



Business Wire - Press Release



Gitanjali Gems Acquires Samuels Jewelers Inc.

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Gitanjali Gems Ltd. (Gitanjali) announced today that it has acquired a majority ownership interest in Samuels Jewelers Inc. (Samuels) from funds managed by DDJ Capital Management (DDJ). Terms of the transaction have not been disclosed.

Samuels operates 97 retail jewelry stores in 18 states throughout the United States. The company will remain headquartered in Austin, Texas.

Gitanjali CFO, G.K. Nair, stated, "This acquisition is consistent with Gitanjali's objective to conform to a vertically integrated model, one that benefits from all the efficiencies that are realized through control of the entire supply chain, inclusive of retail. To that end, Samuels is an ideal match to complement Gitanjali's strengths in manufacturing diamonds and jewelry products."

Mehul Choksi, Gitanjali's Chairman, added that, "Gitanjali is always seeking business opportunities which are consistent with its philosophy of adding incremental value at every level of the supply chain, thus ensuring greater shareholder value and bottom line profits. Gitanjali's 11.5 million square foot Hyderabad Special Economic Zone will provide a tremendous support system for product development and jewelry manufacturing and will offer unparalleled economic benefits to Gitanjali's customers worldwide, including Samuels."

Nehal Modi, CEO of Gitanjali's U.S. affiliated companies, Diamlink and JMC, commented that "the industry is prime for consolidation and we viewed this opportunity with Samuels' stores and management team as an ideal compliment to our ongoing operations in the U.S. By combining Gitanjali's extensive industry resources with Samuels' rich network of retail stores, this transaction represents an exciting and unique endeavor for all those associated with Gitanjali and Samuels."

Samuels' President and CEO, Randy McCullough commented, "Samuels is excited to have Gitanjali as a majority shareholder and vendor partner. We look forward to working with Gitanjali and see this transaction as a tremendous opportunity for expanded market share and future growth."

Financo, Inc. served as financial advisor and Greenberg Traurig, LLP as legal advisor to Samuels. Keynote and Virtus Global Partners served as financial advisors, Klestadt & Winters, LLP as legal advisors, and Marks, Paneth and Shron LLP as accountants to Gitanjali.

In connection with the stock purchase transaction, Samuels has obtained a financing facility from Wells Fargo Retail Finance, LLC. Samuels anticipates that the \$60 million facility will be more than sufficient to meet its cash flow needs for the foreseeable future.

About Samuels:

Samuels Jewelers, Inc. operates a national chain of specialty retail jewelry stores located in regional shopping malls, power centers, strip centers and stand-alone stores. The company sells fine jewelry items in a wide range of styles and prices, with a principal emphasis on diamond and gemstone jewelry. Samuels operates 97 retail jewelry stores in 18 states and also sells jewelry online at SamuelsJewelers.com. The Company currently operates stores under the following three trade names: "Samuels", "Schubach" and "Samuels Diamonds". Measured by the number of retail locations, Samuels is the tenth largest specialty retailer of fine jewelry in the United States.

About Gitanjali Gems, Ltd.:

Gitanjali Gems Ltd., a DTC sightholder, is one of the largest integrated diamond and jewelry manufacturers and retailers in India. Its operations include sourcing of rough diamonds from primary and secondary source suppliers in the international market, cutting and polishing the rough diamonds for export to its international markets, and the sale of diamond and other jewelry through Gitanjali's retail operations in India, as well as in international markets. The company exports its cut and polished diamonds, and its diamond and other jewelry products to various international markets in Europe, including to Antwerp and Italy, the United States, the Middle East, as well as to markets in Asia, including Japan, China, Hong Kong and Thailand. Gitanjali sells its branded diamond and other jewelry products, such as "Nakshatra", "Asmi", "Gili", "D'Damas", "Collection g", "Gold Expressions" and "Vivaha Gol"d, in India through its network of

approximately 620 outlets. Gitanjali's U.S. operations are conducted through its affiliates, JMC and Dialink, which sell goods to independently operated stores as well as to retail chains.

About DDJ Capital Management:

DDJ Capital Management, LLC is a boutique investment manager specializing in private equity and debt financings, as well as high yield and special situations investing. Founded in 1996, the Waltham, Massachusetts-based investment firm currently manages approximately \$3 billion on behalf of 79 institutional clients.