



Complete Comfort

Passion *and* Purpose

Indo Count Industries Limited
Annual Report 2022-23





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Company Information & AGM Details

CIN	L72200PN1988PLC068972
BSE Code	521016
NSE Symbol	ICIL
Dividend Recommended	100% (₹2 per equity share of ₹2/- each)
34th AGM through Video Conferencing/ OAVM	Date: August 21, 2023 Time: 12.00 Noon (IST)
VC Platform & E-voting	NSDL

<https://www.indocount.com/investors/financial-reporting/annual-reports>



Over the years, we have faithfully reinforced our business with purpose and passion. We have allowed our passion to become our purpose.

Intertwining these compelling forces we built a business model with the resilience to resist sectoral headwinds on the one hand and capitalise disproportionately on rebounds on the other.

The forceful collaboration of these diverse forces have and will continue to strengthen our ability to enhance value attractively for our stakeholders, validating our outlier positioning.

Disclaimer: This Annual Report contains statements about expected future events and financials of Indo Count Industries Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is a significant risk that the assumptions, predictions and other forward-looking statements may not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the Management Discussion and Analysis section of this Annual Report.



At Indo Count, all these years, we have persevered with a singular purpose – to strengthen the organisation's growth levers.

Cognizant of this reality, we have implemented strategic initiatives that will strengthen our ability to grow the organisation.

FY23 was the most glaring example of our resilience. In a period when home textile exports from India fell by more than 10%, our revenue (primarily export driven) grew by ~2%.

As India's progress gets progressively gridlocked with global diversities, resilience is the only shock absorber that cushions the fall against adversities and propels the rise on an upturn.

1

Our prudent capital allocation strategy has been an important pillar of success.

Over the last two years, we have built capacities through organic and inorganic routes by investing over ₹1,000 crore and positioned the Company as the largest global bed linen player.

Our prudent capital allocation strategy has helped us to be ready to achieve 2x revenues for the future.

And in spite of the massive capex spending, our strong free-cash generation was further utilised towards debt reduction, which reduced our net-debt from ₹900 crore in FY22 to ₹589 crore in FY23.

2

Our acquisition of GHCL's home textile business is one vital step in growing and de-risking the organisation.

The acquisition provides access to a great complementing product base, excellent people and strong customer relations – a potent combination that will spur the next level of market reach and growth prospects.

With the acquisition of this business, we get an access to Australian market. This market is a good home textile market, probably equivalent in size to the UK. This is especially significant as India has recently signed an FTA with Australia. This entry will help partially diversify Indo Count's global presence.

3

We amalgamated our subsidiary, PSML with the company for seamless integration of business operations. This strategy brings in assets like land and building. We are utilising these assets by adding ~68,000 spindles to spin special yarns to increase our captive consumption, thereby contributing to the overall margin.

4

We have drawn up a detailed blueprint for increasing the contribution of the value-added segment in our topline. Our emphasis is on promoting the fashion, utility, and the institutional bedding products which is gaining traction. We have invested in a state of the art Top of the Bed (TOB) unit which has started operations. We are strengthening the back end as well to deliver value-added goods, to export and domestic markets. We are optimistic that our endeavours will achieve the desired results. We intend to scale the share of value-added products to 30% of our revenue in the future.

5

With the successful launch of our brands Boutique living and Layers, our domestic business is generating traction and has marked presence in the Indian bed linen space. We expect the momentum will generate good growth numbers in a near term.





At Indo Count, we have passionately embedded responsibility into the organisational fabric.

As natural resources get dangerously depleted, we are consciously making efforts to embed sustainability considerations across all investments, business decisions and operational activities.

We diligently work towards extending our environmental stewardship much beyond complying with applicable laws and regulations for saving the Earth for our future generations.

We have maintained our CDP (Carbon Disclosure Project) performance on one of the world's largest global disclosure platform CDP. **We received 'B' score which is higher than the average 'C' for companies across the globe for taking co-ordinated actions on climate issues.**

The Higg Index delivers a holistic overview that empowers us to make meaningful improvements that protect the wellbeing of our factory workers, local communities, and the environment. **We have achieved the highest score for Higg Index FEM (Facility Environmental Module).**

Indo Count has contributed towards Project Gigaton of Walmart since inception for reducing GHG emissions through various initiatives.

In FY23, we have been awarded with the title of "Giga Guru" consecutively for the fourth year. We have reduced >25000 MT Green House Gas Emissions across various Gigaton Pillars.

Indo Count has adopted a scientific approach in its journey for Climate action by joining global campaign led by SBTi (Science Based Target initiatives). **Aligned with Paris agreement, we have taken targets for GHG emission reduction till the year 2030. These targets are in-line with 2 degree Celsius trajectory.**

We are a member at United Nations Global Compact and are committed to integrating UNGC's Principles into the organisational culture and ensuring building a greener sustainable future. **We have developed a Business Plan 2030 which has identified SIX pillars of sustainability and also mapped our operational performance against NINE SDG goals.**

"Being responsible is no longer a cost of doing business; it is a catalyst for innovation, growth, new market opportunities and wealth creation."

K R Lalpuria, Chief Executive Officer & Executive Director

SIX Pillars of Sustainability



Carbon Neutrality



Sustainable RM sourcing



Zero Waste to Landfill



Shared Value Strategies



Impacting Cotton Farmers



Tree Plantation

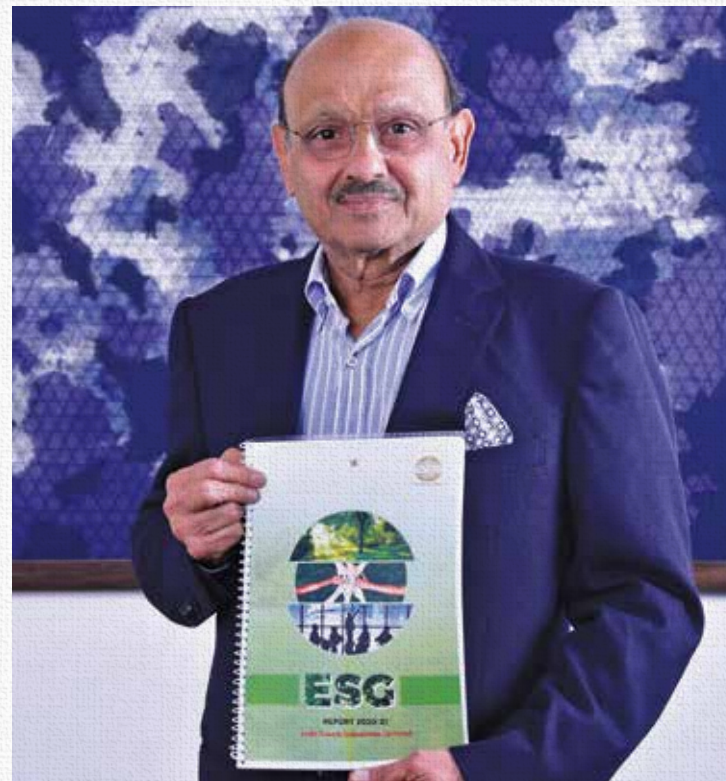
NINE SDG Goals





“We are optimistic about our prospects in the current year. The positivity in the external ecosystem, coupled with our strength in terms of our products and people, should help us to register healthy growth in years to come.”

From the Chairman's desk



Dear Shareholders.

Year Under Review

We had a successful close to FY '23 as we continued to sustain our performance, despite numerous external challenges.

During the year, the industry has faced multiple headwinds, such as the demand slowdown in international markets due to high inflation, supply chain disruptions due to logistics, which affected inventory levels and a record high commodity cost. Inflation was a vital challenge because

consumers concentrated their spending on essential products, putting discretionary purchases on the back burner. These factors severely hit profits and growth.

I am delighted that Indo Count has successfully navigated the challenges in FY23. Given the circumstances, we concentrated on expanding in value-added segments such as fashion, utility and institutional. We focused on brand-building initiatives.

We achieved our volume guidance for FY23 with a sales volume of 74.7 million meters. Total income increased by 2% to ₹3,043 crore against ₹2,982 crore in FY22. We experienced growth in the e-commerce side of the business, contributing 10% of revenue in FY23.

Inflationary headwinds impacted our profitability. EBITDA dropped marginally from ₹574 crore in FY22 to ₹486 crore in FY23. And EBITDA margin stood at 16% in FY23 versus 19.26% in FY22. We reported a Profit after Tax of ₹277 crore in FY23.

Having endured these headwinds, the sector is seeing signs of revival. We believe the worst is behind us. Lower raw material prices, a decrease in freight cost, and an improvement in the supply chain will improve our business's overall competitiveness.

In keeping with your Company's philosophy of rewarding shareholders, the Board has recommended a final dividend of ₹2 per equity share of ₹2 each, that is 100%.

I'm happy to share that CareEdge Ratings has upgraded our long-term bank facilities to CareEdge AA- with a stable outlook from CareEdge A+ with a positive outlook.

Rewards & Recognition

Your Company's superior performance continued to grab the spotlight. I am happy to share that our domestic brand Boutique Living received the Best Brand Award 2022 from the Economic Times at the fifth edition of the Economic Times Best Brands 2022 Conclave.

Indo Count was awarded the winner in the 'Within the Fence' category in CII's National Award for Excellence in Water Management.

Our domestic brand, Layers, was recognised as the FEMINA POWER BRANDS for 2022-23 for introducing exquisite designs wrapped in superior fabric at affordable prices.

Indo Count was awarded by the Federation of Indian Export Organisations, FIEO, as the highest foreign exchange earner in textiles in Maharashtra for two consecutive years, 2018-2019 and 2019-2020.

We are humbled by these recognitions from various respected bodies and remain committed to raising our performance bar a few notches higher over the coming year.

Capex & Growth Plans

Over the last two years, we embarked on multiple capacity and capability-enhancing projects. I am delighted to mention that we have successfully commissioned most of the projects in FY23.

We have successfully completed the modernisation of Gokul Shirgaon spinning capacity with compact spinning technology. The addition of the 68,000-spindle spinning capacity (erstwhile Pranavaditya Spinning Mills) with Compact spinning technology is also at its final leg and should commence operation in the current year.

Further, the increase in home textile capacity at our Kolhapur facility from 90 million meters to

108 million meters and the capex for commensurate sewing facilities and TOB (top of the bed) capacity have been completed; commercial production from this unit commenced in the fourth quarter of FY23. These additions will help us serve our customers better and increase the value-added quotient in our business.

The commissioning and integration of the facilities have happened seamlessly. We will build upon the efficiencies to service the customer more competitively and efficiently. As demand scales northward, we will benefit from the synergies.

Intertwining of synergies

Your Company successfully completed the acquisition of the Home Textile Business of GHCL, including its manufacturing facility at Bhilad, Gujarat, on a Slump Sale basis in April 2022, elevating Indo Count to become the largest home textile bed linen company globally.

The acquisition will enable the company to achieve substantial growth in revenue and profitability and make it a dominant player in the Industry.

I am pleased to mention that the intertwining and integration are working very well for us. The team is excellent, the product range is excellent and the complementing of the product mix between our plants is working very well. Their customers have expressed confidence in embracing the expanded product basket and working with us. We are optimistic that the acquisition will play an important role in delivering our next level of growth.



Indo Count's net debt to equity was 0.47 as of 31st March 2023 against 0.82 for the previous year.

Brand, Marketing and Technology

We have ten strong, active brands which have performed exceedingly well. In keeping with evolving trends, market demand and customer requirements, we continue adding licensed brands to our existing repertoire.

We launched Jasper Conran last year, gaining good traction in the UK and some other nations. Other product brands like Infinity, Signature Sateen, and Pure Earth are also performing quite well.

To add to our basket, we launched GAIAM, a health & wellness global brand, at 2022 September Home Textiles Market Week in Indo Count's 5th Avenue showroom in New York City (September 19 - 22). We will launch the products in-store and online in the US, Canada, and Mexico with retail partners in Spring 2023.

We will continue to remain laser-focused on increasing our share in the e-commerce and branded business both locally and globally, for which we will strengthen our brand promotion initiatives in India and worldwide through our active brands.

Overall our brand strategy is working quite well. Going forward, we may add a couple of licensed brands to enhance our relevance to customers.

Macro Economy & Global Home Textile Industry

There is reasonable optimism in the global markets. The headwinds that persisted have largely waned off. There is positive optimism in the markets of our presence.

In the US, our largest market, inflation hit the consumers and shrunk their wallet size, forcing them to focus on essentials. Reducing inflation is restoring their wallet size. Green shoots of recovery are visible as inventory levels have normalised. There is a decent uptick in order booking, but retailers have adopted a cautious approach towards restocking. We are optimistic about our prospects in the US as we move forward.

In addition, the 'China Plus One' strategy has led to several Western countries looking at alternate markets. This is opening up new growth avenues for the Indian textile industry.

We believe the medium-term demand recovery will be largely aided by the downward trend in pricing for the new cotton season, the resolution of supply chain concerns and the actions taken by the individual governments to combat inflation.

The Government, on its part, is working relentlessly to accelerate India's rise to the global podium. Free Trade Agreements with the UK, Canada, EU and GCC are in process, which, when finalised, will open interesting opportunities in these nations for Indian home textile exports and provide a level playing field.

Government initiatives such as Atmanirbhar Bharat, PLI schemes and Textile Parks are facilitating the Indian textile players to strengthen their capabilities to be future-ready for opportunities likely to unfold over the medium term.

More recently, the Government has released a draft of the second round of the production-linked incentive (PLI 2.0) scheme for the textile sector. The scheme promises to attract investment and reduce the import dependence on textile accessories. Also, the extension of RoSCTL will further support India's ambition to become a key supplier to the global textile market. These factors create immense positivity for the Indian textile sector going forward.

Over the last two years, we have focused on enhancing our capacities, capabilities, product offering and awareness. These efforts position us perfectly to ride the upturn when the tide turns favorable. In the future, we will intensify our efforts in spreading awareness of our products and capabilities across countries and customers.

Domestic market

India has retained its position as one of the fastest-growing major economies in the world once again. And is at an arm's length of reaching its aspirational target of becoming a US\$ 5 trillion economy. This journey is a transformation playing out that promises to open significant opportunities for business enterprises.

Economic progress will continue to improve the Indian consumer's economic status and spending capability. We believe this will lead to an increase in household numbers and a consequent surge in demand for home products over the medium and long term. Additionally, the growing disposable income and aspiration of the Indian middle class should scale the demand for branded products, creating an immense opportunity to develop local brands in home textiles. This will

see outstanding growth in overall consumption.

We see an opportunity to tap into this market. We anticipate our domestic brand, Boutique Living and Layers, will lead this growing demand, and in the next four or five years, we will have an almost double-digit percentage of our revenue coming from domestic sales.

Sustainability

Climate Change is the defining issue of our time, and we are at a defining moment. From shifting weather patterns that threaten food production to rising sea levels that increase the risk of catastrophic flooding, the impacts of climate change are global in scope and unprecedented in scale. The industrial world is largely responsible for indiscriminate pollution and the deterioration of the ecological balance. Hence, embracing sustainability in every aspect of business has become imperative.

Over the years, we have neatly woven sustainability into our business model. At Indo Count, we view every business strategy and investment from the sustainability prism to transform sustainability from a business practice into an organisational culture. Our endeavors are bearing results.

Indo Count achieved a 90.6% score for Higg Index versus Global Benchmark in Home Textiles verified score, which is 59%. Further, Hohenstein, Germany, a recognised world lab, has lauded our contribution and efforts towards water consumption, saving and recycling, and all of this happened on the event of the International Water Day. We have also received a Certificate of Merit from CITI Birla Sustainability Award under contribution towards zero carbon emission at a ceremony held in Jaipur.

We also participated in United Nations Global Compact India and Accenture Led CEO Study on Sustainability for 2022.

Going forward, we intend to build up the best practices to achieve traceability of raw materials across the supply chain.

Social responsibility

At Indo Count, we give priority to Social impact in all our business activities. We have created an impact across areas including health, education, environment and water sanitation. We currently employ well managed work force of around 5000 and have arranged skill development by taking various initiatives. As part of women empowerment, we aim to increase the presence of women employees across our business operations.

People Initiatives and Values

We understand the importance of core values and culture. We continue to provide opportunities to our manpower to develop and take bigger roles. Our HR provide training to our manpower on various aspects to make them more skillful and responsible to the emerging needs of the Society.

Outlook

We are optimistic about our prospects in the coming year. The positivity in the external ecosystem, coupled with our strength in terms of our products and people, should help us register healthy growth in the current year. Our strong order book position underpins our optimism.

Further, we aim to increase the revenue from the value-added business in our revenue mix by

about 50% over the previous year. This should help in strengthening business value and delivering value to our stakeholders.

Over the long term, we will focus on sweating our assets at optimum levels to take our Company to the next level.

Acknowledgment

I would like to thank the Board for guiding me to execute my responsibilities in the best possible manner. I would like to thank every team member for their relentless efforts in making Indo Count achieve its operational and financial goals. I would also like to thank all our stakeholders, Bankers, customers, vendors, suppliers and Government authorities for their support and assistance throughout our journey.

Warm regards

Anil Kumar Jain
Executive Chairman

Shri Anil Kumar Jain has been awarded with Industrial Excellence Award by The Textile Association of India. This award recognises his contribution towards promoting Indian textiles globally and achieving industrial excellence in this sector.



We are Indo Count Industries Limited

The Largest Global Home Textile Bed Linen Company

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 providing all our customers with superior product quality, timely services and value for money through our technological and organisational strengths.

Principles

- Complete comfort to customers
- Focus on customer satisfaction
- Foster stability and sustainability

With a presence of more than three decades, Indo Count is a largest manufacturer and exporter of bed sheets, bed linen, and quilts from India. It is recognised among the top three global bed sheet suppliers in the US.

Having innovation in every fibre, the Company strive to provide ultimate comfort to consumers. In that endeavour, we produce high-quality, luxurious bedding solutions in our state-of-the-art manufacturing plant in Kolhapur, Maharashtra and Bhilad, Gujarat.

The product basket includes bed sheets, bed linen and quilts. It also includes premium sheet sets,

fashion bedding, utility bedding and institutional bedding. Certified by some of the most prestigious international quality standards the Company's products are testimony to its dedication towards customer satisfaction.

The Company maintains an omnichannel presence for its branded portfolio (owned and licensed). Recently, the Company has completed two licensed brand tie-ups (Jasper Conran and Gaiam) and is planning to add more such brands to its portfolio in future.

Despite its dominant presence in the US markets, the Company is working towards diversifying its

geographical mix by having a deeper presence in the EU, UK & Australia.

Recently, Indo Count acquired the home textile division of GHCL, a prominent home textile player in India. The merged entity will have a much higher capacity and is likely to have a whole new avenue of untapped customer base.

Certifications & accreditations

ISO 9001:2015 Quality Management System	ISO 14001:2015 Environmental Management System	ISO 45001:2018 Occupational Health and Safety Management System
ISO/IEC 17025:2017 By National Accreditation Board for Testing and Calibration Laboratories (NABL) Certification for Kagal facility, Kolhapur	Green Building Certification By LEED (Leadership in Energy and Environmental Design) Green Building Council, USA	OEKO-TEX STeP Certificate By the International Association for Research and Testing in the Field of Textile and Leather Ecology

Credit ratings

LONG TERM RATING

ICRA: AA-
with Stable outlook

CAREEDGE: AA-
with Stable outlook

This credit rating signifies strong degree of safety regarding timely servicing of financial obligations. Such facilities carry low credit risk.

SHORT TERM RATING

ICRA: A1+

CAREEDGE: A1+

This credit rating signifies very strong degree of safety regarding timely payment of financial obligations. Such facilities carry lowest credit risk.

Our presence

ICIL exports to nearly 50+ countries with the US being the largest market (~75% of the revenue) where the Company commands ~20%+ market share in bed sheets. In overseas markets, the Company has a strong presence in Europe, Australia etc. via international subsidiaries and maintains a vibrant distribution channel through showrooms, design studios, e-commerce drop ship and warehouses in these countries. In India, we are present in the home textile market with our own domestic brands 'Boutique Living' and 'Layers'.



4

Manufacturing plants

153^{MN MTS}

Home Textile Manufacturing capacity

~1,40,000
SPINDLES

Spinning capacity

10,000+

Team Size
(Direct and Indirect)

20+

Brands

50+

Export to nations

Our journey of many milestones

1990/91

Initial Public Offer in 1990

Commencement of operations in 1991

2007

Forayed into home textiles by setting up 36 million meters capacity

2008

Acquired Pranavaditya Spinning Mills Ltd. (Subsidiary)

2011

Established Subsidiary in the USA and Showroom and Design Studio at Fifth Avenue, New York

2012

Bed linen capacity increased to 45 million meters

2014/15

Established showroom and design studio in UK in 2014

Enhanced Capacity to 68 million meters in 2015

2017

Established Subsidiary in Dubai

Bed linen capacity increased to 90 million meters

Launched Brands in Indian market

2022

Acquisition of GHCL home textile business

Amalgamation of Pranavaditya Spinning Mills Ltd with the Company

Bed linen capacity increased to 108 million meters

2023

Bed linen capacity increased to 153 million meters



Our diversified brand portfolio

Our diverse technology expertise

Existing Portfolio



Addition of new Brands

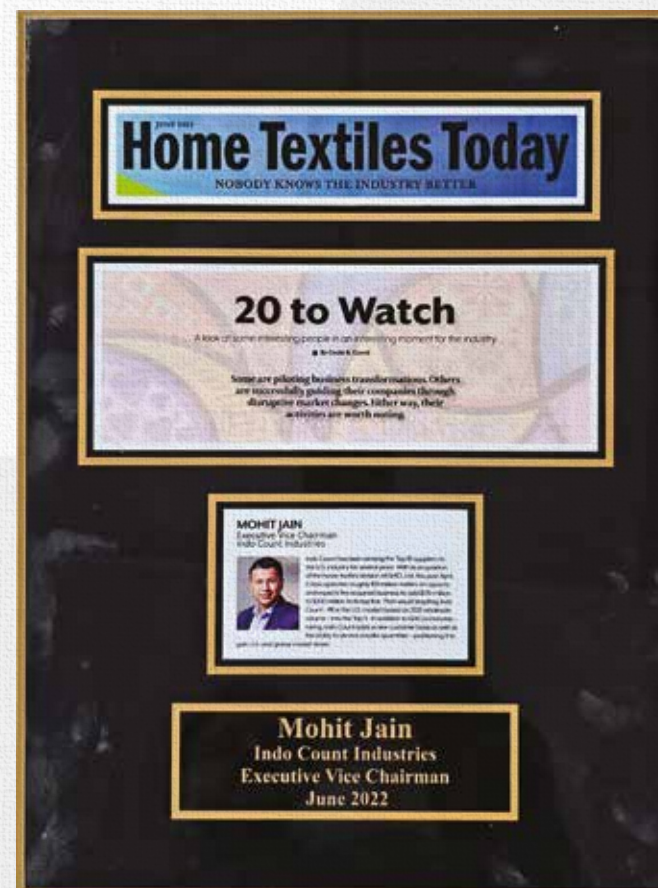


Awards & Recognition



The Economic Times Best Brands

Awarded the 5th edition of "The Economic Times Best Brands 2022 Conclave" by the Economic Times for recognising and celebrating the best brands built by Indian business houses over the years.



One of the 20 successful people to watch, featured in Home Textiles Today magazine (June 2022 edition).



CII National Award

This award was conferred for Excellence in Water Management – 2022 and company's contribution in improving water use efficiency and integrated approach in wastewater management.



Mahatma Award 2022

The prestigious "Mahatma Award for Lifetime Achievement in Corporate Social Responsibility, Sustainability and Social Impact" was conferred on Indo Count Foundation for the impact made on society through CSR activities.



The Federation of Indian Export Organizations (FIEO)

Awarded by the Federation of Indian Export Organizations (FIEO) for being the highest Foreign Exchange Earner in Maharashtra for two consecutive years 2018-19 and 2019-20.



Niryat Shree Gold Trophy

"Niryat Shree Gold Trophy" for the year 2020-21 by the Federation of Indian Export Organizations (FIEO) in the non MSME category of the Textiles sector for achieving outstanding performance in the export of goods and services.



CITI Birla Sustainability Award

The 1st Runner Up in the Contribution towards Zero Carbon Emission category in CITI Birla Sustainability Award.