



Indo Count

Count On Us...

INDO COUNT INDUSTRIES LIMITED
THE GLOBAL BED LINEN COMPANY

SAFE HARBOR STATEMENT

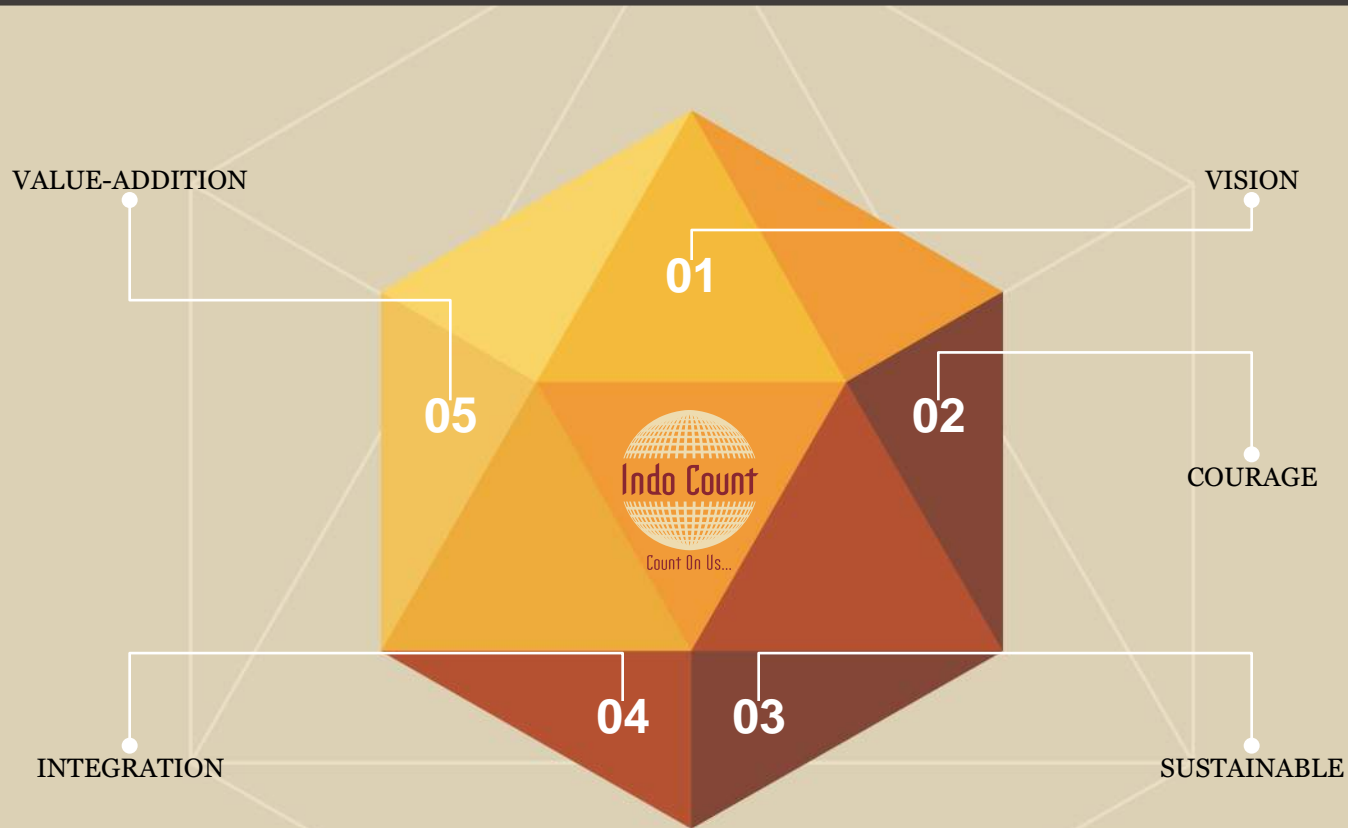
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A NUMBER OF FACTORS HELPED INDO COUNT INDUSTRIES REPORT A RECORD PERFORMANCE IN THE FIRST QUARTER OF 2015-16



Right at the outset...

The principal points that we wish to make are that
at Indo Count Industries Limited ...

**NOT
ONE-OFF**

1

...our record performance in the first quarter of 2015-16 was not one-off

**LONG-TERM
STRUCTURAL
SHIFT**

2

... our industry outperformance was the result of a long-term structural shift in our business model

**SUSTAINABLE
MODEL**

3

... the profitable growth (ninth in 13 quarters) was the result of a sustainable business model

**ENHANCE
VALUE**

4

...our business model is designed to enhance sustainable value for all our stakeholders

THIS IS HOW WE REPORTED A RECORD FIRST QUARTER, 2015-16

1

REVENUES (RS / CR)	Q1FY2016	Q1FY2015	% GROWTH
	460.99	316.08	46%

2

EBITDA (RS / CR)	Q1FY2016	Q1FY2015	% GROWTH
	103.77	51.97	100%

3

INTEREST (RS / CR)	Q1FY2016	Q1FY2015	% GROWTH
	14.85	13.90	7%

4

DEPR (RS / CR)	Q1FY2016	Q1FY2015	% GROWTH
	4.21	3.57	18%

5

PBT (RS / CR)	Q1FY2016	Q1FY2015	% GROWTH
	84.71	34.50	146%

6

TAX (RS / CR)	Q1FY2016	Q1FY2015	% GROWTH
	29.35	9.59	206%

7

PAT (RS / CR)	Q1FY2016	Q1FY2015	% GROWTH
	55.36	24.91	122%

8

EPS (RS / SHARE)	Q1FY2016	Q1FY2015	% GROWTH
	14.02	6.80	106%

9

EBIDTA MARGIN %	Q1FY2016	Q1FY2015	BPS GROWTH
	22.51	16.44	607

10

NET DEBT/EBIDTA* *ANNUALISED	Q12016	Q12015	GROWTH
	0.6x	1.7x	-65%

PROFIT AND LOSS STATEMENT

	Q12016	Q12015	GROWTH	FY2015
REVENUE				
Revenue from operations	454.65	303.37		1,615.56
Operating Income	6.33	12.71		64.38
TOTAL REVENUE	460.99	316.08	46%	1,679.95
EXPENSES				
Material Consumed	224.48	179.65	25%	933.71
Employee Benefits	22.05	15.91	39%	72.78
Other Expenses	110.69	68.55	61%	372.19
TOTAL EXPENSES	357.22	264.11	35%	1,378.67
EBIDTA	103.77	51.97	100%	301.27
EBIDTA Margin	22.5%	16.4%		17.9%
Depreciation and amortisation expense	4.21	3.57	18%	15.40
EBIT	99.57	48.40	106%	285.87
EBIT Margin	21.6%	15.3%		17.0%
Finance Charges	14.85	13.90	7%	62.53
Exceptional Items	-	-		25.74
Profit Before Tax	84.71	34.50	146%	197.60
PBT Margin	18.4%	10.9%		11.8%
Tax expense:	29.35	9.59	206%	58.56
Profit for the year	55.36	24.91	122%	139.04
PAT Margin	12.0%	7.9%		8.3%

BALANCE SHEET

	30-06-2015 Rs. Cr	31-03-2015 Rs. Cr
SOURCE OF FUNDS		
SHAREHOLDERS' FUNDS		
Share Capital	41.98	41.98
Reserves & Surplus	413.70	360.86
NON - CURRENT LIABILITIES		
Long Term Borrowings	73.48	67.15
Deferred Tax Liabilities	40.47	40.12
Long Term Provisions	1.13	1.38
	-	-
CURRENT LIABILITIES		
	-	-
Short Term Borrowings	209.53	222.76
Trade Payables	224.46	182.83
Other Current Liabilities	188.94	168.10
Short Term Provisions	86.30	68.20
	1,279.98	1,153.39
APPLICATION OF FUNDS		
Fixed Assets	401.78	374.76
Non - Current Investments	18.80	18.80
Long Term loans and advances	31.25	10.20
CURRENT ASSETS		
Inventories	329.15	264.13
Trade Receivables	215.30	208.04
Cash and cash equivalents	35.47	16.27
Short Term Loans & Advances	148.01	125.43
Other Current Assets	100.22	135.76
	1,279.98	1,153.39

MAJOR FINANCIAL INDICATORS

TERM DEBT (RS, CRORE)

73.47

Q1FY2016

101.10

Q1FY2015

TERM DEBT/EQUITY RATIO

0.16

Q1FY2016

0.34

Q1FY2015

NET DEBT (RS, CRORE)

247.55

Q1FY2016

352.35

Q1FY2015

NET DEBT/EQUITY RATIO

0.54

Q1FY2016

1.21

Q1FY2015

RETURN ON CAPITAL
EMPLOYED * (*ANNUALISED)

55%

Q1FY2016

42%

Q1FY2015

RETURN
ON EQUITY * (*ANNUALISED)

36%

Q1FY2016

28%

Q1FY2015

Note: Calculated on standalone basis

THE BIG POINTS

01

Reported profitable growth for the ninth quarter in the last 13 quarters

02

PAT growth 122% sharper than revenue growth 46%

03

Highest-ever EBIDTA margin across the last 12 quarters

04

Interest cover (EBIDTA / interest) at 6.99 times, highest in the company's history

AGENDA FOR 2015-16

TO ACHIEVE AT LEAST 50% UTILISATION
OF THE ENHANCED CAPACITY

INCREASE CUSTOMER BASE

ENRICH PRODUCT MIX

ENTER NEW COUNTRIES

ACCELERATE PRODUCT INNOVATION

OUR BUSINESS MODEL AND HOW IT IS ENHANCING LONG-TERM VALUE - 1

1

STRATEGIC

Integrated: Cotton yarn to fabric to processed fabric to bed linen

Culture: Prudent forward integration over backward integration

Flexible and focused: Prudent mix of in-sourcing and outsourcing

Value-added: Transformed from a conventional yarn personality (commodity) into a global bed linen organisation (value-added).

OUR BUSINESS MODEL AND HOW IT IS ENHANCING LONG-TERM VALUE - 2

2

PRODUCT AND MARKETS

Brand: Positioned as a mid-to-high bed linen company

Market: Principal export to the most demanding bed linen market (USA).

Consumers: Servicing some of the largest and most respected global retail brands.

Product mix: Beyond commodity; graduated to the mid-to-high product niche (higher thread count).

OUR BUSINESS MODEL AND HOW IT IS ENHANCING LONG-TERM VALUE - 3

3

MANUFACTURING

Technology: Spinning units comprised advanced equipment from Rieter, XORELLA & Uster and LMW, among others; home textiles business comprised equipment from reputed international brands like Tsudakoma, Benninger, Zimmer, Monforts and Bruckner.

Make to order: Securing orders followed by customized product manufacture. Result: Shorter working capital cycle and capability-based competitiveness

Horizontal expansion: Extended from Bed Sheet focus to Fashion Bedding, Utility Bedding and Institutional Bedding; completed the Bed Linen product basket; basket marked by product sophistication, value-addition, quality respect and enduring customer relationships

DE-RISKING STRENGTHENED OUR FINANCIALS

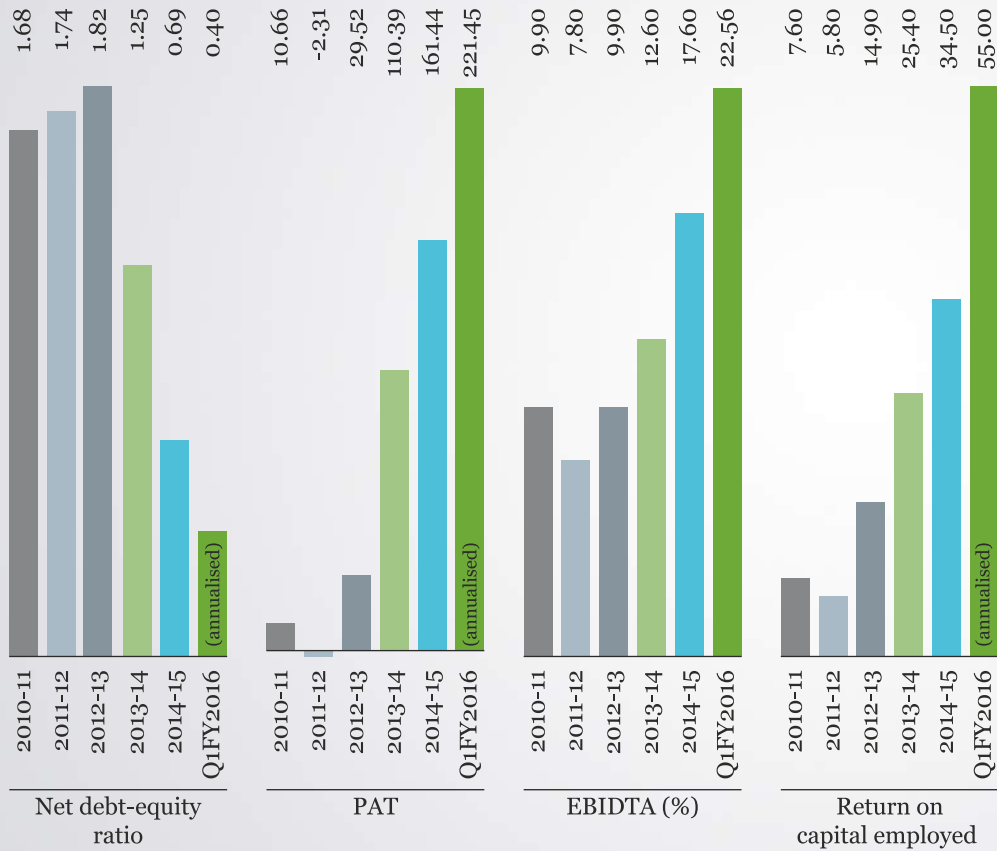
Business initiative

- Increased inventory turns
- Concessional debt from TUFs
- Expansion at capital cost lower than industry average
- Stronger terms of trade with customers and raw material providers
- Non-bulk purchase of raw material

Impact

- One of the most attractive profit increases in India's textiles industry.
- Profitable growth in 10 of the last 13 quarters
- ROCE increase in each of the last four years - 5.80% to 34.50%
- EBIDTA margin increase from 7.80% to 22.51% across the last five years
- One of the highest asset-turnover ratios in India's textile sector

DE-RISKING STRENGTHENED OUR FINANCIALS



OUR BUSINESS MODEL HAS TRANSLATED INTO FINANCIAL OUTPERFORMANCE

Return on capital employed

- Indo Count's ROCE, 2014-15: 34.5%
- Average textile industry ROCE (spinning-weaving-processing companies): 11.3%

Asset: turnover ratio

Indo Count has the second highest asset-turnover of 2.46x in India's textiles sector (Source: ET 500).

Q1 FY 2016 is on standalone basis. All other data is on consolidated basis.

OUR BUSINESS IS ENHANCING SHAREHOLDER VALUE

EARNINGS PER SHARE

- Equity constant at Rs 40 cr



ENHANCING VALUATIONS

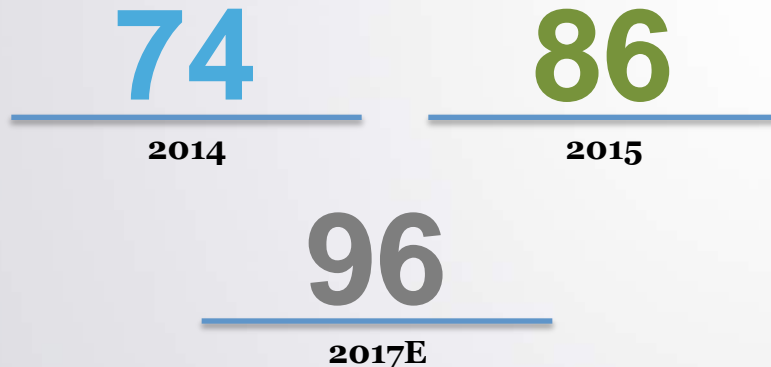
- Combination of high EBIDTA margin of 22.54% per cent (Q1 of 2015-16), Rs 36 cr cash on books and a 45% topline growth in Q1 2015-16
- This fusion helped enhance discounting on the country's stock exchanges.
- Increased intrinsic value of shares has enhanced investor wealth over the last eight quarters.

INDUSTRY DISCUSSION

THE GLOBAL HOME TEXTILES INDUSTRY

- Industry growth of 5% expected to sustain through to 2017
- Bed linen constitutes close to 21% of the total home textiles industry by volume

Global home textiles market (USD \$ bn)



(Source: Global and Indian Textile Apparel Trade-Technopak Analysis)

INDIAN HOME TEXTILES INDUSTRY

- Indian textiles industry contributes ~14% of Index of Industrial Production (IIP); accounts for around 5% of GDP
- Textiles contributes close to 13% of the country's total export earnings
- Indian textiles market estimated at around US\$108 billion
- Indian textile industry estimated to five-fold in ten years (US\$500 bn)

India's sectoral advantage

- Skilled people
- Competitive production cost
- Abundant captive availability of raw cotton
- Favourable Government policies (cheaper credit and capex subsidies)
- Free trade agreements with ASEAN
- Growing demand for premium products

INDUSTRY DISCUSSION

SUSTAINING GROWTH

Started

2007: Commenced home textile business with 36 mn metres per annum

2012: Expanded to 45 mn metres per annum through debottlenecking

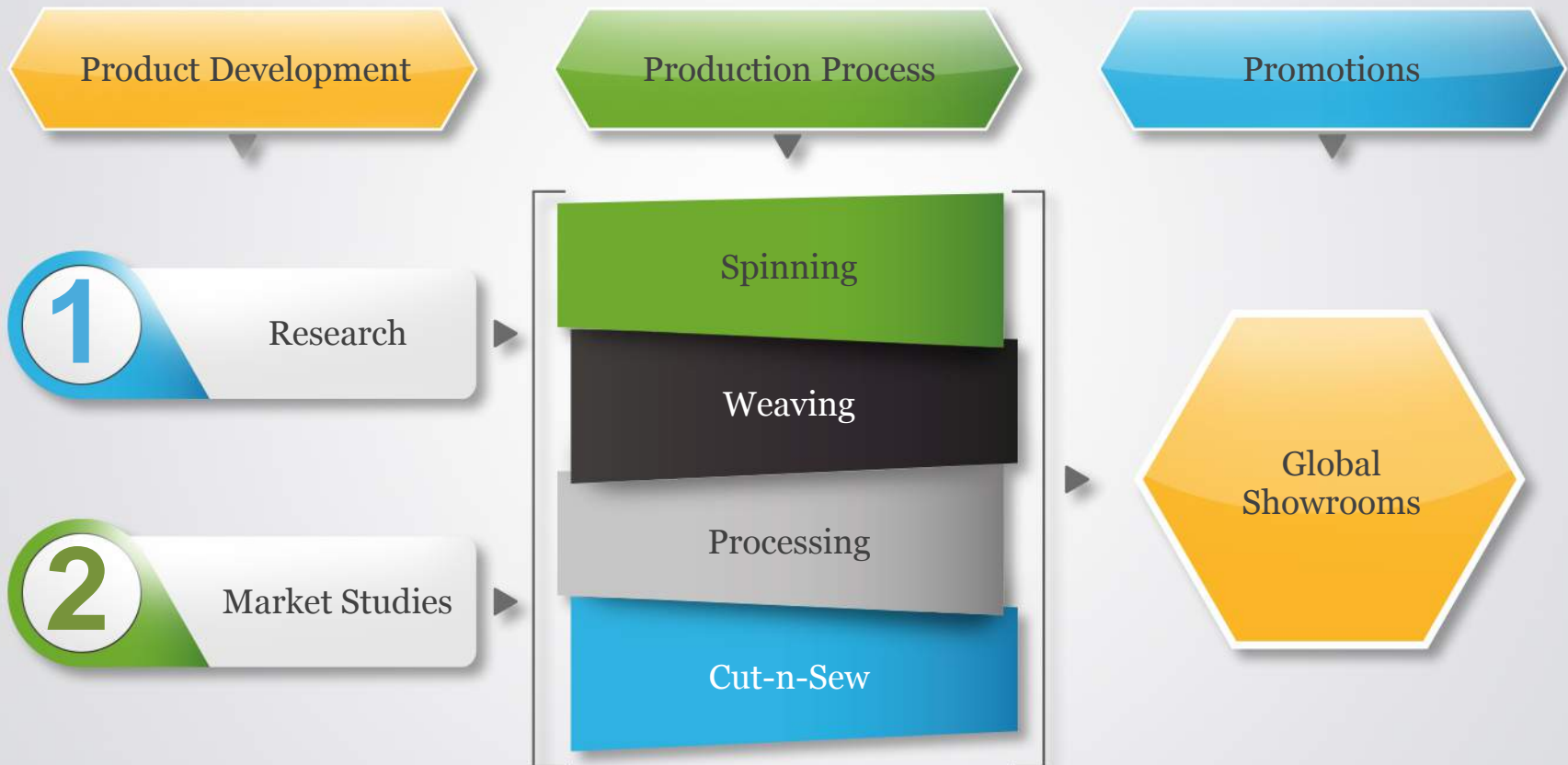
2015: Brownfield expansion to 68 mn metres per annum

2016: Further expansion to be evaluated post stabilisation of the new capacity

“Export Excellence Award in the Top Exporter – Non MSME -Trading House Category” from Ministry of Commerce and Federation of Indian Export Organisations (FIEO)

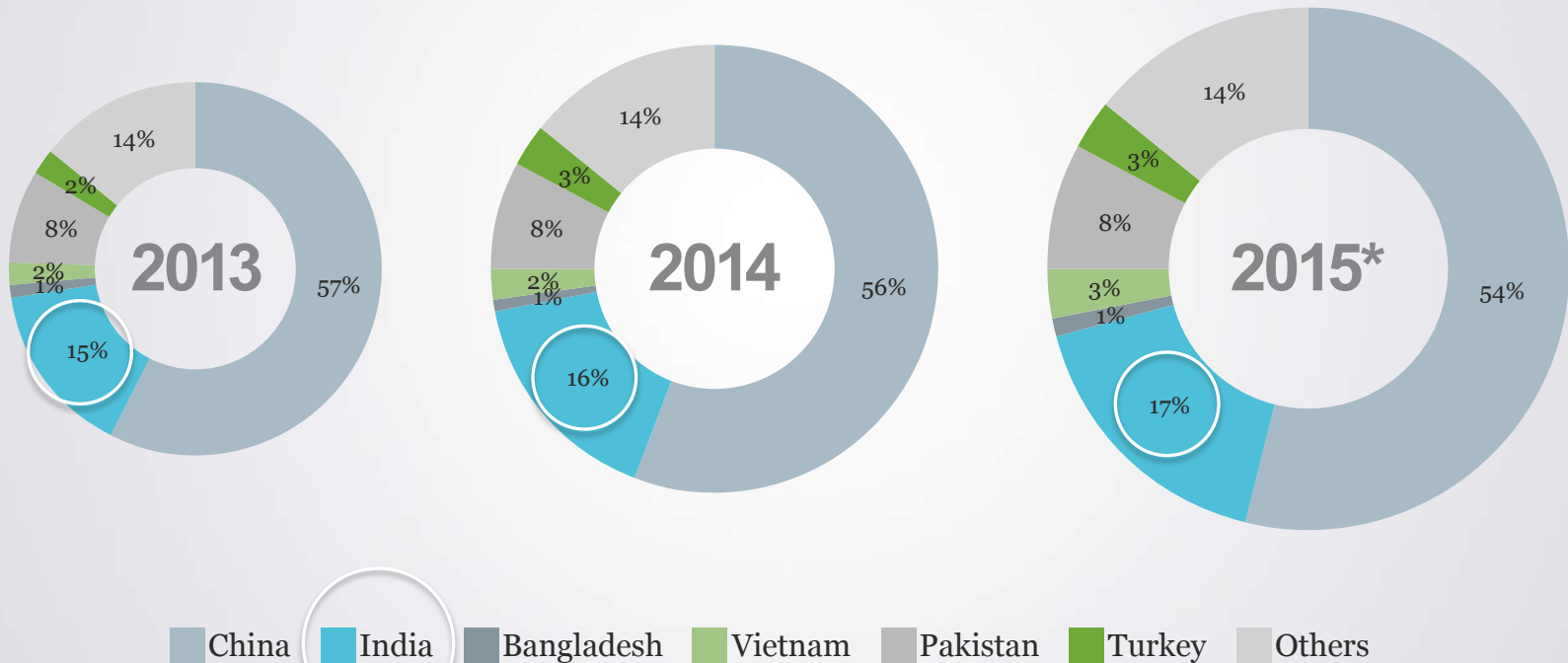
INDUSTRY DISCUSSION

BUSINESS PROCESS



INDUSTRY DISCUSSION

MADE-UP IMPORTS TO US

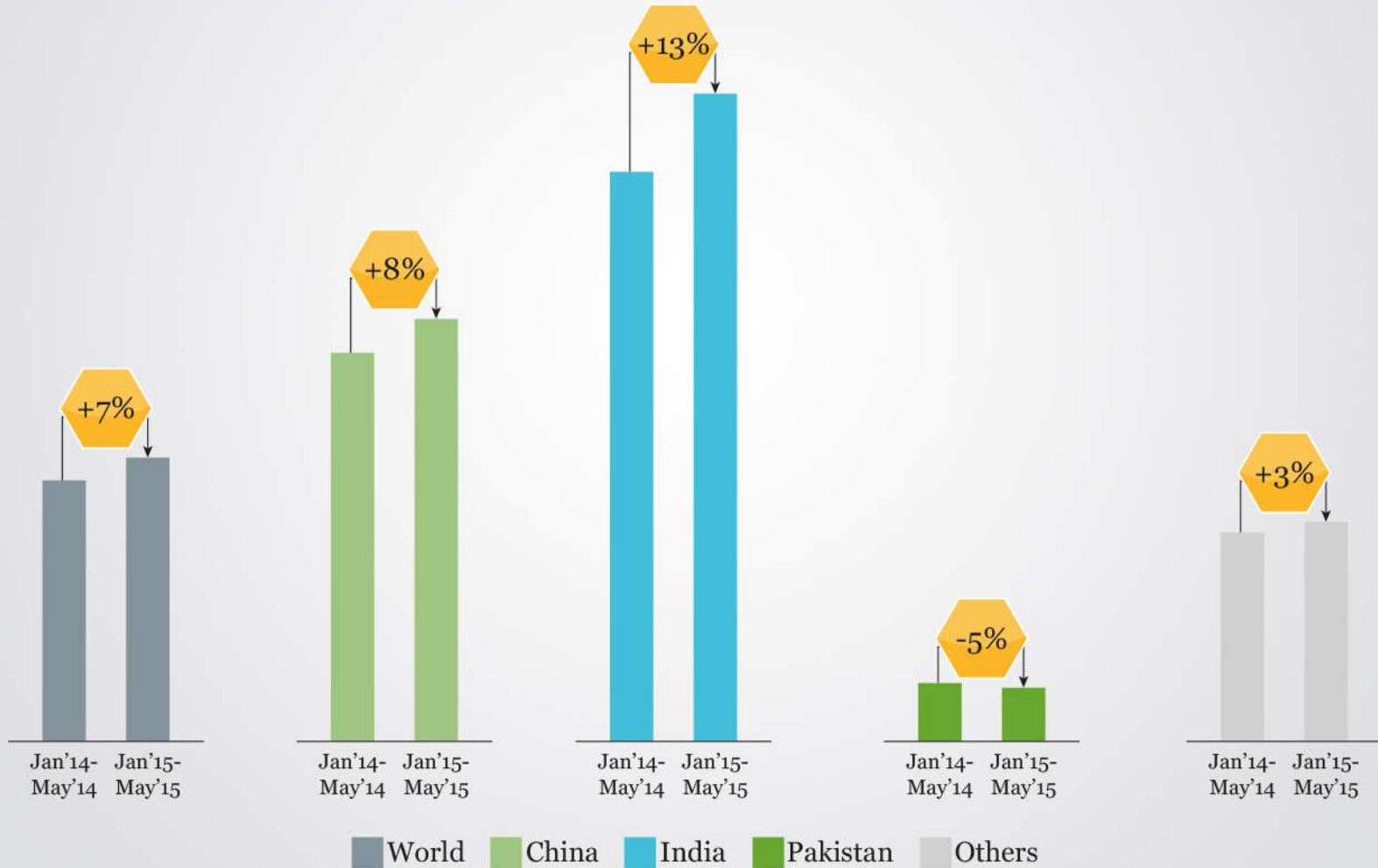


Consistent increase in India's share

**From Jan'15 – May'15*

INDUSTRY DISCUSSION

India – Growing Market



INDUSTRY DISCUSSION

INDIA'S TEXTILE MARKET SIZE

The size of India's textile market is expected to expand at a CAGR of 10.1 per cent over 2009-21.

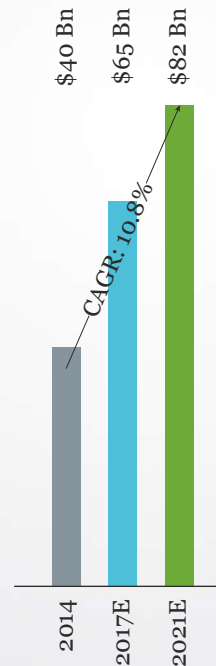


Textile Market Size CAGR 10.1%E

(Source: IBEF updated February 2015)

TEXTILE AND APPAREL INDUSTRY EXPORTS FROM INDIA

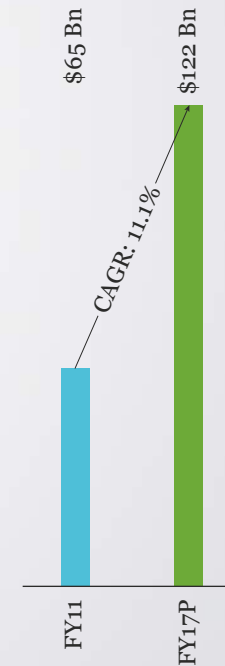
Textile and apparel exports from India is expected to increase to USD82 billion by 2021 and to USD65 billion by 2017 from USD40 billion in 2014



Textile and apparel industry export from India
(USD billions)

DEMAND FOR APPAREL

Demand for apparel is likely to rise to USD122 billion by 2017 from USD65 billion in FY11



Demand for Apparel
(USD billions)

The textile industry and 'Make in India'

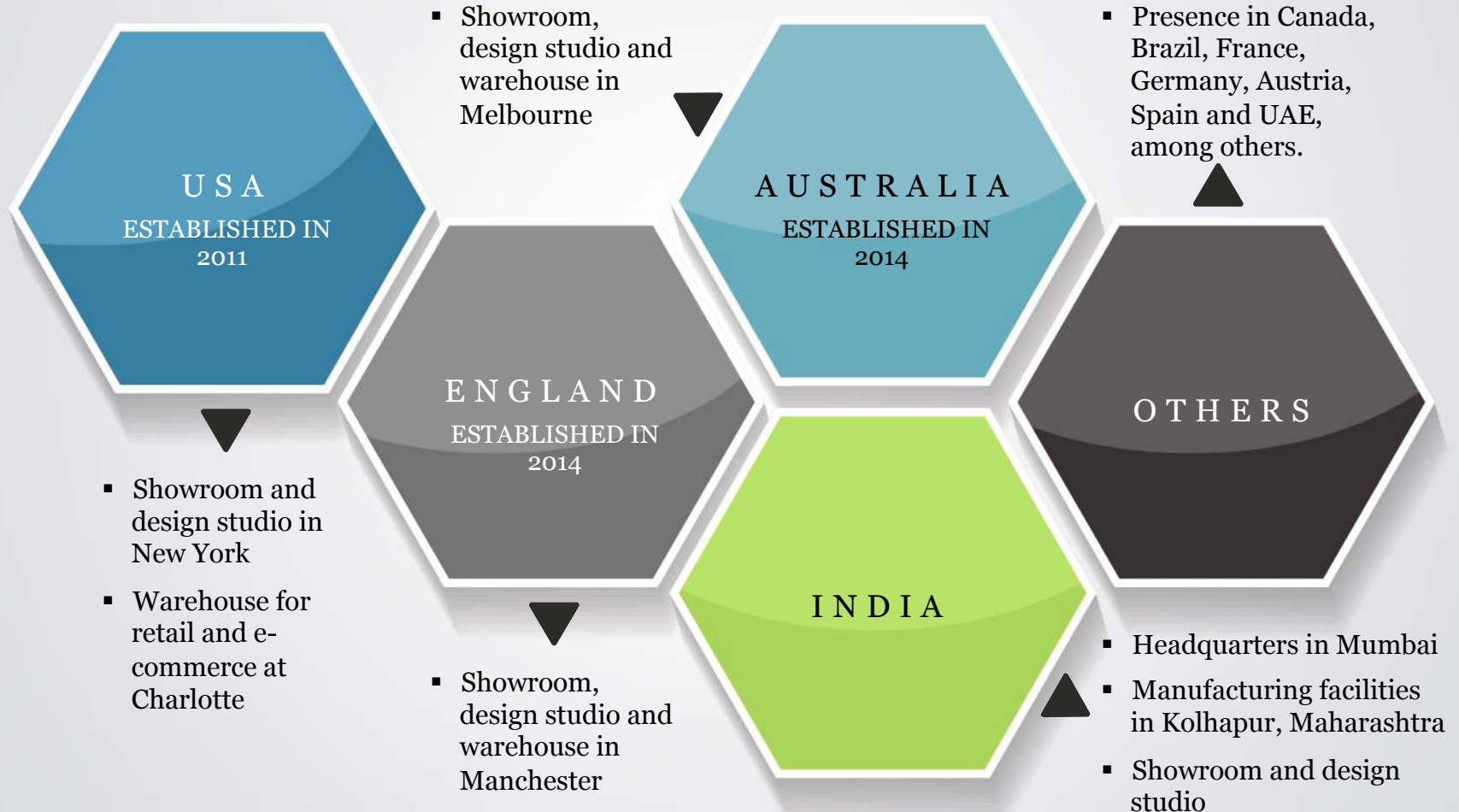
FACTS

- 2nd largest textile manufacturer in the world
- 2nd largest producer of silk and cotton
- 24% of the world's spindles
- Competitive advantage in skilled manpower and production costs over other textile producers
- Abundant availability of raw materials like cotton, wool, silk and jute

DRIVERS

- Changing lifestyles; increasing demand for quality products
- Conducive Government policies
- Centers of excellence focused on quality, testing and evaluation
- Resource centers and training facilities

GLOBAL PRESENCE



MAJOR PRODUCTS AND INNOVATION AT INDO COUNT INDUSTRIES

PRODUCTS

- **Bed sheets:** Flat sheet, fitted sheet and pillow cases
- **Fashion bedding:** Comforters, bed in bag, quilts and coverlets, decorative pillows, etc.
- **Utility bedding:** Basic white bedding, mattress pads, protectors, comforters with poly fill fibre
- **Institutional linen:** Flat sheets, pillow cases, duvet covers and shams; caters to hotels, hospitals and others

INNOVATION



Linen Soft
Linen Blend Sheets



The Complete
Sheet

AeroSateen
BREATHABLE SHEETS

color sense®



NecFresh

THERMAL  BALANCE

Touch Sense
SHEETS



smartcel™
sensitive
The secret of natural freshness



OUR SALES, EXPORTS AND CUSTOMERS

OVERVIEW

- Third largest bed linen exporter from India
- Fourth largest company to export bed linen to USA
- The thirteenth largest global home textiles supplier to the US (Source: Home & Textiles Today, February 2015).
- Formed subsidiaries in UK and Australia to promote the company's products in UK, Australia & New Zealand..
- Predominantly export focused: 90% of the Total revenue in Q1 2016

EXPORTS

- Predominant US focus (70% of sales)
- Non-US sales across 48 countries
- Prominent non-US markets of UK, Canada, Europe, MENA and Australia.
- Grew exports from a few five countries in 2010-11 to 49 in 2014-15

OUR RATINGS AND AWARDS

Received 'A' rating from ICRA for long-term DEBT exposure and A1+ rating for short-term exposure.

Received the Export Excellence Award for "Top Exporter-Non MSME- Trading House" category conferred by FIEO (Western Region)

Received the Gold trophy from TEXPROCIL for Special Achievement in Made Ups for 2013-14

Received the Bronze trophy from TEXPROCIL for 3rd highest exports in Made Ups for 2013-14

Received the Trophy for international Achievement Award, Bangkok, from Indian Achievers Forum for 2012

TRIPLE BOTTOMLINE

Shareholders

Increased earnings per share from Rs 3.03 (2010-11) to Rs 38.95 (2014-15) and 14.02 in Q1 2015-16.

Strengthened ROCE from 7.60% (2010-11) to 34.50% (2014-15) to 75% in Q1 2016

Employees

10,000 people (direct and indirect).

Increased the proportion of women in the workforce from 39 (2010-11) to 551 (2014-15).

Increased employee payout from Rs 35.21cr (2010-11) to Rs 79.87cr (2014-15).

Community

Paid Rs 150 cr taxes in its existence.

Worked on Health care, water sanitation and education.

Launched an e-learning programme across seven schools.

Created public infrastructure and primary health care support at Kolhapur, Maharashtra.

OUR VISION

TO EMERGE AMONG THE
THREE LARGEST BED LINEN
MANUFACTURERS AND
EXPORTERS IN THE WORLD.

THE GLOBAL BED LINEN COMPANY

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