



SUSTAINING GROWTH BUILDING MOMENTUM

INDO COUNT INDUSTRIES LIMITED
ANNUAL REPORT 2013-14

3rd largest manufacturer exporter of bed sheets from India

4th largest supplier of bed sheets to USA

14th largest home textile supplier to USA

454th rank in revenue terms among the listed companies in
India in 2012-13



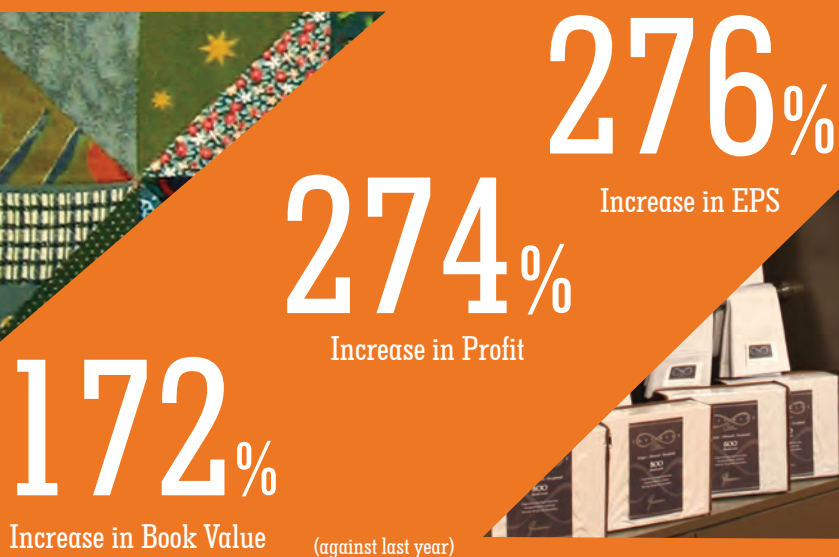
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While the global economy faced road-blocks,
we saw a race-track.

While the textile industry faced a plateau,
we saw new peaks.

While the competition faced obstacles,
we saw opportunities.



276%
Increase in EPS

274%
Increase in Profit

172%
Increase in Book Value
(against last year)

At the heart of our success are our firm and strong values. At every stage of our journey, we have adhered to our values, ensuring that growth was woven with values. By integrating values, we generated inspiring growth.

Against and amidst persisting challenges, we have been sustaining growth.

By **SUSTAINING GROWTH**, we have been **BUILDING MOMENTUM** which will provide the thrust and power for the next phase of our journey!



CHAIRMAN'S MESSAGE

Dear Shareholders,

It gives me great pleasure to report that the Company continued to grow during the fiscal '14. We witnessed a strong organic growth across our manufacturing businesses.

The Home Textile industry is in a consolidation phase on account of buyers' concentration towards selected suppliers with large market shares and growth potential. Our Homes Textiles business made us proud when we were accorded the status of a preferred supplier by a leading retailer in the USA, and were ranked the 4th largest bed sheets supplier to the United States of America, from across the globe. This is a remarkable achievement as the USA is one of the biggest and most competitive markets. This recognition is a testimony to our dedication and innovation which has contributed to the Company's sustained growth.

We continue to pursue our philosophy of embracing operational excellence, adhering to the best business

practices and transforming our Company from product orientation to service orientation. I am happy to see that we continue to take various initiatives that help us align with our philosophy.

FINANCIAL HIGHLIGHTS

The consolidated financial performance for fiscal '14 was exceptional, given the challenging and volatile environment globally. The consolidated Revenue grew by 23.1% to ₹ 1,497.91 crores as compared to ₹ 1,217.10 crores in the previous year. The higher capacity utilisation coupled with stricter cost controls helped our EBIDTA improve by 57.5% to ₹ 189.10 crores as compared to ₹ 120.05 crores in the previous year. Our Net Profit grew by 274.1% to ₹ 110.39 crores as compared to ₹ 29.51 crores in the previous year.

DEBT : EQUITY

During the fiscal '14, the Company repaid long term debts to the tune of ₹ 38.67 crores. This resulted in



For the year 2013-14, our
NET PROFIT was ₹ 110.39 crores
against ₹ 29.51 crores in 2012-13,
an increase of 274 per cent.

reducing the long term debts to ₹ 97.24 crores from ₹ 135.91 crores in the previous year. Generation of profits resulted in increasing the Networth to ₹ 173.45 crores from ₹ 63.88 crores in the previous year. I am pleased to inform you that the Debt : Equity of your Company improved to 0.56 times during the fiscal '14 as compared to 2.13 times during the previous year.

The financial markets have appreciated our performance which is reflected in the steady rise of price of stock all throughout the fiscal '14. This is also a validation that we are on the right track.

FUTURE OUTLOOK

The current manufacturing capacity is being enhanced to 68 million metres per annum during fiscal '15. This will enhance the current capacity by more than 50%. Our model of integrating across the value chain has given us an edge in our industry. We will continue to stay focussed on strengthening our manufacturing

capabilities in capacities, technologies, R&D skills and design and product development expertise. As I look ahead, our various initiatives should aid in delivering strong operating and financial performances, thereby driving shareholders value.

In conclusion, on behalf of our Board of Directors, I would like to thank our employees for their efforts and our shareholders for reposing their trust in the Company. I look forward to your continued support as we forge ahead together. I am sure with our philosophy of a focussed approach, we would be **SUSTAINING GROWTH & BUILDING MOMENTUM.**

Many thanks.

Anil Kumar Jain
Chairman and Managing Director



OPERATIONAL OVERVIEW

Home Textile Division

The Home Textiles Division continued its fast-paced growth, **BUILDING MOMENTUM** with another record-breaking performance for the year.

The United States of America is the largest market for the Company accounting for a major share of total exports of the home textile products. The Company has its own showroom on the prestigious Fifth Avenue in New York and a warehouse in Charlotte, NC. The Company has been consistently engaging with the top retail chains and brands and has built deep and lasting relationship with them. Being closer to its key customers has enabled the Company to emerge as a preferred supplier of choice. The Company has received accreditations from prestigious customers in the USA.

The Company has been consistently building on its capacity and capabilities over the last few years. Our home textiles plant is the only integrated plant in Maharashtra, comprising of the best-in-class men and

machines. The capacity at the plant is being enhanced keeping in view the increasing demand for quality woven cotton bed linen from across the globe.

The plant is capable of executing every part of the process under one roof with various international certifications. The plant continues to endeavour through sustained R&D to reduce usage of energy per meter. Besides, there is a continuous focus at the plant to ensure that the environment around the plant is preserved and protected.

While we continue to focus on building our capacity through expansion of the plant, we have never shifted our focus from quality. Our passion for quality permeates to the grass root level, from acquiring the best technology, to bringing together quality talent, the products always conform to highest possible customer standards.



Key Facts

Products

Bed Sheet, Pillow Cases, Duvet Covers, Bed Skirts, Comforters, Quilts, Window Covering and Institutional Linen

■ Capacities

- ▶ 45 million meters per annum leading to 12 million Bed sheets per annum

■ Machines and Equipment

- ▶ BENNINGER (Switzerland), TSUDAKOMA (Japan), MONFORTS & OSTHOFF (Germany)
- ▶ JUKI (Japan), MATHIS (UK), ZIMMER (Austria), AIROLI (Italy)

■ Markets

- ▶ Existing: United States, Canada, Brazil, Mexico, France, Germany, Austria, Spain, UAE, Korea
- ▶ New : Japan, Russia, Australia and United Kingdom



Spinning Division

2013-14 was a favorable year for the spinning industry as the sector witnessed increased exports, particularly driven by steady demand from China. In addition, the weak local currency also impacted profitability of the sector.

Spinning is one of the older businesses of the Company that commenced production of yarn over two decades back. Over the years, the Company has built substantial capacity with two units located at Kolhapur in Maharashtra.

Both these units focus on sourcing the best quality of cotton to produce high-quality yarn. Consistency in quality of the yarn has been one of the hallmarks of the Company's spinning business. These plants have a professionally qualified team with decades of experience. The team is passionate with a single-

minded focus on ensuring quality, and has a stellar record of translating their passion for quality into every fiber of yarn spun at these units.

Our products are subject to the most stringent quality control measures at every stage from raw material to end product. Our quality measure is accredited with a certification from TESTEX, Switzerland, declaring its products free from harmful substances accordingly to Oeko-Tex Standard 100. The spinning plant is also certified by Control Union for producing Organic Cotton yarn.

The Company's satisfied and delighted customers range from Italy, Turkey, Korea, Japan, China and Hong Kong.

Key Facts

Products

100% Combed Yarns and Knitted Grey Fabrics

Capacities

Spinning 38,500 kgs per day

Machines and Equipments

- ▶ RIETER (Switzerland), SCHLAFHORST (Germany), VOLKMANN TFO (Germany)
- ▶ XORELLA & USTER (Switzerland), MAYER & CIE (Germany), LMW (India)



