

CMP: INR 270

Rating: BUY

Target Price: INR 364

Stock Info

BSE	521016
NSE	ICIL
Bloomberg	ICNTIN
Reuters	ICNT
Sector	Textiles
Face Value (INR)	2
Equity Capital (INR cr)	40
Mkt Cap (INR cr)	5,346
52w H/L (INR)	450/211
Avg Daily Volume (in 000')	528

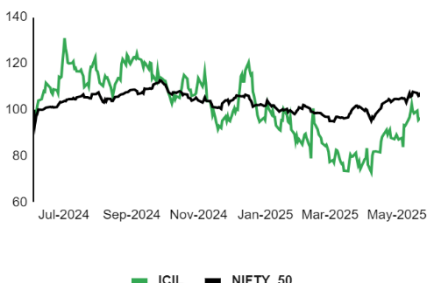
Shareholding Pattern %

(As on March 2025)

Promoters	58.74
FII	10.12
DII	4.58
Public & Others	26.56

Stock Performance (%)	1m	3m	12m
ICIL	(7.9)	2.56	(19.7)
Nifty 50	1.66	11.7	6.24

ICIL Vs Nifty



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The company posted a weak Q4FY25, with revenue down 6.47% YoY and 11.20% QoQ to INR 1,023 Cr, beating our estimate of INR 984 Cr by 3.96%, due to lower sales volumes and U.S. tariff issues. Gross margins fell to 50.59%, hit by cheaper product sales and higher production costs, while EBITDA came at 46.9% YoY and 47.85% QoQ to INR 88 Cr, missing our INR 143 Cr estimate by 38.46%, with margins at 8.01% versus our 14.36% forecast. PAT came at 87.82% YoY and 85.16% QoQ to INR 11.2 Cr, missing our INR 58 Cr estimate by 80.69%, pressured by higher fixed costs and brand-building expenses.

Brand Building Initiatives: Indo Count continues to invest in brand development, particularly in the U.S., with plans to expand to 45 countries. The Wamsutta brand, acquired for INR 85 Cr, is set to launch as a D2C luxury brand within 30–60 days, with significant revenue expected from Q2 FY26 onward due to spring-summer demand. Investments in human capital and infrastructure are ongoing to support this transition.

Brand licensing and acquisitions have now been identified as a major growth engine: Indo Count continues to aggressively expand its brand portfolio, adding Fieldcrest and Waverly (acquired in Q3FY25) and the recent licensing of Beautyrest from Serta Simmons Bedding, a global leader in sleep solutions. These brands are already gaining traction, contributing to revenue growth. The company also made strategic acquisitions in utility bedding, including Fluvitex and Modern Home Textiles, expanding its manufacturing footprint and revenue potential in the U.S. market.

Guidance: The company previously guided volumes of 110-115 mn meters for FY25 but ended at 106.4 mn meters (up 9.8% YoY), slightly below guidance due to Q4 challenges. EBITDA margin for FY25 was at 13.7%, lower than the 16%-18% guided earlier, impacted by strategic investments and weaker Q4 performance. Indo Count maintains its long-term goal of doubling revenue by 2028, supported by brand expansion and capacity additions.

Valuation and Outlook: We assign a target price of INR 364, valuing Indo Count at a P/E multiple of 20x the FY27E EPS of INR 18.19, implying a 34.7% upside and a 'Buy' rating. Despite near-term margin pressures and logistical challenges, the company's investments in brands and U.S. capacity expansion strengthen its long-term growth prospects. The signing of the India-U.K. Free Trade Agreement and progress in EU FTA discussions are expected to further boost competitiveness and export potential.

INR Cr	FY23	FY24	FY25	FY26E	FY27E
Revenues	3,043	3,601	4,191	4,736	5,447
YoY growth (%)	2.04	18.33	16.39	13.00	15.02
EBITDA	485	602	573	626	748
EBITDA M (%)	15.95	16.73	13.67	13.22	13.72
PAT	273	337	246	268	360
YoY growth (%)	(23.84)	23.74	(27.24)	9.06	34.53
EPS (INR)	13.77	17.04	12.40	13.52	18.19
P/E (x)	19.61	15.84	21.78	19.97	14.84
Price/Book (x)	2.98	2.56	2.35	2.10	1.84
EV/EBITDA (x)	12.60	10.29	11.66	10.79	9.14
Debt/Equity (x)	0.49	0.46	0.64	0.53	0.43
RoE (%)	16.14	17.39	11.25	11.11	13.22

Source: Company & Arihant Research

Quarterly Result

INR Cr (Consolidated)	Q4FY25	Q3FY25	Q4FY24	Q-o-Q	Y-o-Y
Revenue from Operations	1023	1,152	1093	-11.20%	-6.47%
Other Income	6	16	0	-62.84%	2402.05%
Raw Material Costs	505	552	490	-8.40%	3.10%
Gross Profit (Ex- OI)	517	600	603	-13.77%	-14.24%
<i>Gross Margin (Ex- OI)</i>	<i>50.59%</i>	<i>52.10%</i>	<i>55.18%</i>	<i>-151bps</i>	<i>-458bps</i>
Employee costs	118	119	83	-0.48%	42.79%
Other Expenses	317	332	355	-4.42%	-10.71%
EBITDA (Ex-OI)	82	149	165	-45.14%	-50.43%
<i>EBITDA margin (Ex-OI)</i>	<i>8.01%</i>	<i>12.97%</i>	<i>15.12%</i>	<i>-496bps</i>	<i>-711bps</i>
EBITDA	88	165	166	-46.85%	-46.90%
<i>EBITDA margin</i>	<i>8.55%</i>	<i>14.17%</i>	<i>15.14%</i>	<i>-562bps</i>	<i>-659bps</i>
Depreciation	36	30	22	19.16%	64.01%
EBIT	52	135	144	-61.67%	-63.92%
Finance costs	36	36	20	1.75%	84%
PBT	15.624	100	124	-84.31%	-87.39%
Tax Expense	4	24	32	-81.64%	-86%
<i>Effective tax rate %</i>	<i>28.30%</i>	<i>24.20%</i>	<i>25.77%</i>	<i>411bps</i>	<i>254bps</i>
PAT	11.20	75	92	-85.16%	-87.82%
<i>PAT margin %</i>	<i>1.09%</i>	<i>6.46%</i>	<i>8.41%</i>	<i>-537bps</i>	<i>-732bps</i>

Q4FY25 Highlights:

- Volumes reached 25.6 mn meters in Q4FY25, down 10.8% YoY but still reflecting strong demand.
- Completed Fluvitex and Modern Home Textiles acquisitions, contributing ~INR 125 crore revenue in Q4. Wamsutta launch scheduled for the next 30-60 days.
- The Bhilad unit operated at 90% renewable energy. Fresh water intake reduced to 25% via advanced RO and ETP systems. DJSI score improved from 45 to 66, placing Indo Count in the top 10% globally.
- India regained global market share in bed linen exports.
- Inflation in U.S. goods is near zero, but service inflation remains persistent. U.S. tariffs have created a cautious buying environment, leading to product downtrading and ASP decline.
- Container availability has improved slightly, but overall, challenges persist with increased freight and container costs. These logistical headwinds continue to affect delivery schedules and cost structures, particularly in international markets.

Consolidated Company Financials

Income statement summary

Consolidated Income statement INR Cr	FY23	FY24	FY25	FY26E	FY27E
Revenue	3,043	3,601	4,191	4,736	5,447
EBITDA	485	602	573	626	748
Depreciation	(65)	(83)	(117)	(123)	(129)
Interest expense	(62)	(70)	(123)	(140)	(130)
Profit before tax	358	450	333	363	489
Taxes	(85)	(112)	(88)	(96)	(128)
Net profit	273	337	246	268	360

Consolidated Balance Sheet INR Cr	FY23	FY24	FY25	FY26E	FY27E
Equity capital	40	40	40	40	40
Reserves	1,753	2,049	2,238	2,506	2,866
Net worth	1,793	2,089	2,278	2,545	2,906
Debt	876	956	1,449	1,349	1,249
Other Non Current Liabilities	0	35	68	56	68
Deferred tax liab (net)	69	85	108	116	126
Total liabilities	2,738	3,165	3,902	4,066	4,348
Fixed assets	1,097	1,333	1,708	1,713	1,712
Capital Work In Progress	183	25	28	28	29
Other Intangible assets	14	32	204	204	204
Investments	143	133	135	335	535
Other non current assets	53	39	91	0	0
Net working capital	1,141	1,501	1,619	1,859	2,122
Inventories	895	1,143	1,163	1,327	1,509
Sundry debtors	409	452	592	669	769
Other current assets	158	310	222	251	289
Sundry creditors	(225)	(308)	(231)	(263)	(300)
Other current liabilities & Prov	(96)	(95)	(126)	(126)	(145)
Cash	108	103	117	(61)	(234)
Other Financial Assets	0	0	0	0	0
Miscellaneous Exp	0	0	0	(12)	(20)
Total assets	2,738	3,165	3,902	4,066	4,348

Consolidated Statement of Cash Flow INR Cr	FY23	FY24	FY25	FY26E	FY27E
Profit before tax	358	450	333	363	489
Depreciation	65	83	117	123	129
Tax paid	(85)	(112)	(88)	(96)	(128)
Working capital Δ	446	(360)	(119)	(239)	(264)
Operating cashflow	784	61	246	154	230
Capital expenditure	(723)	(160)	(495)	(128)	(129)
Free cash flow	61	(99)	(249)	26	100
Equity raised	(27)	2	(17)	40	59
Investments	(142)	11	(2)	(200)	(200)
Others	307	(5)	(224)	103	8
Debt financing/disposal	(443)	80	493	(100)	(100)
Dividends paid	(40)	(44)	(40)	(40)	(59)
Other items	(3)	51	56	(16)	14
Net Δ in cash	(286)	(3)	18	(184)	(173)
Opening Cash Flow	394	108	105	123	(61)
Closing Cash Flow	108	105	123	(61)	(234)

Source: Company & Arian Research

Ratios

Ratio analysis	FY23	FY24	FY25	FY26E	FY27E
Growth matrix (%)					
Revenue growth	2.0	18.3	16.4	13.0	15.0
Op profit growth	(15.4)	24.1	(4.9)	9.3	19.4
EBIT growth	(21.1)	23.6	(12.2)	10.3	22.9
Net profit growth	(23.8)	23.7	(27.2)	9.1	34.5
Profitability ratios (%)					
OPM	15.9	16.7	13.7	13.2	13.7
EBIT margin	13.8	14.4	10.9	10.6	11.4
Net profit margin	9.0	9.4	5.9	5.7	6.6
RoCE	11.5	13.6	9.9	9.7	11.3
RoNW	16.1	17.4	11.2	11.1	13.2
RoA	10.0	10.7	6.3	6.6	8.3
Per share ratios					
EPS	13.8	17.0	12.4	13.5	18.2
Dividend per share	2.0	2.2	2.0	2.0	3.0
Cash EPS	17.0	21.2	18.3	19.7	24.7
Book value per share	90.5	105.5	115.0	128.5	146.7
Valuation ratios					
P/E	19.6	15.8	21.8	20.0	14.8
P/CEPS	15.8	12.7	14.8	13.7	10.9
P/B	3.0	2.6	2.3	2.1	1.8
EV/EBIDTA	12.6	10.3	11.7	10.8	9.1
Payout (%)					
Dividend payout	14.5	12.9	16.1	14.8	16.5
Tax payout	23.8	25.0	26.3	26.3	26.3
Liquidity ratios					
Debtor days	48.4	45.2	50.8	50.8	50.8
Inventory days	236.6	271.6	226.3	226.3	226.3
Creditor days	31.7	37.0	23.0	23.0	23.0
Leverage ratios					
Interest coverage	6.7	7.4	3.7	3.6	4.8
Net debt / equity	0.4	0.4	0.6	0.6	0.5
Net debt / op. profit	1.6	1.4	2.3	2.3	2.0

Source: Company & Arihant Research

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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