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INDO COUNT INDUSTRIES LTD FY16 RESULTS CONSISTENT GROWTH: REVENUES UP 24%; PAT UP 82%

Indo Count Industries Ltd has declared consistently better performance in terms of revenues, margins and profits for audited standalone and consolidated results for the year ended March 31, 2016.

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AUDITED STANDALONE & CONSOLIDATED FINANCIAL RESULTS (RS. / CRORE)

STANDALONE			STANDALONE			PARTICULARS	CONSOLIDATED		
Q4 FINANCIALS			ANNUAL FINANCIALS				ANNUAL FINANCIALS		
2016	2015	GROWTH	FY 2016	FY 2015	GROWTH		FY 2016	FY 2015	GROWTH
525.03	456.68	15.0%	2,070.78	1,679.95	23.3%	Total Revenue	2,212.80	1,781.80	24.2%
116.31	87.10	33.5%	452.92	301.27	50.3%	EBIDTA	473.54	313.66	51.0%
5.12	3.82	34.0%	18.19	15.40	18.1%	Depreciation	18.85	15.97	18.0%
11.91	16.61	-28.3%	51.58	62.53	-17.5%	Finance Charges	54.91	65.02	-15.5%
	25.74			25.74		Exceptional Items		25.74	
99.28	40.93	142.6%	383.15	197.60	93.9%	Profit Before Tax	399.79	206.93	93.2%
33.30	12.90	158.1%	132.44	58.56	126.2%	Tax expense:	135.05	61.05	121.2%
65.98	28.03	135.4%	250.71	139.04	80.3%	Profit for the year	264.74	145.88	81.5%
79.98	36.02	122.0%	316.43	171.56	84.4%	Cash Profit	330.11	178.53	84.9%
16.71	7.50	122.8%	63.49	37.18	70.8%	EPS	67.04	38.95	72.1%
0.10	0.21	-52.4%	0.10	0.21	-52.4%	Term Debt:Equity	0.10	0.21	-52.4%

CONSISTENCY IN PERFORMANCE

Revenues

Revenues for FY16 at Rs. 2,213 crore were 24% higher than the Rs. 1,782 crore reported during the previous financial year (FY15). This represents attractive out-performance when compared with the country's textile sector (sector grew 5 per cent in 2015-16 as per Technopak).

Revenue drivers

The outperformance in the company's revenues was on the back of volume growth, new customer addition, enhanced customer wallet share, and increased capacity utilisation following an expansion in bed linen capacity (effective March 2015).

Profits and margins

The company reported an EBIDTA of Rs. 474 crore for FY16 as against Rs. 314 crore in the previous fiscal of FY15 (51% growth).

The company reported an EBITDA margin at 21.4%, which represented a 380 bps improvement over the EBITDA margin reported in the previous financial year.

This improvement (corresponding to the previous year) was on account of a growing share of revenues derived from the Home Textiles segment within the company's business portfolio.

Profit after tax

The company's profit after tax for FY16 of Rs. 265 crore represented a 82% growth over the FY15.

The company reported profitable growth, wherein its profit growth was substantially higher than the percentage increase in revenue growth.

The increased bottom line translated into improved earnings per share - from Rs 38.95 in 2014-15 to Rs 67.04 in 2015-16.

Enhanced competitiveness

The improvement in the company's record performance was also derived out of tighter operating controls, prudent raw material sourcing, growing capacity utilisation, positioning in the mid-to-high end segment, make-to-order approach, superior product mix and controlled overheads. One of the highlights of the company's performance was the commissioning of an \$ 8mn effluent treatment plant (commissioned February 2016) that resulted in reuse of process water and post-treatment

water portability. Besides, UK and Australian operations became functional during the year under review, strengthening the Company's global footprint.

The result of these initiatives translated into a stronger term debt-equity ratio of 0.10X at the close of FY16. This represented an improvement over 0.21X at the close of FY15. The improved resulted in enhanced financial competitiveness.

The company's interest cover (number of times EBIT covers interest outflow) improved from 4.58 x in FY15 to 8.28x during FY16.

Proposed Dividend

The Board of Directors at its meeting held on 7th May 2016 had recommended final dividend of 10% (Rs. 1 per Equity Share of Rs. 10 each) for FY 2015-16. In addition an Interim Dividend of Re. 1/- per Equity Share calculated at 10% of the par value of Rs. 10/- each for the financial year 2015-16. Thus the total dividend payout for 2015-16 is 20% (Rs. 2 per equity share of Rs. 10 each).

CHANGE IN THE BOARD

The Board of Directors have approved the appointment of Mr. Mohit Kumar Jain, son of Shri. Anil Kumar Jain, as Managing Director of the company for a period of 5 years with effect from 9th May 2016.

Mr. Mohit Kumar Jain, has graduated from Babson College, United States of America, and is specialized in the fields of Marketing, Economics, Finance and Entrepreneurial Studies. He has over 15 years of experience in Global Marketing and Entrepreneurship.

Mr. Mohit Kumar Jain, has travelled extensively to the countries like United State of America, Canada, United Kingdom, Germany, France, Italy, Switzerland, Singapore, Korea among others. He has vast experience on overseas business and has established networking with the global customers.

Shri. Anil Kumar Jain, Chairman and Managing Director would continue as Executive Chairman of the Company in view of induction of Mr. Mohit Kumar Jain, as Managing Director to develop a long term succession plan.

UPDATE ON PHASE 1- CAPEX OF RS. 175CRS

The Board at its meeting held on 24, Oct 2015 had approved a capex plan for expansion in two Phases.

The Board at that meeting had approved the capex of Rs. 175 crs towards Phase 1 as under:

1. Increasing Processing capacity from current 68 million meters to 90 million meters
2. Setting up a water effluent treatment plant

3. Automation of cut and sew and warehousing

As on 31st March 2016, amount capitalized was Rs. 110crs towards setting up the effluent treatment plant, new utilities, automated cut & sew and warehousing. The balance capitalization for enhancing its Processing capacity from 68mn meters to 90mn meters is progressing as per schedule and to be completed by Q3 FY17.

APPROVAL FOR CAPEX UNDER PHASE 2

At the Board meeting held today, 7th May, 2016, has approved the capital expenditure plan for Rs. 300 crores. This capital outlay will be funded by internal accruals and debt.

The Capital expenditure will be for upgrading the existing Spinning Facilities, Investments in additional Weaving (with specialized looms) and value added equipments for delivery of fashion and utility bedding. This expansion will be completed by March 2018.

FUND RAISING

The Board at its meeting held today, 7th May 2016 has reviewed the medium-term Financial Strategies of the Company and has decided that the current Fund Raise proposal needs to be deferred.

MANAGEMENT PERSPECTIVE

Commenting on the Company's 2015-16 performance, Anil Kumar Jain, Executive Chairman, Indo Count Industries Limited, said:

“The performance of the company during the year under review represented a validation of our business model. We are principally in the make-to-order niche of the Global bed linen space, marked by enduring relationships with prominent retail brands, a collaborative relationship directed at strengthening their retail success and a clear revenue visibility representing the basis of our capacity investments - a win-win.

“One of the potent business-strengthening initiatives that we embarked upon in the last financial year was the decision to launch three proprietary bed linen brands across Global Retail Labels. This represents a watershed in the company's existence, representing the Third phase of the company's existence (following its extension from yarn to bed linen manufacture and from bed linen manufacture to bed linen retail).

“We are enthused to the response these brands elicited and are certain that these can contribute handsomely to our revenues, going forward.

A BRIEF INSIGHT INTO INDO COUNT INDUSTRIES LIMITED

Complete Comfort

The company is integrated from the manufacture of yarn at one end to the manufacture of finished made-ups (bed linen) at the other. This extensive integration has made it possible for the company to enhance quality and value-addition. The result is that the company possesses one of the best margins within the country's integrated textile sector and one of the highest asset-turnover ratios.

- The company's products comprise the following:

Bed sheets: Flat sheet, fitted sheet and pillow cases

Fashion bedding: Comforters, bed in bag, quilts and coverlets, decorative pillows, etc.

Utility bedding: mattress pads, protectors, comforters filled with poly fibre

Institutional linen: Basic white bedding, duvet covers and shams; caters to hotels, hospitals and others

- The company has innovated the following products:

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

Thermal balance: Balances temperature between body and bed to deliver superior sleep characteristics

- The company markets products in 49 countries. Nearly 65 per cent of revenues are derived from USA, the company's largest market; its prominent non-US markets comprise 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 manufacturer and exporter of bed linen from India and amongst the top three bed sheet suppliers in USA. It is the eleventh -largest global home textiles supplier to the US (*Source: Home & Textiles Today, February 2016*).

- 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 600 (2015-16).

- The company is a responsible corporate citizen, enhancing rural life quality through the following initiatives: improved primary health care, improved rural sanitation systems (following Gram panchayat supervision), education by way of digitalized audio-visual computer aided medium to government-aided schools, women's empowerment through employable skill development training.

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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