



CREW B.O.S Products Limited: Q3 & 9M FY2010-11 Financial

Results Highlights

9MFY2011 Net Sales up 44 % to ₹ 4474.4 million

9MFY2011 PAT up 44% to ₹ 177.3 million

New Delhi, February 12, 2011: Crew B.O.S Products Limited, India's premier design led manufacturer & exporter of fashion leather goods & accessories announced its results for the quarter and nine months ended December 2010.

Financial Highlights for 9MFY11 (Compared to 9MFY10)

- Net Revenue at ₹ 4474.4 million, up by 43.9%
- EBITDA at ₹ 549.9 million, up by 30.8%.
- Net Profit at ₹ 177.3 million, up by 43.9%
- EPS at ₹ 11.97

Financial Highlights for Q3FY11 (Compared to Q3FY10)

- Net Revenue at ₹ 1449.7 million, up by 21.4%
- EBITDA at ₹ 186.3 million, up by 15.6%.
- Net Profit at ₹ 65.8 million, up by 14.3%
- EPS stood at ₹ 4.44

Results Update

Commenting on the results, Tarun Oberoi, Chairman & Managing Director, Crew B.O.S. Products Limited said, *"I am pleased to announce that the Crew B.O.S. has delivered yet another stable performance this quarter. Crew B.O.S. is the only Indian player to be present across the entire value chain – having an in-house tannery, leather finishing capabilities, multi product capabilities, in-house design studio as well as a training academy – which enables us to capitalize on the tremendous opportunities the Indian Leather Industry offers.*

Going forward we are very optimistic about our business prospects given the large size of customer enquiries from global brands at improved pricing levels. Enabled by the strength of our experience in supplying top-of-the-line fashion accessories and footwear for leading global brands, Crew B.O.S. is capitalizing on this growth opportunity in Indian as well as export markets by looking to expand capacities across our product categories to meet our customer requirements.

'Crew Republica', our flagship retail brand that we unveiled last quarter in the metro cities of Mumbai and Delhi, has received a staggering response. Given this success, we intend to roll out more stores across Tier 1 and Tier 2 cities before the end of this fiscal.

The outlook for the Indian Leather Industry looks very encouraging with brands seeking to de-risk production by finding an alternative to China and India emerging as a destination for high value and quality finished products at low cost augurs very well for CREW BOS and enable us to maintain growth traction going forward. Our expertise, built over a decade of trust, has made us a preferred vendor for leading fashion brands across the world."

Business Updates

Financial Performance

- Revenue growth reflects strong order inflow. Some order execution shifted to next quarter as pricing environment improves from the beginning of calendar year 2011
- Margins maintained and likely to improve going forward driven by absorption of fixed overheads on higher capacity utilization and better finished goods pricing

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Balance Sheet

- Working on measures to strengthen balance sheet position which will help the high potential businesses to grow substantially
 - Improving margins and bottom line performance to be evident going forward

Order Flows

- Well poised to post robust revenue growth for the year on account of a strong order inflow and overbooked capacities
- New business coming in at healthy margins from global markets like Europe and China
- Tie ups with leading manufacturers and exporters of leather products to provide them finished goods at higher margins using our in-house expertise and presence across the value chain

Operating Environment

- Set to benefit across all segments from a change in international market dynamics due to strong demand leading to a healthy pricing environment
 - Witnessing a major upward price revision in new contracts as our clients enter the new calendar year
- Balance of international leather trade shifting towards India as major brands seeking alternative to China
 - Failure to abide with social and environmental compliances
 - Anti-Dumping duties on footwear
 - Capitalizing on this opportunity to make gains in the lucrative leather trading business

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Brand Crew Republica - The perfect extension for Crew B.O.S.

- Stores in Mumbai and Delhi have received an overwhelming response and exceeded performance estimates
- More stores are to be rolled out in a phased manner across India with 7-8 store openings planned by 2012 with marketing and advertising support
- Roll out plan involves setting up of Exclusive Brand Outlets (EBO), Multi-Brand Outlets (MBO) and Shop-in-Shop (SIS)
- Won a Silver at the Retail Design and Visual Merchandizing Awards

Outlook

- Continued focus on design led manufacturing
- Global leader in the design arena leveraging the expertise built over the years catering to global fashion majors
- To witness healthy volume growth along with margin expansion
- Improving utilization efficiency in line operations
- Capacity expansion across all product categories
 - Capex of ₹ 550 million planned over three years
 - Integrated finishing, designing unit along with the production plant planned at the 30 acre land acquired in Neemrana (Rajasthan)
- Crew Republica to cater to domestic retail market with launch of stores across the country in a phased manner

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Crew B.O.S. Overview

Crew B.O.S. – Driving Excellence through Design

Crew B.O.S's leadership in the global arena of leather exports has been a result of not only its excellence in manufacturing but also its orientation towards design and innovation. A fact that 55% of the exported designs are original Crew B.O.S designs is a testament to the expertise in design led manufacturing. As Crew B.O.S moves from a manufacturing to a services driven model, designing will play a very important role going forward.

Crew B.O.S. has built a state-of-the-art in-house design and development studio which is driven by over 18 designers from premier fashion institutes like NIFT, NID, FDDI (Foot Development Designing Institute), London School of Fashion and Pearl Academy of Fashion. The Design House aims to breathe fresh life into the existing product range and tries to gauge the look and feel for the season almost a year in advance. Crew B.O.S aims to take design led manufacturing to the next level as it ventures into designing luxury leathers and leather fabrics for the super luxury designer brands. This will ensure that Crew B.O.S. continues to grow as a brand where one finds excellence in design and manufacture.

Crew B.O.S. Academy provides in-house training as well as skill assessment tools for its operators and skilled craftsmen. This Academy aims to be a training platform for qualified, proficient and capable pool of committed workers across all divisions. In order to uplift the skill levels to a global standard, Crew B.O.S. Academy has hired highly experienced technical trainers from Romania and Italy who bring with them the technical skills and work discipline which when imbibed in the new trained workforce will result in greater operational efficiencies and reduce wastage of material and man-hours. The Academy will also retrain old workers to improve and update their skills. The initiative is set with the long term objective of pioneering a change in the resource pool across the leather industry in India, so that Crew B.O.S. becomes the industry's recognized supplier of well trained human capital. As the Company acquires scale, Crew B.O.S. Academy, which trains workers, will ensure a constant supply of skilled manpower. For a labour intensive company this brings benefits of

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Labour Satisfaction as well as important benefit of Labour Quality and Productivity. The Company's design excellence is endorsed by some of the prestigious global brands, including Coach, Esprit, Armani Exchange, Fossil, Zara, Massimo Dutti, Gap, Banana Republic, Next Plc., Chico's, H&M in Europe, GAP, Old Navy, to name just a few.

Crew B.O.S. Ideally Positioned to Capture the Great Indian Opportunity

Brands are seeking an alternative to China due to a variety of reasons. Rise in wage rates as Chinese seek more paying Industries, reduction in incentives, appreciating Yuan, failure to abide with social and environmental compliances, anti-dumping duties on footwear, increase in depreciation & logistics costs due to relocation of leather industries to remote areas, aging population. Besides China, the E.U. is becoming unaffordable whereas other S.E. Asian countries do not offer scale.

India is the only country that offers a wide range of inherent advantages, owning 10% of the world's raw material, 21% of the world's cattle and buffalo and 11% of world goat & sheep population. It is endowed with the largest skilled labour force after china at competitive wage rates, modernized manufacturing units and a presence in major markets. The Government has regarded the Leather Industry as a "Focus Sector" under Foreign Trade Policy and given an impetus through duty neutralization/exemption/remission schemes, simplified import/export procedures and funding support provided towards export promotion. India is an emerging destination for high value and quality finish products at low cost. All the leading brands have entered or are entering India to seek production capacities. This will increase further as these brands further de-risk the outsourcing model from China to India. Crew B.O.S. is ideally positioned to accept this increased interest in excellence of manufacturing of leather products.

Crew B.O.S. has established itself as a benchmark in India being regarded as a leading exporter of fashion leather products and registering significant domestic sales. It is present across the value chain with its capabilities of converting raw material, in-house design ability, manufacturing expertise for all finished leather goods and a team for Global

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sourcing of components. Crew B.O.S. has an attractive clientele with over 30 marquee names from across USA, Europe, Gulf and South East Asia like Mark & Spencers, Armani Exchange, Gap, Inc. Espirit, Fossil and Old Navy. Additionally, Crew B.O.S. has showcased a strong financial performance with Sales growth of 38% over the period of global slowdown of 2008 – 10. Crew B.O.S. is the only company in India with a complete manufacturing set up, full backward integration and manufacturing all products, and hence is ideally positioned to capture the opportunity present.

Crew Republica

Crew B.O.S. is well equipped across the entire value chain with Finishing and Designing infrastructure, the largest capacity for manufacturing finished leather goods and exporting to some of the world's best known leather brands. Capitalizing on its extensive experience in international fashion accessories and a deep understanding of shoppers' habits, Crew B.O.S. is ideally positioned to capture a huge chunk of this lucrative market and forward integrate, utilizing its existing infrastructure, and provide an affordable range of fashion accessories launched under its own brand 'Crew Republica'.

'Crew Republica' is a unisex brand selling bags, leather footwear, belts and fashion accessories targeting the fashion conscious Generation Y (18-35 years). India represents the youngest market in the world with a median age of 25 in which youth brands are known to be the top performers. There is a great demand for Bags, Belts, Small Leather Goods & Footwear emerging and an ideal start-point for a revolution in leather accessories. The rising disposable incomes, multiple income households, increased exposure to premium lifestyles & media, easier financial credit and higher discretionary spends on fashion represents a huge opportunity for Crew Republica given the niche space it operates in. The two stores which have been operational in prime locations in Mumbai and New Delhi since the last quarter have received a tremendous response. More store openings are in the pipeline and these will be rolled out across cities in a phased manner.

Crew Republica aims to provide the global youth population a CULT fashion brand centered around accessories, based on the three fundamental principles of STYLE, QUALITY & VALUE.

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It envisages being the number one brand for fashion accessories across the world, starting from India, by consistently delivering market-defining trends at an affordable price & quality that always remains a global benchmark and Understanding & Adapting to the changing usage & attitudes of target audiences across the world.

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About Crew B.O.S. Products Limited

Crew B. O. S Products Limited (BSE: 532542, ISIN ID: INE514G01019) is in the business of design-led manufacturing and export of leather fashion accessories to global retailing majors. It is regarded as a benchmark in the country being India's leading exporter of leather products and serving more than 30 marquee names including Mark & Spencers, Armani Exchange, Gap, Inc. Espirit, Fossil, Zara, Debenhams, Coach, Hush puppies, Next, Monsoon Accessorize, Liz Clairborne, Old Navy etc. Its attractive clientele is spread across USA, Europe, Gulf and South East Asia. The company's orientation is towards designing and innovation, highlighted by the fact that 55% of the exported designs are original Crew B.O.S designs, and validates the Company's expertise in the field. The company's product profile ranges from belts, bags, portfolios, business cases, footwear, wallets, boxes, furniture to home furnishings. Crew B. O. S. is constantly engaged in broad basing its product portfolio in order to keep itself abreast with the latest changes in fashion trends around the world.

Crew B.O.S. has a striking presence across the value chain with in-house capabilities for leather tanning, seven manufacturing locations for all kinds of leather products, a strong team of designers and craftsmen and infrastructure and manpower for global sourcing of components. The company operates from its facilities in Gurgaon, Manesar, Jalandhar, Neemrana and Chennai for manufacturing various fashion products. It has several marketing offices in Hong Kong, Milan, Cairo as well as other sourcing associates across the world. It was rated as top exporter by Council of Leather Exports for the financial year 2008-09 in the 'Above US\$ 15 million' category of leather goods and accessories, amongst several other awards and recognition for exceptional performance over the years.

Keeping in line with its design prowess, Crew B.O.S. has launched its own brand of fashion accessories, 'Crew Republica' to facilitate the needs of the increasingly fashion-conscious Indian youth.

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