



Exclusively
Misook.®



DKNY
DONNA KARAN NEW YORK

Carmichael house
FEEL AT HOME



UNIFORMITY
by BELMONTE
PERFORMANCE WITH PRIDE

SKNL

AUSTIN REED

S. Kumars Nationwide Limited



Jag jeans

Q1 FY2012 Earnings Presentation
11 August 2011



WÖRN

BELMONTE
SUITS YOUR STYLE



PUSSER'S

Contents

Title	Slide No
Performance Highlights & MD's Message	3
Key Developments	4
Financial Performance	5
Financial Performance Review	6
Segment-wise Performance	8
Segment-wise Performance Review	9
About SKNL	14

Performance Highlights

Q1 FY2012 Financial Performance highlights

- ❖ Net Sales increased by 22.7% to Rs. 14,613 million
- ❖ EBITDA increased by 32.7% to Rs. 2,993 million
- ❖ Net Profit (before minority interest) increased by 35.1% to Rs. 1,043 million
- ❖ Net Profit (after minority interest) increased by 40.3% to Rs. 880 million
- ❖ Consolidated Diluted EPS increased by 19.4% to Rs. 3.03 per share

MD and VC's Message

Commenting on the results and performance for Q1 FY2012, **Mr. Nitin S. Kasliwal, Managing Director and Vice Chairman** of SKNL said:

“I am happy to share that the year has started off on a good note with strong sales performance across domestic businesses and improved margins for the quarter. Our ‘Ready to Wear’ segment clocked significant growth, while ‘Belmonte’ and Reid & Taylor remained key performers. Luxury Cotton continues to improve its contribution and the BSFC plant is scaling up to optimum utilization levels in FY2012.

During the quarter, ‘World Player’ operations stabilised with the brand reporting encouraging performance. We expect to launch the brand across the country during the year and anticipate notable volumes going forward. I am pleased with the higher margins reported by our Italian and US companies – Leggiuno and HMX respectively. All, our SBUs have witnessed steady sales and given the strong brand portfolio and streamlined operations the businesses will register healthy performance in coming quarters.

We have an exciting year ahead of us with expansion of the brand portfolio, increased capacities and enhanced market penetration. These in combination with improved synergies with our overseas businesses and a strong brand-connect with the consumers will help us sustain our growth trajectory.”

Key Developments

- ❖ Healthy performance reported by all business segments, enabling the Company to report improved revenue and earnings growth for the quarter
 - ‘Belmonte’ in the Consumer Textiles segment and ‘Reid & Taylor’ in the Luxury Textiles segment were key performers
 - Ready-to-Wear is the fastest growing segment across businesses registering a growth of 63% on a y-o-y basis
- ❖ Strong growth momentum in the Luxury Cotton division
 - BSFC plant in Bharuch, Gujarat is scaling towards optimal utilization levels
 - This division operates in a high margin segment and is expected to deliver substantial margin growth going forward
- ❖ ‘World Player’ brand, launched during the FY2011, catering to the economy segment has started showing traction in sales
- ❖ Improved performance reported by overseas businesses – Leggiuno, Italy and HMX, USA which reported notable improvement in margins

Financial Performance

Key Financials

<i>(Rs. million)</i>	Consolidated		
	Q1 FY2012	Q1 FY2011	% Y-o-Y Growth
Net Revenue	14,613	11,912	22.7%
EBITDA	2,993	2,255	32.7%
<i>EBITDA Margin (%)</i>	20.5%	18.9%	
Profit Before Tax	1,523	1,170	30.2%
<i>Profit Before Tax Margin (%)</i>	10.4%	9.8%	
Profit After Tax	1,043	772	35.1%
<i>Profit After Tax Margin (%)</i>	7.1%	6.5%	
Net Profit	880	627	40.3%
<i>Net Profit Margin (%)</i>	6.0%	5.3%	
Diluted EPS (Rs.)	3.03	2.54	19.4%

Note:

- 1 SKNL results that are being reviewed are consolidated with Reid and Taylor (India) Limited (RTIL), Leggiuno, SKNL UK and HMX LLC along with holding Companies

Financial Performance Review

Net Sales

- ❖ Q1 FY2012 revenues improved by 22.7% driven by enhanced contributions from all domestic businesses and stable performance witnessed in international businesses as well
- ❖ 'Belmonte' in the Consumer Textiles segment and 'Reid & Taylor' in the Luxury Textiles segment delivered strong volumes and reported increased profitability on account of higher price realizations
- ❖ Ready to Wear segment witnessed excellent growth of ~ 63% during the quarter with volumes expanding consistently across all product categories. Overall performance comprised positive contributions from World Player
- ❖ SKNL's international businesses performance led by steady sales and better margins reported by Leggiuno and HMX
- ❖ In Q1 FY2012, Apparel sales contributed to 33.6% of consolidated Net Sales

EBITDA

- ❖ EBIDTA continues to improve and currently stands at Rs. 2,993 million; an increase of 32.7% over the corresponding quarter previous year
- ❖ EBITDA margins for Q1 FY2012 increased 160 bps to 20.5% with Consumer Textiles and Ready to Wear SBU's delivering improved margins and increased contribution from Luxury Cotton division

Depreciation

- ❖ Depreciation for the quarter was Rs. 336 million; marginally higher by 9.4%

Financial Performance Review

Interest

- ❖ In Q1 FY2012, Interest was Rs. 1,088 million, higher as compared to Rs. 733 million for Q1 FY2011, resulting from the increase in working capital requirements on account of sales growth and rising interest rate levels

Tax Expense

- ❖ Tax expense for the quarter stood at Rs. 480 million as compared to Rs. 398 million in Q1 FY2011

Net Profit

- ❖ Profit after tax (after minority interest), for Q1 FY2012, is Rs. 880 million as compared to Rs. 627 million in FY2010. The minority interest pertains to GIC's investment in RTIL
 - Earnings grew on account of improved performance across all segments and better margins reported by Luxury Cotton, Consumer Textiles and Ready to Wear

Segment-wise Financial Performance

<i>(Rs. million)</i>	Net Sales			EBITDA			EBITDA Margin	
	Q1 FY2012	Q1 FY2011	% Y-o-Y Growth	Q1 FY2012	Q1 FY2011	% Y-o-Y Growth	Q1 FY2012	Q1 FY2011
Consumer Textiles/ Belmonte	5,453	4,248	28.4%	1,210	890	35.9%	22.2%	21.0%
Luxury Textiles	2,438	2,154	13.2%	930	794	17.1%	38.2%	36.9%
International Businesses	3,587	3,290	9.0%	219	171	28.1%	6.1%	5.2%
Ready to Wear	1,819	1,117	62.9%	372	216	71.7%	20.4%	19.4%
Home Textiles	1,046	951	10.0%	182	166	9.7%	17.4%	17.5%
Luxury Cotton	400	151	164.8%	80	17	363.6%	20.0%	11.4%

Segment-wise Performance Review

Consumer Textiles / Belmonte

- ❖ Consumer Textiles division focuses on the Economy and Mid-price strata of the society and deals in fabrics for work wear, uniforms and daily wear
- ❖ This segment has reported consistent growth over a period of time; mainly attributable to Belmonte with its increasing market penetration.
- ❖ During the quarter, Consumer Textiles division reported a revenue growth of 28.4% to Rs. 5,453 million. The Company will continue to lay additional emphasis on Belmonte and is optimistic about its future prospects
- ❖ For Q1 FY2012, EBIDTA for Consumer Textiles division stood at Rs. 1,210 million as compared to Rs. 890 million for Q1 FY2011, a growth of 35.9% . EBITDA margins grew to 22.2% resulting from higher price realizations for blended fabrics and expanding volumes for Uniformity

Luxury Textiles

- ❖ Luxury textiles division targets the premium segment of the Indian fabric market
- ❖ Revenues have grown by 13.2% to Rs. 2,438 million in Q1 FY2012 as compared to Rs. 2,154 million in Q1 FY2011, predominantly based on the elevated polyester-wool sales. In addition, Polyester-viscose fabrics have also registered healthy volumes
- ❖ In Q1 FY2012, EBIDTA grew by 17.1% to Rs. 930 million. EBITDA margins improved to 38.2% as compared to 36.9% in Q1 Fy2011 largely due to higher realizations from both polyester-wool and polyester-viscose fabrics
- ❖ Over the recent quarters, the Company has expanded weaving capacities which has helped streamline operations, capture increasing demand and improve overall profitability

Segment-wise Performance Review

Ready to Wear

- ❖ Ready-to-wear consists of garments/apparel represented by Reid & Taylor, Belmonte, Stephens Brothers and World Player
- ❖ This business has witnessed the highest growth of 62.9% during Q1 FY2012, with revenues of Rs. 1,819 million as compared to Rs. 1,117 million for Q1 FY2011. EBIDTA grew 71.7% to Rs. 372 million as compared to Rs. 216 million for Q1 FY2011
- ❖ This is the fastest growing segment across businesses and has reported volumes expansion in all product categories driven by strategic price points
- ❖ World Player launched in Q2 FY2011, has received a positive response. Going forward, as market penetration broadens with the brand covering 560 districts of India, margins will increase in line with volumes
- ❖ 'Kruger' a casual premium brand is expected to be unveiled during the financial year
- ❖ Expansion plans for suit factory in Bangalore are on schedule with operations commencing in Q3 FY2012

Home Textiles

- ❖ During Q1 FY2012, revenues from the Total Home Expression increased by 10.0% and amounted to Rs. 1,046 million
- ❖ EBIDTA stood at Rs. 182 million with margins at 17.4%

Segment-wise Performance Review

Luxury Cotton

- ❖ Luxury Cotton division represented by the 12.75 million meters per annum state-of-the-art HVFC facility at Bharuch, Gujarat gained operational momentum and reached 60% capacity utilization as the quarter ended
- ❖ In Q1 FY2012, revenues for Luxury Cotton stood at Rs. 400 million and EBITDA amounted to Rs. 80 million. EBITDA margin was 20.0%
 - Brand 'Baruche' launched during FY2011 under the premium category has been receiving an encouraging response
- ❖ By the end of year, the Bharuch facility is expected to reach optimum capacity utilization, moving towards higher revenue and operating margin performance

International Businesses

- ❖ This segment includes Leggiuno, HMX and DKNY related operations
- ❖ Revenues were steady at Rs. 3,587 million this year as compared to Rs. 3,290 million for Q1 FY2011
- ❖ EBITDA stood at Rs. 219 million; EBITDA margin was 6.1%.

Key Strengths

<p>Leading Market Position</p>	<ul style="list-style-type: none"> ◆ Only Indian company to operate 45 globally well established textile and apparel brands ◆ Second largest player in the worsted suiting category with a 24% market share in India ◆ Market leader in the uniforms category with a 30% market share in India ◆ One of the largest institutional suppliers of textiles to defence and police forces in India ◆ A leader in the formal wear in North America with Coppley, Hart Schaffner Marx and Hickey Freeman ◆ Holds the worldwide DKNY menswear license, a leading global brand
<p>Best-in-Class Operations</p>	<ul style="list-style-type: none"> ◆ Has a diverse product range that caters to the entire socio-economic spectrum in India ◆ Presence across the value chain enables higher margin capture ◆ Vertically integrated operations ◆ Not dependent on one raw material as inputs include wool, polyester and cotton ◆ Brands present in best in class retail outlets ◆ Manufacturing units in India, Italy, UK, USA, and Canada with cost effective outsourcing ◆ Customer led, design-centric approach with leading brands in each market segment
<p>Clear Growth Strategy</p>	<ul style="list-style-type: none"> ◆ Rapidly expanding franchise/distribution network in India through exclusive brand outlets ◆ Strong focus on branded apparel across all segments ◆ Enhanced distribution in key international markets through acquisition of 37 global brands ◆ Strong synergy between Indian and international operations through 'back-end, front-end' model ◆ International acquisitions facilitate transfer of technical know-how for high value shirting and garmenting ◆ High value market access through Leggiuno and HMX to Indian brands
<p>Robust Financial Performance</p>	<ul style="list-style-type: none"> ◆ FY2011 Revenues of Rs. 52,229 million and EBITDA of Rs. 10,565 million ◆ FY2007 – FY2011 year revenue CAGR of 43.3% and EBITDA CAGR of 43.4% ◆ Average five year EBITDA margin of 20.7% ◆ Efficient working capital management ◆ Conservative leverage providing flexibility for organic or inorganic expansion

Key Strengths

Well Recognized Global Brand Portfolio, Supported by High Impact Ambassadors

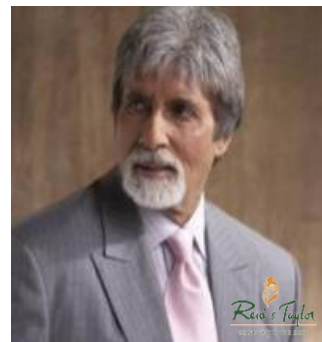
Indian Brands



Major International Brands



Brand Ambassadors



Among the most prominent Indians in the world

New York Yankees
Baseball Star

About SKNL

SKNL is one of India's oldest and leading apparel and textile companies involved in design, manufacturing, marketing and distribution of high quality fabrics and ready-to-wear garments. The Company has recently extended its presence overseas to the European and North American markets expanding its brand portfolio to 45 leading brands catering to various price points, socio economic segments and age groups. The Company has manufacturing units located in India, Italy, UK, USA and Canada with cost effective outsourcing. Its presence across the value chain enables the Company to capture higher margins.

The Company is a market leader in Uniforms with 30% market share and is the second largest player in Worsted Suitings. It is one of the largest institutional suppliers of textiles to defence and police forces in India. SKNL is also a leader in formal wear in North America with Copley, Hart Schaffner Marx and Hickey Freeman.

SKNL achieved consistent revenue CAGR of 43.3% from FY2007-FY2011 and an average 5-year EBITDA margin of 20.7%. Through global acquisitions, the Company gained 37 brands across the premium and super-premium segments of the apparel market with a distribution network of large departmental and specialty stores. These acquisitions also facilitate transfer of technical know-how for high value shirting and garmenting.

The Company is focused on expanding its franchise/distribution network in India through exclusive brand outlets and focus on branded apparel across all segments. The Company also expects to capitalize on strong synergies between Indian and international operations through a 'back-end, front-end' model.

Important Notice

Safe Harbor

THIS PRESENTATION (“PRESENTATION”) IS NOT AN OFFER TO SELL ANY SECURITIES OR A SOLICITATION TO BUY ANY SECURITIES OF S. KUMARS NATIONWIDE LIMITED (“SKNL”) OR ITS SUBSIDIARIES (TOGETHER THE “COMPANY”).

This presentation does not constitute a prospectus, offering circular or offering memorandum or an offer, or a solicitation of any offer, to purchase or sell, any shares and should not be considered as a recommendation that any investor should subscribe for or purchase any of the Company's shares.

This Presentation includes statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “anticipates”, “projects”, “expects”, “intends”, “may”, “will”, “seeks” or “should” or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, aims, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Presentation and include statements regarding the Company's intentions, beliefs or current expectations concerning, amongst other things, its results or operations, financial condition, liquidity, prospects, growth, strategies and the industry in which the Company operates.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance including those relating to general business plans and strategy of the Company, its future outlook and growth prospects, and future developments in its businesses and its competitive and regulatory environment. No representation, warranty or undertaking, express or implied, is made or assurance given that such statements, views, projections or forecasts are correct or that the objectives of the Company will be achieved. The Company's actual results of operations, financial condition and liquidity, and the development of the business sector in which the Company operates, may differ materially from those suggested by the forward-looking statements contained in this Presentation. In addition, even if the Company's results of operations, financial condition and liquidity, and the development of the industry in which the Company operates, are consistent with the forward-looking statements contained in this Presentation, those results or developments may not be indicative of results or developments in subsequent periods.

The Company, as such, makes no representation or warranty, express or implied, as to, and does not accept any responsibility or liability with respect to, the fairness, accuracy, completeness or correctness of any information or opinions contained herein. The information contained in this Presentation, unless otherwise specified is only current as of the date of this Presentation. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent development, information or events, or otherwise. Unless otherwise stated in this Presentation, the information contained herein is based on management information and estimates. The information contained herein is subject to change without notice and past performance is not indicative of future results. The Company may alter, modify or otherwise change in any manner the content of this Presentation, without obligation to notify any person of such revision or changes. This Presentation may not be copied and disseminated in any manner.

Disclaimer

Reid & Taylor (India) Limited (“RTIL”), a subsidiary of S. Kumars Nationwide Limited, is proposing subject to market conditions and other considerations, a public issue of its equity shares, and has filed a Draft Red Herring Prospectus (“DRHP”) with the Securities and Exchange Board of India (“SEBI”). The DRHP is available on the website of SEBI at www.sebi.gov.in and the on the website of the global co-ordinators and book running lead managers at www.jmfinancial.in, www.ubs.com/indianoffers, www.jpmpil.com, www.religarecapitalmarkets.com; and on the websites of the book running lead managers at www.antiquelimited.com; www.edelcap.com; <http://www.hsbc.co.in/1/2/corporate/equitiesglobalinvestment>; and www.idbicapital.com. Please note that the investments in equity shares involves a high degree of risk and for details relating to the same, see section titled “Risk Factors” in the DRHP. The equity shares of RTIL are not being registered under the U.S. Securities Act, 1933, as amended (the “Securities Act”) and may not be offered or sold in the United States unless registered under the Securities Act or pursuant to an exemption from such registration. Any public offering of securities to be made in the United States will be made by means of a prospectus that may be obtained from the Company and that will contain detailed information about its management, as well as financial statements. There will be no public offering of equity shares in the United States.



B2, 5th Floor
Marathon NextGen, Off. G.K. Marg
Lower Parel, Mumbai - 400 013
www.sknl.co.in

Salil Bawa <i>Mumbai</i>	+91 22 2482 4500 <i>salil.bawa@sknl.co.in</i>
Jai Shah <i>Mumbai</i>	+91 22 2482 4500 <i>jai.shah@sknl.co.in</i>
Tushar Maloo <i>New York</i>	USA: +1 917 536 1109, India: +91 98201 47244 <i>tushar.maloo@sknl.co.in</i>
Ashley Potter <i>London</i>	+44 207 182 7423 <i>ashley.potter@sknlint.com</i>

Vikram Rajput <i>Citigate Dewe Rogerson, Mumbai</i>	+91 22 6645 1223 <i>vikramr@cdr-india</i>
Anoop Poojari <i>Citigate Dewe Rogerson, Mumbai</i>	+91 22 6645 1211 <i>anoop@cdr-india.com</i>