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INDO COUNT INDUSTRIES LTD. RECORD FIRST QUARTER RESULTS; REVENUES UP 46%; PAT UP 122%

Indo Count Industries Ltd., the global bed linen company, has declared record (in terms of revenues, margins and profits) unaudited reviewed standalone results for the quarter ended June 30, 2015.

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UNAUDITED STANDALONE FINANCIAL RESULTS (RS. / CR)

	Q1 2016	Q1 2015	Growth
Revenue	460.99	316.08	46%
EBITDA	103.77	51.97	100%
EBIT	99.56	48.4	106%
Depreciation	4.21	3.57	18%
Finance cost	14.85	13.9	7%
PBT	84.71	34.5	146%
Income Tax	29.35	9.59	206%
PAT	55.36	24.91	122%
Cash profit	70.82	30.82	130%
EPS (Rs.)	14.02	6.8	106%
Net debt: Equity	0.54	1.21	-55%

WHAT STANDS OUT IN OUR PERFORMANCE?

Revenues

Revenues for Q1 FY16 at Rs. 461crs was 46% higher than the Rs. 316 cr reported during the corresponding period (first quarter) of the previous financial; this has outperformed the growth of the country's textile sector (sector grew 5 per cent in 2014-15 as per Business Line and Technopak).

Revenue drivers

The outperformance in the company's revenues was on the back of new clients, larger share of the customer's wallet and enhanced product mix.

Profits and margins

The company reported a record EBIDTA of Rs. 104 r for the first quarter of 2015-16 as against Rs. 52 cr in the corresponding quarter of the previous financial year (100% growth) and Rs 87 cr cr in the immediately preceding quarter (last quarter of 2014-15), a 19% growth

The company also reported the highest EBITDA margin at 22.5%. This represented a 610 bps improvement over the EBIDTA margin reported in the corresponding quarter of 2014-15 and a 340 bps improvement over the EBIDTA margin reported in the last quarter of 2014-15.

The margins reported in the first quarter of 2015-16 represented the 10 th successive quarter that the company enhanced its EBIDTA margin.

This margins improvement was on account of a growing share of revenues derived from the Home Textiles segment within the company's business portfolio – from 60% to over 90% across the last eight quarters.

Profits

Our profit after tax for the first quarter of 2015-16 at Rs. 55 cr represented a 122% growth over the profit reported in the first quarter of 2014-15 and a 97% growth over the profit reported in the immediately preceding quarter (last quarter of 2014-15).

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

Enhanced competitiveness

The improvement in the company's record performance was also derived out of tighter operating controls.

The company reported a higher capacity utilization that helped amortise fixed costs more effectively.

The company's superior management of raw material enhanced material efficiency.

The company focused on enhanced equipment and sales productivity, which helped increase inventory turns.

The company's net debt-equity ratio (gearing, comprising long and short term debt less cash) was 0.54 at the close of the first quarter of 2015-16. This represented an improvement over the gearing of 1.21 at the close of the first quarter of 2014-15. The improved gearing resulted in enhanced financial competitiveness. The company's interest cover (number of times EBIDTA covers interest outflow) improved from 3.5x in the first quarter of 2014-15 to 6.7x in the first quarter of 2015-16.

MANAGEMENT VIEW POINT

Commenting on the company's record performance, Anil Kumar Jain, Chairman, Indo Count Industries Limited, said:

"Our profitable growth for the ninth quarter in the last 13 quarters represents a validation of our business model. This business model is centred around a number of priorities: focus on the home textiles segment, which is one of the fastest growing within the broad textile sector, a concentration on the bed linen niche within the homes textiles segment, servicing the demanding needs of large and respected client brands with a complete complement of bed linen products, accounting for a larger share of the customer wallet and climbing the value chain towards mid and high-end products.

"The optimism in our business is drawn from the progressive evolution of bed linen products into lifestyle products, increasing product sophistication, growing respect for manufacturers who can deliver a superior price-value proposition.

"To strengthen our home textile segment competitiveness, we expanded our capacity to 68 mn metres per annum last year. This helped widen the presence of value-added products in our portfolio, for which we are witnessing robust demand across geographies.

"Through the prudent interplay of our established business model and capacity expansion, we are competitively positioned to report sustainable growth. Over the foreseeable future, we expect to achieve rated utilisation of our enhanced capacity, increase our customer base, enrich our product mix further, enter new countries and accelerate product innovations.

Count on us...

A BRIEF INSIGHT INTO INDO COUNT INDUSTRIES LIMITED

Indo Count is the global bed linen company.

• The company is integrated from the manufacture of yarn at one end to the manufacture of finished made-ups. This extensive integration has made it possible for the company to enhance quality and maximize value-addition. The result is that the company possesses one of the highest 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: Basic white bedding, mattress pads, protectors, comforters filled with poly fibre

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

• The company has innovated the following kinds of products:

Infinity Cotton: Blend of a few finest cotton varities 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 among the three leading suppliers of bed linen products from India and the fourth largest bed sheet supplier to USA. It is the thirteenth largest global home textiles supplier to the US (Source: Home & Textiles Today, February 2015).

• The company received A rating from ICRA for long-term debt exposure and A1+ rating for short-term exposure.

• It received the Export Excellence Award, 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 551 (2014-15).

• The company registered consolidated revenues of Rs 1,781.80 cr and a profit after tax of Rs 145.87 cr in FY15.

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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