

September 15, 2025

## ICIL 2.0 – Rewriting the future

**About the stock:** Indo Count Industries (ICIL) is the world's largest bed-linen player established in 1988. Traditionally operating in bed linen segment, the company expanded its presence into high margin utility and fashion bedding segment in US through organic and inorganic route. It has portfolio of ~25 brands (licensed + owned) to position well in US and other exporting markets. It has 4 manufacturing facilities in India with capacity of 153mn meters and 3 plants with 32.5 mn pieces in the US.

### Investment Rationale

- **ICIL 2.0 – scaling the core + expanding brands + entering utility segment:** ICIL 2.0 emphasises on strengthening the core, expand into high margin segments such as utility/fashion bedding and expand the branded product portfolio to build a sustainable business model in long run. Over the past 12–15 months, it has invested significantly in value enhancement projects from acquisitions and capacity expansion to brand building and talent development, laying a solid foundation for its next phase of growth. The company expects the branded portfolio to add US\$100mn and utility bedding business to add US\$175mn over the next three years. With these strategic initiatives the company is aspiring to grow its revenues 2x by FY28.
- **Trade deals with UK, US and Europe will provide incremental opportunities:** India's textile industry is gearing to leverage on various trade deals to expand its global presence through share gains and portfolio expansion in the coming years. The signing of free trade agreement (FTA) with UK provides India a competitive edge over other key home textile exporting countries. India has ~7% share in UK's overall textile imports of US \$27bn, which it expects to improve in the coming years. On the other hand, India accounts for 46%/39% of US' bedsheet / terry towel imports (US \$42bn market). Though imposition of 50% tariff by US on India exports will put stress on profitability in the near term, favourable trade deal will help to gain share in US home textile market in long run.
- **US tariff to break growth momentum in FY26; fast recovery expected from FY27:** ICIL revenues/PAT grew at CAGR of 13.5% over FY22-25 with capacity utilisation of ~70%, driven by improved by market share in the US home textile market. US tariff of 50% on India exports will put a short break on growth momentum in FY26. Signing of trade deal with US by Nov'25 will reduce tariff uncertainties on India. Hence, the core home textile business is expected to get back in recovery mode from FY27. This along with foray into high margin utility bedding will help ICIL's revenues and EBIDTA to grow at CAGR of 22% and 45% respectively over FY26-28E.

### Rating and Target Price

ICIL's stock price has corrected by 34% from its high and is currently trading at 17x/12x its FY27E/FY28E earnings. With concerns regarding the tariffs are receding as India and US government close to sign a trade deal soon, the risk reward is favourable. We recommend BUY on the stock with price target of Rs370 (valuing at 15x average of FY27E/FY28E EPS).

### Key Financial Summary

Key Financials (Rs Crore)	FY23	FY24	FY25	2 year CAGR (FY23-25)	FY26E	FY27E	FY28E	3 Year CAGR (FY25-28E)
Revenues	3011.6	3557.1	4151.4	17.4	4142.8	5209.9	6176.4	14.2
EBIDTA	454.3	559.0	533.8	8.4	414.8	669.3	867.9	17.6
EBIDTA Margins(%)	15.1	15.7	12.9		10.0	12.8	14.1	
Adjusted PAT	276.8	337.9	246.0	-5.7	131.0	328.4	483.8	25.3
EPS (Rs.)	14.0	17.1	12.5		6.6	16.6	24.5	
PE (x)	20.0	16.4	22.5		42.2	16.8	11.4	
EV to EBIDTA (x)	13.7	11.3	12.8		16.2	10.0	7.5	
RoE (%)	16.4	17.4	11.3		5.6	13.1	16.8	
RoCE (%)	13.0	9.3	5.8		5.8	10.3	13.1	

Source: Company, ICICI Direct Research



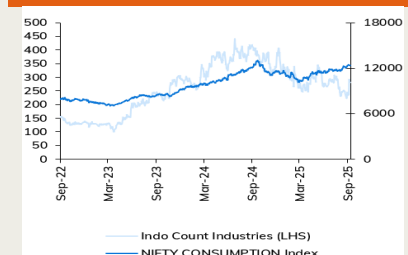
### Particulars

Particular	Amount
Market Capitalisation (Rs crore)	5526
Debt (FY25) - Rs crore	1566
Cash (FY25) - Rs crore	252
EV (Rs crore)	6840
52 week H/L (Rs)	423 / 211
Equity capital (Rs crore)	39.6
Face value (Rs)	2

### Shareholding pattern

	Sep-24	Dec-24	Mar-25	Jun-25
Promoters	58.7	58.7	58.7	58.7
FII	10.7	10.4	10.1	9.9
DII	3.7	4.6	5.0	5.2
Others	26.9	26.3	26.2	26.2

### Price Chart



### Key risks

- US continuing 50% tariff will continue to put stress on margins.
- Demand slowdown and uncertainty in key operating countries.
- Exposure to Foreign Currency risk

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## Company Background

Indo Count Industries (ICIL), incorporated in 1988 is one of the leading manufacturer and exporter of Bed linen. It manufactures products across Bedding category and exports to over 50+ countries in 5 continents maintaining long term relationship with large scale retailers. ICIL has 7 manufacturing facilities across India (4 facilities) and the US (3 Facilities).

The company's product portfolio ranges across Bed linen, Fashion bedding, Utility Bedding and Institutional bedding. ICIL is leveraging its growth ahead by engaging into tie ups with several brands and through own brands and is now exploring growth by expanding its presence in the value-added segments such as Fashion, Utility and Institutional bedding.

The company is equipped with 7 manufacturing plants. The state-of-art facilities are situated in Kolhapur and Bhilad which primarily are engaged in production of bed linen, it has showroom and design studios in New York and Manchester to cater to the local markets in the respective countries. In FY25, the company delivered a volume of 106.4mn mtrs with capacity utilization of 70%. ICIL has expanded its capacity through organic and inorganic routes scaling from 90mn meters to 153mn meters.

### Exhibit 1: ICIL's Manufacturing facilities in India

Plant	Capacity	Utilization
Alate - Kolhapur	70,000 spindles	98%
Gokul Shirgaon - Kolhapur	70,000 spindles	98%
Kagal - Kolhapur	108mn mtrs	70-72%
Bhilad - Gujarat	45mn mtrs	65-66%

Source: Company, ICICI Direct Research

ICIL recently announced acquisition of Fluvitex USA and Modern Home Textile USA expanding its presence in the US utility bedding segment. The facilities will add 13mn pillows and 1.5mn quilts in FY26. Indo Count has also announced an investment in a greenfield project at North Carolina, US which will further add 18mn pillows capacity in FY26 (overall capacity of 31mn pillows and 1.5mn quilts by end of FY26). Over the years, the company has expanded its brand portfolio to 26 brands.

### Exhibit 2: Brand Portfolio – In-House and Licensed

#### IN HOUSE BRANDS

#### LICENSED BRANDS

Source: Company, ICICI Direct Research

ICIL has been scaling through licensed brand signings and brand acquisitions. The company acquired and launched its own D2C brand “Wamsutta” in July 2025 offering products in bed, bath, rugs and windows segment. Parallely, it also has signed license agreements with various brands which will use the company's facilities and expertise to leverage production and ICIL will leverage the brand to scale wider markets.

As of FY25, the company generated 70% of revenues from US. Other countries also contribute to its revenues such as UK at 10-12%, India at 2.3% and rest of the revenues are contributed by Europe, Australia, Middle East and Japan.

Indo Count has shown resilience in its financial performance and recorded decent growth revenues and PAT growth of 14% and 20% CAGR respectively over FY20-25.

## Brief profile of promoter and top management

- **Anil Kumar Jain (Executive Chairman & Promoter):** He holds a B. Com (Hons.) degree from St. Xavier's College, Kolkata, and has more than 45 years of leadership experience in Business & Corporate Strategy in the Textile Industry. He started his career in 1975 and has held various key positions in the family business. In the year 1988, he was incorporated Indo Count Industries Ltd.
- **Mr. Kailash Lalpuria (Executive Director & CEO):** He is a qualified Chartered Accountant and a Science Graduate from St. Xavier's College, Mumbai, and has over 40 years of experience in the textile domain. His expertise lies in Strategic Growth, Mergers & Acquisitions, Business Development, Sales & Marketing and Customer Relationship Management. Mr. Lalpuria brings rich experience from renowned companies in the textile space such as Welspun and Bombay Dyeing.
- **Mr. Kamal Mitra (Director-Works):** Mr. Kamal Mitra heads the Spinning division and has rich and varied experience of over four decades in the textile industry. He holds a Bachelor's degree in Textile Engineering and has been associated with Indo Count Industries Limited since October, 2007.
- **Mr. Chris Grassi (CEO-US Operations):** He has over 40 years of experience in the home textiles market and is a visionary leader who has transformed the industry through innovation, growth, and strong relationships. He is known to have leveraged his expertise in merchandising, global sourcing, product development, and market strategy to expand the product portfolio and customer base.
- **Mr.K Murlidharan (Group CFO):** He joined Indo Count as CFO in Nov 2018 and has been instrumental in driving key strategic initiatives, including the acquisitions of GHCL's textile division, Wamsutta, Fluvitex USA Inc, and Modern Home Textiles Inc. With multiple new investment projects requiring focused financial oversight, he is elevated as Group Chief Financial Officer to lead financial strategy, capital allocation, and performance management across the Indo Count group.

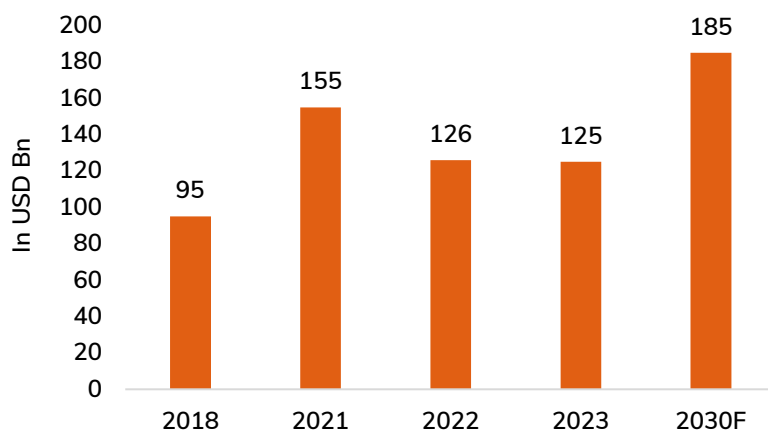
## Industry overview

### Global Home Textile Market

The Home textile encompasses range of products such as bed linen, bath linen, cotton sheets, pillow cases etc. Evolving lifestyles, shift in consumer preferences to premium and branded products are key growth for the home textile industry. Consumers in the international markets are increasingly preferring for organic cotton, recycled materials and eco-friendly dyes which are prompting manufacturers to adjust their offering across the market. The key segments within the home textile market are Bath linen, Bed Linen, Kitchen Linen and upholstery. Bed Linen accounts for the highest share in the with over ~45% of share in global home textile market. The Global home textile market was valued at ~US \$ 125bn in 2023 poised to grow at 6% CAGR to ~US \$185bn by 2030. Traditionally market was driven by regions such as Europe and North America which are the primary markets for premium home textile products but in the recent times rising awareness has led to uptick in demand for home textile products (especially branded products) in the Asia-Pacific region. Bed linen and bedspread are gaining popularity across markets with companies offering better value proposition and enhanced quality to cater to specific needs of consumers.

North America and Europe dominate the market and command for over 50% share in the home textile market. Higher disposable incomes and strong housing markets continue to aid the US home textile markets while in Europe it is France, Germany and UK who remain key home textile markets. Rapid urbanization, rising disposable incomes, expansion of organised retail are the drivers in Asia Pacific to gain traction Home Textile market.

**Exhibit 3: Global Home Textile Market (In USD Bn)**

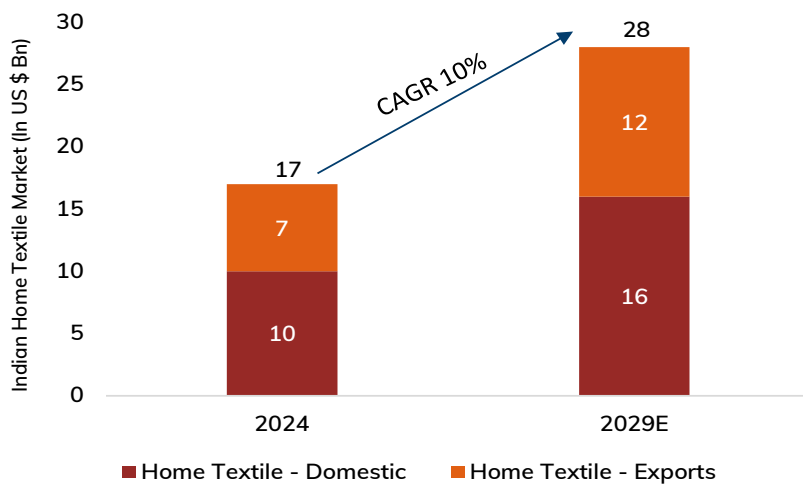


Source: Company, ICICI Direct Research

### China's loss of share in US imports is India's gain

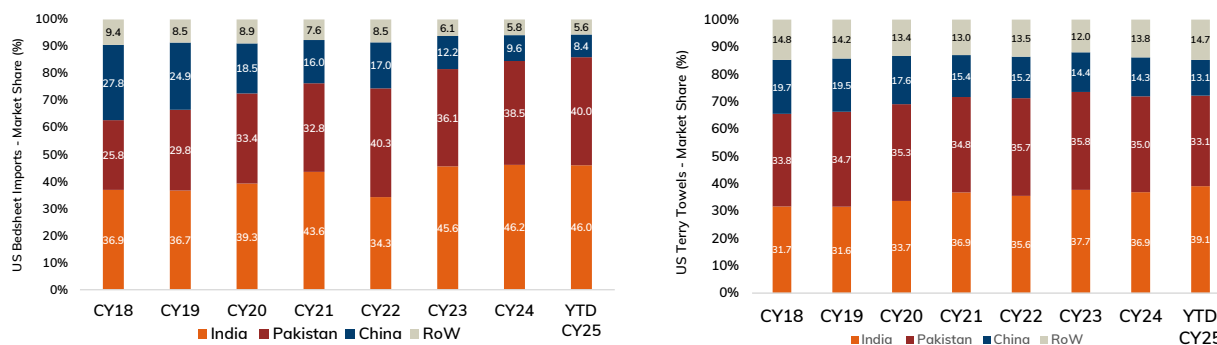
India's total home textile market is valued at US \$17bn as of FY24 out of which 42% pertains to exports valued at US \$7bn which is expected to increase to US \$12bn in the next 5 years. The US market accounted for 56% of Indian home textile exports.

In the last decade, China saw a sharp drop in US home textile export share with retail brands switching from China owing to China+1 strategy. Post the ban imposed by USA on the Xinjiang region, China's share in US textile imports (both in apparel and home textile) declined substantially in last 7-8 years. US retailers shifted their base to other key textile exporters such as India, Vietnam and Bangladesh to maintain the steady supply of textile products.

**Exhibit 4: India Home Textile Market – Domestic and Exports**


Source: Company, ICICI Direct Research

In Home textile space, India's share in US bed linen imports improved to 46% in CY24 from 37% in CY18 while in terry towel imports improved to 37% in CY24 from 32% in CY18. According to industry reports, US home textile market is around \$42bn. With rising income, higher propensity to online shopping and increasing spends towards home improvement coupled with rising institutional demand from hospitals and hotels, the demand for home textile products in US is expected to grow at CAGR of 4-5% over CY2025-30. This along with favourable trade deal will help India to gain further share in US bed linen and terry towel imports in the coming years.

**Exhibit 5: India commands healthy market share in Bedsheet and Terry Towels Import by US**


Source: Company, ICICI Direct Research

**Exhibit 6: Indian Home Textile Companies adding capacities to cater to increased order flow**

Companies	FY20		FY21		FY22		FY23		FY24		FY25		FY27E	
	Capacity	Utilisation	Capacity	Utilisation	Capacity	Utilisation	Capacity	Utilisation	Capacity	Utilisation	Capacity	Utilisation	Capacity	Utilisation
<b>Bath Linen (MT)</b>														
Welspun	80000	84%	80000	88%	85400	84%	90000	63%	90000	87%	96400	90%	100000	-
Indocount	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Himatsingka Seide	25000	-	25000	76%	25000	72%	25000	61%	25000	67%	25000	60%	40000	-
<b>Bed Linen (mn mtrs)</b>														
Welspun	90	74%	90	77%	90	86%	108	51%	108	69%	108	79%	108	-
Indocount	90	69%	108	72%	153	84%	153	49%	153	63%	153	70%	153	-
Himatsingka Seide	61	-	61	63%	61	79%	61	65%	61	67%	61	68%	61	-
<b>Rugs and Carpets (mn sq mtrs)</b>														
Welspun	10	78%	10	82%	12	77%	12	60%	12	88%	12	86%	12	-
Indocount	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Himatsingka Seide	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Source: Company, ICICI Direct Research

### India's cost advantage over other exporting countries

India has lower labour costs than China and Vietnam and also possesses better cost advantage in terms of electricity cost. India has witnessed record high cotton production which coupled with low price leads to lower cost of production, an attractive metric for sourcing companies to lean towards India and move away from China.

The recent geopolitical issues around Pakistan poses additional advantage for India. Pakistan is one of the top exporters of home textile products such as Bedsheets and terry towels to the US. The recent economic and geopolitical instability in the region might lead to retailers shifting their sourcing hubs to neighbouring regions such as India.

**Exhibit 7: India's cost advantages versus its competitors**

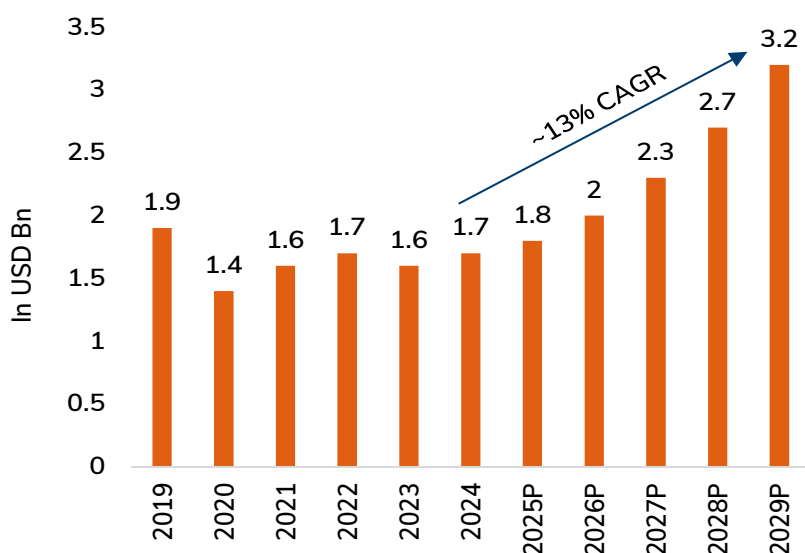
Cost Elements	Exporting Country		
	China	Vietnam	India
Cost of Labour (US \$ per month)	514	300	180
Labour Skills	High	High	High
Cost of Electricity (US \$/KWh)(US \$ per month)	9 to 15	9	7 to 12
Lead Time (days)	30 to 45	35 to 50	40 to 60
Textile Integration	High	Medium	High (Cotton)

Source: Company, ICICI Direct Research

### India-UK FTA provides opportunity for growth; India's share in UK Apparel and Home Textile Imports expected to reach 11-13%

India and UK recently signed Free trade agreement (FTA) which augurs well for the Indian companies to increase share in the UK market and reduce the regional risk in their portfolio. India-UK FTA provides 12% duty differential over China and brings India at par with Bangladesh. India's Apparel and Home textile exports to the UK stood at US \$1.7bn as of CY2024 largely remaining flat over the last 5 years. With incremental opportunities due the FTA, India's exports to UK are expected to grow at ~13% CAGR over the next 5 years. With growing exports, it is expected that India's market share in the UK textile imports is expected to increase from ~7-8% in 2024 to ~11-13% in the next 5-6 years.

**Exhibit 8: India's Exports to UK expected to scale post the FTA**



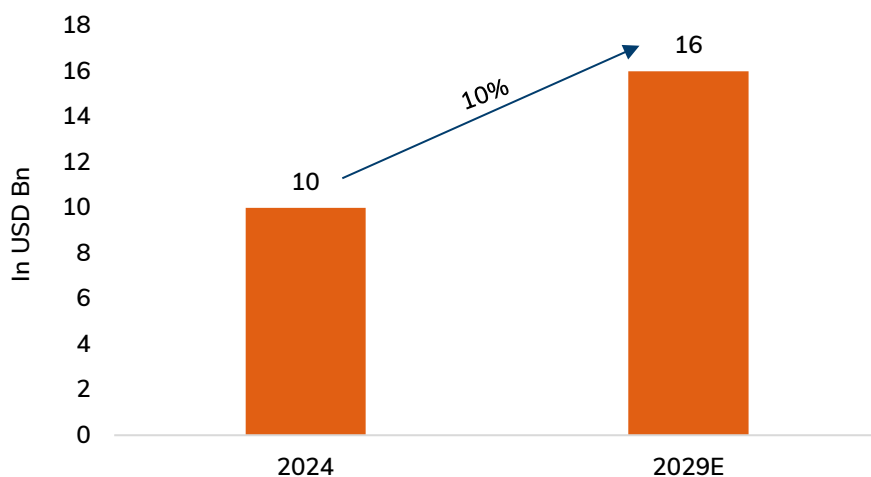
Source: Company, ICICI Direct Research

### Indian Domestic Home Textile Market to be driven by policy shift and increasing wallet share

The Indian Domestic Home Textile market was valued at ~US \$10bn in 2024 (largely unorganised) and is expected to scale to over ~US \$ 16bn in the next 5 years growing at a CAGR of ~10%. The market is primarily driven by rising GDP per capita rapid urbanization and growing number of nuclear families remain key demand drivers for the segment.

The recent tax relief provided by the government supports the demand growth for the discretionary space in the country. With higher taxes over the years, consumer's wallet shares towards discretionary spending remained muted. Now with increased wallet share among consumers, the much-needed boost for the industry in terms of demand is expected.

**Exhibit 9: India's Domestic home textile market to grow aided by premiumisation**



Source: Company, ICICI Direct Research

### Investment rationales

#### ICIL version 2.0 – scaling the core + expanding brands + entering utility segment

ICIL is transforming itself into version 2.0 of its growth journey. This new phase marks the next chapter on enhancing focus on strategic initiatives and converting it into a sustainable business model in long run. The company is building its leadership position by investing in a diversified product portfolio, targeting premium and branded segments and enhancing its omnichannel capabilities. The emphasis of the new phase is on scaling up in high potential segments such as utility, fashion and institutional, all of which are expected to drive growth in the coming years. By making these investments, ICIL aims to accelerate its revenue growth while expanding its market share presence in premium product categories. With these strategic initiatives the company is aspiring to grow its revenues by 2x by FY28. Despite tariff led uncertainties, ICIL has maintained its guidance of 2x growth as extension in the utility fashion through organic and inorganic initiatives will be growth lever for the company. The company expects the contribution from the brands to add almost US\$100mn while gaining strengths in the US utility bedding market which has revenue potential of US\$175mn over the next three years.

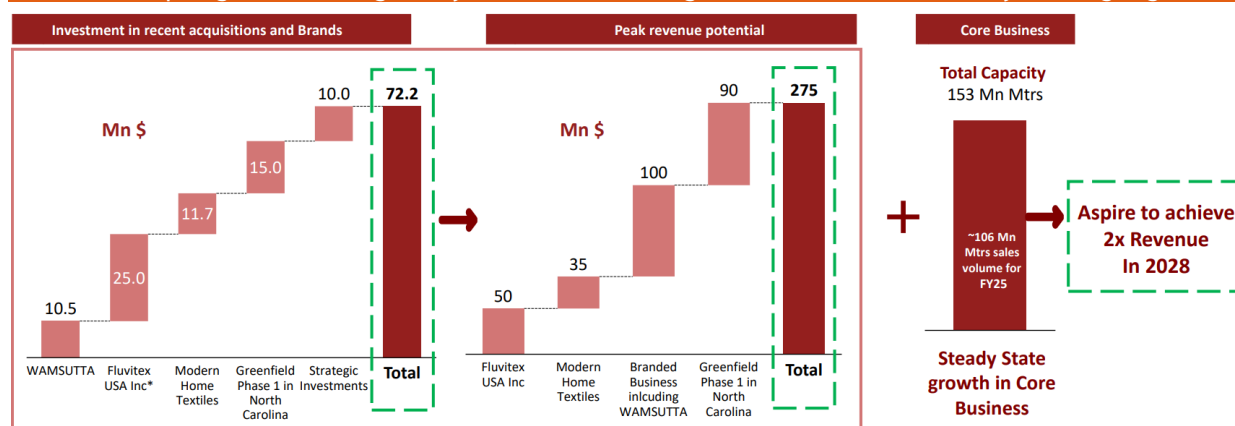


### Exhibit 10: ICIL 2.0 – Core, Brand, Utility segment

CORE	+	BRAND	+	UTILITY
<ul style="list-style-type: none"> <li>Core business delivered ~106 Mn Mtrs in FY25, reflecting strong scale and stability</li> <li>Building for long-term premium growth, however strategic investments impacting margins in short-term</li> <li>Rs. 460 Cr invested over 15 months in acquisitions, capacity, and brand building shaping a <b>future-ready premium portfolio</b></li> </ul>		<ul style="list-style-type: none"> <li>Branded &amp; Licensed portfolio scaling rapidly</li> <li>Wamsutta - High recall brand set for launch, primed to capture premium consumer mindshare</li> <li>Fieldcrest and Waverly gaining traction</li> <li>Recently added the licensed brand Beautyrest to further accelerate growth in the Utility bedding segment</li> <li>Domestic brands Boutique Living &amp; Layers driving growth through omnichannel expansion, influencer marketing, and nationwide reach</li> </ul>		<ul style="list-style-type: none"> <li>Entered manufacturing of pillow and quilt products as part of Utility Bedding segment in U.S.A.</li> <li>1<sup>st</sup> Phase of greenfield investments will be completed by September 2025</li> <li>Division has started building-up and started contributing to revenue</li> </ul>

Source: Company, ICICI Direct Research

### Exhibit 11: Aspiring revenues to grow by 2x in 2028 – Scaling Core + New brands & Utility bedding segment

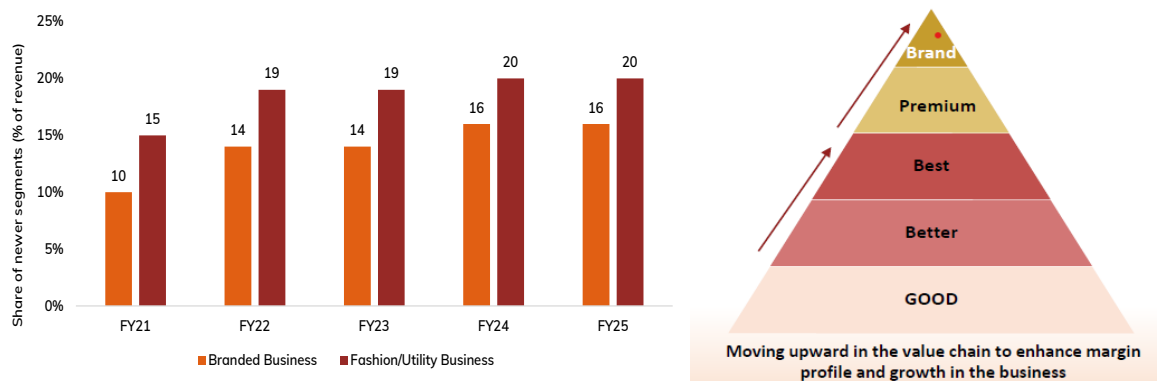


Source: Company, ICICI Direct Research

### Focus on improving mix of Value-added products to drive higher margins

ICIL has increased its total addressable market to US \$15bn from US \$4bn by expanding into value added segments such as Utility and Fashion bedding. ICIL recently acquired Fluvitex USA and Modern Home Textile, which have presence in the pillow and quilt markets and form part of the Utility bedding which is a US \$4bn market. It has also announced an additional greenfield investment in USA which adds more capacity in the pillow segments. The acquired units and greenfield expansion together will have capacity of 32.5mn (31mn pillows + 1.5mn quilts) by end of FY26. The company has launched its own D2C brand “Wamsutta” in July 2025, acquiring global trademark and IP rights which makes it an own brand of the company. The brand is present in the bed linen, bath linen, rugs and carpets segment. The branded segment revenue share stood at 16% increasing from 10% in the last 3 years while Value added segments increased from 15% to 20% in the same period. With mix of branded business and acquisitions, ICIL aims to double its revenues by FY28 and also aims to improve its margins leveraging on better mix through scale-up in the value-added segments. Increase in contribution from utility bedding and branded products business will also provide good support the EBIDTA margins in the coming years.



**Exhibit 12: ICIL witnesses upward trajectory in higher margin segments and moving up the brand model**

Source: Company, ICICI Direct Research

**Foray into Utility bedding in US has potential to add \$175mn to overall revenues**

ICIL recently acquired 2 entities and has invested in 1 greenfield project in US focusing on improving its position in US \$4bn utility bedding segment. The company acquired Fluvitex, USA with a facility in Ohio and Modern Home Textile in Phoenix, Arizona having an annual production capacity of 5mn pillows/1.5mn quilts and 8mn pillows respectively. Both the acquired entities operated at 50% capacity utilization and generated revenues of Rs.225cr (~\$27mn) for six months of operations in FY25. Further through its subsidiary in US, ICIL is investing in a greenfield capacity of 18mn pillows/annum in North Carolina, USA with an investment of \$15mn (~Rs128cr). At optimum capacity utilisation, Fluvitex, Modern Home Textile and the New facility in North Carolina have potential to generate revenues of \$50mn, \$35mn and \$85-90mn respectively. The consolidated pillow capacity in US will be 31mn pieces, while industry leader operates with a capacity of 130mn pieces providing a sense of potential market opportunity ICIL has in US market. Thus, with a consolidated capacity of 31mn pieces of pillows and 1.5mn pieces of quilts, the company is confident of achieving revenues of \$175mn (close to Rs.1,500cr) revenues over the next three to four years.

**Exhibit 13: Snapshot of Acquisitions – Increasing Manufacturing capacities across USA**

Particular	Fluvitex Inc	Modern Home Textiles Inc.	Greenfield Project
Ownership	81%	100%	-
Acquisition Value	US \$19.63mn (including Net working capital of US \$4mn)	US \$11.7mn (including Inventory of US \$2.11mn)	-
Location	Ohio, USA	Phoenix, Arizona, USA	North Carolina, USA
Production Capacity	5mn pillows and 1.5 mn quilts	8mn pillows	18mn pillows
Funding	Internal Accruals and Debt	Internal Accruals and Debt	-
Annual Revenue Potential	US \$50mn	US \$35mn	US \$85mn-\$90mn

Source: Company, ICICI Direct Research

**Expanding the branded portfolio by acquiring legacy brands**

ICIL has licensed and acquired brand in its portfolio and is growing by leveraging the equity of the brands in the market to expand its revenues and margins. In FY24, it signed agreements with Iconix Brand Group Inc. to manufacture, market and distribute Fieldcrest and Waverly products in the US and Canadian markets. With the agreements the company aims to tap deeper into the B2C segment and also cement its focus on expanding in the high yielding value added segments. Fieldcrest operates in the bed and bath linen category with younger customer base as target seeking luxury and premium products while Waverly also operates in the same segment but focuses on women's bed and bath linen. The company has also signed


license agreement with GAIAM which focuses on health and wellness related segments seeking to leverage GAIAM's brand reputation and expertise in the health and wellness home textile segment. The partnership with Jasper Conran, a UK based luxury bedding segment encompasses a wider growth opportunity in the UK. ICIL's textile expertise coupled with Jasper's brand innovative designs provide room for wider reach in the market.

ICIL acquired Wamsutta in FY25, the oldest US home textile brand and launched the same in July 2025. The company acquired the global trademark and IP rights from its parent thereby integrating Wamsutta as ICIL's own brand which is in line with Indo Count's growth plans with focus on margin accretive segments. Wamsutta acquisition gives ICIL an entry into the premium branded segment and also positions it among the top premium brands in the US. This also gives entry into newer segments such as Bath Linen, Rugs, windows and table linen with the acquisition. In FY25, Indo Count signed licence agreement with Beautyrest to cement its position in the utility segment by leveraging its manufacturing expertise and the brand's reputation to drive revenues.

Over the past 1 year, ICIL has invested around ~Rs.468cr in brand acquisitions, capacity expansions, brand building thereby building a base for a diversified branded portfolio. These investments signal ICIL's efforts to maintain market share and also expand its presence in the US markets and scale its revenue and also be margin accretive in the future. The company expects to generate US \$100mn (~Rs.850cr) from Wamsutta and other licensed brands in the next 3 years.


#### Exhibit 14: Recent licensed brand tie-ups


#### Own Brand acquisition



**FIELDCREST**  
EST. 1893


FIELDCREST - STANDS THE TEST OF TIME - OFFERING FOUNDATIONAL LUXURY FOR THE MODERN FAMILY






**WAVERLY**


WAVERLY - LEADING THE WAY IN PRINTS AND PATTERNS SINCE 1923, WAVERLY HAS STOOD THE TEST OF TIME AS A TRAILBLAZER IN HOME FASHION AND LIFESTYLE TRENDS






**GAIAM**


GAIAM - FIRST WELLNESS / YOGA NATIONAL BRAND






**JASPER CONRAN LONDON**

JASPER CONRAN LONDON | AN EXCLUSIVE BED AND BATH COLLECTION






**WAMSTUTTA**  
EST. 1846

**An American Icon Returns**

The original American bedding and bath brand, trusted for over 180 years, is returning.




Source: Company, ICICI Direct Research

#### Strategic investment to expand capacity to drive opportunities in key markets

ICIL invested more than Rs.1,000cr in building capacities through organic and inorganic routes which includes Bhilad Unit Acquisition 45mn metres, Modernisation of Gokul Shirgaon facility with Compact spinning technology, Brownfield capacity of 18mn metres, proportionate addition in cut/sew facilities and additional Top of the Bed (TOB) capacity, amalgamation of Pranavadiya Spinning Mills with the company. These strategic investments have positioned ICIL as a global leader in the bed linen category with capacity of 153mn metres (increased from 90mn metres in FY22). The acquisition of GHCL's Bhilad unit provided access to far east market such as Australia and an opportunity to expand its presence in the global market. Indian government signed Economic Cooperation and Trade Agreement (ECTA) with Australia in Dec,22 which has opened door for textile industry to gain share in the Australian market. In FY25, the company made couple of acquisitions in US that is expected to improve its position in global core bedding and value-added segments in the coming years.

**Exhibit 15: Expansion in core bedding facilities**

Capacity (mn mtrs)	FY22	FY23	FY24	FY25E	FY26E	FY27E	FY28E
<b>Capacity at end of FY22</b>	<b>90</b>						
Bhilad unit acquisition from GHCL		45					
Brownfield capacity expansion		18					
<b>Capacity at end of FY23</b>		<b>153</b>					
No addition or acquisition done during the year		0					
<b>Capacity at the end of FY24</b>			<b>153</b>				
No addition or acquisition done during the year				0			
<b>Capacity at the end of FY25</b>				<b>153</b>			
No addition or acquisition done during the year					0		
<b>Capacity at the end of FY26</b>					<b>153</b>		
No addition or closure of capacity						0	
<b>Capacity at the end of FY27</b>						<b>153</b>	
Potential expansion in Bhilad (under Phase 2)							30
<b>Capacity at the end of FY28</b>							<b>183</b>
<b>Capacity (mn mtrs)</b>							<b>India - 183</b>

Source: Company, ICICI Direct Research

In FY25, the company spent Rs.468cr on Capex majorly pertaining towards acquisitions of US Manufacturing facilities (Rs.268cr), Greenfield investment in North Carolina (Rs.31cr) and IP/Trademark rights towards acquisition of Wamsutta brand (Rs.85cr). Further it has invested Rs.31cr towards greenfield expansion in North Carolina, USA for pillows and will be doing another investment of Rs.99cr in FY26. Also, the company is planning to do a capex of Rs.50cr towards zero liquid discharge facility at effluent water treatment plant at Bhilad, Gujarat.

**Exhibit 16: Expanding presence in the utility bedding segment through acquisitions and addition of greenfield facility**

Capacity (mn pieces)	FY24	FY25	FY26E	FY27E	FY28E
<b>Capacity at the end of FY24</b>	<b>0</b>				
<u>Fluvitex USA, Inc (Ohio, USA)</u>					
Pillow		5			
Quilt		1.5			
<u>Modern Home Textiles Inc. (Arizona, USA)</u>					
Pillows		8			
<b>Capacity at the end of FY25 (Pillow + Quilts)</b>		<b>14.5</b>			
Greenfield Expansion in North Carolina, USA					
Pillow			18		
<b>Capacity at the end of FY26 (Pillow +Quilts)</b>			<b>32.5</b>		
No addition or closure of capacity				0	
<b>Capacity at the end of FY27 (Pillow +Quilts)</b>				<b>32.5</b>	
No addition or closure of capacity					0
<b>Capacity at the end of FY28 (Pillow +Quilts)</b>					<b>32.5</b>

Source: Company, ICICI Direct Research

**Exhibit 17: Significant Capex focused on capacity expansion**

Capex plan	FY25	FY26E	FY27E	FY28E
Maintenance and other capex	84	65	50	65
Acquisition of Wamsutta brand	85	-	-	-
Acquisition of Fluvitex inc, USA	168	-	-	-
Acquisition of Modern home textile, Inc USA	100	-	-	-
Green field project (phase 1) - Utility bedding in North	31	99	-	-
Solar energy project ~8 mega watt	-	-	-	-
Zero liquid discharge facility at effluent water	-	50	-	-
	-	-	-	-
<b>Total capex</b>	<b>468</b>	<b>214</b>	<b>50</b>	<b>65</b>

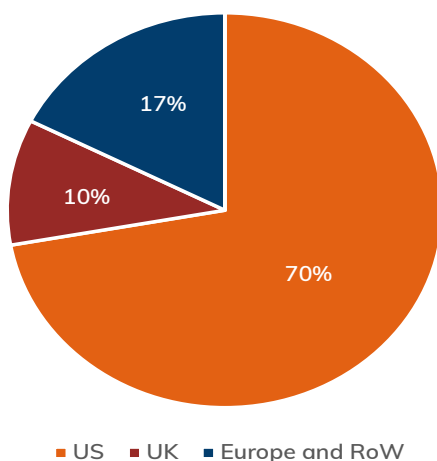
Source: Company, ICICI Direct Research

With addition of the capacities, we expect the Asset turnover of the company which is currently at 1.8x in FY25 to scale to 2.4x in FY28 which would significantly improve its revenues which we expect to grow to over Rs.6176.4cr in FY28 from Rs.4151.4cr in FY25.

#### Significant opportunities through upcoming trade deals

The signing of FTA with UK brings India on par with Pakistan, Bangladesh and Cambodia who already have FTA with the UK. Textile imports of UK stood at ~USD 27bn out of which Indian imports into UK stood at ~USD 1.8bn which is just ~7% of the total imports indicating room for growth in market share ahead. India currently pays tariff of 8-12% on textile exports (including apparels and home textile products) while Bangladesh and Cambodia do not pay any tariffs on exports of textile products to UK. Exports to UK account for 10-12% of ICIL's overall export revenues. With strong portfolio of brands in the bedding segment, ICIL is confident of adding new clients in UK and expects incremental orders from existing clients to improve the contribution from exports to UK in the coming years.

Exhibit 18: ICIL's Export Profile



Source: Company, ICICI Direct Research

US is one of the key exporting markets for ICIL contributing ~70% to the overall export revenues. A potential U.S.-India bilateral trade agreement would be highly advantageous for the Indian home textile sector. The recent tariffs imposed on Vietnam is 20% and on Bangladesh is 35% which augurs well for India as it has lesser tariffs compared to these countries. A bilateral agreement with lower tariff compared with other key exporting countries could lead to reduced tariffs on various home textile products, which will improve the price competitiveness for Indian exporters vis-à-vis countries like Vietnam, Pakistan and China, which are currently facing higher tariffs compared to India.

ICIL has well established warehouses and studios which signal robust supply chains to operate in the US market. With the agreement, US retailers would favour to source from Indian manufacturers due to cost advantages, this augurs well for ICIL as the company already has 2 established facilities in Bhilad and Kolhapur and also has 2 facilities in the US and 1 more set to come up in FY26. With manufacturing facilities across India and US, the company will be capable to cater to the expected rise in order flow if the tariffs are favourable.

#### US Tariffs of 50% to impact FY26 performance; recovery expected from FY27

US has imposed 50% tariffs on India whereas it has levied 20% tariffs on Vietnam, Bangladesh and Pakistan and 30% on China making India less competitive in the US market. Textile companies are mitigating the tariff impact by providing discount on additional 25% tariff on Indian exports to US. ICIL in its post result conference call indicated offering discounts to customers to take partial burden of tariff levied by US on Indian exports. US retailers/traders are maintaining low inventory of textile products on shelves. Further in the current macro uncertainties, the retailers/traders are maintaining inventory of low-priced products. This will have

an impact on the performance of textile companies in the near term. Reduced ordering and downtrading to low price products will result in flat or decline in revenues on y-o-y basis in FY26. Lower operating leverage will also impact the profitability in the near term. This will have negative impact on the EBIDTA margins of Q2FY26 and Q3FY26.

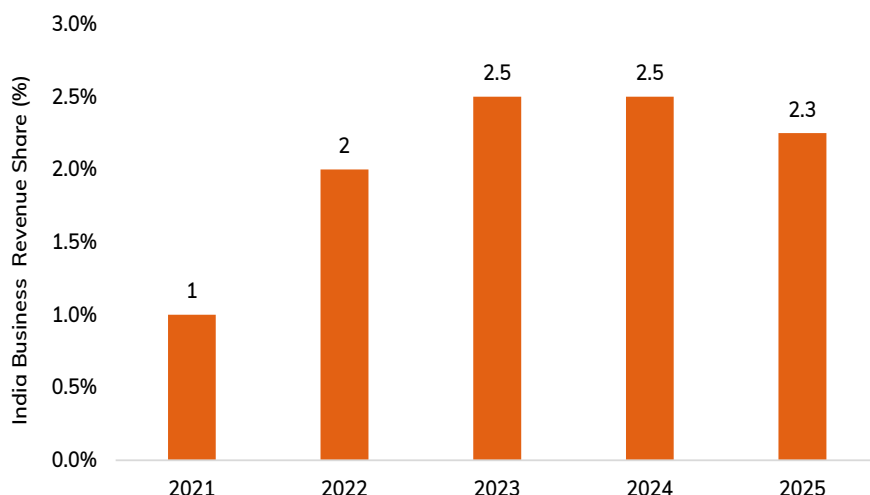
Indian and US government have started discussions on the trade deal and expects to sign a trade deal by Nov,25. It is expected that additional levy of 25% penal tariff will be removed under the trade deal. This will bring India into level playing field with other textile exporting countries. We should expect the order booking to improve from Q4FY26. Further UK-India FTA will add to the order book and revenues of textile companies from FY27. India is also hoping for favourable trade deal with EU in the coming days. Thus US, UK, EU and Australia provide key exporting opportunities to India companies to tap in the long run. Hence, we expect growth trajectory to improve in FY27 and FY28 with better order outlook.

### Focusing on gaining share in the domestic branded home textile market

The company is strengthening its presence in India by investing in brand building and omnichannel distribution. ICIL aims to gains its share in the underpenetrated Indian branded bed linen market. By launching Boutique living and layers the company has signalled its growing focus on the brand development and also expanding its presence in the B2B, B2C and also the D2C channels. These also are in line with the company's plan to expand margins and growing presence in the value-added segments.

ICIL launched Boutique living in premium and luxury segment and Layers in the mass and economy segment in India to leverage the underpenetrated market and improve the margin profile. The launch of Boutique living in India highlights the company's focus on growing in the premium branded market in the country. India's branded home textile market largely remains underpenetrated, Unorganized home textile market along with limited brand awareness leading to branded home textile market to remain undiscovered. With the growing brand awareness coupled with increasing wallet share among consumers, the launch of premium brands positions ICIL well for higher growth and margin territory with significant market share. Boutique Living operates across mid to high segment and high to luxury and D2C space. In the mid-high segment, the brand offers products in the range of ~Rs.1000 to Rs.2000 while it offers its high to luxury range products in the ~Rs.5000 to ~Rs.7000 range. Apart from targeting the premium and luxury range, ICIL also launched a brand in the mass premium segment known as "Layers". The company is offering the brands through 400 multi-brand stores (MBOs) and Large-format stores (LFS). It is also using omni-channels, e-commerce and digital presence to market its products widening its reach in the domestic market. As of FY25, Domestic market contributes 2.25% to the company's revenues.

### Exhibit 19: Growing Saliency of Domestic Business leverage own brands



Source: Company, ICICI Direct Research

## Exhibit 20: Key Assumptions

Particulars	FY24	FY25	FY26E	FY27E	FY28E
<b>Standalone</b>					
Volumes (In mn Mtrs)	96.8	106.4	97.9	116.3	131.6
Growth (%)	29.6%	9.9%	-8.0%	18.8%	13.2%
Realisation (In Rs./piece)	367.5	354.5	350.9	361.5	372.3
Growth (%)	-8.9%	-3.5%	-1.0%	3.0%	3.0%
<b>Standalone Revenues</b>	<b>3557.1</b>	<b>3771.6</b>	<b>3436.3</b>	<b>4203.1</b>	<b>4898.8</b>
Growth (%)	18.1%	6.0%	-8.9%	22.3%	16.6%
<b>Fluvitex (Pillow + Quilt) &amp; Modern home textile</b>					
Volumes (In mn Mtrs)	0.0	0.0	7.3	8.7	10.9
Growth (%)	-	-	-	20.0%	25.0%
Realisation (In Rs./piece)	0.0	0.0	335.2	343.6	352.1
Growth (%)	-	-	-	2.5%	2.5%
<b>Revenues</b>	<b>0.0</b>	<b>225.0</b>	<b>243.0</b>	<b>298.9</b>	<b>383.0</b>
Growth (%)	-	-	8.0%	23.0%	28.1%
<b>Branded Business</b>					
Wamsutta + New Brands (In Rs. Cr)	0.0	0.0	120.0	160.0	216.0
Growth (%)	-	-	-	33.3%	35.0%
Other Brands	0.0	154.7	162.5	178.7	205.5
Growth (%)	-	-	5.0%	10.0%	15.0%
<b>Revenues</b>	<b>0.0</b>	<b>154.7</b>	<b>282.5</b>	<b>338.7</b>	<b>421.5</b>
Growth (%)	-	-	82.5%	19.9%	24.4%
<b>Indo Count Global East Inc. (Pillows)</b>					
Volumes (In mn Mtrs)	0.0	0.0	5.4	10.8	13.5
Growth (%)	-	-	-	100.0%	25.0%
Realisation (In Rs./piece)	0.0	0.0	335.2	341.9	350.4
Growth (%)	-	-	-	2.0%	2.5%
<b>Revenues</b>	<b>0.0</b>	<b>0.0</b>	<b>181.0</b>	<b>369.2</b>	<b>473.1</b>
Growth (%)	-	-	-	104.0%	28.1%
<b>Total Revenues (In Rs. Cr)</b>	<b>3557.1</b>	<b>4151.4</b>	<b>4142.8</b>	<b>5209.9</b>	<b>6176.4</b>
<b>Growth (%)</b>	<b>18.1%</b>	<b>16.7%</b>	<b>-0.2%</b>	<b>25.8%</b>	<b>18.5%</b>

Source: Company, ICICI Direct Research

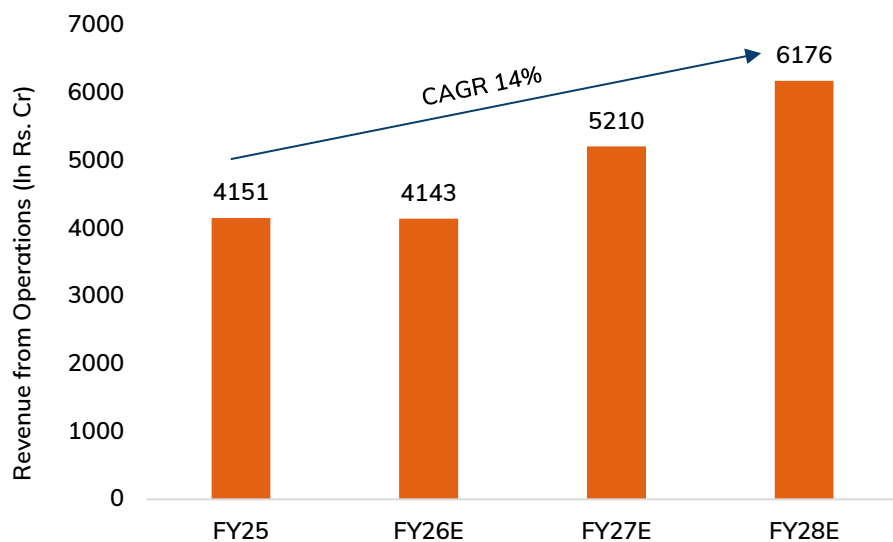
## Key Financial Summary

**Revenues grew at a CAGR of 13.5% over FY22-25; FY26 will be weak, recovery expected from FY27**

ICIL revenues grew at CAGR of 13.5% to Rs.4,151.4cr over FY22-25 driven by 12% volume growth in the core home textile business with capacity utilisation standing at ~70% in FY25 on enhanced capacity of 153mn mtrs. In FY25, the company entered into high margin utility bedding business through acquisition of Fluvitex USA Inc and Modern Home Textiles. The acquisition contributed ~Rs.225cr within half year of operations in FY25. Though FY26 is expected to muted due to uncertainties related to US led Tariff, the management is optimistic about strong recovery in FY27 and expects double digit revenue growth over the next two to three years with incremental revenues coming in from recent acquisitions, operationalisation of greenfield utility bedding facility in North Carolina and scale-up in the revenues of branded portfolio. We have built in revenue CAGR of 14% over the next three years. However, speed-up in utilisation of acquired entities and greenfield facility might boost up the revenue growth in the coming years.



Exhibit 21: Rebound in Revenues expected from FY27

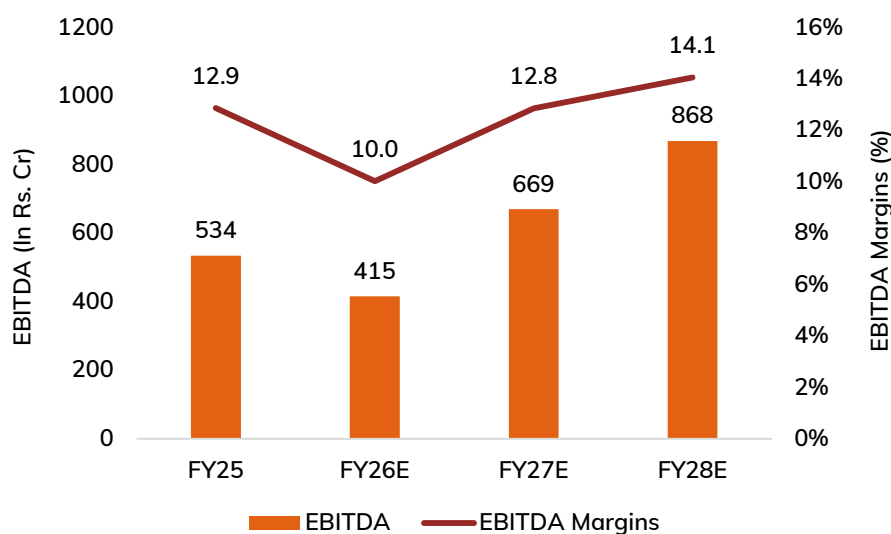


Source: Company, ICICI Direct Research

**EBIDTA margins will bottom-out in FY26E**

ICIL's operating margins were affected by higher fixed costs, on-going brand building expenses and product mix downgrade impact (largely witnessed in Q4FY25) resulting in 280bps decline in the EBIDTA margins to 12.9% in FY25. Tariff related uncertainties and higher advertisement and marketing spends towards the launch of Wamsutta brand will substantially dent EBIDTA margins in FY26. However, clarity on tariff structure, rising utilisation of utility bedding capacity and incremental revenues coming in from Wamsutta brand will help good recovery in the revenue growth and EBIDTA margins in FY26. Thus, we expect EBIDTA margins to bottom out in FY26 at around 10%. Improved utilisation of acquired entities and new greenfield facility in US under the utility bedding business along with higher revenue growth in the branded will help EBIDTA margins to improve by 400bps by FY28 to 14.1%.

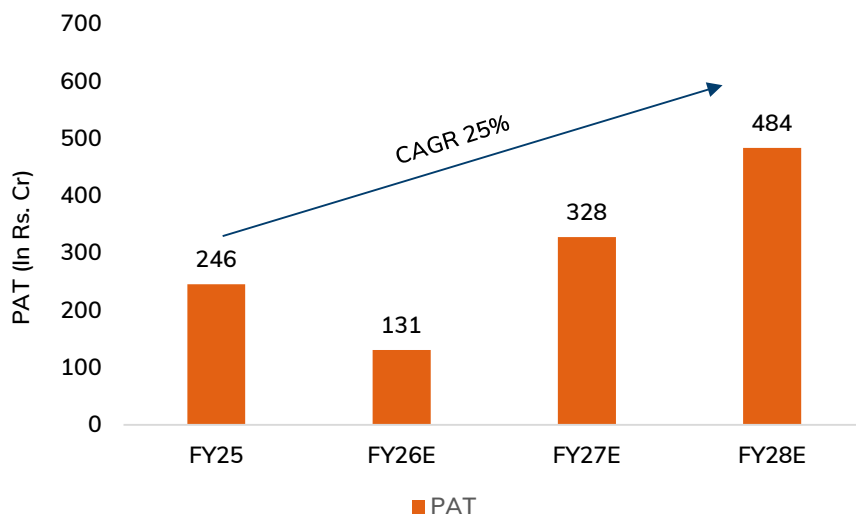
Exhibit 22: EBITDA Margins to see recovery post FY26



Source: Company, ICICI Direct Research

**PAT to grow at CAGR of 25% over FY25-28E**

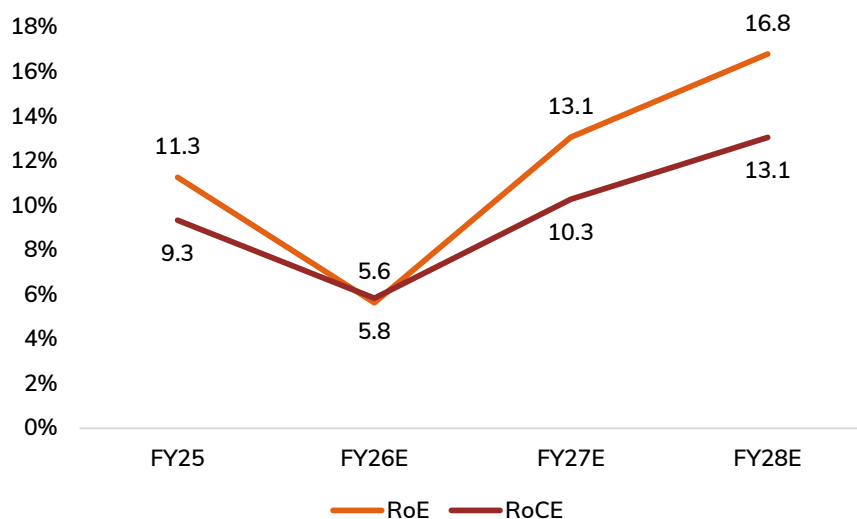
Steady revenue growth in the core bedding business and incremental revenues coming in from high margin utility bedding business will drive consistent improvement in the profitability of the company in the coming years. We expect PAT to grow at a CAGR of 25% over FY25-28E to Rs.484cr.

**Exhibit 23: PAT to witness 25% CAGR over the next 3 years**


Source: Company, ICICI Direct Research

### Return ratios to reach to high teens by FY28E

Strong growth in the bottom line, stable working capital and no major increase in the debt in the coming years will help return ratios to improve to high teens in FY28E from lows of high single digit in FY26E (affected by US tariff uncertainties and higher investment behind brands). We expect ICIL's RoE and RoCE to be at 16.8% and 13.1% respectively in FY28E from 5.6% and 5.8% in FY26E.

**Exhibit 24: Return Profile set to reach high teens by FY28E**


Source: Company, ICICI Direct Research

## Risk and Concerns

### Macro Instability in Key Operating Countries

Indo Count derives 70% of its revenues from US while UK contributes 10% to its revenues. Higher inflation, Current Tariff environment bleak macro environment such product downtrading trading has impacted the recent performance of the company. The recent slowdown is due to impact of the tariff uncertainty leading to rise in price of products in US leading to lower consumer demand and product downtrading. The situation is likely to improve only after the tariff situation stabilises which is expected to have visibility in the second half of FY26. As significant income is derived from US, such situations add risk of negative impact on revenues of the company.

### Supply chain disruptions add to operation risk

The company's major shipments are concentrated to US and UK. Rising supply chain disruptions are a common phenomenon adding risk in delay of order delivery leading to possible impact on the revenues of the company. The current geopolitical situation in the Red Sea – a key route to North America, is one of the supply chain disruptions which is leading to ships taking longer route and longer time to reach the western countries. Though freight rates have stabilised from its highs but the risks of disruption remain with instability persisting in the market.

### Currency fluctuations add risk to revenues

USD forms major part of ICIL's revenues which adds risk of currency volatility impacting the revenues. The company takes measures such as structured and systematic hedging of foreign currency to mitigate the risk. But, any major fluctuations in foreign currency may lead to impact on its revenues.

## Financial Summary

## Exhibit 25: Profit and loss statement ₹ crore

(Year-end March)	FY24	FY25	FY26E	FY27E	FY28E
<b>Total Operating Income</b>	<b>3557.1</b>	<b>4151.4</b>	<b>4142.8</b>	<b>5209.9</b>	<b>6176.4</b>
Growth (%)	18.1	16.7	-0.2	25.8	18.5
Raw Material Expenses	1513.8	1849.1	1864.3	2292.4	2689.8
Gross Profit	2043.2	2302.3	2278.5	2917.6	3486.6
Employee Expenses	312.5	432.5	527.7	633.2	747.2
Job Worked Charges	316.6	352.9	341.8	416.8	481.8
Other Expenditure	855.1	983.1	994.3	1198.3	1389.7
Total Operating Expenditure	5041.3	5919.9	6006.5	7458.2	8795.0
<b>EBITDA</b>	<b>559.0</b>	<b>533.8</b>	<b>414.8</b>	<b>669.3</b>	<b>867.9</b>
Growth (%)	23.1	-4.5	-22.3	61.3	29.7
Interest	69.8	123.2	136.5	118.3	111.9
Depreciation	82.6	116.6	129.7	136.2	139.3
Other Income	43.7	39.5	27.6	27.2	34.4
Exchange gain & losses					
PBT	450.3	333.6	176.3	442.0	651.2
Less Tax	112.4	87.6	45.3	113.6	167.3
<b>Adjusted PAT (before exceptional item)</b>	<b>337.9</b>	<b>246.0</b>	<b>131.0</b>	<b>328.4</b>	<b>483.8</b>
Growth (%)	22.1	-27.2	-46.7	150.7	47.3
Exceptional item	0.0	0.0	0.0	0.0	0.0
<b>Reported PAT</b>	<b>337.9</b>	<b>246.0</b>	<b>131.0</b>	<b>328.4</b>	<b>483.8</b>
Growth (%)	22.1	-27.2	-46.7	150.7	47.3
EPS (Adjusted)	17.1	12.4	6.6	16.6	24.4

Source: Company, ICICI Direct Research

## Exhibit 26: Cash flow statement ₹ crore

(Year-end March)	FY24	FY25	FY26E	FY27E	FY28E
Profit/(Loss) after taxation	294.2	206.5	103.4	301.2	449.4
Add: Depreciation & Amortization	82.6	116.6	129.7	136.2	139.3
Other income	43.7	39.5	27.6	27.2	34.4
Changes in the working capital	-357.4	-139.6	88.1	-335.2	-368.8
<b>CF from Operating activities</b>	<b>63.1</b>	<b>223.0</b>	<b>348.8</b>	<b>129.4</b>	<b>254.3</b>
(Purchase)/Sale of Fixed Assets	-172.7	-431.8	-191.5	-50.0	-65.0
Intangible Assets and Goodwill	-6.0	-235.2	0.0	0.0	0.0
Bank balance	16.5	-2.3	-54.5	60.0	-150.0
Others	13.6	-52.1	-4.6	-4.8	-5.0
<b>CF from Investing activities</b>	<b>-148.6</b>	<b>-721.3</b>	<b>-250.6</b>	<b>5.2</b>	<b>-220.0</b>
(inc)/Dec in Loan	85.5	549.0	-100.0	-150.0	0.0
Change in equity & reserves	2.0	-17.9	0.0	0.0	0.0
Dividend paid	-44	-40	-40	-40	-40
Other	42.5	20.5	1.7	1.7	1.8
<b>CF from Financing activities</b>	<b>86.4</b>	<b>512.0</b>	<b>-138.0</b>	<b>-187.9</b>	<b>-37.8</b>
Net Cash Flow	0.9	13.7	-39.7	-53.2	-3.5
Cash and Cash Equivalent (opening)	91.7	92.6	106.2	66.5	13.3
<b>Cash</b>	<b>92.6</b>	<b>106.2</b>	<b>66.5</b>	<b>13.3</b>	<b>9.8</b>
<b>Free Cash Flow</b>	<b>-109.6</b>	<b>-208.8</b>	<b>157.3</b>	<b>79.4</b>	<b>189.3</b>

Source: Company, ICICI Direct Research

## Exhibit 27: Balance Sheet ₹ crore

(Year-end March)	FY24	FY25	FY26E	FY27E	FY28E
Equity Capital	39.6	39.6	39.6	39.6	39.6
Reserve and Surplus	2049.5	2238.0	2329.4	2618.2	3062.4
Total Shareholders funds	2089.1	2277.6	2369.0	2657.8	3102.0
Minority Interest	0.0	0.0	0.0	0.0	0.0
Total Debt	1017.2	1566.2	1466.2	1316.2	1316.2
Deferred Tax Liability	85.1	107.5	107.5	107.5	107.5
Other Non Current Liabilities	34.9	33.0	34.7	36.4	38.2
<b>Total Liabilities</b>	<b>3226.3</b>	<b>3984.3</b>	<b>3977.3</b>	<b>4117.9</b>	<b>4563.9</b>
Gross Block - Fixed Assets	1924.1	2305.8	2497.3	2547.3	2612.3
Accumulated Depreciation	591.3	683.3	813.0	949.2	1088.5
Net Block	1332.8	1622.5	1684.3	1598.1	1523.8
Capital WIP	24.7	50.2	50.2	50.2	50.2
Fixed Assets	1357.5	1672.7	1734.5	1648.3	1574.0
Goodwill & Other intangible assets	32.2	267.5	267.5	267.5	267.5
Other non-Current Assets	39.2	91.2	95.8	100.6	105.6
Inventory	1142.5	1162.6	1135.0	1356.0	1607.5
Debtors	528.1	591.8	510.8	642.3	761.5
Other Current Assets	222.1	180.0	216.0	259.2	311.1
Loans & Advances	11.2	42.1	48.4	55.6	64.0
Cash	92.6	106.2	66.5	13.3	9.8
Liquid investments & bank balance	143.3	145.5	200.0	140.0	290.0
Total Current Assets	2139.7	2228.3	2176.7	2466.5	3043.8
Creditors	308.2	231.2	249.7	314.0	372.3
Provisions	14.8	20.7	22.8	25.1	27.6
Other Current Liabilities	19.3	23.5	24.6	25.9	27.2
Total Current Liabilities	342.3	275.3	297.1	365.0	427.0
Net Current Assets	1797.4	1952.9	1879.6	2101.5	2616.8
<b>Application of Funds</b>	<b>3226.3</b>	<b>3984.3</b>	<b>3977.3</b>	<b>4117.9</b>	<b>4563.9</b>

Source: Company, ICICI Direct Research

## Exhibit 28: Key ratios

(Year-end March)	FY24	FY25	FY26E	FY27E	FY28E
<b>Per share data (₹)</b>					
Adjusted EPS	17.1	12.4	6.6	16.6	24.4
Cash EPS	21.2	18.3	13.2	23.5	31.5
BV per share	105.5	115.0	119.6	134.2	156.6
Dividend per share	2.2	2.0	2.0	2.0	2.0
Asset Turnover (x)	1.8	1.8	1.7	2.0	2.4
<b>Operating Ratios (%)</b>					
Gross margins (%)	57.4	55.5	55.0	56.0	56.5
Operating EBITDA margins (%)	15.7	12.9	10.0	12.8	14.1
PAT Margins	9.5	5.9	3.2	6.3	7.8
<b>Return Ratios (%)</b>					
RoE	17.4	11.3	5.6	13.1	16.8
RoCE	13.0	9.3	5.8	10.3	13.1
<b>Valuation Ratios (x)</b>					
P/E	16.4	22.5	42.2	16.8	11.4
EV / EBITDA	11.3	12.8	16.2	10.0	7.5
EV / Sales	1.8	1.6	1.6	1.3	1.1
Market Cap / Sales	1.6	1.3	1.3	1.1	0.9
Price to Book Value	2.6	2.4	2.3	2.1	1.8
<b>Solvency Ratios (x)</b>					
Debt / Equity	0.5	0.7	0.6	0.5	0.4
Debt / EBITDA	1.8	2.9	3.5	2.0	1.5
<b>Working capital (days)</b>					
Operating cash cycle	140	134	123	118	118

Source: Company, ICICI Direct Research

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Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%



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## ANALYST CERTIFICATION

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