Indo Count
COMPLETE COMFORT

May 9, 2016

The National Stock Exchange of India Limited
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

Dear Sir/Madam,

Re: Investors Presentation – FY 2016

Please find enclosed herewith copy of Investors Presentation for Year ended 31st March, 2016.

Thanking you,

Yours faithfully,

For **Indo Count Industries Limited**

Amruta Avasare
Company Secretary
ACS No. 18844

Encl: A/a

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Indo Count
COMPLETE COMFORT

CONSISTENT GROWTH

INDO COUNT INDUSTRIES LIMITED

FY 2016

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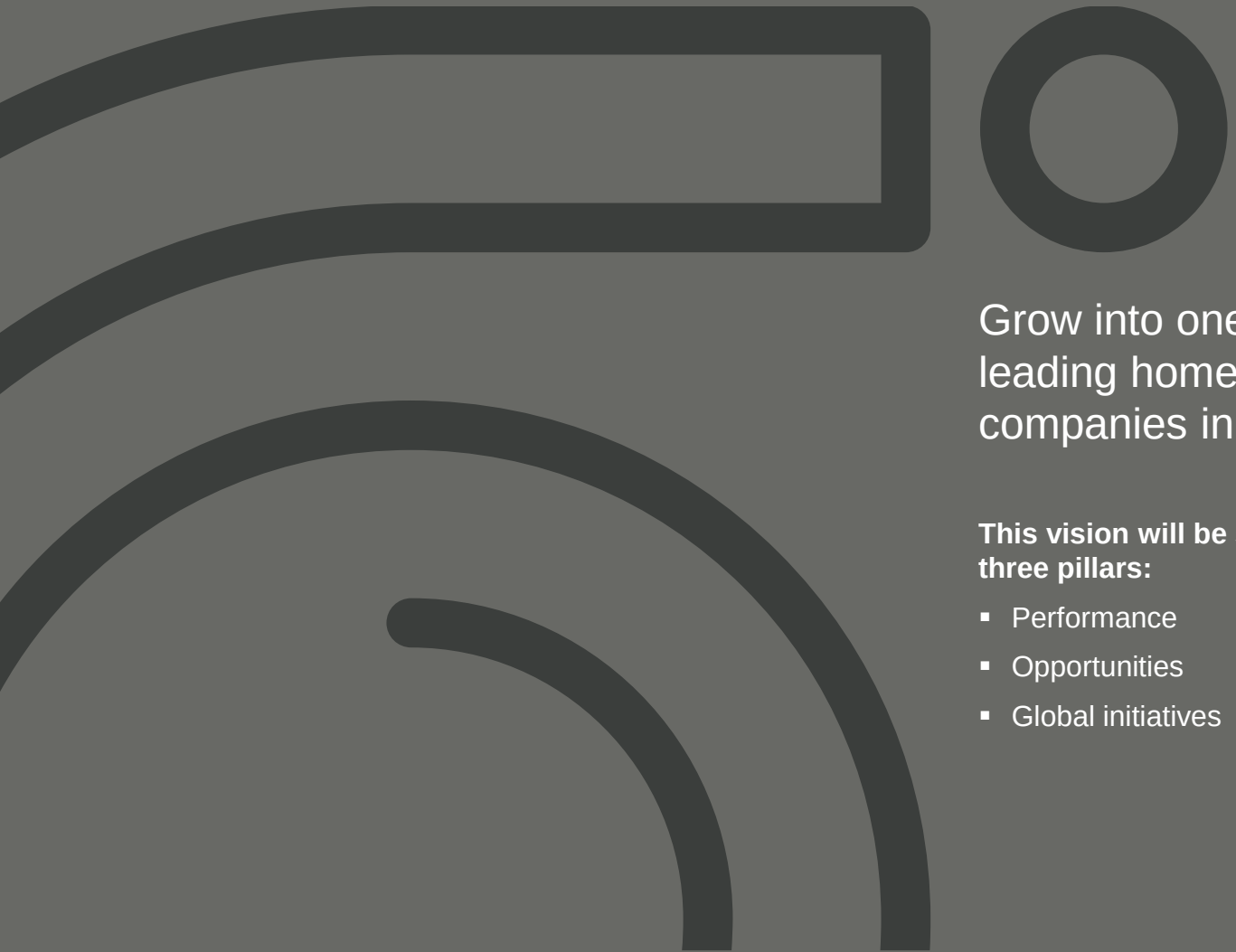
OUR VISION



Grow into one of the leading home textile companies in the world.

This vision will be supported around three pillars:

- Performance
- Opportunities
- Global initiatives

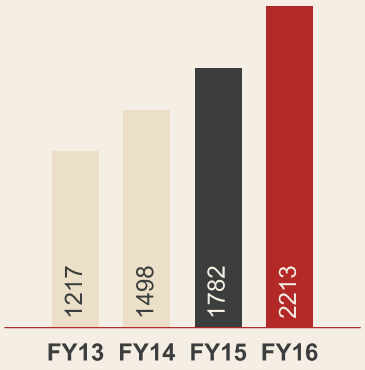
LET US START WITH OUR FY16 PERFORMANCE

- Record revenues, profits and cash profit
- Profitable growth (profit 82% growth > revenue 24% growth)
- 4th successive year of EBIDTA margin growth; margins growth higher in each quarter over corresponding FY15 quarter

WHAT YOU WILL SEE IN OUR PUBLISHED NUMBERS

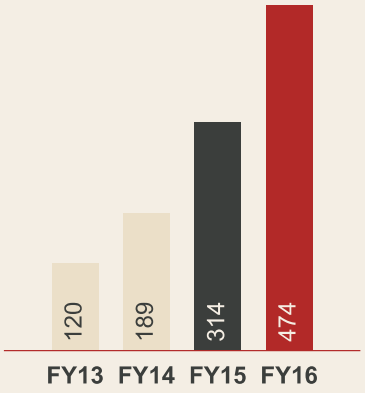
Growing revenues

(Rs crore)



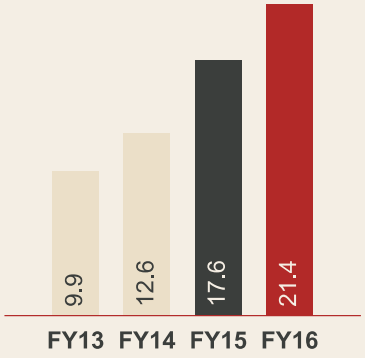
Strengthening EBIDTA

(Rs crore)



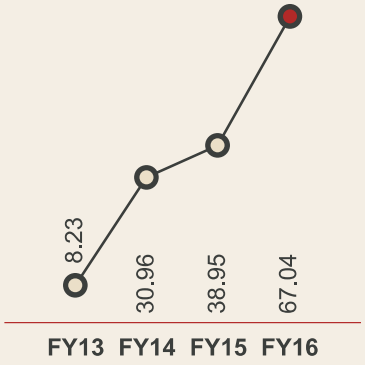
Increasing EBIDTA margin

(Per cent)

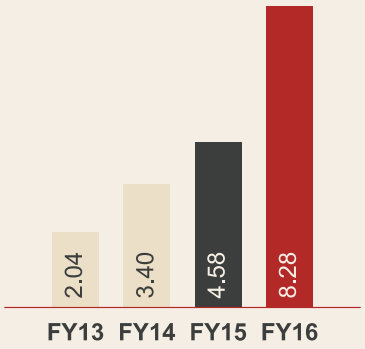


Growing earnings per share

(Rs.)

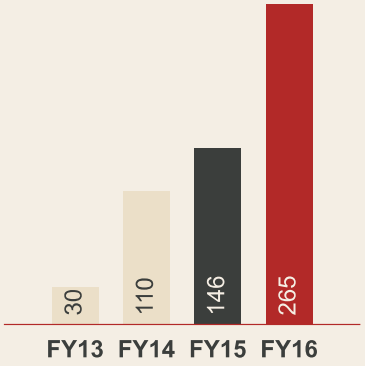


Robust interest cover



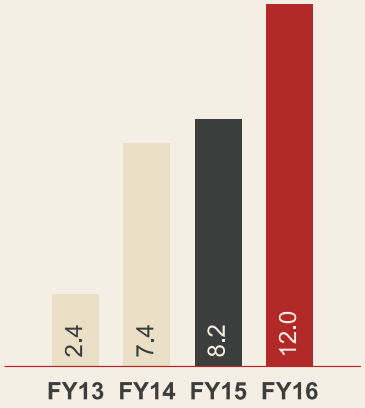
Surging post-tax profit

(Rs crore)



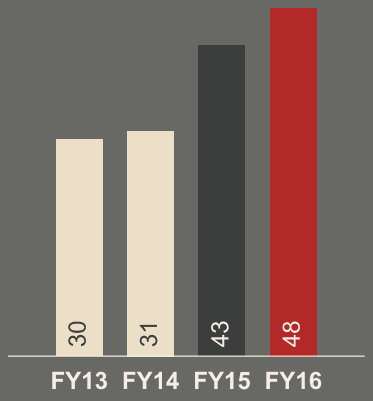
Improving net profit margin

(Per cent)

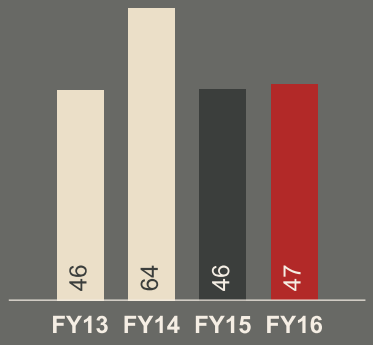


WHAT YOU ARE LIKELY TO MISS IN OUR PUBLISHED NUMBERS

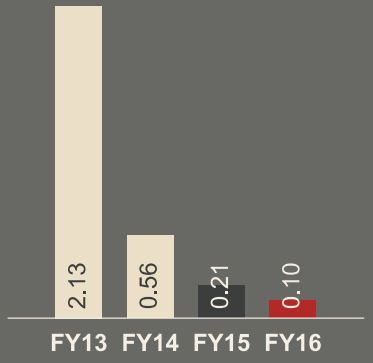
Strengthening RoCE
(Per cent)



Increasing RoE
(Per cent)



Term debt-equity ratio



PROFIT AND LOSS STATEMENT ABSTRACT

Rs. in Crore

Standalone				Consolidated		
FY2016	FY2015	Change %	Particulars	FY2016	FY2015	Change %
2,070.78	1,679.95	23.26	Total revenue	2,212.80	1,781.80	24.19
			Expenses			
1,047.47	933.71	12.20	Material consumed	1,045.49	946.59	10.40
95.53	73.65	29.70	Employee benefits	104.71	79.88	31.10
474.86	371.32	27.90	Other expenses	589.06	441.68	33.40
452.92	301.27	50.30	EBITDA	473.54	313.66	51.00
21.90	17.90	400 bps	EBITDA margin %	21.40	17.60	380 bps
18.19	15.40	18.10	Depreciation	18.85	15.97	18.00
434.73	285.87	52.10	EBIT	454.70	297.69	52.70
21.00	17.00	400 bps	EBIT margin %	20.50	16.70	380 bps
51.58	62.53	-17.50	Finance charges	54.91	65.02	-15.50
383.15	197.60	93.90	Profit before Tax	399.79	206.93	93.20
18.50	11.80	670 bps	PBT margin %	18.10	11.60	650 bps
132.44	58.56	126.20	Tax expense	135.05	61.05	121.20
250.71	139.04	80.30	Profit for the year	264.74	145.88	81.5
12.10	8.30	380 bps	PAT margin %	12.00	8.20	380 bps
316.43	170.83	85.23	Cash profit	330.11	178.53	84.90

BALANCE SHEET

Rs. in Crore

Standalone Balance Sheet		Particulars	Group Balance Sheet	
FY2105	FY2016		FY2015	FY2016
		SOURCES OF FUNDS		
39.48	39.48	Equity Share Capital	39.48	39.48
2.50		Preference Share Capital	2.50	
270.76	511.90	Reserves & Surplus	275.75	526.00
90.10	79.45	Revaluation Reserve	106.15	94.85
		Minority Interest	5.66	5.68
67.15	57.47	Long Term Borrowings	67.15	57.47
41.50	55.26	Other Non Current Liabilities	39.28	52.49
222.76	215.28	Short Term Borrowings	275.88	284.64
419.13	357.19	Other Current Liabilities	430.05	364.49
1,153.39	**1,316.03**	**TOTAL SOURCE OF FUNDS**	**1,241.90**	**1,425.10**
		APPLICATION OF FUNDS		
374.76	466.02	Fixed Assets	402.98	494.68
18.80	18.80	Non - Current Investments		
10.20	11.49	Long Term loans and advances	11.63	11.77
264.13	287.88	Inventories	383.03	456.40
208.04	289.28	Trade Receivables	127.02	205.77
16.27	19.36	Cash and cash equivalents	50.81	29.59
125.43	130.60	Short Term Loans & Advances	128.89	132.56
135.76	92.59	Other Current Assets	137.54	94.33
1,153.39	**1,316.03**	**TOTAL APPLICATION OF FUNDS**	**1,241.90**	**1,425.10**

KEY FINANCIAL INDICATORS

TERM DEBT (RS. CRORE)

FY16	FY15
57.47	67.15

LONG TERM DEBT / EQUITY RATIO

FY16	FY15
0.10	0.21

NET DEBT (RS. CRORE)

FY16	FY15
312.52	292.22

NET DEBT / EQUITY RATIO

FY16	FY15
0.55	0.92

RETURN ON CAPITAL EMPLOYED

FY16	FY15
48%	43%

RETURN ON EQUITY

FY16	FY15
47%	46%

THE 7 DRIVERS OF OUR RECORD PERFORMANCE

1 REVENUE GROWTH

Outperformed India's textile sector growth

2 CAPACITY COMMISSIONING

March 2015 expansion on stream; enhanced revenues

3 IMPROVED PRODUCT MIX

Fashion, utility and institutional bedding segments; launched lifestyle brands

4 ROBUST CUSTOMER RELATIONSHIPS

Larger customer wallet share; make-to-order offtake

5 FISCAL EFFICIENCY

Phased debt reduction; protected working capital management despite business growth; stronger gearing; lower interest outflow

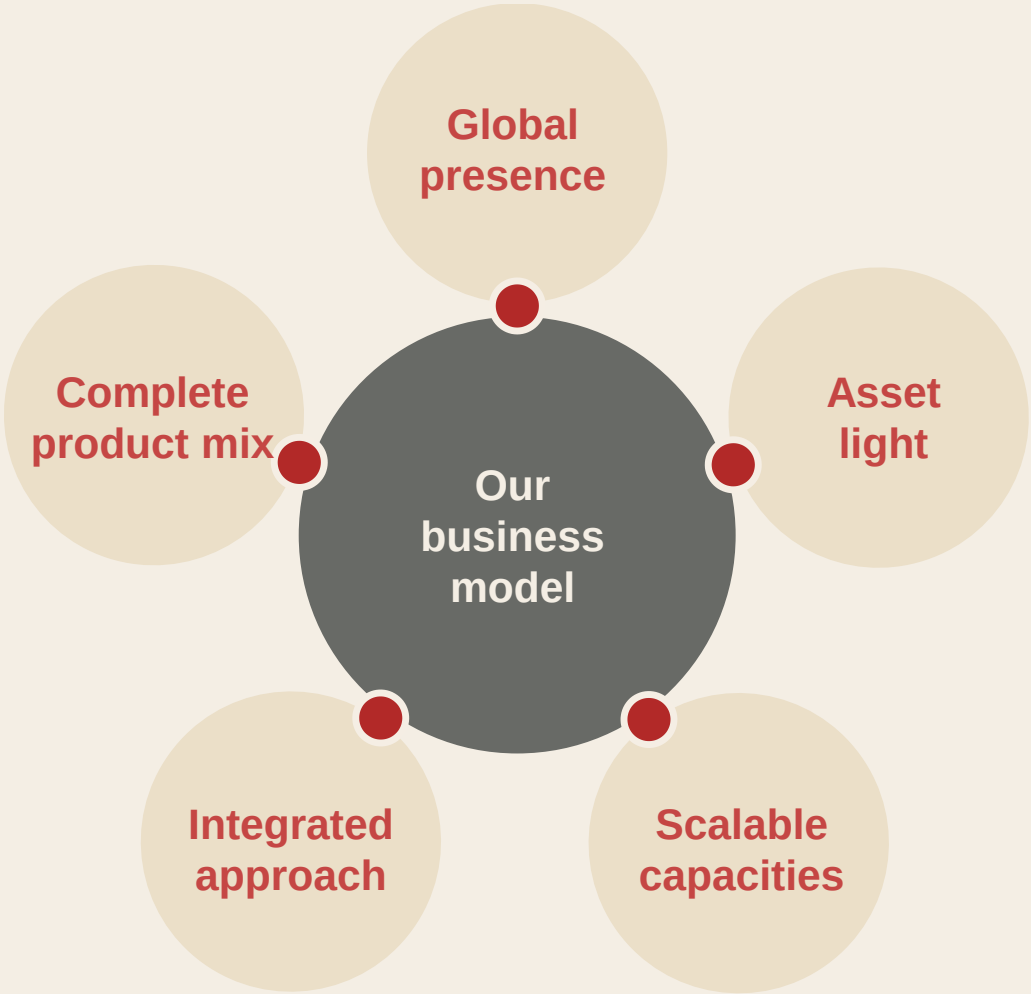
6 ENVIRONMENT COMPLIANCE

$ 8mn effluent treatment plant (commissioned February 2016) resulted in reuse of process water; and post-treatment water portability

7 GEOGRAPHICAL FOOTPRINT

UK and Australian showrooms became functional

OUR BUSINESS MODEL

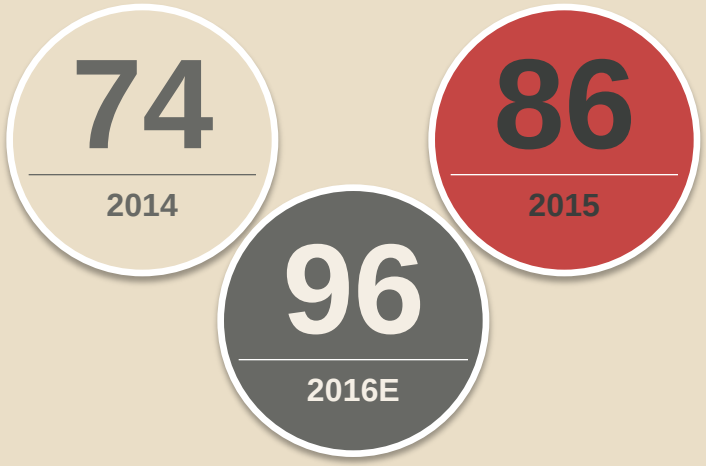


INDUSTRY DISCUSSION

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

Global home textiles market



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

Indian home textiles industry

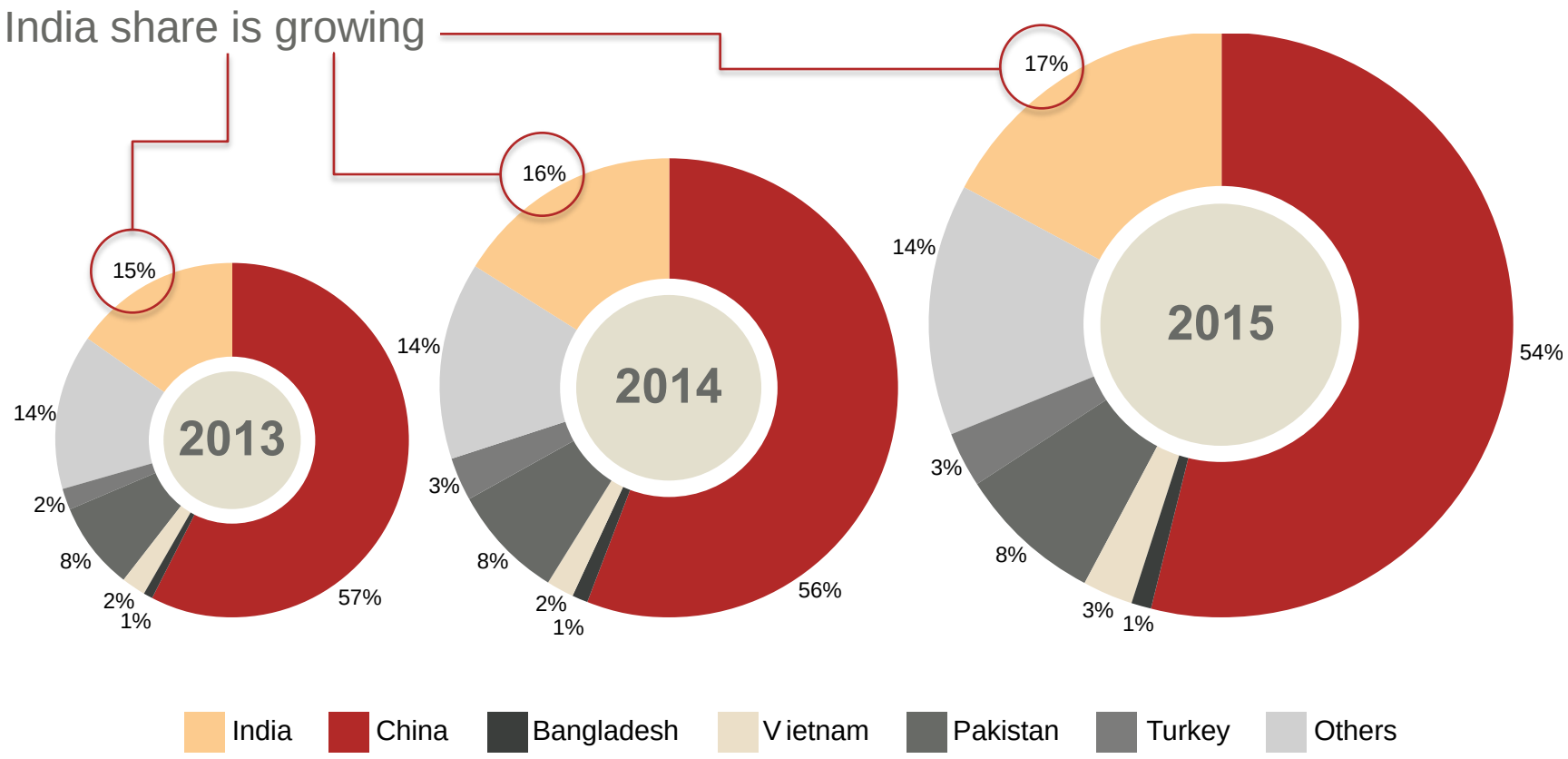
- Indian textiles industry contributes ~14% of Index of Industrial Production (IIP) and for around 5% of GDP
- Textiles contribute around 13% of India's export earnings
- Indian textiles market around US$110 billion
- Indian textile industry projected to five-fold in ten years (US$500 bn)

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



WHY THE BED LINEN SPACE IS ATTRACTIVE FOR INDIA

- Focus on capability and capacity
- Greater respect for small volume / short runs
- Extends the sector from thin-margin segments (yarn etc.)
- Represents value-addition
- Driven by enduring customer relationships (hence sustainable)
- Make-to-order

WHY INDIA IS POSITIONED TO CAPITALISE

- Abundant availability of raw material (cotton, synthetic yarn, wool, silk, jute)
- India the world’s largest cotton producer
- Abundant cotton availability helps cap resource costs
- 63 per cent global market share
- Competitive advantage in people skills and production costs
- Union Budget 2015-16 announced policy for integrated textile parks in India
- Growing global respect for Indian products; dependable modern long-term partner.

WHAT INDO COUNT BRINGS TO THE GLOBAL BED LINEN OPPORTUNITY

SPECIALIST

Singular bed linen focus

KNOWLEDGE

Experience of 25 years in the textile geography

HIGH-END

Experience of working with some of the most prominent global retail brands

COLLABORATIVE

Customer centric approach

ALL CHANNELS

Presence across all trade channels of sales

PROPRIETARY

Owns Patented Trademarks and Lifestyle Brands

PROACTIVE MANUFACTURING CAPACITY INVESTMENTS

2007	2012	2015	2017
Home textiles division commenced with 36 million meters per annum	Capacity expanded to 45 million meters per annum	Capacity expanded to 68 million meters per annum	Capacity in progress to increase to 90 million meters per annum

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

INNOVATION

THE THREE BRANDS WE LAUNCHED IN THE US MARKET, FY16

We are pleased to inform that our Company has launched 3 new brands to our Home Textile Product Portfolio in the US market.

The new brands include:

1. **Boutique Living**
2. **Revival**
3. **The Pure Collection**

The details of each of the brands are on the next slide

BOUTIQUE
LIVING

Boutique Living has a classic but polished foundation with influences from decorators point of view. It is stylish, aspirational and modern. The look is trend right –not trendy. It is made up of a mix of patterns and solids with attention to detail and welcomed unexpected elements.

The target audience is a successful educated professional who travels several times a year and prefers boutique hotels over large chain hotels. The target consumer makes an above average income and usually shops at retail stores. He/she has a busy life style and loves to socialize, loves to travel and is passionate about décor and decorating the home.

At present we have the following collections in ‘Boutique Living’: Water’s Edge, Seville, Ella and Del Ray

REVIVAL

NEW YORK CITY

The Revival brand is the spirit of the vintage. It is where classic designs meet urban style - but with a modern touch. Enzyme and stonewashed fabrics are incredibly soft to the touch. Sophisticated, muted colours, match the look and feel of the Revival brand.

The Target audience is a College Graduate/Professional. The ‘Revival’ audience aspires to have a home that has a hired decorator feel, but done by the homeowner through hunting and gathering items they love over time. She is sophisticated and traditional . She loves classic detailing but has a modern outlook. She adores natural fabrics and prefers a palette which has sophisticated and muted tones.

At present we have the following collections in ‘Revival’: Verona, Salford, Savannah and Florence.

THE
PURE
COLLECTION

The Pure Collection is a casual and relaxed quality brand with a minimal yet approachable aesthetic. It is inspired by a natural, environmentally-conscious way of living. The entire collection is 100%-organic cotton for those who are conscious about the environment and choosing products that are free of unnecessary chemicals.

The target audience is the health- conscious woman who buys organic food, is conscious about the environment and avoids using chemicals. She is well-educated, quality conscious and does not mind purchasing organic items for a healthier living. Her personal style is clean, uncluttered and sophisticated.

At present we have the following collections in ‘Pure’: Leiden, Pure Basics, Granada and Tanglewood.

HOW WE STRENGTHENED OUR BUSINESS SUSTAINABILITY IN FY16

Embarked on a Rs 175 cr capex

Created Proprietary Lifestyle Brands for global retail presence

Re-oriented our corporate brand around global trends

Capex Programme

Update on Phase 1 - Capex of Rs. 175 cr

- Capex of Rs. 175 cr:
  - Increasing processing capacity from 68 mn meters/annum to 90 mn meters/annum
  - Setting up a water effluent treatment plant
  - Automation of cut-and-sew and warehousing
- As on 31st March 2016, amount capitalised was Rs. 110 cr towards setting up effluent treatment plant, new utilities, automated cut and sew and warehousing.
- The balance capitalisation for enhancing processing from 68mn meters/annum to 90mn meters/annum is progressing as per schedule and completed by Q3 FY17

Capex Programme

Additional capex - Phase 2

- The Board approved capital expenditure plan for Rs. 300 crores in Phase 2
- The capital expenditure will be for upgrading existing spinning facilities, investment in additional weaving capacity (with specialized looms) and value added equipments for the delivery of fashion and utility bedding
- The above expansion will be completed by March 2018

OPTIMISM: PROCEEDING TOWARDS OUR VISION OF EMERGING AS A LEADING GLOBAL HOME TEXTILES COMPANY

Respect

- Growing global respect as a bed linen specialist
- Competence in trend forecasting, product manufacture, brand creation and design competence
- Growing multi-tier customer base

Financial

- Investing to create at least three years of revenue growth visibility
- Debt-lightness

Competence

- Leveraging the India advantage
- Enhanced flexibility in responding to market changes
- Intellectual capital in high-end bed linen niche (knowledge, experience, execution)
- Competence in managing the entire make-to-order eco-system

OUR 2016-17 AGENDA

- Introduce bed linen brands in India, US, Australia, Japan and UK
- Increase asset utilisation
- Strengthen customer mix
- Enhance margins
- Implement capacity expansion by March 17
- Domestic market launch

GLOBAL PRESENCE

India

- Headquarters in Mumbai
- Manufacturing facilities in Kolhapur, Maharashtra
- Showroom and design studio

U.S.

- Showroom and design studio in New York
- Warehouse for retail and e-commerce at Charlotte

U.K.

- Showroom, design studio and warehouse in Manchester

AUSTRALIA

- Showroom, design studio and warehouse in Melbourne

THE ROAD AHEAD

To complete Phase I & Phase II expansion

- Outlay of around Rs. 400 crore
- To be completed by March 2019

Domestic branded retail entry

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

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

THE INDO COUNT ‘TRIPLE BOTTOMLINE’

1

Shareholders

Increased earnings per share from Rs 8.23 (in FY13) to Rs 67.04 (in FY16)

Increased ROCE from 30% (in FY13) to 48% (in FY16)

2

Employees

10,000 (direct and indirect).

Increased women workers from 39 (2010-11) to 600 (2015-16).

Increased employee payout from Rs 35.21cr (in FY11) to Rs 104.71 cr (in FY16).

3

CSR

Worked on health care, water sanitation and education.

Launched e-learning programme across 45 Educational schools covering 16,500 children.

Creating public infrastructure and primary health care support at Kolhapur (Maharashtra)

CSR

Our Commitment to Our People, Our Communities and Our Planet.

- Focus on Education, Health Care, Women Empowerment, Water Sanitation and Environment.
- Launched E Learning to 45 Govt Aided Schools covering 16,026 students
- Provided Safe Drinking Water through RO water Purifying System to cover 15 villages
- Build 50 toilet blocks covering 50 villages/1000 families
- Health on wheel, examine 30,000 patients/year

ACCREDITATION

Highest wealth creation – Fortune 2015

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

INVESTOR CONTACTS

For further information please contact:

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New website

Please visit our new website at www.indocount.com

Investor Relations Advisors:

Strategic Growth Advisors Pvt. Ltd.
CIN: U74140MH2010PTC204285

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