Himatsingka Seide Limited

10/24, Kumara Krupa Road, High Grounds, Bangalore - 560 001, India.

Ref: SEC:0001:2:0490:KGN

June 1, 2015

Listing Department
Bombay Stock Exchange Ltd
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai - 400 001

Listing Department
National Stock Exchange of India Ltd
Exchange Plaza, 5th Floor, Plot No. C/1
G Block,Bandra-Kurla Complex,Bandra(E)
Mumbai - 400 051

Dear Sirs,

Sub: Transcript of conference call.

Please find enclosed a copy of transcript of conference call held on 25-5-2015.

Please also note that the transcript of conference will also be available on our website www.himatsingka.com

This is for your information & records.

Thanking you,

Yours faithfully,
For Himatsingka Seide Limited

Ashok Sharma
Asso. Vice President – Treasury, Taxation
& Company Secretary

Encl: as above

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Himatsingka

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"Q4 Financial Year 2015 Results Conference Call"

May 25, 2015

Participants: Mr. K.P. Pradeep – President, Finance and Group CFO
Mr. Ashok Sharma – AVP Treasury, Taxation and Company Secretary
Mr. T.G.S. Gupta – AVP Finance

Moderator: Ladies and gentlemen, good day and welcome to the Himatsingka Seide Limited Q4 FY 2015 Conference Call, hosted by Macquarie Capital Securities. As a reminder all participant lines will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call please signal an operator by pressing * and then 0 on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Amit Mishra from Macquarie Capital Securities. Thank you and over to you Sir!

Amit Mishra: Thanks Darryl, good evening everyone. It is our pleasure to host Himatsingka Seide post results conference call and thank you very much all of you for participating on it. To represent the company we have with us today Mr. K.P. Pradeep, President, Finance and Group CFO, Mr. T.G.S. Gupta, Associate Vice President, Corporate Finance and Mr. Ashok Sharma, Associate Vice President, Treasury, Taxation and Company Secretary. I would now like to hand over the call to the management team for the opening comments and then we will open the call for Q&A. Over to you Sir.

K.P. Pradeep: Thanks Amit. Good evening everybody. Thank you for joining the call. I would like to give you a brief summary of fourth quarter results of FY 2015. I will then take you through the performance of the manufacturing division and then retail and distribution division, followed by the consolidated performance of the group.

For the first quarter ended March 2015, manufacturing and standalone performance the capacity utilization for bed linen stood at 90% and drapery and upholstery plant at 48%. The revenue from manufacturing operations

were Rs. 224.90 Crores versus Rs. 253.31 Crores during the same period last year. Total operating expenses, which include employee benefit expenses, depreciation and other expenses for the quarter, stood at Rs. 83.09 Crores versus Rs. 70.59 Crores in the same quarter last year. The employee benefit expenses were Rs. 26.64 Crores versus Rs. 24.38 Crores in the same quarter the previous year, the increase mainly due to provisions on gratuity and compensated expenses of Rs. 1.5 Crores. Depreciation and amortization stood at Rs. 8.21 Crores versus Rs. 11.27 Crores in the same quarter of previous year, a reduction of 3.06 Crores, the reduction is on account of change in the usual life of assets pursuant to the new Companies Act 2013 as disclosed during the first quarter of FY 2015. Other expenses stood at Rs. 48.24 Crores versus Rs. 34.94 Crores in the same quarter last year an increase of 13.30 Crores, the increase mainly due to a 14.14 Crores increase on account of one time discounts on some large programs. Foreign exchange fluctuation resulted in a gain of Rs. 1.03 Crores in the current quarter versus a gain of Rs. 1.44 Crores in the previous year mainly on account of the difference between the prevailing spot rate and realized rate. The EBITDA including other income from manufacturing operations increased by 22% to Rs. 51.68 Crores versus Rs. 42.35 Crores during the same period in the last year. EBITDA as a percentage of sales stood at 23% this quarter versus 16.7% in the same quarter last year. The EBIT including other income from manufacturing operations increased by 39.86% to Rs. 43.47 Crores versus Rs. 31.08 Crores during the same period in the last year. EBIT as a percentage of sales stood at 19.3% this quarter versus 12.3% in the same quarter last year. Standalone interest and finance charges for Q4 FY 2015 increased by 24.3% to Rs. 14.54 Crores from Rs. 11.70 Crores during the same quarter last year, the reason for the increase in the interest and finance charges are reversal of 3.5 Crores on account of interest subvention which is now not being extended by Government of India for the year FY 2015 and Rs. 1.6 Crores recent differential on the Canara Bank TUF loan. The standalone profit after tax for Q4 FY 2015 increased to Rs. 28.93 Crores from Rs. 19.89 Crores during the same period in the last year an increase of 45.5%. For the year to date ended March 2015 on the manufacturing and

standalone performance the capacity utilization for bed linen plant stood at 86% and that for drapery and upholstery plant at 53%. The revenue from manufacturing operations was Rs. 948.41 Crores versus Rs. 983.68 Crores during FY 2014. The total operating expenses which include employee benefit expense, depreciation and other expense for the year increased by 6% to Rs. 286 Crores versus Rs. 269.8 Crores in the previous year. The employee benefit expenses stood at Rs. 98.11 Crores versus Rs. 96.2 Crores in the previous year, the increase on account of ESI provisions of Rs. 2.74 Crores, ex-gratia to workers of 0.83 Crores, provision for compensated absences and gratuity of 0.8 Crores offset by reduction in wages for contractual labour. Depreciation and amortization stood at Rs. 35.41 Crores versus Rs. 46.5 Crores in the previous year a reduction of 11.04 Crores, the reduction was on account of a change in the useful life of assets pursuant to the new Companies Act 2013 as disclosed during the first quarter of FY 2015. Other expenses stood at Rs. 152.48 Crores versus Rs. 127.14 Crores in the previous year an increase of 25.34 Crores, the increase was due to 10.32 Crores on account of manufacturing expense increase given the increase sale of surplus power, and maintenance expenses, Rs. 12.7 Crores of selling expenses on account of one time discounts on large programs and Rs. 2.32 Crores on account of other admin expenses. Foreign exchange fluctuations resulted in a gain of 18.44 Crores in the calendar year vis-à-vis a loss of Rs. 20.5 Crores in the previous year mainly on account of the difference between prevailing spot rate and realized rate. EBITDA including other income from manufacturing operations increased by 25.3% to Rs. 189.80 Crores from Rs. 151.54 Crores during the previous year. EBITDA as a percentage of sales stood at 20% this year versus 15.4% in the previous year. EBIT including other income from manufacturing operations increased by 47% to Rs. 154.39 Crores from Rs. 105.09 Crores during the last year. EBITDA as a percentage of sales stood at 16.3% this year versus 10.7% in the previous year. Standalone interest and finance charges decreased by 3.66% to Rs. 45.05 Crores from Rs. 46.76 Crores in the previous year, the interest charges for the year have decreased to Rs. 45.05 Crores on account of principal repayment which have been partly negated due to the increase in

the interest and finance charges reversal of 3.5 Crores on account of interest subvention not being extended by the Government of India and Rs. 1.6 Crores interest reset differential on the Canara Bank TUF loan. Consequently, the standalone PAT for the year increased to Rs. 109.34 Crores from Rs. 58.84 Crores during the last year an increase of 86%.

Going on to our quarterly retail and distribution performance the revenue from our retail and distribution business in North America during the quarter decreased by 9.7% to Rs. 384.14 Crores versus Rs. 425.23 Crores during the same period last year. The revenues for the distribution division in Europe were at Rs. 15.85 Crores for the quarter compared to Rs. 20.93 Crores in the previous year a reduction of 24.3%. The revenues for the distribution division in India Asia as represented by Atmosphere for the quarter were Rs. 9.58 Crores versus Rs. 11.53 Crores during the last year a decrease of 17%. The total revenue from the retail and distribution divisions stood at Rs. 409.57 Crores for the quarter versus Rs. 457.69 Crores in the same quarter last year a reduction of 11%. The consolidated EBITDA for retain and distribution division stood at Rs. 10.64 Crores in the current quarter versus Rs. 3.43 Crores in the same quarter in the previous year, an increase of 210%. Going to our annual retain and distribution performance, the revenue from our retail and distribution business in North America during the year was Rs. 1632.85 Crores versus Rs. 1684.6 Crores during the same period last year. The revenues for the distribution division in Europe were Rs. 82.29 Crores for the year versus Rs. 96.44 Crores in the previous year. Revenues for the distribution division in India Asia as represented by Atmosphere for the year was Rs. 45.87 Crores versus Rs. 51.31 Crores during the last year. The total revenue from the retail and distribution division stood at Rs. 1761.01 Crores versus Rs. 1832.35 Crores in the same period last year a reduction of 3.9%. The consolidated EBITDA for the retail and distribution division stood at Rs. 53.19 Crores in the current year versus Rs. 61.66 Crores in the same period last year a decrease of 13.7%.

Coming to group consolidated performance for Q4 FY 2015, the group consolidated revenues reduced by 8.7% to Rs. 454.63 Crores versus Rs.

498.10 Crores in the same quarter last year. Total operating expenses which include employee benefit expense, depreciation and other expenses for the quarter stood stable at Rs. 128.05 Crores versus Rs. 136.28 Crores in the previous year. Employee benefit expenses stood at Rs. 48.56 Crores versus Rs. 51.1 Crores in the previous year a decrease of Rs. 2.54 Crores. Depreciation and amortization at 10.31 Crores versus 13.63 Crores in the previous year a reduction of 3.32 Crores on account of a change in useful life of assets pursuant to new Companies Act as disclosed during the first quarter of FY 2015. Other expenses stood at 69.18 Crores versus 71.55 Crores a decrease of 2.37 Crores. Foreign exchange fluctuation resulted in a loss of 3.61 Crores in current quarter versus a gain of 0.69 Crores in the previous year mainly on account of the difference between the prevailing spot and realized rate. The consolidated EBITDA including other income increased by 35% to Rs. 55.8 Crores compared to Rs. 41.17 Crores in the same quarter last year. EBITDA as percentage of sales stood at 12.3% this quarter versus 8.3% in the same quarter last year. EBIT including other income for the quarter increased by 65% to Rs. 45.49 Crores from 27.54 Crores during the same period last year. EBITDA as a percentage of sales stood at 10% this quarter versus 5.5% in the same quarter last year. Interest and finance charges for this quarter increased to Rs. 22.94 Crores from Rs. 21.66 Crores in the previous year. The consolidated profit before tax for the quarter is at Rs. 22.55 Crores compared to Rs. 5.88 Crores in the same quarter last year. The consolidated profit after tax and minority interest is Rs. 25.86 Crores for the quarter compared to Rs. 11.53 Crores during the previous year an increase of 124.3%.

Coming to the year to date group consolidated performance for the year ended March 31, 2015, consolidated revenues reduced by 4.3% to Rs. 1940.57 Crores as compared to 2028.15 Crores in the previous year. The total other expenses which include employee benefit expenses, depreciation and other expenses for the year was Rs. 533.35 Crores versus Rs. 543.56 Crores in the previous year. Employee benefit expenses stood at Rs. 193.44 Crores versus 200.14 Crores in the previous year, a decrease of 6.7 Crores. Depreciation and amortization stood at Rs. 44.64 Crores versus

Rs. 54.38 Crores in the previous year a reduction of 9.74 Crores and this reduction on account of the change in the useful life I explained earlier. Other expenses stood at Rs. 295.27 Crores versus Rs. 289.04 Crores this previous year an increase of 6.23 Crores, the increase is due to 9.6 Crores on account of manufacturing expenses given increased sale of power, royalty by 2 Crores and 4.76 and other admin expenses offset by reduced selling expenses of roughly 10 Crores. Foreign exchange fluctuations resulted in a gain of 13.86 Crores in the current year versus a loss of Rs. 19.73 Crores in the previous year mainly on account of the difference between the prevailing spot rate and realized rate. Consolidated EBITDA was at Rs. 221.53 Crores compared to 204.76 Crores in the previous year, a growth of 8.2%. EBITDA as a percentage of sales stood at 11.4% this year versus 10.1% of the previous year. EBIT including other income increased by 17.6% to Rs. 176.89 Crores from Rs. 150.38 Crores during the last year. EBITDA as a percentage of sales stood at 9.1% this year versus 7.4% in the previous year. Interest and finance charges increased to 85.44 Crores from 82.83 Crores. The consolidated profit before tax for the year is at Rs. 91.45 Crores compared to Rs. 67.55 Crores in the previous year. The consolidated profit before tax for the year is at Rs. 91.45 Crores compared to 63.41 Crores in the previous year. The consolidated profit after tax of the year is at Rs. 95.44 Crores compared to Rs. 63.34 Crores in the previous year a growth of 50.7%. The total debt outstanding as of March 31, 2015 is Rs. 756 Crores, this is the gross debt, 443 Crores being the term debt and Rs. 313 Crores being the working capital debt. The company's net debt outstanding as on March 31, 2015 is Rs. 730 Crores, During the year ended March 31, 2015, term debt repayment was Rs. 105.7 Crores. The principal payments due for the FY 2016 period is Rs.88.24 Crores; the company's effective cost of debt is at 6.94% as compared to 6.52% in the previous quarter. This sums up the performance for the quarter and for the year ended March 31, 2015.

I will now hand it back to you moderator. I will be glad to take questions.

Moderator: Thank you very much. We will now begin the question and answer session. Our first question is from the line of Bhautik Chauhan from Span Capital Services, please go ahead.

Bhautik Chauhan: Hi Sir, a couple of questions from my side. On North America business we have seen a drop of 9.7% in Q4 revenue vis-a-vis last year, so if you can give some update, what is happening on ground level?

K.P. Pradeep: As discussed on earlier calls we have gone through a restructuring in the North Americas. The restructuring has covered initiatives around sales with an emphasis on branded revenues, back end consolidation of warehousing facilities and corporate real estate, and the overall organization structure to bring in greater focus in operations. We were anticipating a little softness in sales which we had been talking about in the last few calls and what you see in FY 2015 is on account of that softness. Going forward we anticipate a more stable situation from the North American side.

Bhautik Chauhan: How much uptake do we see in revenues and margins going forward?

K.P. Pradeep: I would not like to put a specific percentage to this but I should say, we should see stable revenues coming in over the next few years. We have had a CAGR in the region of around 15-16% in the last three, four years, I don't anticipate growth as high as this but we should expect to see revenues are lot more stable than we did in FY 2015.

Bhautik Chauhan: Sir my next question is on debt repayment plans; do we see any debt repayments plans in FY 2016 and 2017 going forward?

K.P. Pradeep: We have debt repayment in the region of around 88.24 Crores for FY 2016. Given our earnings profile that we see for the FY 2016 we will be comfortable with the principal payments that are due. I do not see any substantial changes over and above that in our debt profile apart from normal working capital movements.

Moderator: Our next question is from the line of Resham Jain from B&K Securities, please go ahead.

Resham Jain: Sir, just wanted to understand is there any change in terms of how we account for the foreign exchange in FY 2015 compared to FY 2016?

K.P. Pradeep: No, there is no change in terms of the way we account for foreign exchange. We look at our exposures on a net basis. Our mix of working capital funding has shifted in favor of packing credit foreign currency to packing credit in Indian Rupee. The accounts for this year reflects all of this.

Resham Jain: Sir, secondly what was our FY 2014's exchange realization for the full year versus FY 2015 and what is the current exchange realization like current outstanding position rate?

K.P. Pradeep: Can I give that to you offline Resham?

Resham Jain: Okay, no problems Sir, but is it higher compared to FY 2014.

K.P. Pradeep: Yes

Resham Jain: Outstanding?

K.P. Pradeep: Outstanding should be a little above market, but Resham, these are all moving targets, so I would not want you to be too influenced by these rates.

Resham Jain: Okay and sir one more thing which is wanted to understand is from the yarn purchase point of view you were earlier buying lot of yarn from China, has that strategy changed a bit in this year or anything would you want to comment on?

K.P. Pradeep: The way we look at our yarn purchase strategy, it is based on the landed cost to the factory, so you would see this movement between imported yarn and local yarn all the time. There are certain aspects of this purchase

that may have to be imported because of the nature of the yarn but otherwise we are fairly agnostic to where we buy it from.

Resham Jain: Because from FY 2013 to FY 2014 the number changed significantly.

K.P. Pradeep: There is a higher percentage of local purchase vis-a-vis imported at the moment.

Moderator: Next question is from the line of Hem Agarwal, please go ahead.

Hem Agarwal: I would like to ask you that after you removed the adjustments for the foreign exchange and depreciation what is the actual profit for the company? Second question is what is the operation cash flow?

K.P. Pradeep: Hem, can we take these specific questions offline

Hem Agarwal: Okay because the figures are quite high, 14 Crores foreign exchange, 10 Crores depreciation, these are like 25 Crores it amounts to.

K.P. Pradeep: Let me put a different perspective. The foreign exchange strategy has been a measured strategy to gain the advantage of realizations given the nature of our industry. The operational cash flow is around 150 crores for the year net of interest. Any specific data , please feel free to write to us.

Moderator: Our next question is from the line of Nihal Jham from Edelweiss, please go ahead.

Nihal Jham: Hi Sir, good evening and congratulations on a good set of numbers that you have come up with this quarter. My question was around the North American revenues, I understand that because of the correction in cotton prices, even your contracts would have been reviewed quarter-on-quarter, so just wanted to understand that what has been the pricing change like in Q4 compared to Q3?

K.P. Pradeep: you are talking about customer pricing change?

Nihal Jham: Yes, I was just trying to understand that out of the 9% fall that we have seen in the revenues my understanding was mainly most of it would be related to the pricing change in cotton right?

K.P. Pradeep: These are not cotton price determined sort of moves. As I was explaining a little earlier there was some structural changes which were being addressed in the North Americas and as a result of which we have seen some softness in sales. We have a new plan in place which addresses a larger ecosystem of customers with a more robust product offering and therefore we expect a stable FY 2016.

Moderator: Our next question is from the line of Arjun Sengar from Reliance Mutual Fund, please go ahead.

Arjun Sengar: Sir, just wanted to ask you in your manufacturing division can you give us some commentary on the demand scenario for your bed linen and drapery products and also given that a lot of your competitors are increasing capacity could you give us some idea of the impact of this on industrial wise?

K.P. Pradeep: If you look at our performance we have had a fairly stable performance with our capacities in the region between 86 to 90% in terms of the bed linen plant. From the drapery and upholstery standpoint we are in the region between 47 to 50% and we see some upsides in the drapery and upholstery side in terms of capacity utilization. We also see fairly stable demand from an industry perspective. My guess is that you would find similar sentiment echoing across all the other manufacturers in the home textile space. Going forward we will continue to work our assets and we will continue to keep sweating the manufacturing facilities till we achieve what we call optimum capacity utilization.

Arjun Sengar: Another thing is that is the market demand large enough to accommodate all the capacity additions across the industry that is happening?

K.P. Pradeep: I should believe so. Given the changes that are happening in the South East Asian region, changes in Pakistan and given China's own lack of interest

to enhance capacities I should think, our industry should have a market that is capable of catering to this capacity increase.

Arjun Sengar: So you see a positive scenario for the next four, five years at least?

K.P. Pradeep: yes

Moderator: Our next question is from the line of Resham Jain from B&K Securities, please go ahead.

Resham Jain: Sir, just a bookkeeping question, what is the realization for bed linen in this quarter?

K.P. Pradeep: Resham can we take this offline.

Resham Jain: Okay, Sir, just a broad guidance, last year also we have given a broad thing that this year the revenue will remain flat, we are focusing on certain reorganizational activities, any broad guidance which you would like to give especially on the North American division?

K.P. Pradeep: Like I said earlier, I do not want to put specific percentages , you should see stable growth numbers coming from North Americas. Like I said earlier on this call, we had a CAGR in the region of around 16-17% four years prior to this FY 2015. While we will not be at those percentages of growth , we are definitely looking at a stable environment for FY 16.

Moderator: We have a question from the line of Resham Jain from B&K Securities, please go ahead.

Resham Jain: Sir during your initial comment you mentioned that there is a one time discount which was given on a large program like 14.4 Crores, is this like one off or like one time that you mentioned but how like just if you can comment something on it?

K.P. Pradeep: This is a one off but it is related to some large programs that have come in the last year and this is not unusual in the industry. Therefore while we

may not see this every year, this could come up in future based on acquisition of long term programs.

Resham Jain: So this 14.4 Crores is something which has gone through your EBITDA basically?

K.P. Pradeep: That is right, on the standalone.

Moderator: Thank you. As there are no further questions I now hand the floor back to the management for closing comments, over to you Sir.

K.P. Pradeep: Thanks everybody for joining this quarter call. We look forward to seeing you on the next quarter call. Have a good day.

Moderator: Thank you very much. On behalf of Macquarie Capital Securities that concludes this conference. Thank you for joining us and you may now disconnect your lines.