

# SKNL

S. Kumars Nationwide Limited

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Mumbai - 400 093.  
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31<sup>st</sup> May 2011

The Manager,  
Listing Department,  
The National Stock Exchange Limited  
Exchange Plaza, C - 1, Block C,  
Bandra Kurla Complex, Bandra (East),  
Mumbai - 400 051

✓ The Bombay Stock Exchange Limited  
Listing Department,  
Phirozee Jeebhoy Towers,  
Dalal Street, Fort,  
Mumbai - 400 001

Kind Attn: Shri Hari K. - Vice President

Kind Attn: Mr. K. Gopalkrishnan - DCS -  
CRD

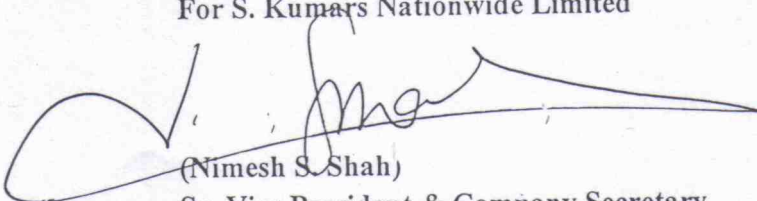
Dear Sir,

**SKNL: FY2011 Financial Results Highlights**

We are enclosing press release in connection with audited financial results of the Company for the year ended 31<sup>st</sup> March 2011.

This is for your information and perusal.

For S. Kumars Nationwide Limited

  
(Nimesh S. Shah)

Sr. Vice President & Company Secretary

# FY2011 Highlights

**SKNL**  
S. Kumars Nationwide Limited

- ❖ Net Sales increased by 35.3% to Rs. 52,229 million
- ❖ EBITDA increased by 36.6% to Rs. 10,565 million
- ❖ Net Profit increased by 44.5% to 3,309 million
- ❖ Consolidated EPS increased by 35.0% to Rs. 13.07 per share
- ❖ Ready to Wear segment Net Sales growth of 53.7%
- ❖ State of the art HVFC plant at Bharuch scaled up operations during the year
- ❖ Board of Directors recommended dividend of 10%, subject to approvals

Commenting on the results and performance to the media, **Mr. Nitin S. Kasliwal, Managing Director and Vice Chairman of S. Kumars Nationwide Limited** said:

*"We are delighted to share with you that FY2011 was a strong year for the Company with marked improvement in revenues and earnings with both domestic and international businesses delivering excellent performance. In particular, Belmonte and Reid & Taylor brands performed well, while Ready to Wear and Luxury Cotton witnessed strong volume growth. We are pleased with the performance of our HVFC facility post commencement of operations and the successful execution of our vertical integration strategy.*

*Further, our brand in the economy segment - 'World Player' launched during the year has been well received. We foresee excellent prospects for this brand and are optimistic that it will deliver healthy volumes as we expand its market reach and penetration. Our international operations have improved following its restructuring, and I am confident given the legacy of this brand portfolio, the business will deliver exceptional performance in the coming years.*

*Multiple strategies employed over the past including synergies with international subsidiaries, presence in high margin businesses, streamlining operations and effective brand positioning, have further strengthened scope of performance. We are optimistic about the future, and look forward to improve on our financial and operational performance going forward."*



# Strategic Initiatives

**SKNL**  
S. Kumars Nationwide Limited

## Brand Launches:

- ❖ In April 2010, the Company launched the “World Player” ready to wear brand catering to the economy segment. It was initially launched for test marketing in South India and the feedback and demand for the brand has been encouraging. World Player is expected to be rolled out across an additional 560 districts and its nationwide rollout is expected to be completed over the next few quarters
- ❖ In March 2010, the Company launched “Baruche” under the premium category of the Luxury Cotton segment
- ❖ Plans to introduce a new casual premium brand to increase market share in the segment

## Growth Initiatives:

- ❖ Setting up a shirt factory in Gujarat and a suit factory in Bangalore, which will increase annual stitching capacity
- ❖ Plans to setup and operate 160 exclusive brand outlets to expand its distribution network



# Financial Performance

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S. Kumar's Nationwide Limited

## Full Year FY2011 Performance

(Rs. million)	Consolidated		
	FY2010	FY2011	% Y-o-Y Growth
Net Revenue	38,609	52,229	35.3%
EBITDA <sup>1</sup>	7,734	10,565	36.6%
EBITDA Margin (%)	20.0%	20.2%	
Net Profit	2,290	3,309	44.5%
Net Profit Margin (%)	5.9%	6.3%	
Basic EPS (Rs.)	9.68	13.07	35.0%

Note:

<sup>1</sup> EBITDA: Earnings before interest, taxes and depreciation; and includes other operating income



# Financial Performance

## Operational Highlights

### Net Sales

- ❖ FY2011 growth driven by strong volumes and better price realizations across business segments
- ❖ Reid & Taylor and Belmonte brands and the Ready-to-Wear business segment showed strong growth during the year
- ❖ Performance at SKNL's international businesses led by HMX brands continued to improve and their contribution to Net Sales increased from 18.5% in FY2010 to 24.9% in FY2011
- ❖ Apparel sales during the year contributed to 34.0% of consolidated Net Sales as compared to 24.8% in FY2010

### EBITDA

- ❖ FY2011 growth was primarily due to higher volumes and increased contribution from all domestic and international businesses

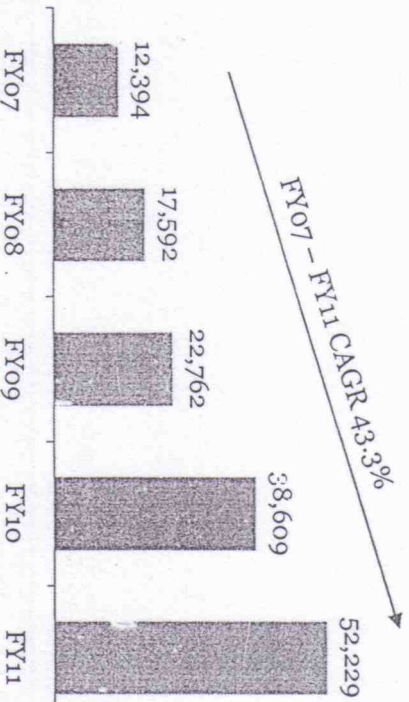
### Net Profit

- ❖ FY2011 growth was primarily due to growth in EBITDA
- ❖ Interest expense increased from Rs. 2,492 million in FY2010 to Rs. 3,557 million in FY2011, as a result of increased value of sales and higher interest rates
- ❖ Depreciation increased mainly due to the commissioning of the high value cotton fabric plant in Bharuch, Gujarat

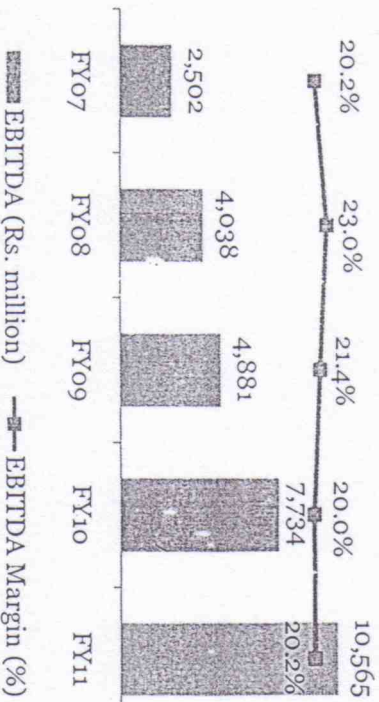
# Financial Performance

## Year-over-Year Trends

### Net Sales and Growth



### EBITDA and Margin



FY2011 Earnings Presentation

- ❖ FY2011 Net Sales growth was driven by Reid & Taylor, Belmonte brands and the Ready-to-Wear business – segment. Performance at SKNL's international businesses led by HMX brands continued to improve
- ❖ FY2010 Net Sales growth was primarily due to consolidation of HMX and UK businesses
- ❖ FY2011 margins were positively impacted by higher volumes and increased contribution from higher margin Reid & Taylor and Luxury Cotton segments
- ❖ Higher contribution from Luxury Cotton segment going forward to benefit margins
- ❖ FY2010 margins were negatively impacted by consolidation of international segments

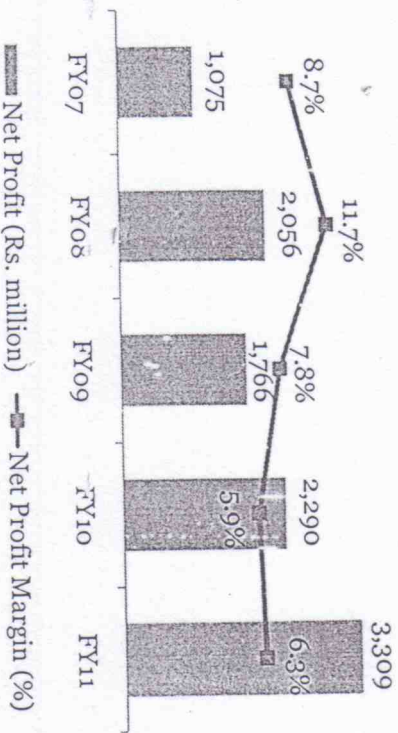


# Financial Performance

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## Year-over-Year Trends

### Net Profit and Margin



### Leverage Profile

(Rs. million)	FY2011	FY2010
<b>Total Debt</b>	<b>34,144</b>	<b>27,588</b>
Less: Cash & Cash Equivalents	1,096	1,321
<b>Net Debt / (Net Cash)</b>	<b>33,048</b>	<b>26,267</b>
EBITDA / Net Interest (x)	2.97x	3.10x
Net Debt / Equity (x)	1.19x	1.20x

### FY2011 Earnings Presentation



- ❖ FY2011 Net Profit growth was offset to some extent by higher interest expense
- ❖ Higher interest expense primarily as a result of increased working capital requirements due to sales growth and hike in interest rates
- ❖ FY2010 margins were negatively impacted by consolidation of international segments which had not been stabilized
- ❖ Going forward, contribution from international businesses is expected to improve as the turnaround is substantially complete
- ❖ As of March 31, 2011, shares outstanding of 284,978,467
- ❖ Average cost of debt is approximately 11.5%

