"Indo Count Industries Limited Q3 & Nine Months FY '25 Earnings Conference Call"

February 12, 2025

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MANAGEMENT: **MR. MOHIT JAIN – EXECUTIVE VICE CHAIRMAN, INDO COUNT INDUSTRIES LIMITED**

MR. K. MURALIDHARAN – GROUP CHIEF FINANCIAL OFFICER, INDO COUNT INDUSTRIES LIMITED

Moderator: Ladies and gentlemen, good day, and welcome to the Q3 & Nine Months FY '25 Earnings Conference Call of Indo Count Industries Limited.

This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the Company as on the date of this call. These statements are not guarantee of future performance and involve risks and uncertainties that are difficult to predict.

As a reminder, all participants' 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 this conference, please signal an operator by pressing "*" and then "0" on your touch tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Mohit Jain – Executive Vice Chairman, Indo Count Industries Limited. Thank you and over to you, sir.

Mohit Jain: Good afternoon, and a warm welcome to all of you joining us for the Into Count Industries Limited Q3 and nine months FY '25 Earnings Call. I am also joined by our Group CFO – Mr. Muralidharan, and Strategic Growth Advisors, our Investor Relations advisor. We hope you had the chance to review the financial results and investor presentation available on the Stock Exchange and on our company website.

Before we dwell into industry and our performance highlights for the quarter, I want to begin with a significant update in our leadership team, one that reinforces our commitment to building a stronger future-ready Indo Count.

At the corporate level, we are pleased to announce the elevation of Mr. K. Muralidharan to Group CFO. He has been associated with the Indo Count Group for close to three decades, has recently played a key role in our strategic acquisition of GHCL's home textile division, the Wamsutta brand, Fluvitex USA, and Modern Home Textiles. With multiple new investments underway, he will now spearhead financial strategy, capital allocation, and performance management across the group.

To fortify our finance team, we welcome Mr. Manish Bhatia as our CFO, a seasoned financial professional and a chartered accountant. Mr. Bhatia brings with him over three decades of expertise across accounting, taxation, audit, legal and financial management. He has served as Group CFO at Trident Limited and held key leadership positions at Prism Johnson Limited and Apollo Tyres Limited. We strongly believe Mr. Bhatia's presence at Indo Count will strengthen the finance, commercial and accounting functions.

For our US operations, we are excited to welcome Mr. Chris Grassi as CEO of US Operations. With over 40 years of experience in the home textile industry, Chris is a visionary leader known for driving innovation, growth, and strong industry relationships. In his career, he's known to have leveraged his expertise in merchandising, global sourcing, product development, and market strategy to expand the product portfolio and customer base. His leadership will be invaluable as we expand our presence in the US market.

Additionally, we have strengthened the senior management team with key hires across business functions in the United States. These strategic appointments reaffirm our commitment to building a world-class leadership team, and ensuring Indo Count is well positioned for its next phase of growth.

Coming to industry performance:

The textile industry continues to navigate with momentum. During Q3 FY ’25, US retail sales have shown strong growth fueled by holiday spending, reinforcing market confidence. On the supply chain front, while the elevated freight costs have had a marginal impact on profitability, we are actively implementing strategic measures to mitigate these challenges and sustain operational efficiency.

Meanwhile, in the domestic market, the outlook remains encouraging. Also, the resumption of India-UK FTA discussion signals potential opportunities for the sector, fostering optimism for trade expansion. Additionally, the government's Cotton Productivity Mission announced in the recent budget is a crucial step towards enhancing cotton yield, sustainability and fiber quality, particularly for extra-long staple cotton, further strengthening the industry's foundation.

Lastly, the China plus one strategy continues to drive growth, positioning India as a key player in the global textiles. Given these developments, we remain optimistic about India's growth trajectory and are committed to capitalizing on emerging opportunities.

Now coming to our quarterly performance.

I am pleased to share that Indo Count has delivered a strong performance despite challenging market conditions, with revenue growing by 61% and profit after tax increasing by 30% in Q3 FY2025, demonstrating our strategic execution and market outperformance.

We are happy to inform you that our core bedding business remains on a steady growth path, targeting approximately 110 million meters for FY ’24, out of the total 153 million meter capacity.

With a clear strategy and disciplined execution, our core bedding business operates within the guided 16% margin range and will continue to drive performance.

Backed by strong momentum, we remain committed to maximizing stakeholder value. Our recent acquisitions Fluvitex USA, Modern Home Textiles USA, and new licensed brands have started contributing to revenues, achieving approximately Rs. 100 crores in Q3.

To build on this momentum, we have made significant investments in expanding our team, reinforcing our foundation for future growth. With Wamsutta's market positioning strategy now in place, we are gearing up for a successful launch in Q1 FY '26.

Having invested approximately $72 million in brands and acquisitions, we anticipate an additional revenue of approximately $275 million over the next three years. The near term investments in US will impact margins by 150 to 200 basis points till March '26. However, these strategic moves are set to fortify our foundation for sustained long term growth.

Now coming to a greenfield project. Continuing our Indo Count 2.0 journey, we are taking another step in the utility bedding business.

Indo Count Global East Inc., a step-down subsidiary of our wholly owned US subsidiary is further strengthening this business with a strategic greenfield manufacturing facility in North Carolina, USA. This reinforces our commitment to deepen our presence in the US market, ensuring speed, scale and efficiency in serving our customers.

The new facility will have a production capacity of 18 million pillows with a total investment of $15 million financed through 75:25 debt to equity structure to start with. With a gradual roll out and revenue build up targeted from September 2025, this facility marks a transformative leap in our global manufacturing footprint. With this addition, Indo Count's total US manufacturing capacity will expand to 31 million pillows and 1.5 million quilts annually. We want to reiterate that at a consolidated level we aspire to double our revenues by 2028, driven by our core business, utility bedding and brands, including our recently added licensed brands.

Awards and recognition.

I am proud to share that Indo Count has been honored with the Home Excellence Award by HFP in New York, recognizing our exceptional growth in business expansion. It is a moment of great honor for Indo Count as our Executive chairman, Mr. Anil Kumar Jain, has been awarded the prestigious Vastra Ratna Global Achievers Award by Texprocil for his outstanding contributions to the Indian cotton textile sector.

And further strengthening our commitment to sustainability,

Indo Count has also won recently the CII 18th National Award for Excellence in Water Management for the year 2024. These achievements reflect our pursuit of excellence and responsibility.

That is from my side. Now I request Mr. Muralidharan, our Group CFO, to share financial highlights of the company.

K. Muralidharan: Thank you, Mr. Mohit. Good afternoon, everyone. Happy to connect with all of you once again on Q3 FY '25 earnings call.

For the financial performance, starting with volumes,

for Q3 FY '25, we achieved a sales volume growth of 42% year-on-year to 27.7 million meters. It's important to note that last year the same quarter was impacted on account of Red Sea challenges, which led to subdued Q3 FY '24.

For nine months current financial year, our volumes stood at 80.8 million meters, a growth of 18% year-on-year. For the full year FY '25, we will be at a lower end of our volume guidance of 100 million to 115 million meters.

Total income, in Q3 FY '25, our total income stood at Rs. 1,168 crores, up by 61% year-on-year from Rs. 727 crores in Q3 FY '24.

For nine months FY '25, our total income stood at Rs. 3,162 crores, up by 26% year-on-year from Rs. 2,507 crores in nine months last financial year.

EBITDA.

Our EBITDA for Q3 FY '25 was Rs. 165 crores, a growth of 14% year-on-year, with an EBITDA margin of 14.2%.

For nine months FY '25, our EBITDA stood at Rs. 485 crores, a growth of 11% year-on-year, with a margin of 15.3%.

In Q3 FY '25, there was a product mix impact along with product promotions to end customers which impacted gross margins. This will partially continue in Q4 FY '25 as well. Further, our upfront investments in team building resulted in profitability impact, which we believe will improve as we scale up the US business for utility bedding business and brands. Higher shipping costs also led to higher expenses. However, this has started to rationalize in Q4.

For the full year, FY '25, we will be at guided EBITDA margin range of 15% to 16%.

PAT, our PAT for Q3 FY '25 stood at Rs. 75 crores as against Rs. 58 crores in Q3 FY '24. Similarly,

PAT for nine months stood at Rs. 235 crores compared to Rs. 246 crores in nine months FY '24.

Higher interest cost during the quarter impacted our profitability, driven by two key factors. Firstly, the absence of interest subvention benefits which was available last year but discontinued from Q2 of FY ’25, led to higher financing expenses. Secondly, increased borrowings to support business growth and fund acquisitions in the USA further contributed to the rise in the interest costs.

EPS,

our EPS for Q3 FY ‘25 is at Rs. 3.81 and for nine months FY ‘25 it's at Rs.11.86.

This is the roundup from my side. Now I open the floor for question and answers.

Moderator: Thank you very much. We will now begin the question-and-answer session. We have the first question from the line of Jatin Damania from Swan Investments. Please go ahead.

Jatin Damania: Good afternoon, sir. And thank you for the opportunity. Sir, first on the opening remarks, Mr. Jain alluded that due to increasing the overall freight cost and volatility, the company has taken some initiatives in terms of the improvement in the operating efficiencies and the other sorts of things. So, can you help us in detail what are the initiatives that company has taken to insulate ourselves from the higher increase in the freight cost?

Mohit Jain: Hi Jatin, this is Mohit here. So, I mean, as an organization we are always looking at sharpening our pencil to see how our operations can be more efficient. So, if there are increases in some other costs, we can save at other places. So, my statement was a little bit generic, so across any of our facilities on the operating side, we are trying to see how do we leverage them further to save any cost that can go up in the future.

Jatin Damania: Okay. And as far as our US operations is concerned, now with this brand acquisition which has contributed Rs. 100 crores of revenue and we are targeting $275 million over the next three years, so just wanted to understand how does the margin profile for the branding business will evolve? And second thing, in the near term, as you indicated that till FY ‘26 there would be an impact of overall 150 to 200 bps on the margin front, so is it fair to assume that the current level of 15% to 16% EBITDA margin that we are guiding for FY ‘26 will be at the lower than the 15% margin?

Mohit Jain: So, for next year's guidance, we will come back to you along with our Q4 results. And also at that time we will be able to guide you a little bit more on how the new businesses, both utility bedding as well as the branded business will play out, specific for next year. From a three-year perspective, we would expect our new businesses to be slightly higher in margins as we go forward. But of course, there's a scale up that is required in maturity to achieve, like in any business.

Jatin Damania: I think for initial investment there will be some impact on the margin, but once we are able to scale up then we will probably get a higher, better profitability?

Mohit Jain: Absolutely, and we have been quite transparent in saying what the impact is as we are seeing of 150 to 200 basis points.

Jatin Damania: Sir, last question from my end would be on the domestic market front, I mean, what is your total revenue contribution coming from the domestic market? And what are the steps we are taking up to ramp up or increase your market share?

Mohit Jain: Sure. So, we have two brands in the domestic market, our opening price point brand is called Layers, and our aspirational brand is called Boutique Living. At this point of time, we are roughly at around 2.5% of our overall revenue comes from our domestic business. So, although our revenue has grown, even last year we had 2.5%, so we have sustained 2.5%. We have great aspirations from our market in India. India is a growing country, growing GDP, income of individuals is growing on a year-on-year basis. So, of course, a lot of effort that we are putting in as an organization to grow this business in the years to come. So, this is very high focus area for us as a company.

Jatin Damania: Sure, sir. That's all from my side. Thank you and all the best.

Moderator: Thank you. The next question is from the line of Palash Kawale from Nuvama Wealth. Please go ahead.

Palash Kawale: Yes, sir. Thank you for the opportunity and congratulations on a good set of results. Sir, my first question is again on new acquisitions which have contributed Rs. 100 crores. So, like, could you help throw some color on how and what would be contributing in upcoming quarters like next three or four quarters that would be helpful.

Mohit Jain: I think, Palash, we have been given guidance with the new investments being done and the acquisitions done that our target is to achieve Rs. 275 million in revenue. Of course, you cannot take Rs. 275 million and divide it by three each year. We do not add visibility to how it will happen each year, but we see each year being added on to the other one. These new facilities that we have already in Arizona and Ohio already, today, as we speak, are touching 50% capacity utilization. So, we expect quarter-on-quarter better results from new businesses to come.

Palash Kawale: Yes, sir. You said that directionally the utilization should pick up, right?

Mohit Jain: Yes, yes. And hopefully it should grow sequentially every quarter as we are starting from a small base.

Palash Kawale: That's helpful. And sir, how do you see this Red Sea issue panning out now? Do you see Red Sea prolonged relief to continue or you see some disturbances again?

Mohit Jain: Honestly, you do not have a crystal ball. But at this point of time, the issue seems to be behind us. We see much better availability of containers across the world, as well as prices of freight rates have stabilized, I would say, on the lower side. So, we are very hopeful that this should continue.

Palash Kawale: Okay. And sir, you were guiding for like reaching the lower end of your guidance, so still in Q4 you will need to reach the highest quarterly volumes. So, are you seeing the demand and shipments are there and everything is on the right path, right?

Mohit Jain: Absolutely, that's our effort and endeavor.

Palash Kawale: Okay. Thank you, sir. And sir, what is the debt level after the Q3?

K. Muralidharan: Q3 debt levels are around Rs. 1,200 crores, Rs. 1,300 crores overall, this is gross debt, this is including working capital and long-term loans.

Palash Kawale: And what is the net debt?

K. Muralidharan: That would be about Rs. 150 crores less.

Palash Kawale: Okay. And sir, how do you see these debt levels for next year?

K. Muralidharan: Next year still our expansions are happening, so I think we will be able to address that in the Q4 when we give out the results.

Palash Kawale: Thank you. That's it from my side. Thank you for the answers. And all the best for the future and upcoming quarters.

Moderator: Thank you. The next question is from the line of Surya Narayan Nayak from Sunidhi Securities. Please go ahead.

Surya Nayak: Yes. Am I audible, sir?

Moderator: Yes, you are audible, sir. You may proceed.

Surya Nayak: Okay, thank you. Sir, just to understand, I just need the gross debt figures, if you can repeat.

K. Muralidharan: Gross debt is Rs. 1,300 crores roughly. This is on a consolidated basis.

Surya Nayak: Correct. Okay. So, just to understand here, so in the spree of expanding to the US market, we have done three acquisitions, and we are doing also another greenfield one, I mean, including brands I am saying. So, will it be kind of full stop or still there will be more in the pipeline? What is the aspirations of the management? Because the leverage also is going up, although, I mean, it is not that alarming, but below EBITDA the interest portions are taking away much of these amounts. So, that's why the translation probably top-line to bottom line is not happening.

Mohit Jain: I think, Surya, Mohit here. I think we have to keep in mind that all these investments have been done in the last six to nine months. You have to give us some breathing room, right. So, I think for now we have announced whatever needed to be done in terms of investments, keeping in mind the top-line growth. Of course, we are always looking at opportunities, so I think we have a very strong balance sheet as we move forward. But we are very, very conservative in our approach, we take very calculated calls.

Surya Nayak: Mohit ji, my humble submission is only to understand whether the acquisitions, let's say, inorganic or organic expansions are done with, that is only clarity required.

Mohit Jain: Yes. So, as I said, for now whatever we have guided, we kind of feel we are in a good space. I can never say that we are done, we always are looking at opportunities, opportunities keep coming to us as an organization, so we evaluate each one of them. Of course we are very prudent in our financial allocation of capital. And we know, it has to be in our core business. We are very focused on the home textile side of the business. So, whatever makes sense from a customer perspective to grow the business where we can get more wallet share of the customer, so we look at businesses that way and then take those decisions. But I would say, in general, for now, we are at a good space here.

Surya Nayak: And secondly, Mohit ji, will we be reporting the pillow as a separate section because going forward the revenue contribution will be closer to maybe Rs. 2,000 crores going forward. So, it is a substantial, so will you be reporting separately because the margin profile of US operation and the Indian operations would be different?

Mohit Jain: So, we will come back to you on this. We will report at the revenue level, but not at the unit level.

Surya Nayak: But the margin profile of US operations will be lower or at par with the Indian operations after the maturity level there?

Mohit Jain: In fact, we wanted to and we expect it to be slightly better.

Surya Nayak: Okay, okay. So, any plan on the expansion on the Indian side after the 2027 or so when we will be expanding the Indian operations?

Mohit Jain: Not at this point of time. We always evaluate, as I mentioned before, you know.

Surya Nayak: Okay. I will come back later. Thank you.

Moderator: Thanks. We have the next question from the line of Narendra from Robo Capital. Please go ahead.

Narendra: Hi, sir. Thanks for the opportunity. So, sir, my first question is regarding the revenue guidance that we have of doubling the revenue in 2028. So, is this including the US business or would it be 2x of the current revenue that is around Rs. 3,800 crores plus $275 million?

Mohit Jain: Yes, Narendra, the revenue guidance that we have given as an organization is on a consolidated basis. $275 million is from our utility bedding business and the brands. And then we have extrapolated our 110 million meters of full capacity, and that's how we have said that by 2028 we expect to double our revenue.

Narendra: Okay, sir, understood. And when can we see the utilization at the US greenfield facility to reach the 70%, 80% kind of revenue utilization, yes?

Mohit Jain: I mean, I think we are already in 2025, and we have said we will do $275 million by 2028, so it's not too far away, right?

Narendra: So, will we be doing it over the next two years?

Mohit Jain: It will take us two years from now, two years at least, yes.

Narendra: Okay, great, sir. Understood.

Mohit Jain: I think this is the quickest that any company can expand in a new area in such a short period of time.

Narendra: Yes, I totally agree. Totally agree. And regarding the borrowing, sir, are we at the peak or do we see the borrowings going up still? What could be the guidance on debt?

K. Muralidharan: Yes, so I think the gross debt should remain more or less at the same level. We expect the working capital to come down a little bit. Which we will compensate by the increased investments we will be making in the greenfield. So, overall, I think Rs. 1,300 crores gross should remain.

Narendra: Okay, sir. Got it, got it. Thank you so much. And all the best.

Moderator: Thank you. We have the next question from the line of Vikram Vilas Suryavanshi from PhillipCapital India Private Limited. Please go ahead.

Vikram Suryavanshi: Yes. Good afternoon, sir. Just to continue with the debt figures, if you look at, how is the working capital in terms of inventory which was there, so if you can give breakup on working capital debt within that and long-term debt, any comment on your working capital growth going forward?

K. Muralidharan: So, I think about Rs. 1,000 crores is in the working capital, which is expected to come down still. On the long-term debt, we have about Rs. 300 crores roughly.

Vikram Suryavanshi: Understood. And this quarter I think it was around --

Moderator: Sir, sorry to interrupt you, but your line seems to be a little muffled. If you could please change the mode on your device.

Vikram Suryavanshi: Is it okay now?

Moderator: Slightly better, sir. Please go ahead.

Vikram Suryavanshi: Okay. Thank you. So, this quarter I think we had around Rs. 100 crores revenue from this acquired entities in USA, but that could be because of a partial revenue. So, in 4th Quarter would be how much approximately revenue expected from these acquired entities in USA?

Mohit Jain: It should be slightly better, but we would not be able to spell out exact numbers.

Vikram Suryavanshi: Okay. For how many months it was consolidated or added in this quarter, or will it be like a full quarter impact?

Mohit Jain: I mean, the Fluvitex acquisition we did in September, the Modern Home acquisition we did mid-October. So, I would say that we got 90% of the quarter's benefit.

Vikram Suryavanshi: Understood, I think that's helpful. And I think the margin you have talked about, but does it also have some impact of advertising, brand promotion which can taper down going forward or probably that will as a percentage of sales remain same going forward as well?

Mohit Jain: When we said the 150 to 200 basis points lag, we have factored all of that in.

Vikram Suryavanshi: Okay. Understood, sir. Thank you.

Moderator: Thank you. We have the next question from the line of Prerna Jhunjhunwala from Elara Capital. Please go ahead.

Prerna Jhunjhunwala: Thank you for the opportunity. I joined in a little late, I do not know if this has been asked earlier. Just wanted to understand the opportunity for this utility business that we have acquired two entities and we are also setting up one greenfield expansion. Could you please highlight some details on the opportunity in this space, what is driving this aggressiveness in this business?

Mohit Jain: Sure, Prerna. Mohit here, I will take this question. So, like our sheet business, which is our core business, the business size in the US for example is between $4 billion to $4.5 billion in revenue at the retailers' side. Similarly, utility bedding is a similar category with $4 billion to $4.5 billion in revenue at retailers side. Utility bedding consists of pillows, mattress protectors, mattress pads, down alt comforters. All of these are very bulky products, so the freight component is extremely important. That's how we have decided to go for multiple manufacturing locations, one on the West Coast, one in the Midwest and the new one is in the East Coast. At Indo Count, we get a lot of feedback from our customers to increase with whatever service we have given them over the years, over the last 15 years to increase the wallet share with the customers. This is a category that we identified.

And our reason to acquire two companies was to shorten the gestation period of ramping up the business. We did that and then we have also got some very capable team members across board, product development, sales and marketing, finance, and supply chain to able to run this business for. So, when we felt comfortable, then we have taken the call on the third location, which is on the East Coast, which will start coming up and we should start seeing revenues from September of this year onwards. So, that's the premise of getting into the business. And we have a strong belief that we have taken the right decision.

Prerna Jhunjhunwala: And how is the profitability in this business as compared to cotton sheets business that you are doing?

Mohit Jain: As I said, this is both the utility bedding and our brand, we should do slightly better. That's an estimate. Once the business goes through the gestation period, we should be able to do slightly better.

Prerna Jhunjhunwala: Okay, understood. And how do we see the cotton prices, which are at very low levels currently impacting or affecting our business positively/negatively over the next six months to nine months? Plus, how is rupee depreciation likely to impact our performance given very sharp in a short period of time?

Mohit Jain: So, cotton prices are at around Rs. 55,000 to Rs. 56,000 candy, ex- mill. And of course, at Indo Count we use multiple types of cotton, we import cotton, we use domestic cotton. So, in our product mix, cotton prices have not made that much of a difference. So, the current cotton that we had in our warehouse before the new season started will take us up to Q4. And maybe Q1 onwards we could see some benefit in terms of domestic cotton prices. We could see that happening in Q1 because we are procuring that cotton in the month of December, January that will only get into shipments after April, May onwards to customers.

In terms of FOREX, we are 50% to 60% hedged at any point of time, so of course our hedges, which have already been taken place, are at around Rs. 85.50 levels. So, we will have to of course execute those. Nobody expected the rupee to depreciate in the last four to six weeks. But as and when we go through those hedges, it should be a benefit. But of course, we have to look at other countries around us and how does a country like Bangladesh play out, Pakistan, China. So, we have to look at it in totality and not only from an India perspective from a competitiveness point of view.

Prerna Jhunjhunwala: Okay. And one last question from the greenfield plant that you are building in, this one is also for pillows, so all three factories are for pillows or how is the capacity divided between the three in terms of product mix?

Mohit Jain: So, the plant that we are building right now will start with only pillow manufacturing on the East Coast, which is under our company Indo Count Global East. The Modern Home Textile facility, with 8 million units is, again, a pillow facility. Both these facilities can do multiple types of pillows. There's a type of pillow called garnet pillows, shredded memory foam, blow fill, so there are different types within that. For ease we are just calling it pillows, but there are different types of products within pillows that we can manufacture. And our facility in Ohio can do both pillows as well as quilts.

Prerna Jhunjhunwala: Okay. And last question on geographical diversification that you are trying to achieve over a period of time, over the next three to four years, given that US for cotton sheets for sure, our market share has surpassed 60% as a country. So, where in other geographies are you seeing opportunities? Or is it still the US which is going to give you the bulk of the growth going forward?

Mohit Jain: As we look at our nine months results, our growth in rest of the world has been at the same level as the US. So, we have grown in countries across, I mean, we ship to 54 countries, right from Australia, Japan, Middle East, Europe, UK. So, all of those businesses for us is also growing. But of course, from an overall consolidated basis, once our utility bedding and branded business take off, then US will become a slightly larger share compared to other businesses. But having said that, for our core business, which is sheets that we are manufacturing in India, we are growing in all the other countries also as we speak.

Prerna Jhunjhunwala: Thank you and all the best, sir. I will come back in the question queue if required.

Moderator: Thank you. The next question is from the line of Raman KV from Sequient Investments. Please go ahead.

Raman KV: Hello sir, can you hear me?

Moderator: Sir, you are audible. You may proceed.

Raman KV: Yes. Sir, what is the CAPEX plan for this financial year?

K. Muralidharan: So, this financial year, apart from the normal CAPEX which we had estimated of about Rs. 65 crores, we intend about another Rs. 50 crores in the new plant, basically of for USA. This is the estimate, and we have of course incurred a part of the expenditure, so I think I guess Rs. 483 crores is the estimate which we have made.

Raman KV: Rs. 483 crores?

K. Muralidharan: Rs. 463 crores to be precise.

Raman KV: Okay, sir. Sir, and also you said you are planning to double the revenue in two years. Sir, is it like are we considering this from FY '25's revenue? Like assuming we do around Rs. 4, 000 crores in FY '25, so from there you are planning to double the revenue?

Mohit Jain: Sorry, can you come with your question again, Raman?

Raman KV: Okay. My question was, the management said they are planning to double the revenue in the next two years. So, assuming the base year's revenue of FY '24 or FY '25?

Mohit Jain: What we are saying is FY '25, wherever we end. And we want to double our revenue by 2028, not in two years, please.

Raman KV: Yes, yes, okay, 2028. So, by 2028 you aim to do Rs. 8,000 crores of top line?

Mohit Jain: Yes.

Raman KV: Okay. And sir, I just wanted to understand the new business which you acquired, one is the utility business and another one you said was a branded business, can you please explain both the dynamics and market?

Mohit Jain: There are two areas of businesses that we are focusing on, one is utility bedding, which is basically pillows, quilts, mattress pads, down alt comforters. So, for that we acquired two locations. First we acquired a facility in Ohio in Columbus, which is accompanied by the name of Fluvitex USA. And the second one we acquired is in Phoenix, Arizona, it is a company by the name of Modern Home Textiles. So, that's a utility bedding business. On the branded side of the business, in April of last year 2024, we acquired a brand called Wamsutta, which is a Bed Bath and Beyond's number one brand, it's been there from 1846 and we acquired global trademarks and IPs for it globally. And last year we also took the license of two other brands called Fieldcrest and Waverly. So, that's our brand portfolio for now under new brands.

Raman KV: Okay. I understand. Thank you, sir.

Moderator: Thank you. We have the next question from the line of Sneha Jain from SKS Capital. Please go ahead.

Sneha Jain: Good afternoon, sir. Thank you for the opportunity. I want to build up on the last participant's question, and towards the world-wide specifically I want to talk about the UK and Europe. We had a very good sale over there. And any progress with the UK FTA that you pointed out or, I mean, are we planning to build up our positions even there, because they are good margin businesses?

Mohit Jain: Sure. So, Sneha, we already have an office in Manchester, and a team there with team heading at design, warehousing, showroom, all of those capabilities. So, the India-UK FTA negotiations have just resumed at the beginning of this year, with a focus of finalizing this agreement as a part of UK Government's broader goal to strengthen bilateral trade between the two countries. There is, of course, no definitive update on the conclusion at this stage. So, we are all hopeful that hopefully it will conclude this year and that should be good for Indian business.

Sneha Jain: Okay. And any impact of Bangladesh? Do you think there's maybe some of the market share that we have gained from them?

Mohit Jain: Bangladesh is a predominant apparel driven business, I mean, and they play on labor arbitrage. In home textiles they have a smaller role to play. But yes, I mean, even with that we see customers wanting to not come out of Bangladesh but spread their risk slightly more across countries, rather than be very focused on Bangladesh as a country.

Sneha Jain: And sorry sir, I might have missed, is there any impact of the dollar thing?

Mohit Jain: Well, at this point of time, as I mentioned that most of our dollars were hedged in the short term, and from a long-term perspective it should be slightly helpful to the organization keeping in mind the competitiveness of other competing countries.

Sneha Jain: Got it, thank you. That's from my end.

Moderator: Thank you. The next question is from the line of Anant from Mount Intra Finance. Please go ahead.

Anant: Hi. Congratulations on a good set of numbers. I just have one question related to your greenfield expansion. I think it's mentioned that you would do a total investment of $15 million. Annually, is this going to be a one-time investment? How is it different? On your PPT, one side says total investment of $15 million and on another side it says $15 million annually, so if you could just clarify that number.

Mohit Jain: Anant, this investment is in our North Carolina facility, I mean, $15 million will happen, let's say, starting now to September of 2025. So, it will happen in stages, but between now and September is when it will take place.

Anant: But this is the total investment, right?

Mohit Jain: Sorry?

Anant: This is the total investment you are doing?

Mohit Jain: Yes.

Anant: It says $15 million annually, just clarifying that. Yes, thank you.

Mohit Jain: It's not $15 million annually. To put up this facility it's a $15 million investment, which is spread over two financial years or two accounting years, whichever way you want to call it. And that we will invest starting now up to September. And this will get us a capacity of 18 million pillows. If tomorrow we decide to do further capacity there, we have enough space to further expand, but those calls will be taken much later on. So, it's the initial CAPEX in this location.

Anant: Alright. Thank you and all the best.

Mohit Jain: Thank you.

Moderator: Thank you. The next question is from the line of Pankaj from Affluent Assets. Please go ahead.

Pankaj: Thanks for taking my question. Am I audible?

Moderator: Sir, you are audible. You may proceed.

Pankaj: Sir, I have two questions. One, we are expanding heavily in US in this specific field, I mean to say the pillows, pillows and pillow covers. So, where do we stand as a percentage of market share at this moment? And going forward, what would be the situation as and when we come up with a complete facility? And second thing, as you have guided that we will be doubling our revenues by F FY '28, my back calculation gives Rs. 8,000 crores of top line, 15% EBITDA margins, and around Rs. 800 crores to Rs. 900 crores of PAT. Am I on the same page as with you?

Mohit Jain: So, Pankaj, your first question as to, the US is a large market. Once, I mean, this investment is complete, it should put us in the top five players in the utility bedding business in the US. Of course execution is going to be the key.

Pankaj: I just wanted to understand whether we have very small market share or we are too big a market share that it will be difficult for us to expand.

Mohit Jain: No, no, it's a new business for us. So, with the new business we will take one step at a time. So, with this capacity that we are creating now, we will be in the top five players in this space. So, it's a reasonable capacity. It's not a very small capacity, nor that it is too big. But directionally, we are in the correct place. In terms of your question about revenue, I mean, directionally, whatever you said, probably your thought process is in the right direction, but we would like to leave you at that.

Pankaj: Sure. Thank you. Thanks a lot.

Moderator: Thank you. The next question is from the line of Amit Kumar from Determined Investments. Please go ahead.

Amit Kumar: Yes. Thank you so much for the opportunity, sir. My question relates to Slide #6 of your presentation. So, I understand the acquisition, I understand the branded business, but in terms of the utility greenfield expansion that you are doing, you mentioned $15 million investment resulting in a peak revenue potential of about $90 million. And you also mentioned that margins are going to be slightly better than the 15% average for the company right now, let's say, around 15%, 16%. I mean, that results in almost 100% pre tax return on capital. So, I am just sort of trying to reconcile this, I mean, textile business in US has slowly and steadily moved away everywhere. I mean, the opportunity for us just seems a little bit too good. So, could you just, I mean, is that your expectation to begin with, 100% pretax ROCE in this expansion?

Mohit Jain: Sure. Amit, on a call I would like to avoid discussing specific numbers right now, for competitive reasons. There's a lot that goes behind executing a business of this scale. Cannot just look at capital invested to the revenue, otherwise everybody would be in it. So, I think there's a lot in terms of execution, team, focus that's required. So, you have to look at it in totality. And of course there's a gestation period, it's not that we will achieve those revenues in year one. So, there will be a time lag that we are able to build on and get to it over the next three years.

Amit Kumar: That's what I am just trying to understand, sort of, it seems too good to be true. And if this was the case, pretty much everybody, including your Indian peers, would be to clamoring to develop these facilities yourself. I mean, is there an element, I mean, when you sort of talking about a 16%, 17% margin which is sort of pretty high as it is, given that it's ahead of your margin, I mean, is this sort of divided between, I mean, some processing will happen in India, you will sort of send something and then --

Mohit Jain: It is slightly higher in our brand business, so I gave an overall average of our utility bedding and brand business. At this point of time we are not breaking it up. But as I mentioned again that you cannot just look at investment to revenue in a business like this. The customer relationship, execution skills, supply chain, a lot of factors come into account, labor cost. So, there are so many factors that one has to keep in mind to be able to run this business at an efficient level.

Amit Kumar: Okay. Probably I will take this offline. And just my second question which is, you also have mentioned on the brand, so again, brand side also we are looking at a fairly heavy, $100 million now peak revenue potential. So, again, margins, whether on the brand side or on the utility bedding side will be sort of slightly better. But specifically on the brand side, there is always a manufacturing component and there is a brand component. So, manufacturing you are doing in India like sheets and other products within your brands, and then exporting it to US, and there now you have control of the brand also. So, when we are looking at 16%, 17% or slightly better than current margins as whatever they may be, are those like core brand margins or does that sort of include the manufacturing component which principally happens on the India side? Is that a consolidated margin that you are looking at or those are above average margins are like pure brand margins?

Mohit Jain: No, it's a consolidated number when I am giving you. You got to keep in mind also in this consolidation is, the products that we produce at our manufacturing facility like fashion bedding sheets, all come out of our own facility. At the same time, these brands are going to sell window, curtains, bath, so any soft home textile. So, things that we do not produce, those will get sourced from vendor partners.

Amit Kumar: Understood. Thank you. That's it from my side.

Moderator: Thank you. The next question is from the line of Sandeep Baid, an individual investor. Please go ahead.

Sandeep Baid: Good afternoon. I just wanted to clarify that the 1.5% to 2% hit that you are going to take over the next 12 to 15 months for because of your US investments, is that factored in in the 15% to 16% EBITDA margin guidance that you have given?

Mohit Jain: For next year, as we have mentioned Sandeep, that we will come out with our guidance at the end of Q4, looking at what the business looks like. So, we will be in a better position to say that. So, this year our Q3 results have already factored that into account. And it's on that basis also that we have given the Q4 and the full year guidance.

Sandeep Baid: Okay. So, for Q4 15% to 16% is after the 1.5% to 2% hit that you are currently taking?

Mohit Jain: 15% to 16% is a full year guidance that we do on a consolidated basis.

Sandeep Baid: Yes, you are at 15.3% for the first nine months. So, broadly speaking, for 4th Quarter also you are seeing that you will be in a similar range?

Mohit Jain: Yes.

Sandeep Baid: Okay. And from FY '27 onwards, you are saying that this 1.5% to 2% hit that you are currently taking will not be there?

Mohit Jain: That's our expectation as we see visibility to business. So, it's all dependent on the ramp up of the business of the new manufacturing locations and very extensive team. So, the team is more or less in place now. So, of course, as the assets sweat , the overheads get divided, including salaries over a larger base. So, once that happens, then the margins improve. We have given ourselves 15 months for that to take place. The good thing is that because we had two acquisitions, that has allowed us to go into the market and also start pitching to customers, and now everybody's taken it seriously that we are in the business. So, we hope that we are able to ramp up production at the earliest as we get machines on stream, train the workers and move forward.

Sandeep Baid: Right. And on Wamsutta, the planned launch in the first quarter of FY '26, is this as per the timeline you had in mind when you had acquired the brand? Or there has been some slight delay in that?

Mohit Jain: You can say more or less one quarter here or there. When we acquired it, we wanted to do it properly, we wanted to research what does the brand mean to the consumer. It's been a heritage brand, so we really wanted to get to the nitty-gritties of it. So, that took a little longer than we would have expected, if I have to say. But I mean, we are looking at this from a five to 10 year perspective, this is not a short term thing that we have in mind. So, it really doesn't matter.

Sandeep Baid: Okay. Thank you so much.

Moderator: Thank you. The next question is from the line of Surya Narayan Nayak from Sunidhi Securities. Please go ahead.

Surya Nayak: Yes. Mohit ji, just to understand from your side, because we have actually, so far as sheeting is concerned here from India and for the utility bedding or it is pillows or ancillaries we are procuring from the US operation. So, just to understand the complementarities of the business and especially the logistic issues are also there in between, so how do they correlate each other?

Mohit Jain: Surya, can you come again, because I am not able to follow your question 100%.

Surya Nayak: Okay. So, because our sheeting operations is from India and the pillow and utility bedding from the US. So, there could be at times logistic issues or some issues could be cooking up. So, here just I wanted to understand the complementarities of the business of the utility bedding, what is the relation it has exactly with the sheet business? And two, I mean, whether in future when we expand, then the similar kind of expansion would be required for sheeting, I mean, the equation just I want to understand. Is it clear, sir?

Mohit Jain: Yes, I have understood broadly what your question is. So, firstly, these are two completely separate businesses for us in two separate countries. They are both manufacturing businesses. So, like India, when we manufacture, we have to keep in mind that we have enough raw material in our warehouse whether it's cotton, cotton yarn, in the back end to be able to produce. Same way the US business keeps in mind shipping lead time, issue at a port, transit times, how much time does a manufacturer take, couple of weeks of inventory in their warehouse for raw material. All of that taken into account. So, it does not matter tomorrow if the lead time goes up from 10 to 15 days or 15 days to 20 days, it does not really hinder the business, because there will always be material in the supply chain and in the warehouse. So, hopefully that answers your question.

Surya Nayak: Sir, for Wamsutta, it has historically legacy a lot of brands and they will send a set of designs. So, we could be having a situation where there could be, let's say for a particular batch of sheeting there could be a requirement that may not be fulfilled or vice versa. So, will that situation arise, if at all?

Mohit Jain: Maybe I will answer your question in a different way. We run a very strong e-commerce business from our UAE warehouse, UK warehouse, US warehouse. And we ship to almost every single e-commerce customer. And in that case, we are carrying the inventory in those warehouses and then shipping to customers. Same thing like will happen for these brands. The product gets produced. will go to a warehouse, there will be weeks of supply in that warehouse and then get ultimately delivered to individual customers.

Surya Nayak: Okay. So, shall I that pillow business or utility business can stand on its own, irrespective of the sheeting business?

Mohit Jain: Absolutely. It's a separate manufacturing business, there are synergies with the parent business, but it can stand on its own for sure.

Surya Nayak: Okay. And just two bookkeeping questions, because we are planning Rs. 463 cores of CAPEX this year and solar generality will be spilling over to FY ‘26 and maybe we could be adding another Rs. 10 crores towards the maintenance CAPEX for Rs. 75 crores. And the greenfield project Rs. 80 crores we will be spilling over to next year. So, putting together Rs. 255 crores odd figure is coming out. So, apart from that, any CAPEX that is lined up for FY ’26, known CAPEX?

Mohit Jain: No, nothing as of now. Again, with our Q4 we will give the exact plan for next financial year for ’25-‘26 also.

Surya Nayak: Okay. Thank you, sir.

Mohit Jain: Thank you.

Moderator: Thank you. Ladies and gentlemen, due to time constraints, we will now take one last question which will be from the line of Prerna Jhunjhunwala from Elara Capital. Please go ahead.

Prerna Jhunjhunwala: Thank you for the opportunity. Just wanted to check with you on this $10 million strategic investment, is it anything new that you are planning? Or it part of already done investments?

Mohit Jain: So, Prerna, we put that as a placeholder for any other debottlenecking or any other opportunities in these locations that we just invested in, any location might require something going forward as we run these businesses or customer requirements. So, that's why we have kept that as a kitty in there.

Prerna Jhunjhunwala: So, brownfield is what it would mean. I am just trying to understand whether it would be a brownfield or a new acquisition also that could be on the card or something like that, or how it could be?

Mohit Jain: It could be a mix of anything in that, $10 million.

Prerna Jhunjhunwala: Understand. Thank you.

Moderator: Thank you. I would now like to hand the conference over to management for closing comments. Over to you, sir.

K. Muralidharan: Indo Count is progressing firmly in its version 2.0 growth phase, with strategic investments in utility bedding, branded business and deepening our presence in key end markets. While these initiatives have a short-term impact on margins, we are building a more resilient and diversified business. Our focus remains on driving operational excellence, strengthening market leadership and enhancing shareholder value as we see new growth opportunities. Thank you once again for joining today's call. In case you have any more questions, you can get in touch with us or Strategic Growth Advisors, our investors relations advisors. Thank you.

Moderator: Thank you. On behalf of Indo Count Industries Limited, that concludes this conference. Thank you all for joining us. You may now disconnect your lines.