

Press Release

28th October 2007

Consolidated financial performance (Q2 ended 30th September 2007)

- **Himatsingka Seide Ltd's consolidated Q2 Revenues at Rs. 261 Crores**
- The Consolidated results include results of Divatex Home Fashion, New York which was acquired in July 2007 through the wholly owned subsidiary Himatsingka America Inc, in July 2007.
- Divatex reported revenues of Rs.172.3 crores for the quarter while Bellora reported revenues of Rs.39.5 crores
- Retail revenues from Himatsingka Wovens Private Limited were up 71% at Rs.9.87 crores vs Rs.5.75 crores YOY.
- The consolidated net profit stood at Rs.10.94 crores for the quarter
- The consolidated profits were impacted by Rs.5.1 crores on account of expenses pertaining to the Hassan bed linen facility which has since commenced commercial production from 12th Oct 2007. Additionally, rupee appreciation and M&A related expenses impacted consolidated profits by Rs.3.1 crores.
- On Oct 18th 2007, HSL through its wholly owned subsidiary, Himatsingka America, completed the acquisition of a 100% stake in DWI Holdings Inc. for USD 30 MM. DWI controls the home textile licenses for bed and bath products of luxury brands like Calvin Klein, Barbara Barry and Royal Sateen. The company reported revenue of USD 47 MM for the last fiscal. This acquisition follows the acquisition of Giuseppe Bellora in Feb 2007 and Divatex Home Fashion in July 2007.

Consolidated financial performance (H1 ended 30th September 2007)

- **HSL Consolidated revenues up 251% at Rs.355 crores vs Rs.101 crores YOY**
- Consolidated net profit stood at Rs.18.28 crores
- Consolidated H1 profits were impacted by Rs.8.4 crores on account of expenses pertaining to the Hassan bed linen facility. Additionally, rupee appreciation and M&A related expenses during H1 impacted consolidated profits by Rs.6.2 crores.

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Bed Linen Project in Hassan SEZ

Commercial production has commenced at the Hassan Bed Linen facility on 12th Oct 2007. We expect the plant to achieve 50% capacity utilization during the third quarter and 80% utilization in Q4.

Retail Business

The Company's retail business operated under the brand "ATMOSPHERE" through its wholly owned subsidiary, Himatsingka Wovens Private Limited, saw significant sales growth of 71 % in the quarter ended 30th September 2007 compared to corresponding period in the previous year. Sales for the quarter ended 30th September 2007 stood at Rs 9.87 crores, as compared to Rs 5.75 crores in Q2 2006-07. Profit before tax at Rs.1.03 crores grew at 100% over the corresponding quarter in the previous year. In May 2007, the company launched its first international store in Dubai followed by the launch of the second international store in Singapore in Oct 2007.

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