



SHAPING THE FUTURE

ANNUAL REPORT 2017-18

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Cautionary statement

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make, contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

The background of the entire page is a watercolor illustration of various flowers and leaves. On the left, there are large, soft pink and red blossoms. On the right, there are more delicate, light-colored flowers with dark centers. The bottom of the page features a cluster of grey and blue-toned flowers. The overall style is artistic and painterly, with soft edges and a mix of colors including pinks, reds, greys, and blues.

Shaping the future

We, at Indo Count, always believe in constant evolution and have been steadfast in our pursuit to remain future-focussed and future-ready. In a world of business where the operating context keeps changing and where tomorrow is likely to be distinctly different from today, it is imperative for us to be pro-active, agile and adaptable to change.

We are further strengthening and expanding our global footprint, launching new brands, enhancing our efficiencies, while constantly improving, advancing, and rising...

...We are shaping the future

A SNAPSHOT

“The future belongs to those who believe in the beauty of their dreams”
 - Eleanor Roosevelt

“At the heart of our enduring success, we have always aimed higher and aspired to reach further. And it is this relentless pursuit of excellence that has made us today the highest manufacturer/exporter of bedding from India.”

Vision

To be one of the leading players in the global Home Textiles industry on the strengths of Technology, Experience and Innovation.

Mission

We are committed to provide all our customers unmatched product quality, timely services and value for money through our technological and organisational strengths.

- Complete Comfort to Customers
- Focus on Customer Satisfaction
- Foster Stability and Sustainability growth principles

Background

Indo Count Industries Limited was promoted in 1988 by Mr Anil Kumar Jain. In 1991, the Company set up a 100% Export Oriented Cotton Spinning Unit for the manufacture of yarn. In 2007, the Company entered the home textile business by setting up a world class state-of-art Home Textiles division, fully integrated to manufacture bed linen at a global scale. Brick by brick, the Company expanded capacities and capabilities, thereby generating steady growth.

At present, Indo Count is one of India's largest manufacturers and exporters of bed linen, comforters, coverlets and quilts and among top 3 bed sheet importers in the USA. In just one decade, Indo Count has become the most trusted supplier of bed linen products to some of the world's top brands and amongst the leading players.

Business Divisions

The Company has two divisions viz. Home Textiles and Spinning. Nearly 90% of the Company's revenue is derived from Home Textiles and the rest of the revenue from spinning.

Manufacturing Facility

The Company's manufacturing plants are located at Kolhapur within Maharashtra.

Headquarters and Office

Indo Count's headquarters are located in Mumbai

along with its office and showroom in Thane, Maharashtra.

Accreditation

Indo Count is a 4 Star Export House recognised by the Government of India based on total revenue and foreign exchange earned for the country.

ISO Certification

The Company is accredited with ISO 9001:2015 – Quality Management System, ISO 14001:2015 – Environmental Management System and OHSAS 18001:2007 – Occupational Health and Safety Management.

Capacity

The Company's capacity of 90 million meters per annum is amongst the largest in the home textiles segment in India and among the top five in the world.

International Subsidiaries and Global Coverage

The Company's products are marketed in more than 54 countries. Indo Count is present in USA, UK, Australia and UAE through its international subsidiaries. The US accounts for the Company's largest market, generating around 65-70% revenue in FY18.

Listing

The Company is among the top 500 listed companies in India. The Company's equity shares are listed on the BSE Limited (BSE) (A Group – Top 500) and National Stock Exchange of India Limited (NSE).

Gold Trophy from TEXPROCIL

Indo Count was awarded the Gold Trophy from TEXPROCIL for the highest export of bed sheets/bed linen and quilts in Category III for 2016-17.

Credit Rating

Being almost debt free Company, during the year under review, the Company's bank facilities have been given positive credit rating. During 2017-18, the Long term bank facilities are rated “AA” with Stable Outlook by CARE and “AA-” by ICRA with positive outlook. Further, short term bank facilities are assigned credit rating of “A1+” by CARE and ICRA which is highest rating.

In-house brands



Licensed brands



Manufacturing Value Chain



Eton system

OUR BUSINESS MODEL

- At Indo Count, we have strengthened our business model through a culture of value-added integration.
- This integration has been reflected in the ability to manufacture products ranging from the intermediate stage to the finished product as well as the agility to respond to evolving client demands.
- The result is that the company possesses the ability to respond to diverse market cycles, customers and vendors with on-time and precise detailing.

Complete Comfort for the Best Sleep Experience with... Innovation, Quality and Service

Innovation

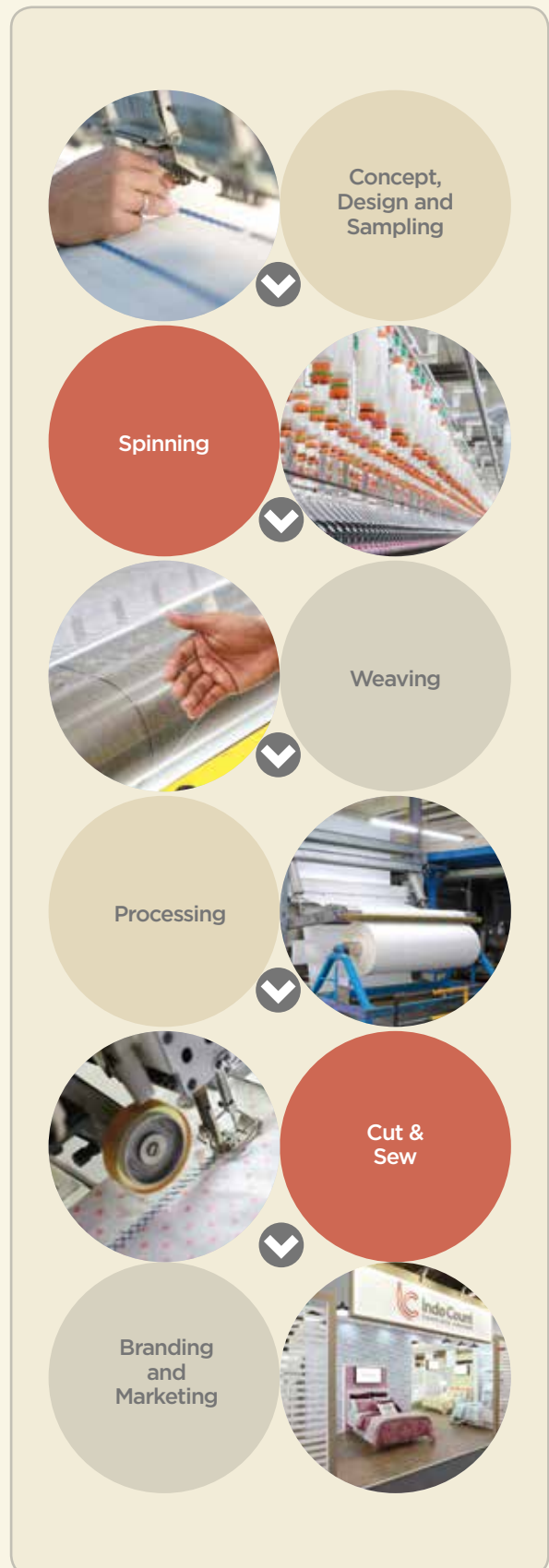
Deep consumer insights represent the inspiration behind our overarching culture of innovation. From design to material and from finish to packing, we are constantly focused on improving products to meet the ever-evolving needs of our customers.

Quality

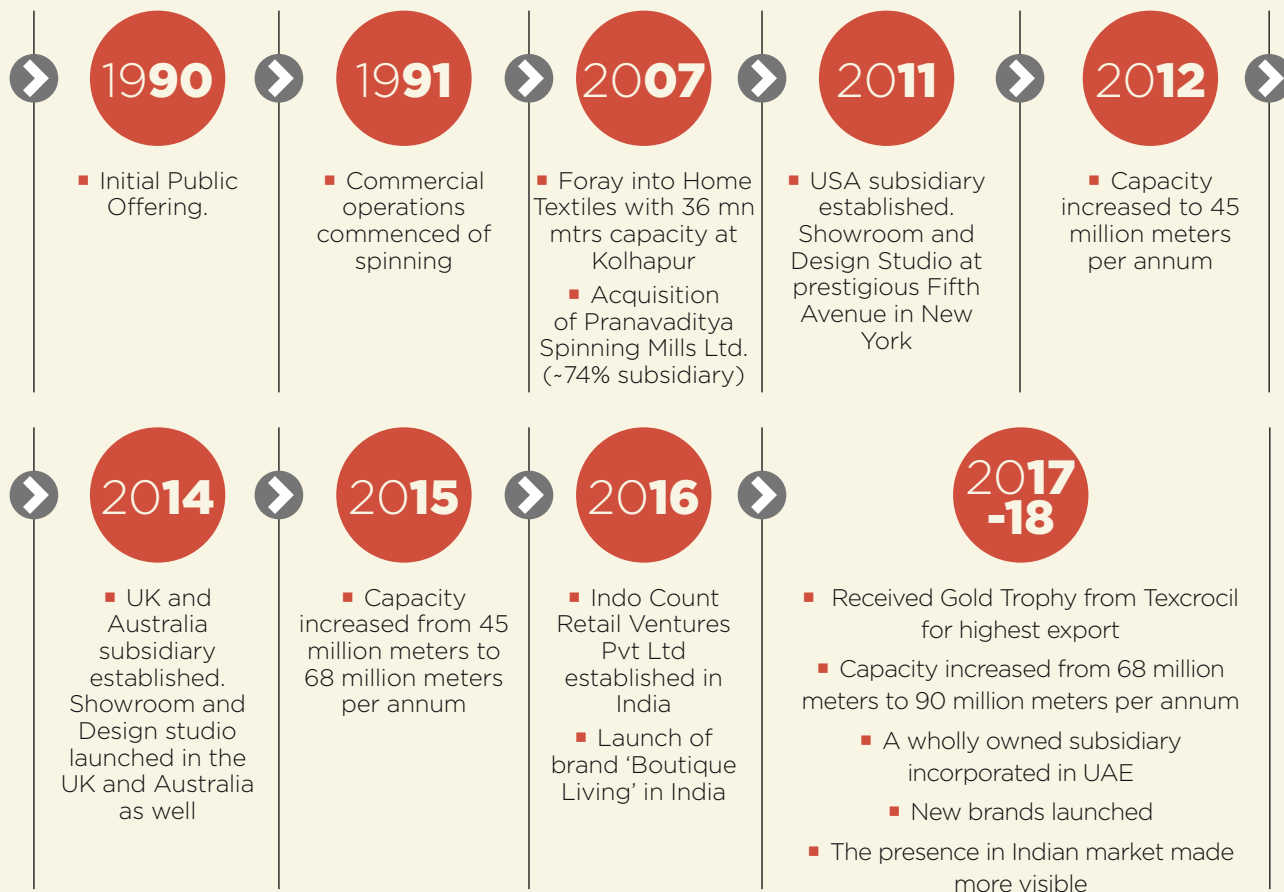
We specialise in the entire value chain of home textile production from product development and design to the sourcing of cotton, spinning, weaving, processing, cutting-n-sewing to branding and marketing. This has reinforced the overall culture of quality at every stage – from production to packaging to shipment – resulting in holistic customer delight.

Services

We back quality products with uncompromising customer service. We work collaboratively with customers in addressing their emerging needs around the best consistent value proposition.



OUR MILESTONES



Digital printing

MESSAGE FROM THE CHAIRMAN



I am happy to share with you that during this year, Indo Count was awarded the Gold Trophy by Texprocil for the highest export of Bed sheets/ Bed Linen/quilts in category III for 2016-17.

My Dear Shareholders,

I am pleased to present to you the highlights of the year 2017-18 and would like to share my thoughts about the global business environment and textile sector.

From the perspective of the textile industry, India continued to gain share in the US. India's contribution in the made-ups segment increased in 2017. US is a big market for home textiles accounting for a third of the global market. Indian imports of cotton bed sheets and terry towels in the US have been rising steadily in 2017. India is the third largest supplier of textile and apparel products to the US after China and Vietnam. India's textile and apparel exports to the US have risen in 2017 while exports from other competing nations such as Bangladesh and Indonesia have declined.

The US economy sustained its impressive momentum, propelled by moderated tax rates, improved employment numbers and growing consumer confidence. In the UK and Europe, the uncertainty around Brexit negotiations is getting settled. In other developed nations too, the global trade is showing positive trends.

The Indian home textile market is growing rapidly which is encouraging domestic textile players to diversify into home textiles. The domestic home textile market is estimated to grow from US\$4.7 billion in FY14 to around US\$8.2 billion by FY21.

Performance

The textile environment continued to be challenging in FY 2017-18 on account of multiple headwinds viz. de-stocking of inventories by US retailers, rising input cost, as well as volatility in foreign currency. While these headwinds impacted revenues, our overall performance was satisfactory. Our H2FY18 sales volumes were better than H1FY18, indicating a positive divergence that we expect will sustain going forward.

On a standalone basis, your Company achieved total revenue of ₹1808 crores (previous year ₹2085 crores). Net Profit and EPS for the year ended 31st March 2018 stood at ₹131.08 lakhs and ₹6.64 respectively.

At a consolidated level, the total revenue was ₹1,958 crores against ₹2,258 crores in the previous year. Net Profit was ₹125 crores against ₹232 crores in the previous year and Earning Per Share was ₹6.38 against ₹11.76 in the previous year.

Continuing the trend of dividend distribution of the past two years, the Board of Directors recommended a payment of final

dividend @20% i.e. ₹0.40 per equity share of Face Value of ₹2 each for the Year ended 31st March 2018, which, together with the interim dividend paid at 20% i.e. ₹0.40 per equity share, aggregates @40% i.e. ₹0.80 per equity share for the current year.

During the year under review, for Long-term Bank Facilities of your Company, CARE upgraded the credit rating to CARE "AA" (Double A) with Stable outlook from CARE AA-(Double A minus). Further, ICRA reaffirmed the credit rating of "ICRA AA-" (Double A Minus) with outlook revised to 'Positive' from 'Stable'. For short term non-fund based facilities, CARE and ICRA have assigned credit rating of CARE A1+ and ICRA A1+ (A one plus) which is highest rating.

I am happy to share with you that during this year, Your Company was awarded the Gold Trophy by Texprocil for the highest export of Bed sheets/ Bed Linen/quilts in category III for 2016-17. Our focus in the Home Textiles segment backed by strong Innovation skills and design capabilities was widely appreciated by our customers and this trophy is a testament. I thank all of you for the trust and confidence that you have reposed in us.

Strengths and preparedness for future

While challenges prevail, we at Indo Count continue to remain positive and confident. Our brand is trusted for quality, innovation and technology. I would like to update you on some of the steps being taken towards next phase of Indo Count's growth.

Your Company increased its capacity from 68 to 90 million meters per annum. Global scale capacity will improve our competitiveness and provide flexibility to deliver better service to our customers.

At Indo Count, we are constantly focusing on innovation and continue to widen the company's portfolio of proprietary and licensed brands. During the year under review, your Company added four brands in its brand portfolio and product basket out of which three proprietary brands were launched in the US - Heirlooms of India, Boutique Living Coastal and Atlas, in addition to a licensed brand Morris & Co.

We are expanding our footprint to cover new and untapped geographies. During the year, your Company incorporated a wholly-owned subsidiary in UAE; the incorporation of a subsidiary in Germany is under process to broaden customer base.

At Indo Count, we had foreseen a growing demand for home textiles in the Indian market, when we launched our aspirational brand 'Boutique

Living' in the Indian market in 2016. I am pleased to state that we have scaled the presence of 'Boutique Living' across 21 states and 96 cities; besides, 'Boutique Living' is also available online: www.boutiquelivingindia.com and on Amazon.

Sharing success - Every Smile Counts....

Indo Count is a responsible and responsive corporate citizen. Our CSR initiatives have focused on some of society's most pressing needs of education, healthcare, water and sanitation and women empowerment, touching almost 100,000 beneficiaries in and around Kolhapur. I am happy to inform you that we have covered 100 schools in E-learning benefitting around 39000 students. In the health care area, we deployed four full-fledged mobile medical vans providing treatment to more than 85,000 villagers across 96 distant villages in Kolhapur.

Besides, Your Company is also committed to the responsible use of natural resources and constantly seeking sustainable solutions protecting the environment. Your Company has won the prestigious "VASUNDHARA AWARD" from Maharashtra Pollution Control Board in recognition of the company's contribution towards the commitment & promotion of Environment, Energy Conservation / Natural Resources & Social / Welfare Activities and was adjudged as the 2nd Best Company in the entire state of Maharashtra among all the large units.

Outlook

Your Company possesses the complement of the right products, processes and perspective, which would leverage its position to achieve new milestones.

In continuity towards shaping a strong future and achieving the next phase of growth, we are taking appropriate steps such as expanding our global reach by tapping new geographies, broadening our customer base, exploring new channels of businesses, product designing and innovation set-up, helping company capture additional market share in existing and new products.

I take this opportunity to extend my sincere gratitude and thank all employees, customers, bankers, government and all other stakeholders for their support and confidence, which continues to inspire us to achieve the vision of your Company.

Anil Kumar Jain,
Executive Chairman

OUR GLOBAL REACH

We export products to more than 54 countries across six continents.

| | | | | | | | |
|--------------|------------|---------------|--------------|------------|-------------|---------|-------------|
| Argentina | Australia | Austria | Brazil | Bangladesh | Belgium | Canada | China |
| Colombia | Costa Rica | Cote D'ivoire | Dominica | Denmark | Egypt | Ecuador | Finland |
| France | Guatemala | Germany | Greece | Hong Kong | Indonesia | Italy | Israel |
| Ireland | Japan | Mauritius | Mexico | Malaysia | Madagascar | Morocco | New Zealand |
| Netherlands | Oman | Peru | Puerto Rico | Portugal | Paraguay | Poland | Romania |
| Saudi Arabia | Singapore | Spain | South Africa | Sweden | South Korea | Turkey | Taiwan |
| Uruguay | UAE | UK | USA | Vietnam | | | |

We are also present through international subsidiaries in USA, UK, Australia and UAE.

USA

A wholly owned subsidiary Indo Count Global Inc
 Showroom and Design studio at Fifth Avenue, New York
 Warehouse for retail and e-commerce

United Kingdom

A wholly owned subsidiary Indo Count
 UK Limited
 Showroom, Design studio at Manchester

Australia

A wholly owned subsidiary Indo Count Australia Pty Ltd
 Showroom in Melbourne

UAE

A wholly owned subsidiary Hometex
 Global DMCC



New York showroom