority interest (not annualized) at Rs. 2.39

H1 FY2010 Financial results highlights:

- ❖ Net sales from operations up 51.6% to Rs. 1659.5 crores from Rs 1094.4 crores
- ❖ EBIDTA improves 33.0% to Rs. 345.2 crores from Rs. 259.5 crores
- ❖ Net profit (before minority interest) up 15.2% to Rs. 131 crores compared to Rs. 113.7 crores
- ❖ PAT after minority interest at Rs. 109.6 crores
- ❖ Fully diluted EPS after minority interest (not annualized) at Rs. 4.49

SKNL has delivered an enhanced performance in Q2 FY2010. The Company has demonstrated an ability to deliver improving and sustained performances through variable and often challenging environments demonstrating the strength and diversity of its business model. Now that the macro economic scenario has turned the Company is well placed to grow manifold driven by its brand, design, marketing and distribution led activities. Domestically, the Company has a strong set of brands catering to nearly all socio-economic segments in the branded garment and fabric space. With the acquisition of **assets of Hartmarx**, the largest men's tailored Company in America, SKNL now has access to a whole array of leading international brands including Hickey Freeman, Bobby Jones, Hart Schaffner Marx, Exclusively Misook, Austin Reed amongst others.

For the rest of this year, SKNL expects to progressively improve its performance led by increased festive season sales, higher consumer confidence and efficient cost management.

(SKNL results that are being reviewed are consolidated with Reid and Taylor India Limited (RTIL), Leggiuno SpA along with holding Companies and HMX LLC and Copley Inc.)

In the quarter under review, SKNL's net sales grew 69.7% to Rs 951.4 crores from Rs. 560.5 crores. This growth in sales was driven mainly by volume enhancement across product offerings. Revenues have also been positively affected by a Rs. 243.5 crores sales contribution from its overseas operations.

*Q2 / H1 FY2010 Investor Release*

*www.sknl.co.in*

EBIDTA for the quarter stood at Rs. 183.2 crores compared to Rs. 1,33.3 crores, an increase of 37.5%. Margins for the quarter under review stood approximately at 19.2%. In Q2 FY2010, PBT increased to Rs. 100.1 crores versus Rs. 89.1 crores in the corresponding period last year. Net profit after minority interest for the period under review stood at Rs. 58.4 crores compared to Rs. 57.8 crores. Hartmarx is also EBIDTA positive, though this is first quarter of the acquisition. In the first year, we expect EBIDTA to touch a level of 15% in Hartmarx.

**Commenting on the performance in Q2 FY2010 Mr. Nitin S. Kasliwal, Managing director and Vice Chairman of SKNL said,**

*"I am happy to announce a healthy performance in Q2 FY2010. It is highly encouraging to witness our domestic business growing steadily at all levels across offerings driven mostly by remarkable performances from Reid & Taylor and Belmonte. Belmonte, in particular, has truly matured into an established pan-India brand in the mid-premium space. The brand has been a primary contributor to margin expansion in both the Consumer Textile and the Total Wardrobe Solutions divisions.*

*Our recent acquisition of Hartmarx will enable tremendous backend-frontend synergies within the group. Given the quality and diversity of its brand portfolio, Hartmarx is an extremely exciting business venture. Apart from giving SKNL an immediate presence in the vast US markets, some of our SBUs are extremely well placed to cater to their needs, both in fabrics as well as in garments.*

*The financial benefit of the acquisition will start reflecting in the coming quarters. SKNL's state-of-the-art manufacturing facilities will work in tandem with our overseas ventures thereby placing us at a highly competitive cost curve.*

*With a leading position in the domestic market and a growing presence internationally we are on course to adding substantial value for shareholders and stakeholders of the Company."*

**Financial overview:**

(All Rupee figures in crores unless stated otherwise)

(All figures are consolidated unless stated otherwise)

Particulars	Q2 FY2010	Q2 FY2009	Change (%)	H1 FY2010	H1 FY2009	Change (%)
Net sales	951.41	560.49	69.7%	1659.53	1094.41	51.6%
EBIDTA	183.25	133.31	37.5%	345.17	259.46	33.0%
Margins	19.2%	23.4%		20.7%	23.5%	
PBT	100.15	89.10	12.4%	193.04	172.89	11.7%
Margins	10.5%	15.6%		11.6%	15.6%	
PAT	69.25	58.64	18.1%	130.99	113.73	15.2%
Margins	7.3%	10.3%		7.9%	10.3%	

