

Press Release

31st January 2008

Consolidated financial performance (Q3 ended 31st December 2007)

- Himatsingka Seide Ltd's consolidated Q3 Revenues at Rs. 257 Crores.
- Consolidated net loss for the quarter stood at Rs 1.17 crores.
- The consolidated results were primarily impacted by a net loss of Rs.17.68 crores from the new Bed Linen manufacturing facility at the Hassan SEZ in Karnataka commissioned on 12th Oct 2007.
- As the new Bed Linen facility has just been commissioned and is being ramped up, capacity utilization was low during the quarter and stood at 33%.
- During the quarter, HSL through its wholly owned subsidiary, Himatsingka America, completed the acquisition of a 100% stake in DWI Holdings Inc. The enterprise value for the acquisition was 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 for the North American markets. The company reported revenues 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.
- Himatsingka Wovens Private Limited, the wholly owned retail subsidiary reported a growth of 39% in revenues at Rs.9.77 crores vs Rs.7.02 crores YOY.
- The exceptional item of Rs.1.32 crores pertains to one off expenses relating to the closure of the Portugal operations of one of the subsidiaries of Bellora SpA.

Consolidated financial performance (9 months ended 31st December 2007)

- HSL Consolidated revenues at Rs.607 crores
- Consolidated net profit at Rs.17.1 crores
- Consolidated results include Rs.17.68 crore loss of the recently commissioned Hassan bed linen facility in addition to Rs.9.5 crores of indirect expenses incurred in H1 prior to the commencement of commercial production in Oct 2007. Additionally, the results include one time M&A related expenses of Rs.2.2 crores and exceptional items of Rs.1.32 crores for the 9 months ended 31st Dec 2007.

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Says Shrikant Himatsingka, Executive Director “the impact on the results caused by the recent commissioning of the new Bed Linen facility was expected. However, with two acquisitions in the United States and one in Europe, Himatsingka is strategically positioned to serve the North American and European markets in the home textile space. These acquisitions will also absorb the entire capacity of the new plant. The initiatives to acquire strong distribution networks along with the commissioning of the new facility positions us to achieve revenues of approximately Rs.1300 crores during the next fiscal”.

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