



Consistent growth

INDO COUNT INDUSTRIES LIMITED.

Q3 FY 2016

The Global Bed Linen Company

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SEVENTH SUCCESSIVE GROWTH QUARTER

01

Q3 FY 2016 > Q3FY2015 (in revenues and profits)

05

Indo Count partnering customer success (designs, quality, quantity, delivery and mind-to-market)

02

Larger Q3 volumes, sales and profits derived from enduring factors

06

Product integrity coupled with prudent fiscal management

03

Product + superior service + larger volumes + higher efficiencies

07

Profit growth rate higher than sales growth rate (profitable growth)

04

Innovations taking the customer's business ahead

08

Quality plus consistency equals sustainability

PART 1: OVERVIEW

FINANCIAL PERFORMANCE FOR Q3, FY2016

| | | | | |
|-----------|------------------------------|----------|----------|----------|
| 01 | REVENUES (RS / CR) | Q3FY2016 | Q3FY2015 | % GROWTH |
| | | 502.62 | 428.36 | 15.5 |

| | | | | |
|-----------|-------------------------|----------|----------|----------|
| 06 | TAX (RS / CR) | Q3FY2016 | Q3FY2015 | % GROWTH |
| | | 31.13 | 20.26 | 68.8 |

| | | | | |
|-----------|----------------------------|----------|----------|----------|
| 02 | EBITDA (RS / CR) | Q3FY2016 | Q3FY2015 | % GROWTH |
| | | 108.39 | 82.34 | 32.6 |

| | | | | |
|-----------|-------------------------|----------|----------|----------|
| 07 | PAT (RS / CR) | Q3FY2016 | Q3FY2015 | % GROWTH |
| | | 63.43 | 43.62 | 46.6 |

| | | | | |
|-----------|------------------------------|----------|----------|----------|
| 03 | INTEREST (RS / CR) | Q3FY2016 | Q3FY2015 | % GROWTH |
| | | 9.31 | 14.11 | (26.8) |

| | | | | |
|-----------|----------------------------|----------|----------|----------|
| 08 | EPS (RS / SHARE) | Q3FY2016 | Q3FY2015 | % GROWTH |
| | | 16.07 | 11.89 | 35.2 |

| | | | | |
|-----------|--------------------------|----------|----------|----------|
| 04 | DEPR (RS / CR) | Q3FY2016 | Q3FY2015 | % GROWTH |
| | | 4.52 | 4.35 | 4.6 |

| | | | | |
|-----------|------------------------|----------|----------|------------|
| 09 | EBIDTA MARGIN % | Q3FY2016 | Q3FY2015 | BPS GROWTH |
| | | 21.6 | 19.2 | 240 |

| | | | | |
|-----------|-------------------------|----------|----------|----------|
| 05 | PBT (RS / CR) | Q3FY2016 | Q3FY2015 | % GROWTH |
| | | 94.56 | 63.88 | 52.6 |

| | | | | |
|-----------|---|----------|----------|----------|
| 10 | NET DEBT/EBIDTA* *ANNUALISED | Q3FY2016 | Q3FY2015 | % GROWTH |
| | | 0.69 | 1.05 | (34.29) |

PART 1: OVERVIEW

FINANCIAL PERFORMANCE FOR 9MFY2016

| | | | | |
|-----------|------------------------------|----------|----------|-------------|
| 01 | REVENUES (RS / CR) | 9MFY2016 | 9MFY2015 | % GROWTH |
| | | 1,545.74 | 1,223.27 | 26.4 |

| | | | | |
|-----------|-------------------------|----------|----------|-------------|
| 06 | TAX (RS / CR) | 9MFY2016 | 9MFY2015 | % GROWTH |
| | | 99.14 | 45.65 | 117.2 |

| | | | | |
|-----------|----------------------------|----------|----------|----------|
| 02 | EBITDA (RS / CR) | 9MFY2016 | 9MFY2015 | % GROWTH |
| | | 336.61 | 214.17 | 57.2 |

| | | | | |
|-----------|-------------------------|----------|----------|-------------|
| 07 | PAT (RS / CR) | 9MFY2016 | 9MFY2015 | % GROWTH |
| | | 184.73 | 111.01 | 66.4 |

| | | | | |
|-----------|------------------------------|----------|----------|-------------|
| 03 | INTEREST (RS / CR) | 9MFY2016 | 9MFY2015 | % GROWTH |
| | | 39.67 | 45.92 | (13.6) |

| | | | | |
|-----------|----------------------------|----------|----------|-------------|
| 08 | EPS (RS / SHARE) | 9MFY2016 | 9MFY2015 | % GROWTH |
| | | 45.57 | 30.27 | 50.5 |

| | | | | |
|-----------|--------------------------|----------|----------|-------------|
| 04 | DEPR (RS / CR) | 9MFY2016 | 9MFY2015 | % GROWTH |
| | | 13.07 | 11.58 | 12.9 |

| | | | | |
|-----------|------------------------|----------|----------|---------------|
| 09 | EBIDTA MARGIN % | 9MFY2016 | 9MFY2015 | BPS GROWTH |
| | | 21.8 | 17.5 | 430 |

| | | | | |
|-----------|-------------------------|----------|----------|-------------|
| 05 | PBT (RS / CR) | 9MFY2016 | 9MFY2015 | % GROWTH |
| | | 283.87 | 156.66 | 81.2 |

| | | | | |
|-----------|---|----------|----------|-------------|
| 10 | NET DEBT/EBIDTA* *ANNUALISED | 9MFY2016 | 9MFY2015 | % GROWTH |
| | | 0.66 | 1.21 | (34.29) |

ACCREDITATION

Second highest manufacturer and exporter of Bed Sheets, Bed Linen, Quilts – TEXPROCIL

Eleventh Largest Home Textile Supplier
into USA – Home & Textile Today, February 2016

Among the TOP 3 Bed Sheet supplier to USA

Anil Kumar Jain, our CMD is among India's Best 100 CEOs, 2015
– Business Today Jan 3, 2016 issue

PART 1: OVERVIEW**PROFIT AND LOSS STATEMENT ABSTRACT***Rs. in Crore*

| Q3FY2016 | Q3FY2015 | Change % | Particulars | 9MFY2016 | 9MFY2015 | Change % |
|----------|----------|----------|---------------------------------------|----------|----------|----------|
| 502.62 | 428.36 | 17.3 | TOTAL REVENUE | 1,545.74 | 1,223.27 | 26.4 |
| EXPENSES | | | | | | |
| 254.68 | 228.35 | 9.1 | Material consumed | 780.89 | 695.82 | 12.2 |
| 26.17 | 18.76 | 41.3 | Employee benefits | 73.91 | 52.62 | 40.5 |
| 113.38 | 98.91 | 15.5 | Other expenses | 354.33 | 260.66 | 35.9 |
| 108.39 | 82.34 | 32.6 | EBITDA | 336.61 | 214.17 | 57.2 |
| 21.6 | 19.2 | 14.0 | EBITDA margin % | 21.8 | 17.5 | 24.4 |
| 4.52 | 4.35 | 4.6 | Depreciation and amortization expense | 13.07 | 11.58 | 12.9 |
| 103.87 | 77.99 | 34.0 | EBIT | 323.54 | 202.58 | 59.7 |
| 20.7 | 18.2 | 15.5 | EBIT margin % | 20.9% | 16.6% | 26.4 |
| 9.31 | 14.11 | -26.8 | Finance charges | 39.67 | 45.92 | -13.6 |
| 94.56 | 63.88 | 52.6 | Profit before Tax | 283.87 | 156.66 | 81.2 |
| 18.8 | 14.9 | 32.0 | PBT margin % | 18.4 | 12.8 | 43.4 |
| 31.13 | 20.26 | 68.8 | Tax expense: | 99.14 | 45.65 | 117.2 |
| 63.43 | 43.62 | 46.6 | Profit for the year | 184.73 | 111.01 | 66.4 |
| 12.6 | 10.2 | 27.5 | PAT margin % | 12.0 | 9.1 | 31.7 |
| 78.90 | 54.84 | 43.9 | Cash profit | 233.21 | 135.39 | 72.3 |

PART 1: OVERVIEW

BALANCE SHEET ABSTRACT

Rs. in Crore

| Particulars | As on December 31, 2015 | As on December 31, 2014 |
|-----------------------------------|-------------------------|-------------------------|
| Sources of funds | | |
| Share Capital | 39.48 | 41.98 |
| Reserves & Surplus | 533.08 | 334.50 |
| Long Term Borrowings | 60.38 | 85.81 |
| Other Non Current Liabilities | 46.02 | 36.26 |
| Short Term Borrowings | 295.87 | 274.33 |
| Other Current Liabilities | 437.10 | 360.95 |
| TOTAL SOURCE OF FUNDS | 1,411.93 | 1,133.83 |
| Application of funds | | |
| Fixed Assets | 458.52 | 361.99 |
| Non - Current Investments | 18.80 | 18.80 |
| Long Term loans and advances | 21.27 | 18.63 |
| Inventories | 317.85 | 283.22 |
| Trade Receivables | 286.24 | 219.31 |
| Cash and cash equivalents | 58.35 | 14.23 |
| Other Current Assets | 250.89 | 217.65 |
| TOTAL APPLICATION OF FUNDS | 1,411.93 | 1,133.83 |

KEY FINANCIAL INDICATORS

TERM DEBT (RS. CRORE)

60.38 | **85.81**

As on 31th Dec'15

As on 31th Dec'14

LONG TERM DEBT / EQUITY RATIO

0.11 | **0.23**

As on 31th Dec'15

As on 31th Dec'14

NET DEBT (RS. CRORE)

297.90 | **345.91**

As on 31th Dec'15

As on 31th Dec'14

NET DEBT / EQUITY RATIO

0.52 | **0.92**

As on 31th Dec'15

As on 31th Dec'14

RETURN ON CAPITAL EMPLOYED*

**annualised*

61% | **63%**

9MFY2016

9MFY2015

RETURN ON EQUITY*

**annualised*

44% | **46%**

9MFY2016

9MFY2015

PERFORMANCE OUTLOOK FOR FY 2016

01

Products

- Deepen offtake of existing products
- Widen product base
- Prioritise innovation

02

Customers

- Broaden customer base
- Enter new countries
- Launching domestic brands

03

Manufacturing

- Achieve 50%-plus utilisation of the enhanced capacity
- Invest in cutting-edge technologies, automation
- Embark on the plan to enhance capacity

OPPORTUNITIES

Greater consumer respect for better bed linen design and application benefits

Prospective implementation of FTA with Europe
and Canada could widen the market

US\$14bn US bed linen market growing 2-3 per cent annually

Growing Indian market untouched by the company; marketing starts mid-2016

Proprietary designs patented; will strengthen our brands

New product mix leading to high value additions

SUSTAINABLE BUSINESS MODEL - 1

Brand

The Global Bed Linen Company:
Signifies focus, global aspirations and widening footprint

Strategic

Integrated: Farm to fabric to processed fabric to bed linen

Downstream-focused: Greater investment weighted downstream; maximising value-addition

Intangibles: Focused on intangibles like brands

Order process: Made-to-order over Made-to-stock (lower inventories)

Flexible: Balanced in-sourcing and out-sourcing

Evolving product mix: Yarn (commodity) to bed linen (value-added).

Relationships: Quasi-annuity institutional relationships; high revenue predictability; Long-term customer relationship resulted in consistently higher revenues.

SUSTAINABLE BUSINESS MODEL - 2

Product and markets

Brands: Recognised as a quality product manufacturer.

Market: Address most demanding bed linen market (USA).

Product mix: Present in the mid-to-high product niche (higher thread count).

Relationships: Majority of the company's revenues were derived from customers with relationships five years or longer.

Knowledge-based sales: New product launch based on market analysis focusing on consumer insights and gap assessments.

Consumers: Servicing some of the world's leading global retail brands like Walmart, Bed Bath and Beyond, Target, JC Penney, Macy's, Sam's Club, Bon Ton, Kohl's, Belk, John Lewis, Debenhams, House of Fraser and Laura Ashley among others.

SUSTAINABLE BUSINESS MODEL - 3

Manufacturing

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

Made to order: Customer-specific orders facilitating small inventories, shorter working capital cycle and capability - based competitiveness.

One-stop value: Evolved from plain Bed Sheets to Fashion Bedding, Utility Bedding and Institutional Bedding – the complete Bed Linen product basket; basket marked by product sophistication, value-addition, quality respect and enduring customer relationships.

De-risked: Embarked on capital investments on the basis of reasonable customer commitment and market demand.

OUR STRENGTHS AND COMPETENCIES

Hands-on approach: Balanced senior management; entrepreneurial approach

Operating leverage: Unused capacity and capability from within to drive growth

Presence: Presence in the large mid-end segment with attractive prospects

Cutting-edge: 100% of investment in modern assets less than 10 years old

Fiscal comfort: Strong balance sheet

Global presence: Global subsidiaries provide customer comfort and superior terrain understanding

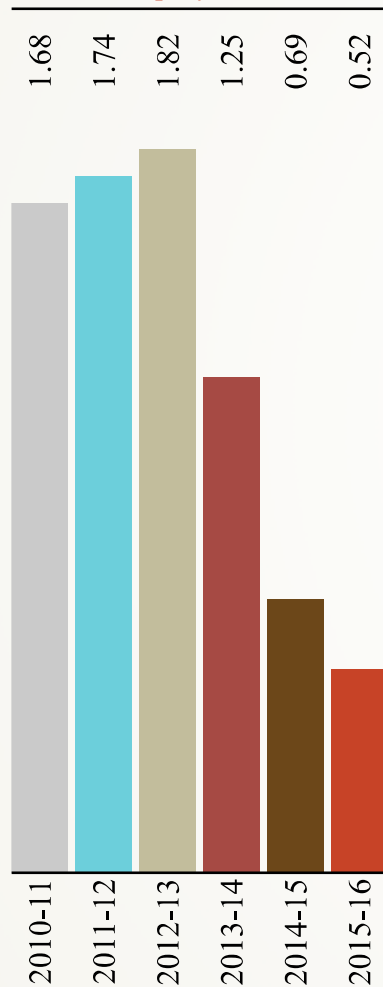
Innovation: Captive design team delivers innovative products

Growing skill: Graduation towards increasing thread counts indicates growing intellectual capital

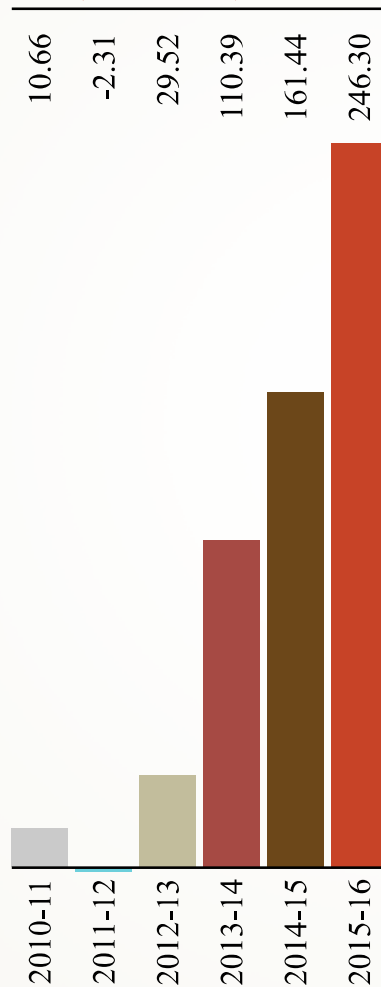
PART 2: DETAILED ANALYSIS

DE-RISKING STRENGTHENED OUR FINANCIALS

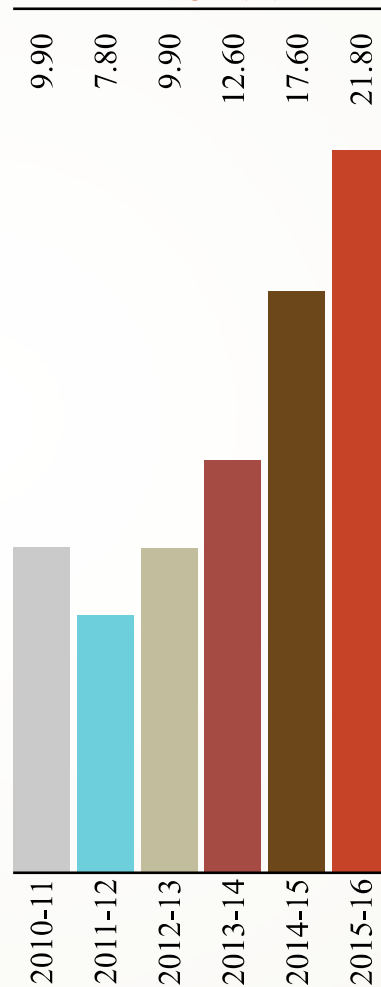
Net debt-equity ratio



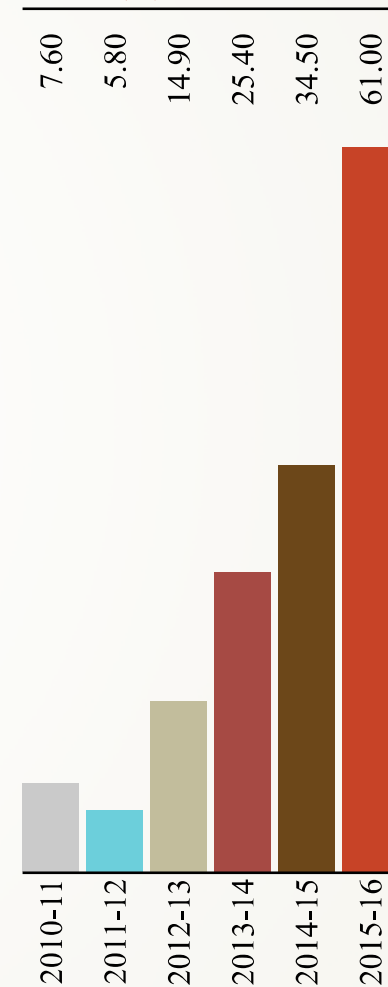
PAT (Rs. In crore)



EBIDTA Margin (%)



ROCE (%)



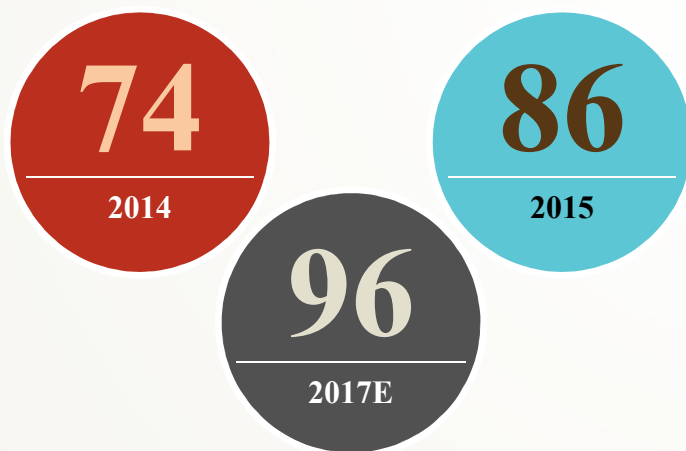
Note: The 2015-16 data are annualised

INDUSTRY DISCUSSION

The global home textiles industry

- Industry growth of 5% expected to sustain through 2017
- Home linen nearly 21% of the total home textiles industry (by volume)
- Growing market for higher value home linen
- Widening home linen product mix
- Maturing market

Global home textiles market



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

Indian home textiles industry

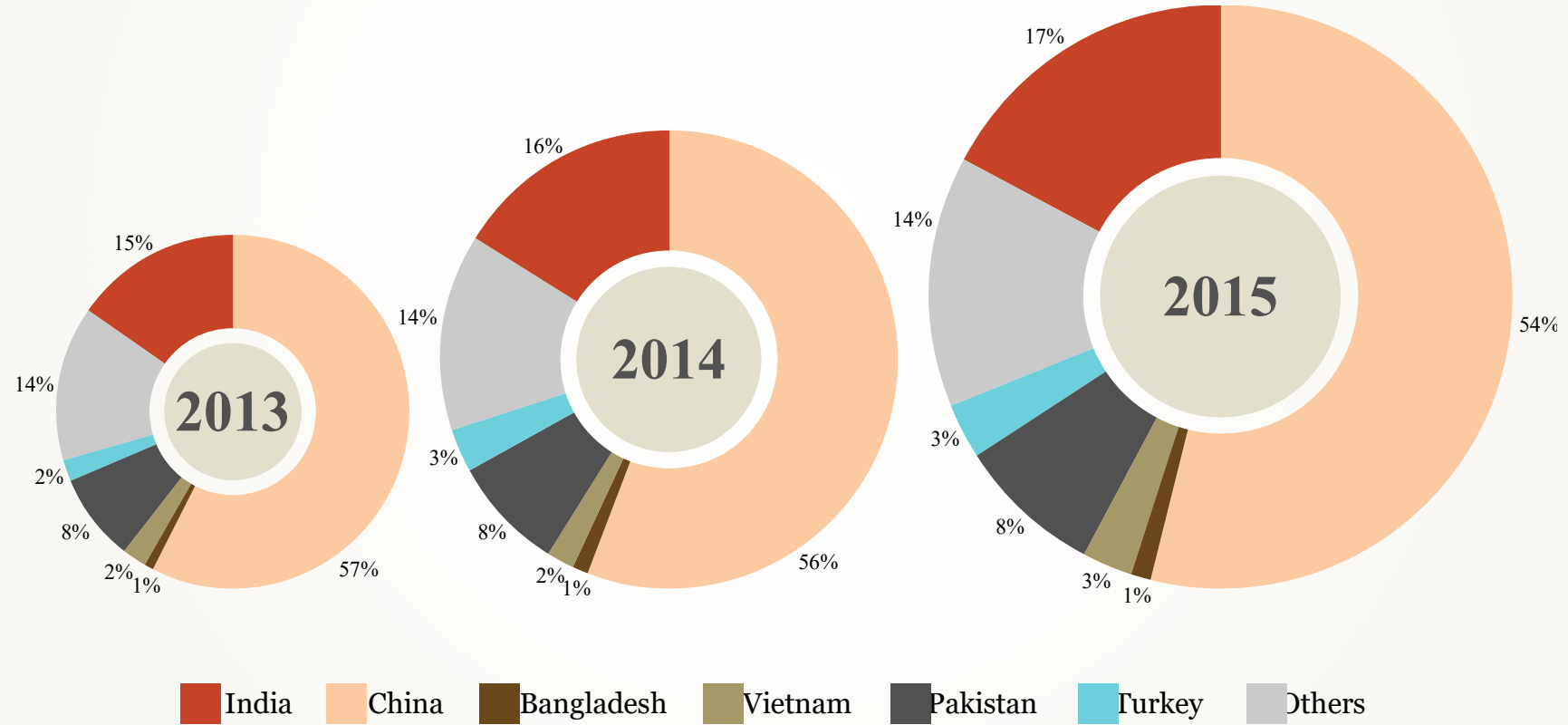
- Indian textiles industry contributes ~14% of Index of Industrial Production (IIP) and for around 5% of GDP
- Textiles contribute around 13% of India's export earnings
- Indian textiles market around US\$108 billion
- Indian textile industry projected to five-fold in ten years (US\$500 bn)

India's sectoral advantage

- Skilled workers
- Competitive cost structure
- Abundant raw cotton
- Favourable Government policies (cheap credit and capex subsidy)
- Free trade ASEAN agreements
- Growing premium products demand

INDUSTRY DISCUSSION

Made - Up Imports by United States

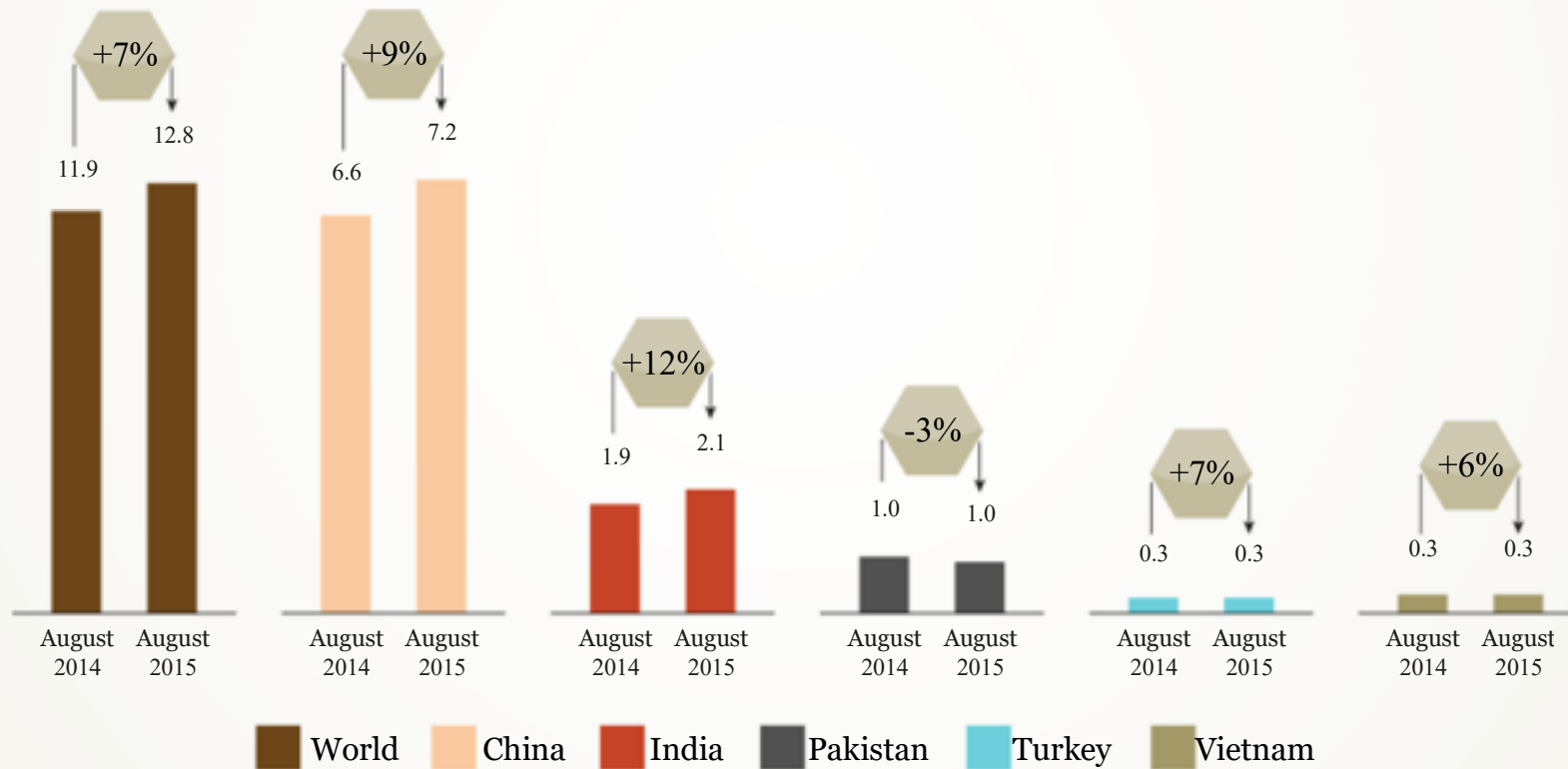


INDUSTRY DISCUSSION

Growth in 'Made Ups' Imports to United States

World (\$bn)

Top 5 Made Ups Exporting Countries to US account for 87% of the Market (\$bn)



70% of Indo Count's Revenue is contributed by U.S. market

‘MAKE IN INDIA’ AND THE INDIAN TEXTILE INDUSTRY

Reality

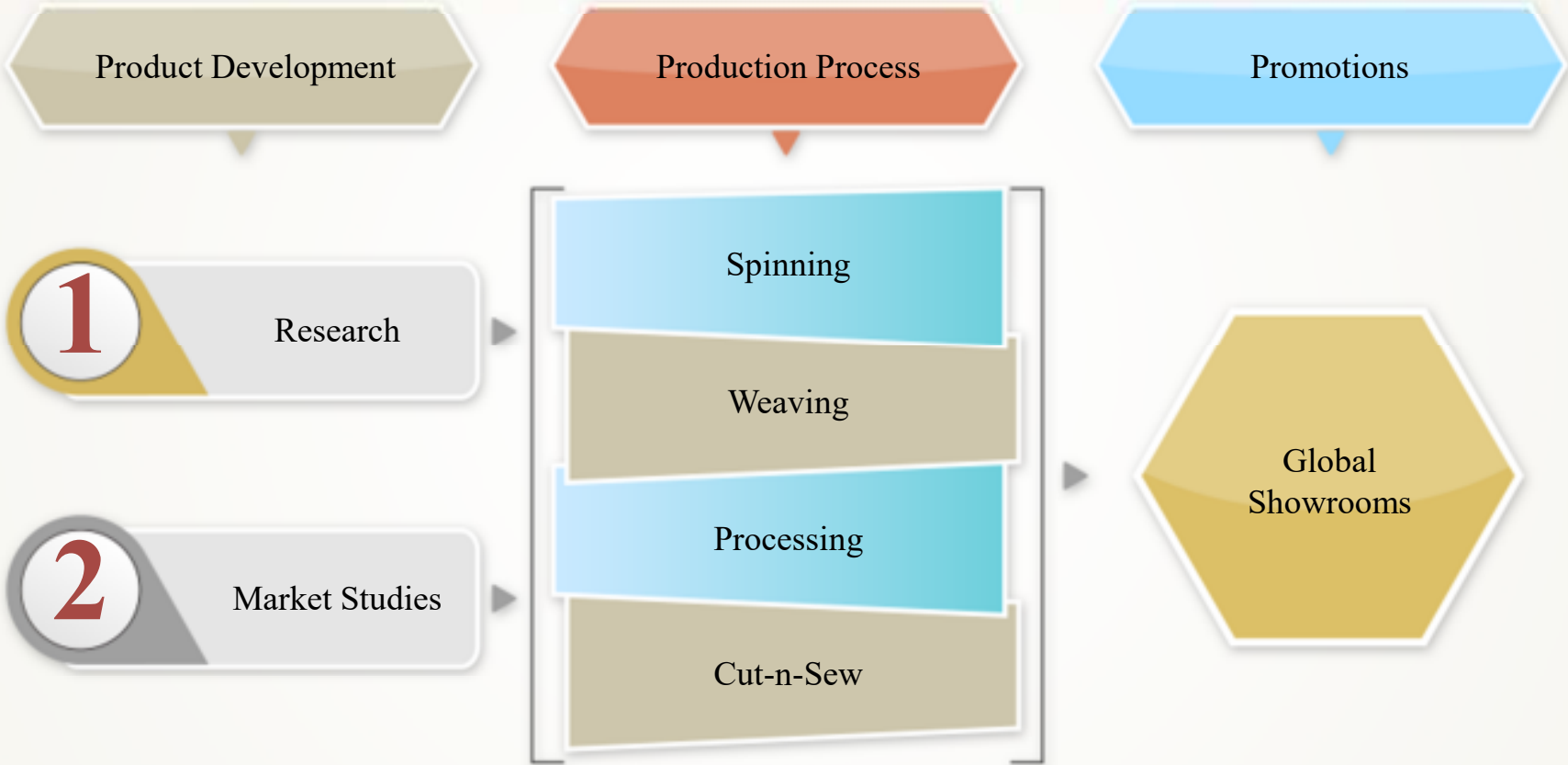
- Second largest textile manufacturer in the world
- Second largest producer of silk and cotton
- 24% of the world’s spindles
- Competitive global advantage (workers and cost structure)
- Abundant raw material (cotton, wool, silk and jute)

Drivers

- Changing lifestyles; increasing demand for quality products
- Conducive Government policies
- Centres of Excellence focused on testing and evaluation
- Resource centres and training facilities set up

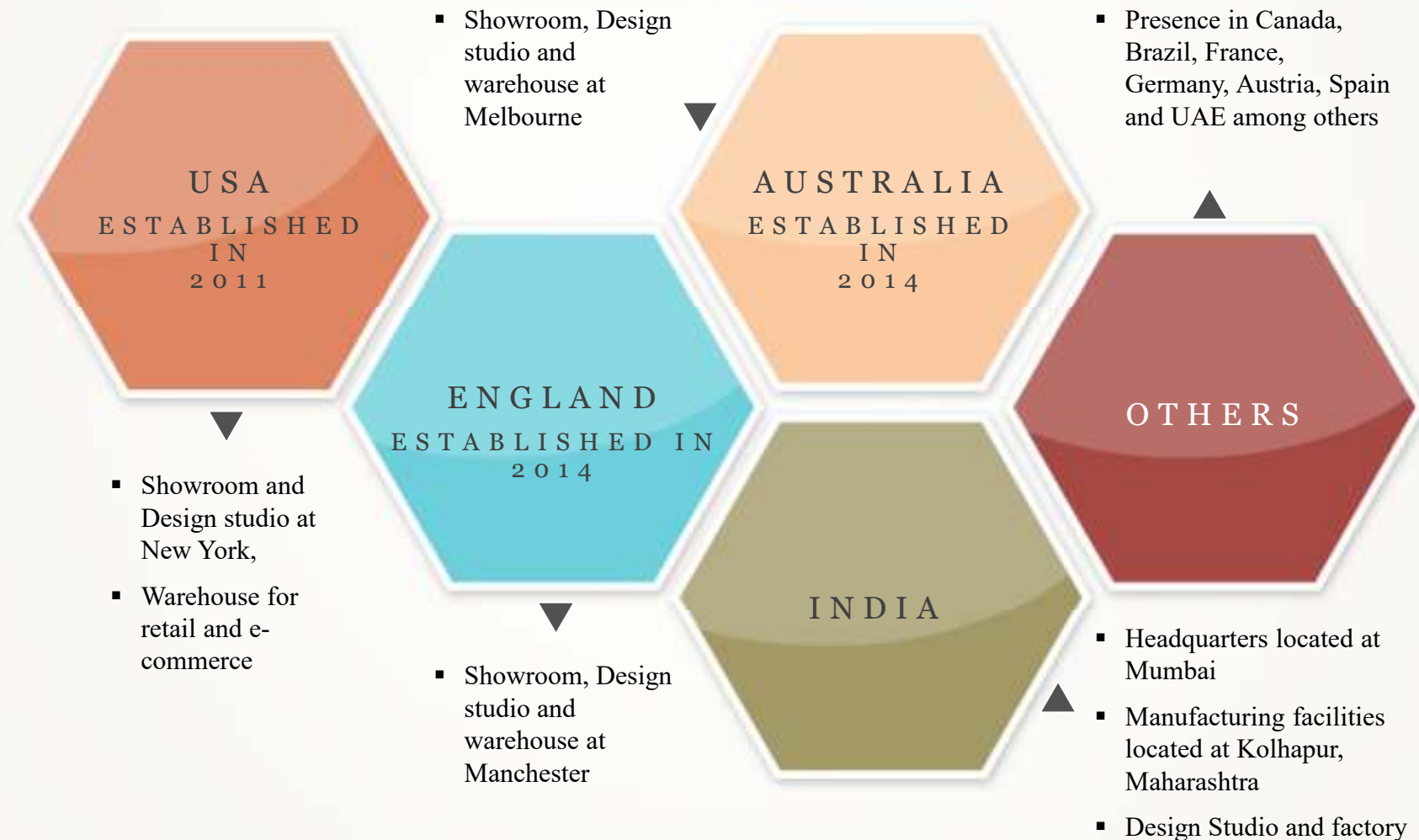
(Source: ‘Make in India’ website)

MANUFACTURING VALUE CHAIN



Factories located at Kolhapur, Maharashtra

MULTI-NATIONAL PRESENCE



MAJOR PRODUCTS AND INNOVATION

PRODUCTS

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

INNOVATIONS



THE ROAD AHEAD

01

Rs 475 capex plan in two phases

- Phase I expenditure with an outlay of Rs.175 cr - capacity to be enhanced to 90 mn meters. To be completed by December 2016.
- Phase II expenditure is under active evaluation with outlay of Rs. 300 cr

02

Domestic branded retail entry

- Through a subsidiary company.
- Rs.25 cr investment across three years.

03

Wider market coverage

- Expansion of marketing and distribution channels to new geographies
- Global marketing / representative offices to increase visibility
- Capturing demand in emerging markets and growing economies
- Enter into domestic retail market

THE INDO COUNT 'TRIPLE BOTTOMLINE'

Shareholders

- Increased earnings per share from Rs 3.03 (2010-11) to Rs 64.28 *Annualised (2015-16).
- Increased book value per share from Rs 48.73 (2010-11) to Rs. 135.03 in 9MFY2016
- Strengthened ROCE from 7.60% (2010-11) to 34.50% (2014-15) to 61% in 9MFY2016

Employees

- 10,000 (direct and indirect).
- Increased women workers from 39 (2010-11) to 600 (2015-16).
- Increased employee payout from Rs 35.21cr (2010-11) to Rs 98.55 cr (2015-16).

CSR

- Worked on health care, water sanitation and education.
- Launched e-learning programme across 37 Educational schools covering 14,000 children.
- Creating public infrastructure and primary health care support at Kolhapur (Maharashtra)

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