



Ref No.: ICIL/32/2025-26

21st August, 2025

National Stock Exchange of India Ltd.

Listing Department
Exchange Plaza,
Bandra Kurla Complex, Bandra (East),
Mumbai – 400 051

BSE Limited

Department of Corporate Services
Floor 25, Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400 001

Company Symbol : ICIL

Scrip Code No: 521016

Subject: Transcript of the Investors' Conference Call held on 13th August, 2025 for Q1 & FY26 Results

Dear Sir /Madam,

In continuation to our earlier intimation dated 13th August, 2025 regarding audio recording of the Investors' Conference Call and pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith the transcript of Investors' Conference Call held on 13th August, 2025 at 11:00 a.m. (IST) for Q1 & FY26 Results.

The transcript is also available on Company's website at

<https://www.indocount.com/images/investor/Transcript-of-Q1-FY26-Investors%E2%80%99-Conference-Call-held-on-August-13-2025.pdf>

You are requested to kindly take note of the same.

Thanking you,

Yours faithfully,

For **Indo Count Industries Limited**

Satnam Saini

Company Secretary & GM- Legal

Encl.: A/a

Indo Count Industries Ltd

Corporate Office : 301, Arcadia, Behind NCPA, Nariman Point, Mumbai – 400021, Maharashtra, India. T: 91 22 4341 9500

Regd. Office: Office No. 1, Plot No. 266, Village Alte, Kumbhoj Road, Taluka Hatkanagale, Dist. Kolhapur - 416109, Maharashtra, India; T: 0230-246 3100

CIN: L72200PN1988PLC068972; Email: info@indocount.com, Website: www.indocount.com



**“Indo Count Industries Limited
Q1 FY '26 Earnings Conference Call”
August 13, 2025**

“E&OE - This transcript is edited for factual errors and readability. In case of discrepancy, the audio recordings uploaded on the stock exchange on 13th August, 2025 will prevail. Further, no unpublished price sensitive information was shared/discussed in the call”



MANAGEMENT: **MR. MOHIT JAIN – EXECUTIVE VICE CHAIRMAN – INDO
COUNT INDUSTRIES LIMITED
MR. K. MURALIDHARAN – GROUP CHIEF FINANCIAL
OFFICER – INDO COUNT INDUSTRIES LIMITED
MR. MANISH BHATIA – CHIEF FINANCIAL OFFICER – INDO
COUNT INDUSTRIES LIMITED**



Moderator:

Ladies and gentlemen, good day, and welcome to Indo Count Industries Limited Q1 FY '26 Earnings Conference Call. This conference call may contain forward-looking statements about the company, which are based on beliefs, opinions and expectations of the company as on the date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

As a reminder, all participant lines will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should any of you need assistance during this conference call, please signal an operator by pressing star then zero 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. Thank you, and over to you, sir.

Mohit Jain:

Good morning, and a very warm welcome to all of you joining us for the Indo Count Industries Limited Q1FY26 Earnings Call. I'm also joined by our Group CFO, Mr. Muralidharan; Manish Bhatia, our CFO; 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.

To begin with, I'm delighted to share a moment of great pride and excitement for all of us at Indo Count, the relaunch of the iconic Wamsutta brand in USA as a direct-to-consumer offering, which is exclusively now available at wamsutta.com. A 180-year-old heritage brand, Wamsutta has long been synonymous with premium quality bedding and bath products.

Loved and endorsed by millions, it became a household name and a category leader over generations. Its relaunch marks a significant milestone in Indo Count Strategy. The refreshed Wamsutta brand retains its timeless promise of comfort and quality while embracing a premium positioning tailored for today's discerning customer.

By reintroducing it through the direct-to-consumer channel, we are proud to connect with a new generation even as we honor its enduring legacy. We are confident that the strong comeback will pave the way for even greater strides for the brand. Wamsutta will go beyond bedding and will also cater to other soft home products such as towels, pillows, blankets, rugs, window treatment, etcetera.

As we step into FY '26, we have revisited our business categories and product offerings aimed at providing greater clarity to the investor community on how Indo Count has evolved and continues to progress.

To simplify our approach and enhance transparency, we have reclassified our portfolio into 2 key verticals, that is core business and new businesses. This structured view enables to clearly understand the progress of the strategic initiatives we are undertaking within each of the businesses and the direction in which we are moving.

Core business is our bed linen segment and this will include bed sheet business that is flat sheets, fitted sheets, pillow cases, fashion bedding, institutional bedding and the Indian domestic



business. This segment will also include its branded business across all the above categories, comprising both private label and Indo Count's owned or licensed brand, however, excluding USA brands.

New businesses will include both our utility bedding business and our USA brand business. Utility bedding business covers products such as pillows, mattress pads, down alt comforters and quilts, pillow and mattress protectors. Owned and licensed brands such as Beautyrest, Sleep Rx, Pillows falls under utility bedding business.

USA brand business, a pure-play branded business encompassing any product category such as sheets, pillows, quilts, towels, window treatment, etcetera, sold under these brands would be Wamsutta, Fieldcrest, Waverly and GAIAM. This new representation will help you assess the direction of our efforts across the business.

Just to reiterate on the branded business, all other brands, whether owned or licensed, excluding USA brands, will be classified under the bed linen segment. Utility bedding brands have been highlighted separately, while our domestic brands, Boutique Living and Layers will continue to be part of the bed linen segment. Total branded business across all 3 categories contributed to approximately 20% of overall revenue in Q1 FY '26 against 16% in FY '25.

On the financial performance of both the business verticals, our core business delivered a 16% CAGR over the last 2 years, that is FY '23 to FY '25, while our new business expanded nearly four-folds during the same period. Consequently, the revenue mix in the new business shifted from 2% in FY '23 to 7% in FY '25 and it currently stands at 13% in Q1 FY '26.

Moving on to the current business update. FY '26 began with significant uncertainty. The overall demand sentiment showed signs of softness due to the U.S. tariff situation, leading to demand cutbacks that impacted volumes and revenues during the beginning of the quarter. The fluid trade environment has prompted customers to prioritize inventory control and portfolio realignment, weighing on overall demand.

Turning to our new business. The utility bedding and U.S.A. brand segment recorded higher revenue contributions this quarter. Revenue from these businesses rose to INR130 crores in Q1 FY '26 compared to INR125 crores in Q4 '25. These segments remain key future growth drivers.

The utility bedding segment with its manufacturing base in the United States benefits from a unique market position and strong customer relationships. Moreover, brand-related demand in these categories is driven more by performance than price sensitivity. Currently, in the utility bedding business, we are operating at approximately 50% capacity utilization.

The past few days have been challenging with the tariff situation remaining highly volatile. There have been continuous changes in the tariff situation since April. Initial tariff of 10% was increased to 25%, which has now been increased to 50% from end of August, yet considerable uncertainty persists. We are in continuous dialogue with our customers as they revisit their sourcing plans. We hope this situation to stabilize soon.



Our core bed linen segment continues to face headwinds, particularly from lower volume offtake and unfavorable product mix and pricing pressures stemming from the prevailing tariff environment. Our new business, while the pace remains gradual, continues to show positive trajectory and customer acceptance.

While the near-term volatility may impact performance for a quarter or 2, our commitment to achieving our 2x growth guidance remains unwavering. In the backdrop of such challenging times, we have done better with a year-on-year growth of 2% in revenue and approximately 372 basis points expansion on margin on a quarter-on-quarter basis.

The revenue growth was contributed by our new businesses, which continue to gain traction. The margin expansion on a quarter-on-quarter basis was on account of stringent cost controls and other efficiency measures. However, margins remain below last year's levels due to the unfavorable product mix and the incubation costs related to the new businesses.

Costs that we have indicated will persist until the end of this year. In the near term, both margins and sales volumes are expected to remain under pressure until the U.S. tariff environment stabilizes.

Coming to other markets, USA remains our largest market; however, we now have a presence in over 50 countries and have been expanding our footprint through focused efforts in recent years. With government signing new FTAs, we expect our market share and contribution from ROW markets to grow in the near future.

Several economies are emerging as promising destinations for Indian products. And in many FTA markets, we have already been seeding demand for some time, placing us in a strong position to capture upcoming opportunities.

In certain geographies, we are already well established with customers, enabling faster scale up. In summary, we are all well prepared to navigate the evolving global landscape and capitalize on emerging opportunities with our growth strategy extending beyond product diversification to include geographic expansion.

Notably, our non-U.S. business now contributes approximately 30% of the core business, underscoring our sustained progress in broadening our market base. A significant development in this direction is India's recent signed FTA with the U.K., aimed at accelerating economic collaboration between the 2 nations.

The agreement is expected to boost trade volumes, facilitate greater market access and strengthen investments. For the textile industry, it eliminates duties of 10% to 12% on Indian products, significantly enhancing our competitiveness in the U.K. market. This places India on the equal footing with countries such as Bangladesh and Pakistan, which have long enjoyed duty-free access.

On the EU front, we are hearing encouraging developments and hope finalization of FTA between both sides gets concluded by end of this calendar year. We are hopeful on this FTA,

which will now open new avenues for growth, creating significant opportunities for the Indian textile industry.

Coming to India's home textile sector, a growth story. India's home textile market is poised for robust growth, fueled by rising domestic demand for bedding, bath and other home products. Factors such as rapid urbanization and higher disposable incomes are expected to further boost consumption. While the growth influencing e-commerce platforms will expand the industry's reach.

In line with this potential, we recently organized our largest ever retailer and distributors trade meet for our domestic brands, Boutique Living and Layers to unveil the Autumn/Winter 2025 collection under the theme Feel the Future. This was our most extensive showcase to date, presenting an innovative and vibrant product range across our domestic brands.

Boutique Living continues to gain strong traction in the mid- to premium market. We have also made significant progress in category expansion, broadening our top of bed, bath and gifting portfolios to tap into the emotional role of home textiles in weddings, celebrations and everyday life.

In terms of market reach, both brands have expanded their presence to over 2,000 MBOs pan-India. Their presence in large-format stores is also rising, further strengthening our retail distribution network.

It is heartening to note that feedback from the event was highly encouraging, reaffirming our confidence in the domestic market's potential. While domestic business currently contributes to approximately 2.25% of total revenue, we remain optimistic about strong growth in this segment as we continue to deepen our nationwide presence.

Moving forward, I'd like to take a moment to highlight a new initiative undertaken by the company. Indo Count Foundation in collaboration with the Maharashtra Government and Dr. PDKV College of Agriculture, Nagpur, established in 2022, a Center of Excellence to promote sustainable high-yield cotton cultivation.

The outcome of this partnership has now led to the implementation of the high-density planting system, a technique designed to enhance cotton productivity. This initiative has received high-level recognition, including praise from Agricultural Minister, Shri Shivraj Chouhan, who lauded HDPS as a game-changing model for the Indian cotton farming.

By 2025, its impact is already evident with over 12,000 hectares in a Kolar district successfully adopting the HDPS model. HDPS has proved to be a leap forward in sustainable cotton innovation, delivering remarkable improvements in both plant density and yield.

Compared to the conventional method of 11,000 plants per acre, HDPS enables 29,500 plants per acre, nearly 3x the planting density. This increase translates directly into higher productivity with yields rising from 450 kg per hectare under traditional methods to an impressive 1,250 kg per hectare using this method.



A standout success story features a pioneering farmer who achieved 29,400 plants per acre, validating the system's potential and inspiring widespread adoption. This initiative not only boost cotton output but also sets a new benchmark for sustainable agricultural practices in our country.

To sum up, the current U.S. tariff situation may have a temporary impact on demand. Having established a robust presence in the U.S. market, our focus is now on moving higher up the value chain.

This includes a commitment to premiumization, expanding our manufacturing footprint and strengthening our team with experienced and dynamic talent. By leveraging these strategic initiatives, we aim to multiply revenue, enhance profitability and write the next chapter of our success.

This is from my side. Now I request Mr. Manish Bhatia, our CFO, to share financial highlights of the company.

Manish Bhatia:

Good morning, everyone. Sales volume for Q1 FY '26 stood at 23.6 million meters versus 25.3 million meters in Q1 FY '25, down by approximately 7% Y-on-Y. On a quarterly basis, volume de-grew by around 8%.

Total income. Total income for Q1 FY '26 stood at INR967 crores compared to INR950 crores in Q1 FY '25, reflecting a year-on-year growth of 2%. On a sequential basis, as this was the first full quarter impacted by tariffs, revenue declined by 6%.

Coming to EBITDA. EBITDA for Q1 FY '26 stood at INR119 crores compared to INR154 crores in Q1 FY '25, down 23% year-on-year. EBITDA margin was 12.26% versus 16.17% in the previous year. Around 200 bps of the margin contraction can be attributed towards incubation costs of new businesses, which are expected to continue until the end of this year.

This we have mentioned in the earlier calls also. The remaining decline was primarily due to an adverse product mix and lower volume. On a sequential basis, EBITDA increased by 35%, with margin expansion of 372 basis points to 12.26% from 8.55%. This was driven by internal cost efficiency measures undertaken.

PAT for Q1 FY '26 stood at INR38 crores compared to INR78 crores in Q1 FY '25. The decline was driven by lower operating performance along with higher depreciation from new facilities and increased finance costs arising from investments in newer businesses.

As volumes in the core business scale up and the new businesses show more traction, we expect stronger EBITDA to PAT conversion over the next 2 years. On a Q-o-Q basis, PAT improved significantly as overall operating profitably improved, coupled with lower finance costs. EPS for Q1 FY '26 is INR1.91. Debt, there has been approximately INR60 crores of debt reduction in this quarter.

With this, we open the floor for Q&A.



- Moderator:** Thank you very much. We will now begin with the question and answer session. The first question comes from the line of Prerna Jhunjhunwala from Elara Securities.
- Prerna Jhunjhunwala:** Sir, just wanted to understand how are the U.S. retailers behaving in terms of order placements and negotiations with respect to 25% tariff or 50% tariffs?
- Mohit Jain:** So as far as right now, as we speak, it's business as usual. I think everybody is waiting and watching, but there's no change. Whatever orders we have continue, we continue to ship. And against projections, we continue to get purchase orders.
- Prerna Jhunjhunwala:** Okay. So there is no major change in the market share of the country or market share of Indo Count that we should expect if these rates continue?
- Mohit Jain:** Not as of this morning.
- Prerna Jhunjhunwala:** Okay. Understood. And...
- Mohit Jain:** It's all very early days. So we've got to keep that in mind.
- Prerna Jhunjhunwala:** Yes, I understand. This is as of today because things keep changing every day in current scenario. So I understand that. Sir, also, I wanted to understand like tariff, the impact of tariff, how much have we shared during the quarter? Is there any impact of increased tariff of about 10%, like imposition of tariffs in the quarter?
- Mohit Jain:** Sure. So we have taken calls on a case-to-case basis. Due to business sensitivity, we would not like to get into further details.
- Prerna Jhunjhunwala:** On an average?
- Mohit Jain:** No. I mean you can see that in our results.
- Prerna Jhunjhunwala:** Okay. So the impact that would be there would be in gross margins largely?
- Mohit Jain:** Across the board, it could come. If it's FOB shipment, it would be in gross margin, if it's not, it could come below also.
- Prerna Jhunjhunwala:** Okay. Understood. Sir, you've taken cost control measures visible in other expenses. Could you please highlight a few of them to understand whether these cost control measures are sustainable or only for a few quarters?
- Manish Bhatia:** So we were also benefited by lower raw material basket, plus there were some other savings like product related -- production-related marketing expenditure related. So these are like operating efficiency also because these are certain bit of variable expenditures depending on the volume.
- Prerna Jhunjhunwala:** Okay. Understood. Understood. Sir, last question on non-U.S. exposure. You mentioned that your non-U.S. exposure is increasing. Where do you see this non-U.S. exposure reaching in the next 3 to 5 years? Will that be a growth driver? And which geographies are you targeting for the same?



Mohit Jain:

As we have said in the past, the geographies right now, there are -- we ship to over 50 countries, countries like Australia, Japan, Middle East, U.K., EU is opening up as we speak. So these are all countries that we have a presence in and the presence is growing year-on-year for us.

Over the years, I mean, we expect our noncore business now contributes to, let's say, 30% of our overall product mix of our core business. With the government signing new FTAs, we expect our share and contribution from these markets to grow in the near future. And we've seeded the demand for some time now in several of these geographies and we are well established. So I think it will only scale up from here.

Prerna Jhunjunwala:

Okay. Understood, sir. Sir, last question, what will be our U.S. exposure in FY '25?

Mohit Jain:

70 -- I mean the breakup is roughly 70-30. 70% is U.S.

Moderator:

The next question comes from the line of Ashwini Agarwal from Demeter Advisors LLP.

Ashwini Agarwal:

So I was more interested in the U.S. brand business. So you mentioned that you want to sell towels, window treatments and a lot of other products that you don't currently manufacture from what I understand. Is there a plan to get into all these product categories or these will be all be outsourced?

Mohit Jain:

See, let's look at it from a different perspective, Ashwini. Today, these are brands. From a consumer standpoint, when the consumer is buying the brand, they want to get a complete holistic soft home experience.

So our design teams, our product development teams design the whole range of the product across all soft home categories, right, from a pillow to a mattress pad to a fashion bedding to a bed sheet to a towel to a window treatment and then we present the collection to the customer. So we already started selling since last year.

All these product categories is already -- we're already selling under our brands. They already placed with retailers and so we're going to grow into these categories. We have no plans to produce these as we speak.

So we have vendor partners who we have tied up with and who bring their best to us, but these are all products that are designed by our design teams and then brought to customers and then in turn, sourced globally.

Ashwini Agarwal:

Okay. And the Wamsutta range of bed linen, you would manufacture in-house or would that be sourced from vendors?

Mohit Jain:

At this point of time, that is all manufactured at -- in our own facility.

Ashwini Agarwal:

Okay. And coming to the margin profile of the U.S. brands business over a longer period of time, I mean, as you grow this portfolio, what do you think is the margin profile that's achievable in this piece of the business?



- Mohit Jain:** Yes. I mean, as a company, we are striving to be between 16% to 18%. And this particular segment should give us a higher margin than our core business. But it's yet early days for us. We are dealing with a lot of uncertainty, a lot of things coming our way. So I think we just need to digest what we have, build the business, be relevant to the customer. And I think everything else will fall in place.
- Ashwini Agarwal:** Right. And sir, my last question is the potential for the Indian brands business, which is, say, 2.25% of your revenue as of now. I mean, it's -- to my mind, it has a huge potential, but obviously, there must be some reasons why it hasn't grown. How do you see this business? And I note that you've held your first ever trade convention, the largest one a couple of days ago. How do you see this business evolving?
- Mohit Jain:** India has humongous potential, but one has to take one step at a time. Here, we are selling -- we're not trying to sell any of our export surplus. These are products that are made for the domestic market, designed for the domestic market. We have huge collections. We need to have a -- we have a reach now. So it's one step at a time.
- We have a team of over 100 people in the system for this department. So I think it will -- it's only going to be upwards. And it wasn't our first show, it was the largest that we had. We continue having these, but this was the largest attended that we had and we had it at the Grand Hyatt in Mumbai. So we are notching it up slowly and steadily. We are not -- we're going to take it one step at a time so that it's sustainable and profitable.
- Ashwini Agarwal:** And this is not -- there's no B2C, D2C segment here. This is all via MBOs?
- Mohit Jain:** It's MBOs. It is like stores, you can say, large-format stores. So mostly B2B. We have our products on our website, which is boutiqueliving.com and Layers, which we launched in fact in this quarter. But predominantly, the distribution is B2B, you can say. And then, of course, we are available on the marketplaces also online.
- Ashwini Agarwal:** And your capex peaks this year. From here on, it should kind of roll down over the next 2 years. Would that be a correct assessment?
- Mohit Jain:** Yes, more or less. I mean, whatever we've showcased so far is there's nothing else on the table, but we keep getting opportunities which will get evaluated as and when they come. But as we speak, it is what we have right now. And then normally, we have INR50 crores to INR75 crores of regular capex every year in our facilities, which is historically the case and even this year. I think we've shown INR65 crores for this year.
- Ashwini Agarwal:** Yes, that's regular maintenance capex. Yes, I get that.
- Moderator:** The next question comes from the line of Surya Narayan Nayak from Sunidhi Securities & Finance Limited.
- Surya Narayan Nayak:** And a great set of numbers in challenging environment. So just my question is that considering the current difficult situation on the tariff front, so do we think that your understanding of the U.S. customers, the premium appetite of the customers. So do you think we will be able to sustain



for FY '26? And at least we may see some kind of volume degrowth, I understand. But still we'll be able to manage to get at least maybe with maybe 5% to 6% kind of degrowth with the realization intact?

Mohit Jain: Surya, I wish I was a magician or a jyotish, I don't know what you -- but right now, we are just taking it each day as it comes. And we are not pessimistic. We are yet optimistic. So our objective, like I said in the last call also is to maintain our market share and grow it. And that's what we are striving to do.

Surya Narayan Nayak: Okay. And what is the plan for FY '26 as far as the U.S. operations are concerned, like Fluvitex Modern Home and other brands apart from the greenfield? So what are the kind of revenues you are expecting in the U.S. operations alone, which is not affected -- which will not be affected by the tariffs?

Mohit Jain: So I think you're referring to our manufacturing business, which now by September end, we'll have the third plant also in Kernersville, North Carolina operational and that's our flagship and will be our largest location. So a, I'm happy to share that we are already at a 50% utilization.

We just got into this business less than 12 months ago. And over a period of 3 years, starting this financial year, we are quite optimistic of achieving \$175 million in revenue, so -- in this category of business of utility bedding, which is being manufactured in the United States.

Surya Narayan Nayak: So last year, we did in total maybe INR175 crores, if I'm right. So this year, you are saying around -- what is the kind of revenue of INR1,500 crores?

Mohit Jain: No, no. What I'm saying that over a 3-year period, we'll do \$175 million in revenue in this category. It's very difficult to say how much will we do this year, how much will we do next year. But it's on a growth mode.

Surya Narayan Nayak: Because the tariff will not be there for those kind of goods. So obviously, the appetite would be intact. And obviously, so I mean, in the steady-state basis, you could be drawing some kind of projections for at least FY '26. So what kind of figures you are actually pointing out?

Mohit Jain: So I would not be able to comment on an exact number. But please keep in mind that these are goods that are manufactured in the U.S. These are utility bedding products that we are manufacturing, which is predominantly different types of pillows and quilts. This is our manufacturing capability. This is a new product category per se for Indo Count. Basically, these are white goods.

Of course, their raw material does get imported. The advantage we have is that we are not bound to any one country. We can -- I mean, the team can source globally. So that's the advantage that we have. Of course, whenever you're buying from one country and you need to move supply chain to another country, it takes time. But other than that, the raw material prices would go up, which we'll pass on to the customer and move forward.

Surya Narayan Nayak: And, considering your deep understanding of the U.S. market, the customer profile, so do you think that due to the tariff issues, the U.S. customers will settle to lower or economical kind of

products rather than they will stick to the premium kind of products, I mean, that is the usual case for the U.S. market.

So what is your understanding till date, since February this year? So are you seeing the U.S. customers sticking to the kind of -- I mean, appetite they are having towards the premium goods getting intact?

Mohit Jain: These are all very early days. There's too many things up in the air as we speak. Things have just started moving between March and now. By end of this year, all of this should settle down. Having said that, of course, we have seen a little bit of down trading happen in the product portfolio that people do not want to invest too much in luxury goods so that -- because the tariff impact is higher.

I think this is -- it's not about our product category A. It's -- I think the retailers are assessing as we speak, what is the customer appetite to pay higher prices, what's the elasticity. So I think all of this will get played out as we speak.

There's no -- nobody has, including the retailer and an answer today that what's the right formula. So it's all trial and error that they are doing at their end and they're trying prices out. People have increased retail prices. So it's all being tested out as we speak. So it's a dynamic situation.

Surya Narayan Nayak: Okay. Okay. And the budget for this year, INR214 crores will be intact and we will definitely be maintaining that apart from the maintenance capex of INR65 crores?

Mohit Jain: Sorry. Could you repeat your question?

Surya Narayan Nayak: I mean the North Carolina and the ZLD that is budgeted for this year, that will be going through irrespective of the market situations?

Mohit Jain: Yes, I mean, as you can see and we have showed in our Q1, we've already spent INR72 crores, approximately INR70-odd crores out of the INR200-odd crores that we've said. It's only the Bhilad effluent treatment plant that hasn't started yet. So there could be some spillover into next year, but these are long-term projects that will go through.

Surya Narayan Nayak: ZLD will be taken up this year or next year?

Mohit Jain: It should be taken up towards the end of this year. We'll start at the end of the project.

Moderator: The next question comes from the line of Jayesh Shah from OHM Portfolio Equity Research.

Jayesh Shah: My question is, as per the media articles, we believe that this is the time when the busy season orders are issued out in the U.S. and which India may be losing out to the other competing countries. So how are these discussions and negotiations going on? And is it that you are able to maintain those orders, say, at a certain discount?

And secondly, if you have to replace your U.S. business, to what extent can you sell in discounts, in Australia, Japan to make up for the loss of these orders?



Mohit Jain:

We are not looking, Jayesh, to replace the U.S. with Australia by selling at a discount. That's not a viable business situation because we'll be spoiling those markets forever, and that's not a sustainable business model either. To your first question, we are mostly in the replenishment business.

So what happens in our case, we get projections from our customers, which is like a 12-month rolling projection. And then we get purchase orders 45 days or before shipment. So that business continues as is. So it's not really a season. We are not in the fast fashion business where you're working from one season to another season. So these are backhaul programs. It's in the stores, selling continuously.

Jayesh Shah:

I see. So hypothetically, if this 50% tariff continues beyond, say, August, is there any way that you would be able to sell in the U.S. or that option is out because it's too huge a burden for any textile manufacturer?

Mohit Jain:

So the delta is between -- you can -- the whole world average is between 20% to 30% right now. So if you take a mean of 25%. So 25% -- and then you have 50%, so 50% minus 25%, we have a delta of 25%. There would be some business loss to what extent it's very difficult to predict.

Jayesh Shah:

Okay. That burden then would be shared across the entire supply chain and whatever.

Mohit Jain:

Yes, yes. And then we'll have...

Jayesh Shah:

Then your U.S. business would continue at whatever. So in a way to read from an investor point of view, maybe there is a hit on the EBITDA margin, which you have to make up from cutting the other expenses probably on marketing or whatever. But overall sales revenue, there may not be a huge drop.

Mohit Jain:

I think it all depends on how each customer behaves. It's again, very difficult to predict. If India's delta in a product like textiles or other products that we're exporting while only textiles is a 25% additional delta, India will stand to lose at that standpoint.

I cannot imagine -- and if -- as long as the 2 governments are talking and there's a light at the end of the tunnel, then every large retailer who's strategic in nature will -- and we'll all figure out ways to keep our businesses going. But if this is engraved in stone and the relationships there's no light at the end of the tunnel, then some businesses are going to move to other countries. There's nothing we can do about that.

Moderator:

The next question comes from the line of Raman K.V. from Sequent Investment.

Raman K.V.:

Sir, during the quarter, I have noticed that your new business, which is primarily manufacturing in U.S.A. has ramped up pretty quickly and steadily. I just want to understand, is this -- what's the margin in the current quarter with respect to this business?

Mohit Jain:

As we mentioned that on an overall basis right now, we yet have a 150 to 200 basis point hit on our EBITDA margin, which will continue till the end of the year. Once this stabilizes, then these

businesses, I mean, in the short term, should do the same level of margin as our parent business. So overall, as I said, our target is to be between 16% to 18% once things in the world normalize.

Raman K.V.: No, I just want to understand, is this business EBITDA breakeven or it still will be breakeven by the end of the year as the capacity ramps up?

Mohit Jain: Yes. Even today, it is EBITDA positive. I mean, it depends how you look at it. I mean, not -- I wouldn't say it's EBITDA positive, but we are recovering all our costs. I mean there are a lot of fixed costs right now in that business. That's why it's the 152 basis points EBITDA hit at the end of the day, right?

So we've already put the team in place. We put the talent. We have the facilities, we have the infrastructure. So there's a cost associated marketing. There's costs associated to all of that, which we are pretty confident that by the end of the year, that will all get absorbed.

Raman K.V.: And sir, currently, with respect to this business itself, there are 2 plants, one in Arizona, one in Ohio. Can you give any capacity utilization?

Mohit Jain: Yes. As I said, it's at 50%.

Raman K.V.: Okay. And sir, by the end of this year, how much -- what percentage of revenue are you expecting from this new business?

Mohit Jain: As I mentioned, we are expecting \$175 million from our utility bedding business and we are pretty confident that over a 3-year period, we'll be able to achieve this.

Raman K.V.: No, no. I just want to understand. So with respect to -- during this quarter, the new business contribution to the overall revenue was 13%. So can we expect this same percentage for the remaining period as well?

Mohit Jain: Yes, around these levels, yes. I mean.

Raman K.V.: And from FY '25, can we expect the margins to be stabilized like around 17% to 18%.

Mohit Jain: Correct. That's what -- I mean, the hit on the margin, which we -- I mean, like any business, I mean we are seeding the business as we speak. So that will go away. It should be able to stand up on its own.

Moderator: The next question comes from the line of Vikram Suryavanshi from PhillipCapital India.

Vikram Suryavanshi: Just wanted to check that for our U.S. operation, you highlighted that there would be imported raw material at slightly higher duties now. So to compensate that, have we taken any price hike for our U.S. operation and the products which you are making there?

Mohit Jain: Absolute -- Vikram, absolutely, on a case-to-case basis, that gets adjusted with the retailer. They all understand. If this is a new world normal, then it's normal for everybody, right? All our competitors, everybody is in the same boat. There could be a 1-month lag here or there or 1 or

2 months. But otherwise, it doesn't -- I mean, it gets -- it's able to get passed on or the product gets reengineered by keeping the customer in conversation.

Vikram Suryavanshi: Got it. And second, I really want to acknowledge your efforts improving the cotton yield that has been a really serious issue for India. But just some clarity on this 3x plantation increase, is it basically on irrigated land or it can be also implemented with the rain areas also?

Mohit Jain: We'll have to check and get back to you. So I don't want to give you the wrong answer. This is an initiative that our foundation took 3 years ago and people saw it and took it up and they started getting the benefit. But I don't have the exact answer. We can get back to you on that.

Moderator: The next question comes from the line of Subhankar Ojha from SKS Capital.

Subhankar Ojha: So my first question is the new acquisition, the plant in U.S., will it save the tariffs for us? Sorry to -- sorry, if I'm asking repeating the question because I've joined a little bit later in the call.

Mohit Jain: Yes. Subhankar, no, I'll explain. So these are 3 manufacturing locations, which will manufacture pillows as well as quilts in the United States. One plant is in Ohio, one is in Arizona in a city called Phoenix. And the third one is in North Carolina in a town called Kernersville. The raw material for these are imported. The raw material is not produced in the United States. So most of it gets imported from different countries.

It could be China, Pakistan, India. I mean, we are -- we can source from any country depending on the viability of that country and the product that they make and the specialty of the product and the technology that we're offering to the customer.

Subhankar Ojha: Okay. My next question is about the U.K. How much benefit will we get from this deal?

Mohit Jain: On our product category, the duty is 12% as we speak. Now once the U.K. Parliament passes it, we've already started active conversations with customers, strategic conversations as what should be there, but 12% is what was India's delta.

Now when this gets -- goes away, then, of course, India becomes very competitive as a country. And some part of it would -- the benefit should come to us as an organization and some part, the benefit will go to the customer and then the market share of India will improve even in the U.K.

Subhankar Ojha: Okay. My last question is, can you give you me the breakup of revenue between U.S., U.K. and India, rest of the world?

Mohit Jain: Sure. So the -- of our core business, the U.S. is around 70% in revenue, 30% is other countries. And out of the 100%, U.K. is around 10%. So 70% is U.S., 10% is U.K. and 20% is rest of the world, if you want to put it that way.

Moderator: The next question comes from the line of Abhishek Shankar from ICICI Direct.

Abhishek Shankar: Yes. So I see there's a year-on-year decline in volumes and there's a slight -- there is improvement. So considering that there was an unfavorable product mix -- come from?



- Mohit Jain:** Can you ask your question -- your voice is cracking, Abhishek.
- Moderator:** Sir, Abhishek got disconnected. Maybe we move to the next question.
- The next question comes from the line of Kaustubh Pawaskar from ICICI Securities.
- Kaustubh Pawaskar:** This is Kaustubh here, Abhishek's colleague. So what Abhishek was trying to ask is if we do a simple math, dividing your revenues divided by volumes, we see that there is a realization growth on a Y-o-Y basis despite the fact that mix was unfavorable. So we just want to understand why the realization growth was there in this quarter?
- Manish Bhatia:** So you cannot compare Q1 of last year with Q1 of this year because Q1 of last year doesn't include the acquisition business, which we have in the U.S. So that's why you'll see some anomaly in that.
- Mohit Jain:** You need to minus the INR130 crores more or less. I mean you need to minus the utility and the brand. More or less, you get the rough number, which is similar to Q4.
- Kaustubh Pawaskar:** Okay. And is it possible to give what were the volumes for the new business? Like INR130 crores for the new business?
- Mohit Jain:** That business it's not derived by volumes. We don't look at it in terms of meterage or anything of that sort.
- Moderator:** As there are no further questions from the participants, I now hand the conference over to Mr. Mohit Jain, Executive Vice Chairman. Thank you, and over to you, sir.
- Mohit Jain:** In conclusion, while macroeconomic uncertainty remains, the bold transformation and vision of Indo Count's 2.0 strategy of rewriting the future, the progress is visible. We have launched several forward-looking initiatives to enhance our capabilities, explore new frontiers and create long-term value.
- A key focus has been our entry into value-added segments such as utility bedding and branded businesses in USA, areas that align with changing market needs and consumer preferences. This transformation reflects our ambition to become a more agile, customer-centric and future-ready organization and a complete solution provider for home textiles. Furthermore, our strengthening presence in the domestic market presents a valuable opportunity to further grow our business.
- Thank you for your ongoing support as we move forward on this exciting path of expansion. I hope we have been able to answer all your queries. In case you have more queries or require any clarification, please feel free to connect with us or SGA, our Investor Relations Advisors. Thank you for joining the call.
- Moderator:** Thank you. On behalf of Indo Count Industries Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.