

Indo Count Surges Ahead



Bed linen: Vintage look

Having gone for corporate debt restructuring in 2008, for a company to become one of the most valuable companies in India from investors' perspective in 2015 is quite a feat to achieve. Indo Count Industries Ltd. has just done this! In the past 18 months, the share price of this home textile and spinning major has increased 20 times- from Rs 44

per share in April 2014 to over Rs 900 in October 2015, offering a one year stock return of 418%. No wonder, Indo Count was ranked 366 amongst India's top 500 companies by Business Today, India's leading business magazine.

Today, the Company is the second largest supplier of bed linen products from India and the fourth largest bed sheet supplier to the USA.

“The company had sowed the seeds for growth in 2006, when it entered the home textile business, a big step away from spinning and exporting yarn and manufacturing consumer durables. This decision was primarily triggered by the quota regime coming to an end in USA in 2005. Today, home textiles account for 81 per cent of its revenues,” explains Anil Kumar Jain, Chairman and Managing Director, Indo Count Industries.

From flat sheets, fitted sheets, utility bedding and pillow cases to entire range of fashion beddings like comforters, bed-in-bag, quilts and coverlets, decorative pillows to mattress pads, protectors to institutional linen; company makes a wide range of bed linen products for its customers across 49 countries. About 65% of Indo Count's revenues come from USA, its largest market. Other prominent markets include the UK, Canada, Europe, MENA and Australia. The Company enjoys long-term relationships with large global retailers.

Focusing its investments primarily on processing, while outsourcing over 65% of its spinning and weaving requirements has paid rich dividends to



Spinning unit

Indo Count. “This was a conscious strategy and probably we will be the only company in the world to adopt such a model,” says Anil Kumar Jain.

Taking off from an annual sales of Rs 1,680 crore in FY 2014/15, in the first 6 months of the current financial year (April-Sept. 2015), Indo Count has



Anil Kumar Jain, Chairman & Managing Director, Indo Count Industries

achieved a sales of Rs. 1,043 crore. A whopping 31.2% increase over the comparable period last year, which outperformed India's national growth of 5%. This is a testimony of stellar performance by the company under the current global market conditions. In the first half of FY 2015-16, the company's profit after tax was Rs. 121 crore, an increase of 80% over same period of last year. Improvement in margins has been contributed by the growing share of value-added home textiles in its product portfolio from 60% to over 90%.

Indo Count, which makes bedsheets and cotton



Weaving unit

yarn for exports, has demonstrated strong all-round performance in recent times. Being entirely export driven, Indo Count is highly dependent on the behaviour of international markets. With USA being the only exception, general economic conditions and demand for bed linen has not been

favourable in recent times- be it Europe, Japan or Australia. Bigger yarn buyers like China and Turkey have been slow in demand. Besides, the prices asked by them leaves hardly any room for profits by the spinners.

Shift of business to India from China due to changing competitive dynamics of home textile business has helped Indo Count get a stronger foothold in the international markets. But considering that the company, primarily manufacturers high value bed linen for the premium segments, this factor would have played a limited role in its recent growth. Being highly innovative with designs and product development and high standards of customer service seem to have been prime contributors to Indo Count's growing popularity with its international customers.

Over the years, Indo Count has been successfully growing in the USD 13 billion market in USA for fashion bedding, institutional linen and utility



Quilting Unit

bedding. Following this logic of not keeping all the eggs in one basket, Indo Count for whom USA accounts for 70 per cent of its sales, is working on bringing down this share to about 50 per cent over the next five years and spread and diversify into markets in Europe and Australia. "We have already opened offices in Manchester and Melbourne," says Mohit Jain, Director and adds further, "We plan to open an office in Dubai to cater to the Middle East and North Africa region (MENA) region."

Indo Count has been increasing its plant productivity and improving inventory turn arounds, making it more efficient quarter after quarter. At the same time, anticipating further growth in its markets, it plans to expand the capacity at its



Retro Geo cushion covers

Kolhapur plant from 68 million meters to around 100 to 110 million meters over the next two years.

"As a validation of our focus on the general textiles market and a niche in the bed linen space, we were awarded the silver trophy by TEXPROCIL for emerging as India's second largest exporter of bed linen, bed sheets, quilts and comforters for the financial year 2014-15. With an annual fabric capacity of 68 million metres, we are the country's second largest manufacturers of bed sheets, employing world-class technology and ensuring high global quality standard," says Anil Jain.

The company plans to invest Rs. 175 crore to increase its fabric capacity from 68 million meters to 90 million metres in the first phase to be completed by December 2016. It is also proposing an additional capital outlay of Rs.300 crore in phase II to be completed by March 2018, which is under planning.

Indo Count is also all set to make its forays in the rapidly emerging Indian domestic home textiles market by creating its own brand, for which it has formed a subsidiary unit of Indo count. 