



PRESS RELEASE: 24 OCTOBER 2015, MUMBAI

# INDO COUNT INDUSTRIES LTD. REPORTS RECORD Q2 & H1 RESULTS - REVENUES UP BY 31.2% AND P.A.T. UP BY 80%

Indo Count Industries Ltd., the global bed linen company, declares its record unaudited standalone results for the half year ended September 30, 2015.



UNAUDITED STANDALONE FINANCIAL RESULTS (RS. / CR)						
Q2 2016	Q2 2015	GROWTH		H1 2016	H1 2015	GROWTH
582.13	478.13	21.6%	Revenue	1,043.12	794.91	31.2%
124.45	79.87	55.8%	EBIDTA	228.21	131.84	73.1%
104.60	58.30	79.5%	PBT	189.32	92.80	104.0%
65.93	42.50	55.2%	PAT	121.30	67.40	80.0%
83.49	49.74	67.9%	Cash Profit	154.31	80.56	91.5%
16.70	11.62	43.7%	EPS (Rs.)	30.71	18.43	66.6%
0.42	0.81	(52.5%)	Net Debt:Equity	0.42	0.81	(52.5)%

## WHAT STANDS OUT IN OUR PERFORMANCE?

### Revenues

Revenues for the first half of FY16 stood at Rs. 1,043 crore, 31.2% higher than the Rs. 795 crore reported during the corresponding period of the previous financial year. This represents a clear outperformance with respect to the growth of the country's textile sector, which grew 5% in 2014-15 (as per *Hindu Business Line* and *Technopak*).

### Revenue drivers

The revenue outperformance was derived from a growing client base and enhanced customer wallet share, a

result of the Company's ability to provide a distinctive business-strengthening value proposition.

### Profits and margins

The Company reported a record EBIDTA of Rs. 228 crore in the first half of FY16 as against Rs. 132 crore in the corresponding half of the previous financial year (73% growth)

The Company also reported its highest-ever EBIDTA margins at 21.9%. This represented a 530 bps improvement over the EBIDTA margin reported in the corresponding period of FY15, which stood at 16.6%.

This improvement in margins came about on the back of a growing share of revenues being derived from the sale of value-added home textiles within the Company's product portfolio – growing from 60% to over 90% across the last eight quarters.

### Profits

The Company's profit after tax for the first half of FY16 stood at Rs. 121 crore - representing an 80% growth over the corresponding period of FY15.

The Company's profit growth was substantially higher than the percentage increase in revenues, signifying a strong profitable growth.

### Enhanced competitiveness

The improvement in performance was derived from tighter operational controls and a growing client base.

The Company's prudent management of raw material resources enhanced material efficiency.

The Company focused on enhanced equipment and sales productivity that increased inventory turns.

The Company invested in cutting-edge technology, reporting a higher capacity utilisation which helped amortise fixed costs more effectively.

The Company's net debt-equity ratio (gearing, comprising long and short-term debt, less cash) stood at 0.42 at the close of the second quarter of 2015-16. This represented an improvement over the gearing of 0.81 at the close of the second quarter of 2014-15. The improved gearing resulted in enhanced financial competitiveness. The Company's interest cover (number of times EBITDA covers interest outflow) improved from 4.25x in the second quarter of 2014-15 to 7.75x in the second quarter of 2015-16.

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## MANAGEMENT VIEW POINT

Highlighting this record performance, Anil Kumar Jain, Chairman, Indo Count Industries Limited, said:

“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 mn metres, we are also the country's second largest manufacturers of bed sheets, employing world-class technology that not only assures us of a high output at an optimal cost structure but also delivers a high global quality standard.

“The result is that we have grown every single quarter, slumps in the economy notwithstanding. Based on the optimism of a brighter future, we declared an interim dividend of 10% (Re. 1 per share). This declaration was aligned with our philosophy

of sharing our upside with our shareowners in our wealth creation journey.

“I am also happy to communicate that our expansion plans received the Board's approval. While the Rs. 175-crore Phase - I, enhancing our annual fabric capacity from 68 mn metres to 90 mn metres, is expected to be completed by December 2016, Phase - II is being evaluated with a proposed capital outlay of Rs. 300 crore, which will be completed by March 2018.

“The Board also decided to venture into the domestic business through the creation of home textile brands (through a subsidiary of Indo Count).

“*Business Today* in its special issue identified Indo Count among 500 'India's Most Valuable Companies' for 2014-15 by ranking it at the 366th position (previous year 877).

“You can count on us...”

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## A BRIEF INSIGHT INTO INDO COUNT INDUSTRIES LTD.

Indo Count is a global bed linen company.

The Company is an integrated homes textile manufacturing company. This integration has made it possible for the Company to enhance quality and maximise value-addition. The result is that the Company possesses the highest margins within the country's integrated textiles sector and also reports one of the highest asset-turnover ratios.

- The Company's portfolio comprises:

**Bed sheets:** Flat sheets, fitted sheets and pillow cases

**Fashion bedding:** Comforters, beds-in-bag, quilts and coverlets, decorative pillows, among others

**Utility bedding:** Basic white bedding, mattress pads, protectors, comforters filled with poly-fibres

**Institutional linen:** Flat sheets, pillow cases, duvet covers and shams (caters to hotels, hospitals and others)

- The Company has over the years came up with the following innovative products:

**Infinity cotton:** Blend of a few of the finest cotton varieties in the world resulting in superior yarn quality

**Thermal balance:** Balances temperature between body and bed to ensure comfortable sleep

- The Company markets its products in 49 countries with nearly 65% of revenues being derived from the

US, the Company's largest market. Its other prominent markets comprise the UK, Canada, Europe, MENA and Australia. The Company enjoys long-term relationships with large global retailers. This has translated into large and growing offtake, marked by a larger share of the customer's wallet.

- The Company is the second largest supplier of bed linen products from India and the fourth largest bed sheet supplier to the US. It is the thirteenth largest global home textiles supplier to the US (Source: Home & Textiles Today, February 2015).

- The Company received an 'A' rating from ICRA for long-term debt exposure and an 'A1+' rating for short-term exposure.

- The Company received the Export Excellence Award in the 1st set for the Top Exporter - Non MSME - Trading House category conferred by FIEO (Western Region).

- The Company is a responsible employer, engaging more than 10,000 people (direct and indirect). It increased the proportion of women in the workforce from 39 (2010-11) to 610 (2015-16).

- The Company reported consolidated revenues of Rs.1,781.80 crore and a profit after tax of Rs. 145.87 crore in FY15.

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### Safe Harbor Statement

Statements in this document relating to future status, events, or circumstances, including but not limited to statements about plans and objectives, the progress and results of research and development, potential project characteristics, project potential and target dates for project related issues are forward-looking statements based on estimates and the anticipated effects of future events on current and developing circumstances. Such statements are subject to numerous risks and uncertainties and are not necessarily predictive of future results. Actual results may differ materially from those anticipated in the forward-looking statements. The Company assumes no obligation to update forward-looking statements to reflect actual results changed assumptions or other factors.

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