



Complete Comfort



**INITIATING COVERAGE REPORT**

## Indo Count Industries Limited

**Market Cap.**

Rs. 8,358 cr.

**52 Week H/L**

Rs. 450/215

**CMP**

Rs. 422

**Target Price**

Rs. 555

### TEXT

#### STOCK DATA

Recommendation		BUY
Reuters Code	ICNT.BO	
Bloomberg Code	ICNT IN	
BSE Code	521016	
NSE Symbol	ICIL	
Face Value	Rs.2	
Shares Outstanding	19.81 Cr	
Avg. Daily Volume (6m)	514832 Shares	
Price Performance (%)		
1M	3M	6M
10	27	28
200 Days EMA Rs. 345		

#### SHARE HOLDING (%)

Promoters	58.8
FII	10.7
FI/MF	2.0
Body Corporate	5.3
Public & Others	23.3

#### RESEARCH ANALYST

 Kashish Shah | +91 22 4093 4078  
[kashish.shah@sushilfinance.com](mailto:kashish.shah@sushilfinance.com)

#### SALES:

 Devang Shah | +91 22 4093 6060/61  
[devang.shah@sushilfinance.com](mailto:devang.shah@sushilfinance.com)

#### MULTIPLE ACQUISITIONS TO UNLOCK IMMENSE POTENTIAL IN THE DOMESTIC & INTERNATIONAL MARKETS

Indo Count Industries Limited (ICIL) has a strong brand presence of over 3 decades in the domestic and international markets. ICIL is a vertically integrated company and is one of the largest manufacturers and exporters of bed sheets, bed linen, and quilts from India and is recognised among the top three global bed sheet suppliers to the US. The company's operations are spread across more than 50+ countries across 5 continents, including those in North America, the United Kingdom, the Middle East, and Asia Pacific. The company has recently acquired IP rights and trademarks for the brand 'Wamsutta', and licensing agreements for 'Fieldcrest' and 'Waverly'. The acquisitions will unlock new opportunities for the company with broader product offerings and higher presence in the international markets. Thus the company's revenues are likely to grow by 15%/18%/20% in FY25/FY26/FY27.

#### HEALTHY FINANCIAL PROFILE ENABLES THE COMPANY TO STRONG ARM ANY ADVERSE MARKET TAILWINDS.

The company's revenues have grown at a CAGR of 14.4% from FY20 to FY24 and were at Rs.3,557 crore in FY24 from Rs.2080 crore in FY20. The EBITDA margins have significantly improved to 15.7% in FY24 as compared to 8.8% in FY20. Subsequently, the net profit margins and EPS have improved to 9.5% in FY24 and Rs.17.1 respectively as against 8.2% and Rs.8.7 in FY20.

#### OUTLOOK & VALUATION

The increasing demand for Indian bed linens in the international market coupled with multiple acquisitions enables the company to increase its product offerings and product reach in the international market. **Hence, we have forecasted annual sales growth of 15%, 18% and 20% in FY25E, FY26E and FY27E derived a revenue of Rs. 5,792 crore for FY27E. We expect the PAT margins to remain in the range of 9%-11% through FY25E to FY27E and EPS of Rs. 32.7 in FY27E. As we assign a P/E multiple of 17x we arrive at a price target of Rs. 555 which gives us an upside of ~32% from CMP of Rs. 422. Hence, we initiate coverage on Indo Count Industries Limited with a BUY rating over an investment horizon of 24-30 months.**

Y/E Mar	Revenue (Rs. cr)	EBITDA (Rs. cr)	EBITDA (%)	PAT (Rs. cr)	NPM (%)	EPS (Rs.)	P/E (x)	P/S (x)	P/BV (x)
FY24	3,557.1	559.0	15.7%	337.9	9.5%	17.1	24.6	2.3	4.0
FY25E	4,090.6	654.5	16.0%	397.4	9.7%	20.1	20.9	2.0	3.4
FY26E	4,826.9	820.6	17.0%	518.0	10.7%	26.2	16.0	1.7	2.8
FY27E	5,792.3	996.3	17.2%	647.2	11.2%	32.7	12.8	1.4	2.3

## COMPANY OVERVIEW

Indo Count, founded in 1988, is a leading global player specializing in home textiles and bedding. The company's extensive product line includes premium value-added products such as bed sheets, fashion bedding, utility bedding, and institutional bedding. ICIL is India's one of the largest manufacturers and exporters of bed sheets, bed linen, and quilts, and it is recognized as one of the top three global bed sheet suppliers to the United States. The company is headquartered in Mumbai, India, and has state-of-the-art manufacturing facilities in Kolhapur, Maharashtra, and Bhilad, Gujarat. It has four manufacturing facilities with a capacity of 153 million meters of home textiles and approximately 140,000 tonnes of spinning capacity. Indo Count operates showrooms and design studios in New York (USA), Manchester (UK), and Dubai (UAE), as well as warehouses for retail and e-commerce fulfillment in the USA, UK, and India. ICIL's brands cater to a global consumer base and enjoy a wide brand following. The company sells its products globally through its extensive network of marquee retailers.

Over the last 5 years, the revenues, operating profits and PAT have grown at a CAGR of ~14.4%, 32.2%, and 46.6% respectively. As on June, 2024, the promoters' holding stood at 58.74%, FII's held 10.69%, DII's held 2.16%. Further, ELM Park Fund Limited holds 5.20% and Long Term India Fund holds 1.51% and UTI Aggressive Hybrid Fund holds 1.16% stake as on June 2024. Further, investors like Mr. Mukul Agrawal also holds 1.17% stake in Indo Count. Indo Count has paid dividend consistently since 2016.



## COMPANY OVERVIEW

### Products & Categories:



- **Bed Sheets**
  - The company creates private label, licensed and own premium brands.



- **Fashion Bedding**
  - It creates stylish fashion bedding. The collections all include matching and complementary sheets, comforters, duvet covers, quilts, pillows, shams and skirts.



- **Utility Bedding**
  - Utility bedding includes mattress pads, down alt comforter, filled pillows and protectors.



- **Institutional Bedding**
  - Provides bedding to renowned hotels, resorts, and other institutions.

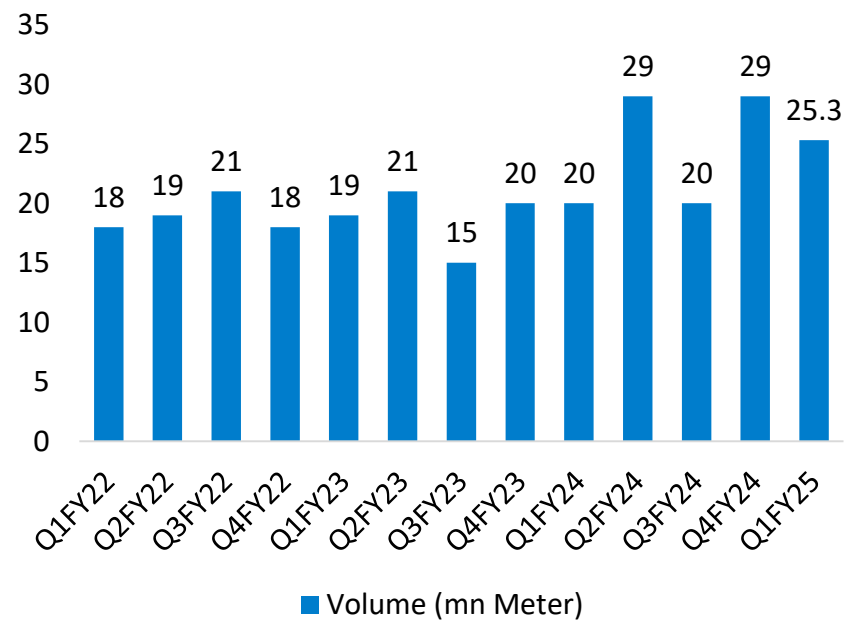
## INVESTMENT RATIONALE – STRONG BRAND PRESENCE IN THE DOMESTIC & INTERNATIONAL MARKET COUPLED ACQUISITIONS TO PROPEL GROWTH

For more than 35 years, Indo Count Industries Limited (ICIL) has maintained a significant position in the textile sector. With operations spread across more than 50+ countries across 5 continents, including those in North America, the United Kingdom, the Middle East, and Asia Pacific. The company has a wide range of bedlinens such as Bed Sheets, Fashion Bedding, Utility Bedding, and Institutional Bedding. The product range offered by ICIL includes Bedsheets, Pillowcases, Comforters, Quilts, Coverlets, and Mattress pads, among other products.

ICIL’s revenues have improved from Rs. 2,842 crore in FY22 to Rs. 3,557 crore in FY24. Further, the volumes have been on an increasing trend since Q1FY22. The company’s volumes stood at 25.3 mn meters in Q1FY25 as against 20 mn meters in Q1FY24, an increase of 26% on a y-o-y basis. Further, the management has guided a total volume of 110-115 mn meters for FY25.

The increase in volumes in FY25 will be supported by increased imports of bed linens from the USA and UK from India, FTAs signed with Australia and UAE and other upcoming FTAs which are expected, China + 1, and expansions made by ICIL to further enhance the reach and product offerings.

The company has acquired the trademark and IP rights of Wamsutta, a 175-year-old bed linen brand based in the USA, for Rs. 85 crore, aiming to expand its product offering and expand its reach in the US. Furthermore, the company has also secured licensing agreements with 2 brands, Fieldcrest (a more than 100-year-old company) and Waverly. The company is likely to benefit from its overseas expansions, increasing demand from India, and its established brand position in the international market.



Source: Company, Sushil Finance Research

## INVESTMENT RATIONALE – IMPROVED PRODUCT MIX AND ENTRANCE IN THE PREMIUM SEGMENT TO ENHANCE MARGIN PROFILES

The company is shifting towards the premium segments and increasing its product offerings. The company has acquired IP and trademarks for a 175 year old brand named ‘Wamsutta’ and licensing agreements with International brands such as ‘Fieldcrest’ (100 year old company) and ‘Waverly’.

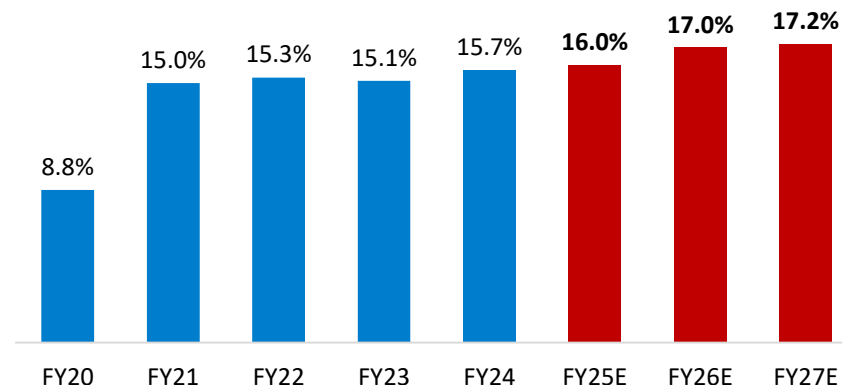
Through ‘Wamsutta’ the company is expected to move towards premium segment for home fashion brand, offering bed, bath, rugs, window and other products. Wamsutta is an established brand name in the North American regions, this will unlock new markets for ICIL. The acquisition will broaden the company’s distribution from B2B to B2C and D2C globally through Omni channel means.

Furthermore, the licensing agreements with ‘Fieldcrest’ and ‘Waverly’ will reinforce the company’s commitments towards high-yield and value added products. This will enhance the company’s B2C footprints and tap new and diversified demographics.

The company’s diversified product offerings coupled with new demographics will enhance the overall market share for ICIL thus leading to enhanced market position and improved margins.

ICIL’s EBTIDA margins were at 15.3%/15.1%/15.7% for FY22/FY23/FY24. However, with this acquisitions and agreements, margins are expected to improve to 16.0%/17.0%/17.2% in FY25E/FY26E/FY27E. The management has guided EBITDA margins of 16%-18% for FY25.

EBITDA Margins

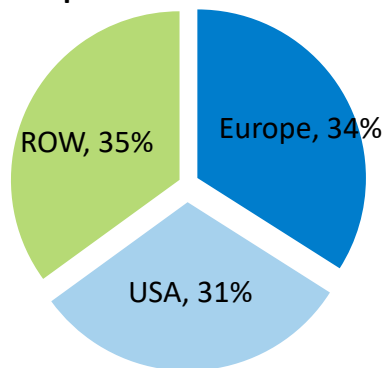


Source: Company, Sushil Finance Research

**INVESTMENT RATIONALE – IMMENSE POTENTIAL IN THE DOMESTIC AND INTERNATIONAL MARKETS**

As per reports, the Indian Home textile market is expected to reach USD 15.36bn in 2029 from USD 9.6bn in 2024. Further, the USA import of cotton sheets have seen significant improvement from India (64.4% in 5MCY25 as compared to 49.4% in CY22) followed by Pakistan (19.9%) and China (8.1%). India’s major export market for home textile is Europe which stood at 34% followed by USA (31%) and ROW (35%).

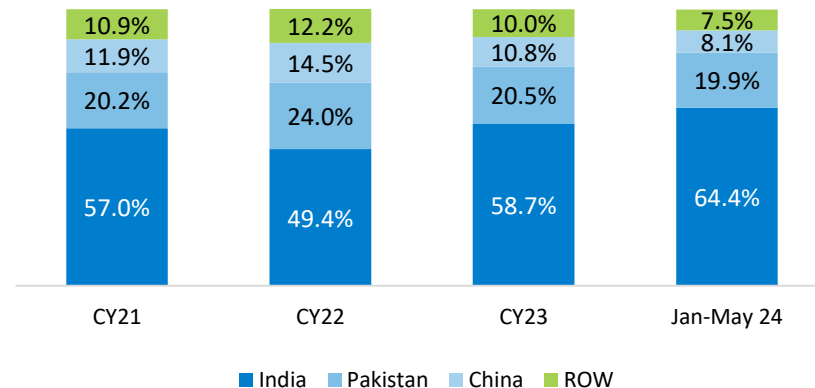
**Major exports markets for home textiles**



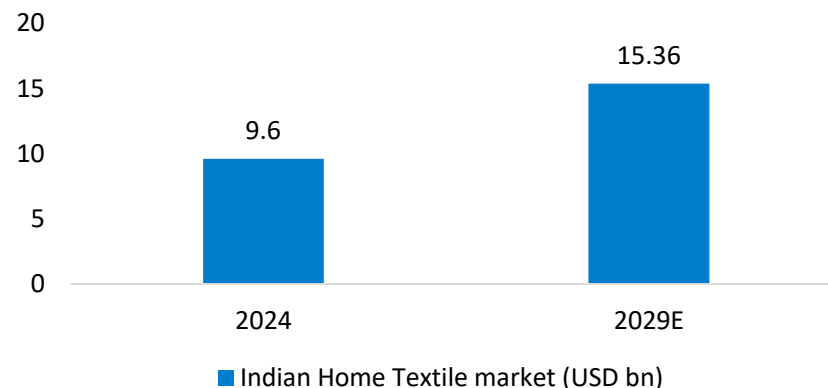
**Global Home Textile market (USD bn)**



**USA import of Cotton Sheets**



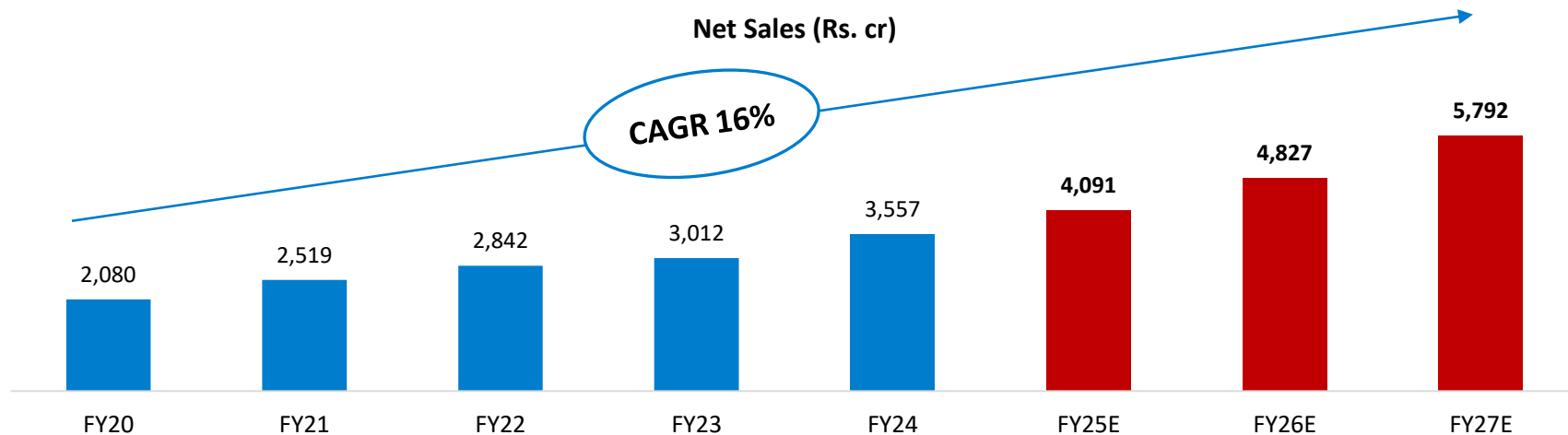
**Indian Home Textile market (USD bn)**



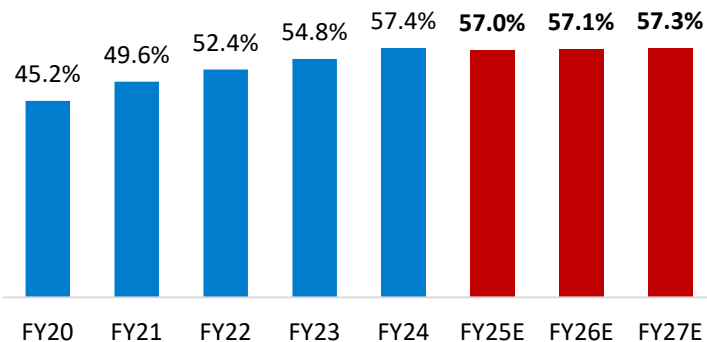
Source: Company, Sushil Finance Research

**INVESTMENT RATIONALE- HEALTHY FINANCIAL PROFILE ENABLES THE COMPANY TO STRONG ARM ANY ADVERSE MARKET TAILWINDS.**

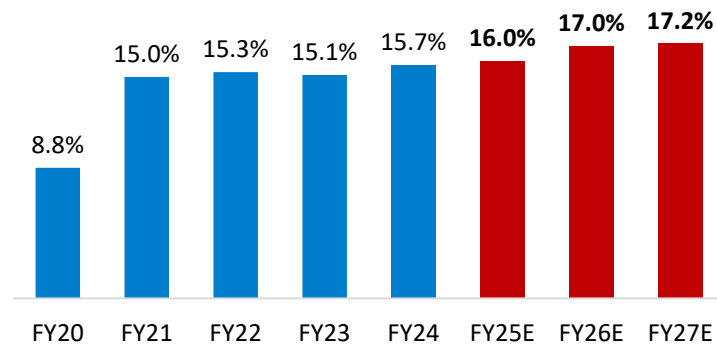
**Net Sales (Rs. cr)**



**Gross Margins**

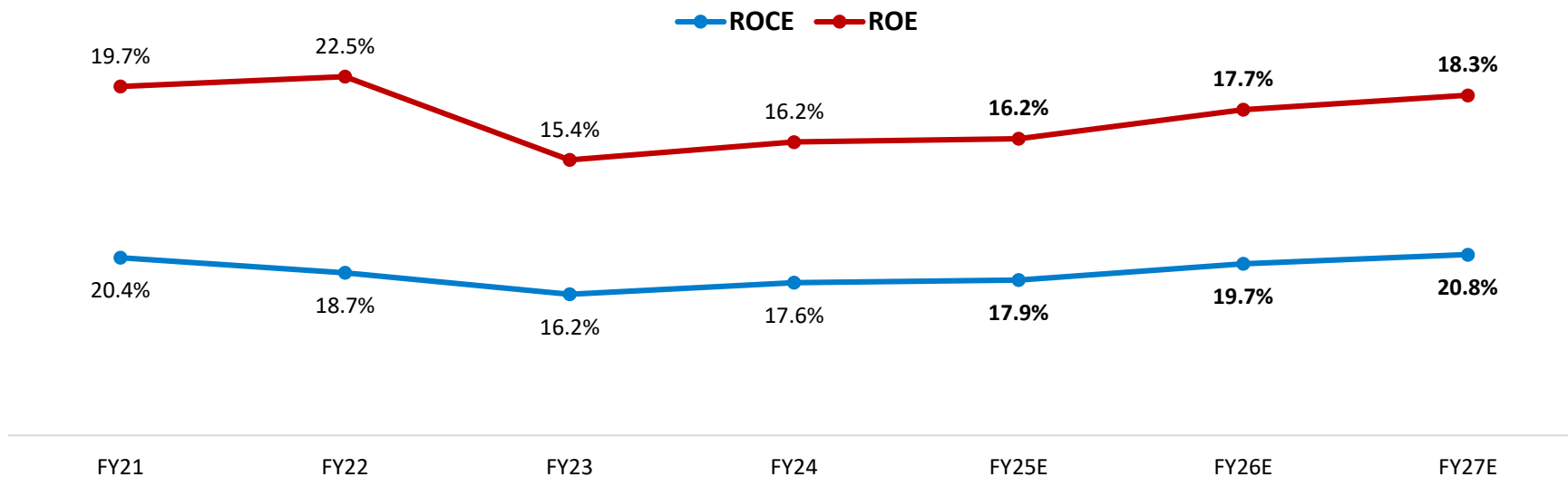
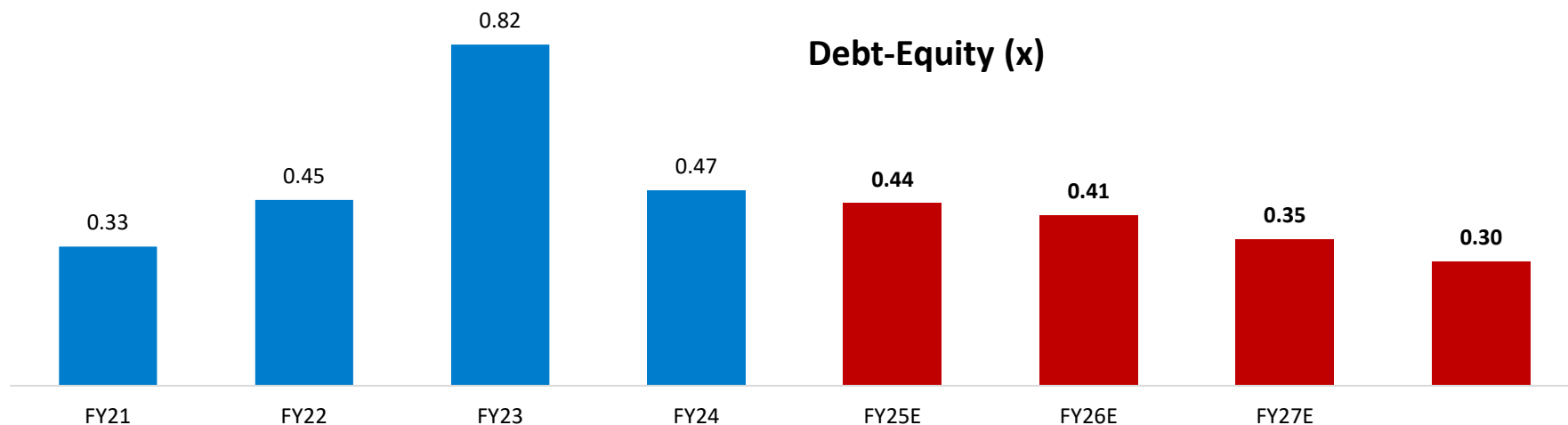


**EBITDA Margins**



Source: Company, Sushil Finance Research





Source: Company, Sushil Finance Research

## INCOME STATEMENT

(Rs. cr)

Y/E March	FY23	FY24	FY25E	FY26E	FY27E
<b>Revenue</b>	<b>3,012</b>	<b>3,557</b>	<b>4,091</b>	<b>4,827</b>	<b>5,792</b>
Raw Material Cost	1361	1514	1759	2071	2473
Employee Cost	268	313	368	439	527
Other Expenses	929	1172	1309	1496	1796
<b>EBITDA</b>	<b>454</b>	<b>559</b>	<b>655</b>	<b>821</b>	<b>996</b>
<i>EBITDA Margin (%)</i>	<i>15.1%</i>	<i>15.7%</i>	<i>16.0%</i>	<i>17.0%</i>	<i>17.2%</i>
Depreciation	65	83	91	95	100
<b>EBIT</b>	<b>390</b>	<b>476</b>	<b>563</b>	<b>725</b>	<b>896</b>
<i>EBIT Margin (%)</i>	<i>12.9%</i>	<i>13.4%</i>	<i>13.8%</i>	<i>15.0%</i>	<i>15.5%</i>
Finance Costs	62	70	78	81	81
Other Income	31	44	45	46	48
<b>Profit before Tax</b>	<b>359</b>	<b>450</b>	<b>530</b>	<b>691</b>	<b>863</b>
Tax Expense	74	97	132	173	216
<b>Net Profit</b>	<b>277</b>	<b>338</b>	<b>397</b>	<b>518</b>	<b>647</b>
<i>Net Margin (%)</i>	<i>9.2%</i>	<i>9.5%</i>	<i>9.7%</i>	<i>10.7%</i>	<i>11.2%</i>
<b>EPS</b>	<b>14.0</b>	<b>17.1</b>	<b>20.1</b>	<b>26.2</b>	<b>32.7</b>

Source: Company, Sushil Finance Research

## BALANCE SHEET STATEMENT

(Rs. cr)

Y/E Mar.	FY23	FY24	FY25E	FY26E	FY27E
PP&E (incl. CWIP)	1,217	1,301	1,410	1,540	1,740
Other Non-Current	73	64	64	64	64
Inventories	895	1,143	1,340	1,583	1,897
Trade Receivables	397	528	650	780	952
Cash and Bank Balances	108	103	127	178	181
Other Current Assets	308	373	410	449	509
<b>Total Assets</b>	<b>3,048</b>	<b>3,569</b>	<b>4,057</b>	<b>4,651</b>	<b>5,400</b>
Equity Share Capital	40	40	40	40	40
Reserves & Surplus	1,753	2,049	2,407	2,886	3,493
Borrowings	198	136	100	75	50
Trade Payables	213	308	361	431	522
Other Financial Liabilities	55	61	74	87	104
Current Borrowings	642	778	900	950	1,000
Other Current Tax Liab & Provisions	35	32	37	43	51
<b>Total Liabilities</b>	<b>3,048</b>	<b>3,569</b>	<b>4,057</b>	<b>4,651</b>	<b>5,400</b>

Source: Company, Sushil Finance Research

**CASH FLOW STATEMENT**

(Rs. Cr)

Particulars	FY23	FY24	FY25E	FY26E	FY27E
PBT	359	450	530	691	863
Depreciation	65	83	91	95	100
Interest	62	70	78	81	81
<b>CFO before Working Cap chg</b>	<b>486</b>	<b>603</b>	<b>699</b>	<b>867</b>	<b>1,044</b>
Chg in Inventories	173	(248)	(197)	(243)	(314)
Chg in Trade Receivables	97	(131)	(122)	(130)	(172)
Chg in Trade Payables	48	95	53	70	91
Income Taxes Paid	(74)	(97)	(132)	(173)	(216)
<b>Cash Flow from Operations</b>	<b>755</b>	<b>146</b>	<b>434</b>	<b>563</b>	<b>648</b>
Interest Paid	(62)	(70)	(78)	(81)	(81)
Dividend Paid	(39)	(40)	(40)	(40)	(40)
Other Adjustments	(399)	159	40	6	(9)
<b>Cash Flow from Financing</b>	<b>(574)</b>	<b>(47)</b>	<b>(211)</b>	<b>(287)</b>	<b>(345)</b>
Capital Expenditure	(667)	(167)	(200)	(225)	(300)
Other Adjustments	193	69	1	-	-
<b>Cash Flow from Investing</b>	<b>(474)</b>	<b>(98)</b>	<b>(199)</b>	<b>(225)</b>	<b>(300)</b>
<b>Opening Cash</b>	<b>385</b>	<b>108</b>	<b>103</b>	<b>127</b>	<b>178</b>
<b>Total Cash Flow</b>	<b>(293)</b>	<b>1</b>	<b>24</b>	<b>51</b>	<b>3</b>
<b>Closing Cash</b>	<b>108</b>	<b>103</b>	<b>127</b>	<b>178</b>	<b>181</b>

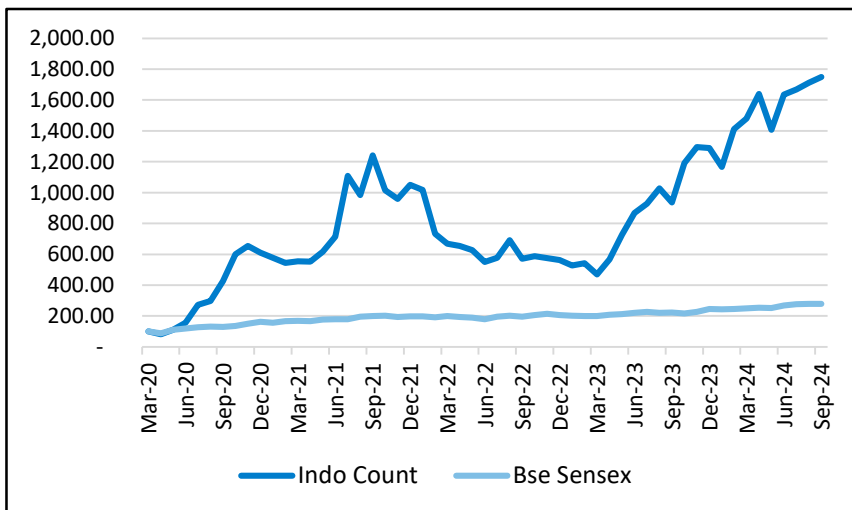
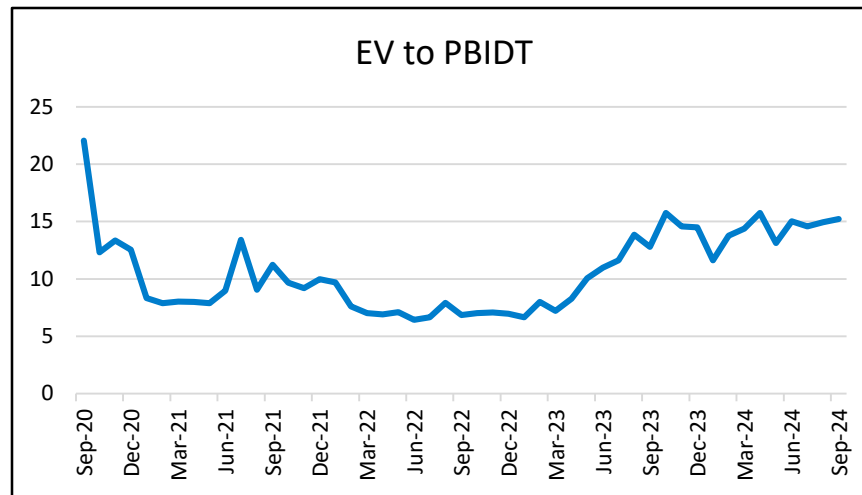
Source: Company, Sushil Finance Research

**FINANCIAL RATIOS STATEMENT**

<b>Ratios</b>	<b>FY23</b>	<b>FY24</b>	<b>FY25E</b>	<b>FY26E</b>	<b>FY27E</b>
<b><u>Growth (%)</u></b>					
Revenue	6.0%	18.1%	15.0%	18.0%	20.0%
EBITDA	4.6%	23.1%	17.1%	25.4%	21.4%
Net Profit	-22.8%	22.1%	17.6%	30.3%	24.9%
<b><u>Profitability (%)</u></b>					
EBITDA Margin	15.1%	15.7%	16.0%	17.0%	17.2%
Net Profit Margin	9.2%	9.5%	9.7%	10.7%	11.2%
ROCE	16.2%	17.6%	17.9%	19.7%	20.8%
ROE	15.4%	16.2%	16.2%	17.7%	18.3%
<b><u>Per Share Data (Rs.)</u></b>					
EPS	14.0	17.1	20.1	26.2	32.7
BVPS	90.5	105.5	123.5	147.7	178.4
CEPS	17.2	21.2	24.7	31.0	37.7
<b><u>Valuation (x)</u></b>					
P/E	30.0	24.6	20.9	16.0	12.8
P/BV	4.6	4.0	3.4	2.8	2.3
EV/EBITDA	20.1	16.3	13.9	11.1	9.1
P/Sales	2.8	2.3	2.0	1.7	1.4
<b><u>Turnover</u></b>					
Inventory days	240	275	278	279	280
Debtor days	48	54	58	59	60
Creditor days	57	74	75	76	77
<b>Net WC Days</b>	<b>231</b>	<b>255</b>	<b>261</b>	<b>262</b>	<b>263</b>
<b><u>Gearing (x)</u></b>					
D/E	0.5	0.4	0.4	0.4	0.3

Source: Company, Sushil Finance Research

**MARKET INFORMATION**



Source: Company, Sushil Finance Research

**Rating Scale :** This is a guide to the rating system used by our Institutional Research Team. Our rating system comprises of three rating categories.

**Total Expected Return Matrix (Rating and Return)**

**BUY : Over 12%**

**HOLD : -12% to 12%**

**SELL : Below -12%**

**Disclaimer & Disclosures**

<https://www.sushilfinance.com/Disclaimer/research>

<https://www.sushilfinance.com/InvestorGrievances/researchanalystinvestorgrievancecell>

This report has been furnished to you for your general information only and should not be reproduced, re-circulated, published in any media, website or otherwise, in any form or manner, in part or as a whole, without the express consent in writing of Sushil Financial Services Private Limited. This Research Report is meant solely for use by the original recipient to whom it is sent and is not for circulation. Any unauthorized use, disclosure or public dissemination or copying of information (either whole or partial) contained herein is prohibited.

This Report does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. The recommendations, if any, made herein are expression of views and/or opinions and should not be deemed or construed to be neither advice/offer for the purpose of purchase or sale of any securities mentioned herein. Past performance is not a guide for future performance, future returns are not guaranteed. Opinions expressed herein are subject to change without notice. Investor should rely on information/data arising out of their own investigations. The Sushil Equity Universe is marked as # and the fundamental reports are marked as ##.

Investors are advised to seek independent professional advice and arrive at an informed trading/investment decision before executing any trades or making any investments. The price and value of the investments referred to in this material and the income from them may go down as well as up, and investor may realize losses on any investments. This Report has been prepared on the basis of publicly available information, internally developed data and other sources believed by us to be reliable. A graph of daily closing prices of securities is available at [www.nseindia.com](http://www.nseindia.com), [www.bseindia.com](http://www.bseindia.com) Research Analyst views on Subject Company may vary based on Fundamental and Technical Research. Sushil Financial Services Private Limited or its directors, employees, affiliates or representatives do not assume any responsibility for, or warrant the accuracy, completeness, adequacy and reliability of such information / opinions / views. None of the directors, employees, affiliates or representatives of company shall be liable for any direct, indirect, special, incidental, consequential, punitive or exemplary damages/loss etc whatsoever from the information/opinions/views contained in this Report and investors are requested to use the information contained at their risk.

Sushil Financial Services Private Limited (SFSPL) and its connected companies, and their respective Directors, Officers and employees or their relative, may have a long or short position in the subject companies mentioned in the report and it may not be construed as potential conflict of interest with respect to any recommendation and related information and opinions. Reports based on technical and derivative analysis centre on studying charts company's price movement, outstanding positions and trading volume, as opposed to focusing on a company's fundamentals and, as such, may not match with a report on a company's fundamental analysis. SFSPL has different business segments/Divisions with independent research and maintains arm's length distance catering to different set of customers having various objectives, risk profiles, investment horizon, etc. and therefore may at times have different contrary views on stocks sector and markets. Research Report may differ between SFSPL's RAs on account of differences in research methodology, personal judgment and difference in time horizons for which recommendations are made. User should keep this risk in mind and not hold - SFSPL, its employees and associates responsible for any losses, damages of any type whatsoever.

This Report is not intended to be a complete statement or summary of the securities, market or developments referred to in this document. SFSPL or its affiliates or employees are under no obligation to update the information. SFSPL or its affiliates or employees shall not be in any way responsible and liable for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report.

SFSPL or its affiliates and/or its employees/its associates or his relative does not have financial interest in the subject companies. SFSPL or its affiliates and/ or its employees/its associates or his relative may or may not have beneficial ownership of one per cent or more securities of the subject company, at the end of the month immediately preceding the date of publication of the research report. SFSPL/its Associates/ Research Analyst have not received any compensation from the subject company in the past twelve months. Further the subject company is/was not a client during twelve months preceding the date of distribution of the research report and the types of services provided. SFSPL or its research analyst has not served as an officer, director or employee of the subject company. SFSPL or its affiliates and/or its research analysts have not been engaged in market making activity for the subject company. SFSPL or its associates or its Research Analyst have not received any compensation or other benefits from the subject companies or third party in connection with the research report. SFSPL/its Associates/ Research Analyst/ his Relatives not have any other material conflict of interest at the time of publication of the research report.

SFSPL/its Associates/ Research Analyst have not managed or co-managed public offering of securities, have not received compensation for investment banking or merchant banking or brokerage services, have not received any compensation for product or services other than investment banking or merchant banking or brokerage services from the subject companies in the last twelve months. There is no material disciplinary action that been taken by any regulatory authority impacting equity research analysis activities.

Research Disclaimer: Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

**Sushil Financial Services Private Limited**

**Member : BSE / NSE - SEBI Regn. No. INZ000165135**

**Research Analyst – SEBI Registration No. INH000000867**

**Compliance officer / Grievance Officer :** Mr. Suresh Nemani – Phone : +91 22-40935000 |

Email : [suresh.nemani@sushilfinance.com](mailto:suresh.nemani@sushilfinance.com) | Grievance Email - [compliance@sushilfinance.com](mailto:compliance@sushilfinance.com)

Regd. Office : 12, Hornji Street, Fort, Mumbai 400 001.

Phone: +91 22 40936000 Fax: +91 22 22665758 | Email : [info@sushilfinance.com](mailto:info@sushilfinance.com)

<b>Analyst Stock Ownership</b>	No
<b>Stock Recommended to Clients</b>	Yes
<b>Remuneration/Benefits received from company in 12 months</b>	No
<b>Merchant Banking Market Making activities / projects</b>	No
<b>Sushil Financial Services Pvt. Ltd and Group Companies Holding</b>	No
<b>Sushil Financial Services Pvt. Ltd and Group Directors Holding</b>	No
<b>Broking Relationship with the company covered</b>	No