SKNL

S. Kumars Nationwide Limited

Q2 FY2012 Earnings Presentation
12 November 2011

Contents

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Performance Highlights

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Q2 FY2012 Financial Performance highlights

- Net Revenue grew by 26.7% to Rs. 15,343.5 million
- EBITDA increased by 32.1% to Rs. 3,198.8 million
- Net Profit (before minority interest) up by 30.8% to Rs. 1,018.1 million
- Net Profit (after minority interest) improved by 33.6% to Rs. 853.6 million
- Consolidated Diluted EPS higher by 16.7% at Rs. 2.94 per share

H1 FY2012 Financial Performance highlights

- Net Revenue grew by 24.7% to Rs. 29,956.6 million
- EBITDA increased by 32.4% to Rs. 6,191.4 million
- Net Profit (before minority interest) up by 32.9% to Rs. 2,061.1 million
- Net Profit (after minority interest) improved by 36.9% to Rs. 1,733.0 million
- Consolidated Diluted EPS higher by 18.3% at Rs. 5.96 per share

Performance Highlights

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MD and VC's Message

Commenting on the results and performance for Q2 & H1 FY2012, **Mr. Nitin S. Kasliwal, Managing Director** and **Vice Chairman** of **SKNL** said:

"Our performance this quarter demonstrates the resilience of our operations and strength of our brands to perform substantially well in a challenging macro-economic environment. The Company's branded offerings continue to witness strong demand momentum with Belmonte and Reid & Taylor registering notable growth during the quarter. 'Ready to Wear' the garment and apparel SBU, recorded the highest growth across businesses with volumes and price expansion in all product categories. As envisaged, the Jhagadia plant is scaling up operations at a rapid pace enabling our Luxury Cotton division to clock increasing volumes and register higher margins.

Further, we are making healthy in-roads in rolling out our brand 'World Player' in the economy segment, on a PAN India basis. The brand has been well received and will contribute increasingly to the overall performance as operations achieve the desired scale. We are pleased that our international businesses delivered improved margins in a subdued global environment. I am confident that various initiatives taken to improve operational efficiencies and given the quality of their brand portfolio these businesses will deliver substantial growth in performance over the years.

The size of our operations combined with strong results reflects on our ability to grow in a profitable and successful manner, strengthening our position as a leading branded apparel Company not just in India but also internationally. Going forward, we expect to sustain our growth momentum on the back of a diverse brand portfolio catering to the entire all Socio-Economic matrix, contemporary product offerings, expansion of operations and increasing market reach."

Key Developments

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- Improved performance reported across business segments, facilitating overall growth with enhanced top line and bottom line for the quarter
    - ‘Belmonte’ in the Consumer Textiles segment and ‘Reid & Taylor’ in the Luxury Textiles segment remain key contributors
    - Ready-to-Wear continues to grow at a rapid pace recording a remarkable growth of 52.3% during the quarter, as compared to the corresponding period last year
- ‘Luxury Cotton’ sustained its high growth trajectory with increased utilization levels at the Bharuch plant
    - The BSFC plant is at 60% capacity utilization
    - Profitability continues to improve and is expected to further improve substantially as the plant reaches peak utilization levels
- Our brand ‘World Player’ catering to the economy segment, launched in the previous financial year, is making healthy in-roads towards its Pan India rollout
    - Notable sales momentum witnessed during the quarter
    - The brand will contribute substantially to revenue and earnings as operational proficiencies improve and volumes reach the desired scale
- Plans for the launch of ‘Kruger’ a premium casual brand are moving ahead as envisaged
    - Launch is anticipated to take place across the Nation towards the end of FY2012

Financial Performance

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Key Financials

(Rs. million)	Consolidated					
	Q2 FY2012	Q2 FY2011	% Y-o-Y Growth	H1 FY2012	H1 FY2011	% Y-o-Y Growth
Net Revenue	15,343.5	12,114.2	26.7%	29,956.6	24,025.7	24.7%
EBITDA	3,198.8	2,420.8	32.1%	6,191.4	4,675.9	32.4%
EBITDA Margin (%)	*20.8%*	*20.0%*		*20.7%*	*19.5%*	
Profit Before Tax	1,536.4	1,156.2	32.9%	3,059.2	2,325.7	31.5%
Profit Before Tax Margin (%)	*10.0%*	*9.5%*		*10.2%*	*9.7%*	
Profit After Tax	1,018.1	778.5	30.8%	2,061.1	1,550.4	32.9%
Profit After Tax Margin (%)	*6.6%*	*6.4%*		*6.9%*	*6.5%*	
Net Profit	853.6	638.7	33.6%	1,733.0	1,265.8	36.9%
Net Profit Margin (%)	*5.6%*	*5.3%*		*5.8%*	*5.3%*	
Diluted EPS (Rs.)	2.94	2.52	16.7%	5.96	5.04	18.3%

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 Revenue

- Q2 FY2012 revenues up by 26.7% enabled by improved performance from all domestic businesses along with steady growth reported in international businesses
- 'Belmonte' in the Consumer Textiles segment and 'Reid & Taylor' in the Luxury Textiles segment witnessed growth on account of expanding volumes and improved realizations
- Ready to Wear segment registered an exceptional growth of ~ 52.3% in Q2 FY2012 driven by strong demand across all product categories.
    - World Player witnessed strong sales traction during the quarter
- SKNL's international businesses growth facilitated by healthy sales performance and better margins reported by HMX
- Apparel sales during the quarter contributed to 32.1% of consolidated Net Revenue

EBITDA

- EBIDTA has been growing consistently and presently stands at Rs. 3,198.8 million; up by 32.1% over Q2 FY2011
- EBITDA margins for Q2 FY2012 increased 80 bps to 20.8% with Luxury Cotton and Consumer Textiles reporting better margins and improved contribution from International Businesses

Depreciation

- In Q2 FY2012, depreciation increased to Rs. 357.1 million as compared to Rs. 282.0 million for the corresponding period last year

Financial Performance Review

Interest

- During the quarter, the Company witnessed an increase in working capital requirement on account of sales growth and rising interest rate levels. As a result, interest for the quarter was Rs 1,259.9 million as compared to Rs. 937.2 million for Q2 FY2011

Tax Expense

- Tax expense , for Q2 FY2012, amounted to Rs. 518.3 million as compared to Rs. 377.7 million in Q2 FY2011

Net Profit

- In Q2 FY2012 , Profit after tax (after minority interest), stood at Rs. 853.6 million as compared to Rs. 638.7 million in Q2 FY2011. The minority interest pertains to GIC's investment in RTIL
    - Earnings led by enhanced performance from all SBUs and better margins reported by Luxury Cotton and Consumer Textiles

Financial Performance

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Consolidated Balance Sheet Summary

(Rs. million)	As of	
	Sep 30, 2011	**March 31, 2011**
Shareholders Funds	29,553	27,770
Minority Interest	4,440	4,110
Total Debt	38,400	34,144
Investments	10.8	10.8
Cash and Cash Equivalents	758	1,096

No. of months of Net Revenue (includes Other income)*	**Sep 30, 2011**	**March 31, 2011**
Debtors	4.60	4.52
Inventory	3.67	3.64
Total	**8.27**	**8.16**

* Annualized

Segment-wise Financial Performance

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Strategic Business Unit (SBU) ***(Rs. million)***	**Q2 FY2012**	**Q2 FY2011**	**% Y-o-Y Growth**	**H1 FY2012**	**H1 FY2011**	**% Y-o-Y Growth**
Consumer Textiles/ Belmonte						
Net Revenue	5,913.3	4,441.3	*33.1%*	11,366.5	8,689.4	*30.8%*
EBIDTA	1,328.3	987.6	*34.5%*	2,537.9	1,877.5	*35.2%*
EBIDTA Margin	*22.5%*	*22.2%*		*22.3%*	*21.6%*	
Luxury Textiles						
Net Revenue	2,698.2	2,195.9	*22.9%*	5,135.7	4,350.1	*18.1%*
EBIDTA	1,021.2	846.1	*20.7%*	1,951.2	1,640.4	*18.9%*
EBIDTA Margin	*37.8%*	*38.5%*		*38.0%*	*37.7%*	
International Businesses						
Net Revenue	3,165.7	2,877.4	*10.0%*	6,752.6	6,167.8	*9.5%*
EBIDTA	140.8	102.3	*37.6%*	359.8	273.3	*31.7%*
EBIDTA Margin	*4.4%*	*3.6%*		*5.3%*	*4.4%*	

Segment-wise Financial Performance

Strategic Business Unit (SBU) ***(Rs. million)***	**Q2 FY2012**	**Q2 FY2011**	**% Y-o-Y Growth**	**H1 FY2012**	**H1 FY2011**	**% Y-o-Y Growth**
Ready to Wear						
Net Revenue	2,089.9	1,372.4	*52.3%*	3,909.2	2,489.2	*57.0%*
EBIDTA	423.0	283.5	*49.2%*	794.6	499.9	*59.0%*
EBIDTA Margin	*20.2%*	*20.7%*		*20.3%*	*20.1%*	
Home Textiles						
Net Revenue	1,127.5	1,006.0	*12.1%*	2,173.3	1,956.8	*11.1%*
EBIDTA	198.5	173.8	*14.2%*	380.7	339.9	*12.0%*
EBIDTA Margin	*17.6%*	*17.3%*		*17.5%*	*17.4%*	
Luxury Cotton						
Net Revenue	425.5	221.2	*92.4%*	825.9	372.4	*121.8%*
EBIDTA	87.0	27.6	*215.2%*	167.2	44.9	*272.4%*
EBIDTA Margin	*20.4%*	*12.5%*		*20.2%*	*12.1%*	

Segment-wise Performance Review

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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.
  - The Company is the market leader in Uniforms with 30% market share and is one of the largest institutional suppliers of textiles to defence and police forces in India
- This division continues to be the prime revenue driver at the consolidated level. In Q2 FY2012, Revenues have grown by 33.1% to Rs. 5,913.3 million in Q2 FY2012 as compared to Rs. 4,441.3 million in Q2 FY2011, largely due to higher volumes and better realizations witnessed by Belmonte
- During the quarter, EBIDTA for Consumer Textiles grew by 34.5% to Rs. 1,328.3 million. EBITDA margins elevated to 22.5% resulting from higher price points for the product mix in blended fabrics as well as uniformity

Luxury Textiles

- Luxury textiles division targets the premium segment of the Indian fabric market
- During the quarter, Luxury Textiles division reported a revenue growth of 22.9% to Rs. 2,698.2 million. This was enabled by volumes growth in polyester-wool as well as polyester-viscose fabrics
- In Q2 FY2012, EBIDTA increased by 20.7% to Rs. 1,021.2 million. EBITDA margins declined marginally to 37.8% as compared to 38.5% in Q2 FY2011. This was primarily on account of higher raw material prices, especially wool, being sourced from Australia
- The Company expects further price hikes in its product offerings to mitigate the high input costs and improve overall profitability

Segment-wise Performance Review

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Ready to Wear

- Ready-to-wear consists of garments/apparel represented by Reid & Taylor, Belmonte, Stephens Brothers and World Player
- This segment has reported consistent high growth over a period of time. In Q2 FY2012, revenues increased substantially by 52.3% to Rs. 2,089.9 million. EBIDTA increased to Rs. 423.0 million as compared to Rs. 283.5 million for Q2 FY2011, marking a growth of 49.2%
- World Player launched during FY2011, has gained momentum in sales as its market presence has increased to 291 districts in India
  - Going forward, the Company anticipates notable volumes and as operations stabilize the brand is expected report improved revenue and profitability
- The Company expects to launch its casual premium brand 'Kruger' in Q4 FY2012
- Suit factory at Bangalore is under commissioning and will be operational in Q4 FY2012. The factory is expected to produce 0.3 million suits per annum

Home Textiles / Carmichael House

- For Q2 FY2012 revenues from the Total Home Expression grew by 12.1% and stood at Rs. 1,127.5 million
- During the quarter, EBIDTA stood at Rs. 198.5 million , up by 14.2%. EBIDTA margins improved to 17.6% as compared to 17.3% for Q2 FY2011

Segment-wise Performance Review

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Luxury Cotton

- Luxury Cotton division operates out of the 12.75 million meters per annum state-of-the-art HVFC facility at Bharuch, Gujarat and is represented by the premium category brand 'Baruche'
- Revenues for Luxury Cotton during the quarter grew by 92.4% to Rs. 425.5 million, in line with the scale up of operational capacities which are currently at 60% utilization levels
- In Q2 FY2012, EBITDA amounted to Rs. 87.0 million as compared to Rs. 27.6 million in Q2 FY2011. EBITDA margin was 20.4% as compared to 12.5% in Q2 FY2011
  - Luxury Cotton caters to a high margin segment and is expected to deliver significantly greater margins as the Bharuch facility moves towards optimal utilization levels

International Businesses

- This segment includes Leggiuno, HMX and DKNY related operations
- For Q2 FY2012, revenues grew to Rs. 3,165.7 million as compared to Rs. 2,877.4 million for Q2 FY2011
- During the quarter, EBITDA stood at Rs. 140.8 million, up by 37.6%. EBITDA margin was 4.4%, an improvement of 80 bps over the corresponding period last year owing to several initiatives taken on product offerings, branding and cost reduction
  - Margins from International Businesses are expected to improve significantly in the coming quarters

Key Strengths

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Leading Market Position	♦ 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
Best-in-Class Operations	♦ 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
Clear Growth Strategy	♦ 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
Robust Financial Performance	♦ 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

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Well Recognized Global Brand Portfolio, Supported by High Impact Ambassadors

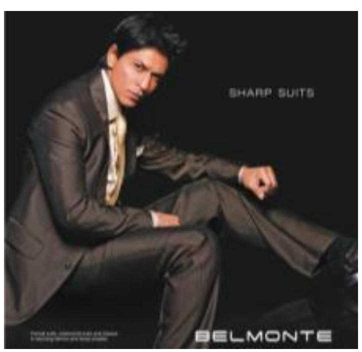
Indian Brands

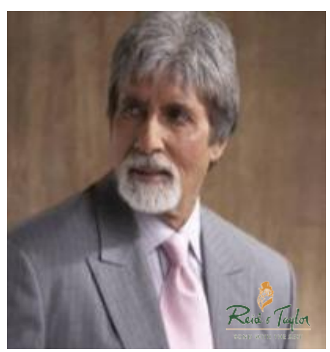
- Reid & Taylor — Bond with the best
- Belmonte — Suits your style
- Carmichael house
- Uniformity by Belmonte — Performance with pride
- World Player by S.Kumars
- S.Kumars

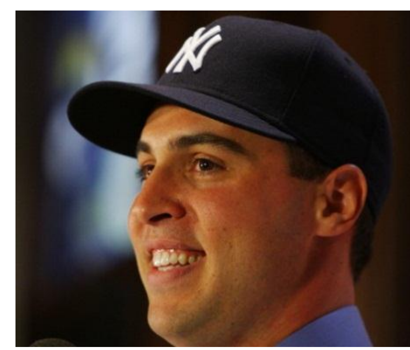
Major International Brands

- Hickey Freeman
- DKNY — Donna Karan New York
- Hart Schaffner Marx
- Christopher Blue
- Bobby Jones®
- Leggiuno
- Jag® jeans
- Coppley
- Exclusively Misook.®

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 Coppley, 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

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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.jpmipl.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.

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