

## MESSAGE FROM THE CHAIRMAN



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*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 31<sup>st</sup> 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 31<sup>st</sup> 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](http://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