

Board's Report

Dear members

On behalf of the Board of Directors ("the Board"), it gives me immense pleasure to present the Twenty Ninth Annual Report on the business and operations of your Company together with the Audited Financial Statements for the year ended 31st March, 2018.

FINANCIAL RESULTS (As per IND AS)

(₹ In Crores, except EPS)

Particulars	Standalone		Consolidated	
	2017-18	2016-17	2017-18	2016-17
Total Revenue	1,808.30	2,084.74	1,958.17	2,257.80
EBIDTA	265.34	418.71	262.15	428.45
Less: Finance Cost	32.74	39.43	34.74	42.13
Less: Depreciation	30.46	31.18	33.06	33.13
Profit before Tax	202.14	348.10	194.35	353.19
Tax Expenses	71.06	120.07	69.08	121.14
Net Profit	131.08	228.03	125.27	232.05
Other comprehensive Income (net of tax)	0.25	(1.11)	(0.06)	2.22
Total Comprehensive income	131.33	226.92	125.21	234.27
Basic & Diluted EPS (in ₹)	6.64	11.55	6.38	11.76
Cash Profit	181.69	312.38	176.25	319.31
Retained Earnings	899.39	787.07	916.89	806.70

OPERATIONAL AND FINANCIAL PERFORMANCE

FY18 was a challenging year for the textile industry. During the year under review, various factors such as increase in raw material cost and power cost, volatility in foreign currency and de-stocking of inventories by US retailers had an impact on performance of your Company.

At a consolidated level, your Company achieved total revenue of ₹1,958.17 crores for FY2017-18 as against ₹2,257.80 crores in the previous year. Your Company reported EBIDTA and Net Profit of ₹262.15 crores and ₹125.27 crores respectively for the year ended 31st March, 2018. Net debt equity ratio is reduced from 0.42 to 0.38 and EPS stood at ₹6.38 for the year ended 31st March, 2018.

On a standalone basis, total revenue stood at ₹1,808.30 crores for the year ended 31st March, 2018 as against ₹2,084.74 crores in the previous year. Further, your Company achieved EBIDTA and Net Profit of ₹265.34 crores and ₹131.08 crores respectively for the year ended 31st March, 2018.

The financial and operational performance overview and outlook is provided in detail in the Management Discussion and Analysis forming part of this Annual Report.

DIVIDEND

During the year under review, pursuant to the approval of the Board, your Company paid an interim dividend

@20% i.e. Re. 0.40 per equity share of face value of ₹ 2/- each.

Your Directors are pleased to recommend a Final Dividend @ 20% i.e. Re. 0.40 per equity share of face value of ₹ 2/- each subject to the approval of members of the Company at the ensuing Annual General Meeting. If approved by the members, the total dividend payout for FY 2017-18 will be 40 % i.e. Re. 0.80 per equity share of face value of ₹ 2/- each aggregating to ₹19.02 crores (including dividend distribution tax) (previous year ₹19.02 crores).

The aforesaid dividends are in line with the Dividend Distribution Policy adopted by the Company.

DIVIDEND DISTRIBUTION POLICY

Pursuant to Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("Listing Regulations"), the Board of Directors of your Company had approved Dividend Distribution Policy, which is given separately and forms part of this Annual Report. The Dividend Distribution Policy is also uploaded on the website of the Company and web-link for the same is www.indocount.com/images/investor/Dividend-Distribution-Policy1.pdf.

AWARDS AND RECOGNITIONS

Your Company is recipient of various awards, recognitions and accolades. We are happy to inform you that your Company was awarded with "GOLD Trophy" by TEXPROCIL for the highest export of made-ups in "Bed Linen/Bedsheets/Quilts" under the Category III for the year 2016-17. Company's focus on the home textiles segment, backed by strong innovation skills and design capabilities, has been widely appreciated by customers and this Gold Trophy is a testament to Company's overall approach. We thank all our stakeholders for their unstinted support to us and to enable us to reach No. 1 position in export of made-ups from India in Category III.

Some of the other accolades and recognitions received by your Company in past includes:

- One of the India's Fastest Growing Companies - Rated by Business World - Edition April, 2017.
- 11th largest supplier of Home Textiles to the USA.
- Amongst top 3 Bed sheets importers in the USA.
- "Export Excellence Award in the Top Exporter - Non MSME -Trading House Category" from FIEO western region for 2014-15.

SHARE CAPITAL

As on 31st March, 2018, the Authorised Share Capital of your Company was ₹60 crores comprising of 27,50,00,000 equity shares of ₹2/- each and 50,00,000 preference shares of ₹10/- each. Further, the total issued, subscribed and paid up share capital of your Company stood at ₹394,799,340/- comprising of 197,399,670 Equity Shares of ₹2/- each. During the year under review, there has been no change in the Authorised, Issued, subscribed and paid-up share capital of your Company.

During the year under review, your Company has not issued any equity shares with differential voting rights or sweat equity shares. Further, your Company does not have any employee stock option scheme or employee stock purchase scheme.

CREDIT RATING

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'. The said ratings signify high degree of safety regarding timely servicing of financial obligations and carry very low credit risk.

The upgradation/reaffirmation in credit rating and revision in outlook for Long Term Bank Facilities are demonstrative of your Company's consistent cash accruals generated in the business and its sustainable financial position which led to improvement in overall gearing and debt credit metrics.

For short term non-fund based facilities, CARE and ICRA have assigned credit rating of CARE A1+ and ICRA A1+ (A one plus) respectively which is highest rating signifying very strong degree of safety regarding timely payment of financial obligations. Such facilities carry lowest credit risk.

CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements of the Company are prepared in accordance with Indian Accounting Standards notified under the Companies (Indian Accounting Standards) Rules, 2015. The Audited Consolidated Financial Statements of the Company for the year ended 31st March 2018 along with Auditors' Report forms part of this Annual Report.

The Audited Financial Statements of the Company and subsidiaries will be available on the website of the Company at www.indocount.com. Further, a copy of

the Audited Financial Statements of the Subsidiaries shall be made available for inspection at the Registered Office of the Company during business hours on any working day upto the date of Annual General Meeting. Any shareholder interested in obtaining a copy of separate Financial Statements of the subsidiaries shall make specific request in writing to the Company Secretary.

SUBSIDIARIES

During the year under review, your Company incorporated a wholly owned subsidiary viz. Hometex Global DMCC in Dubai, UAE. With this incorporation, as on 31st March, 2018, your Company has 6 direct subsidiaries viz. Pranavaditya Spinning Mills Limited, Indo Count Retail Ventures Private Limited, Indo Count Global Inc., USA, Indo Count UK Limited, Indo Count Australia Pty Ltd. and Hometex Global DMCC. Pursuant to the provisions of Section 129 (3) of the Companies Act, 2013 read with rules made thereunder, a statement containing salient features of the financial position of subsidiaries is given in Form AOC-1 attached as "Annexure 1" forming integral part of this Report. As required under Section 134 of the Companies Act, 2013, the said form also highlights performance of the subsidiaries.

Your Company does not have any Associate Company pursuant to the provisions of the Companies Act, 2013 and has not entered into any joint venture agreement during the year under review.

Though your Company does not have any material subsidiary pursuant to Regulation 16 of the Listing Regulations, it has adopted a policy for determining material subsidiaries, which can be accessed at <https://www.indocount.com/images/investor/ICIL-Policy-on-Material-Subsidiaries.pdf>

DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year under review, there were following changes at the Board level as given below:

- Mr. Sushil Kumar Jiwaraajka, Independent Director tendered resignation from the Directorship of the Company w.e.f. 13th November, 2017 due to personal reasons. The Board expressed its appreciation and gratitude for the valuable guidance and contributions made by him as a Board Member during his long association with the Company.
- In view of notification of Ministry of Corporate Affairs of the Company and list published under

Section 164(2)(a) of the Companies Act, 2013, Mr. Kailash R. Lalpuria, Executive Director resigned from the Board w.e.f. 13th November, 2017 and was appointed as a "Group President" of the Company w.e.f. 13th November, 2017.

Pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. Mohit Jain, Managing Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible, has offered himself for the re-appointment. The Board recommends his re-appointment for consideration of the members at the ensuing Annual General Meeting.

All the Independent Directors of the Company have given declarations that they meet the criteria of independence as prescribed under Section 149 (6) of the Companies Act, 2013 and Regulation 16 (1) (b) of the Listing Regulations.

As on 31st March, 2018, Mr. Anil Kumar Jain, Executive Chairman, Mr. Mohit Jain, Managing Director, Mr. Kamal Mitra, Director (Works), Mr. Dilip Kumar Ghorawat, Chief Financial Officer and Mrs. Amruta Avasare, Company Secretary are the Key Managerial Personnel (KMP) of the Company in terms of Section 203 of the Companies Act, 2013.

Pursuant to the recommendation of Nomination and Remuneration Committee and subject to the approval of the members of the Company in the ensuing annual general meeting, the Board of Directors of the Company at its meeting held on 4th May, 2018 appointed Mr. Kailash R. Lalpuria as a Whole Time Director designated as "Executive Director" of the Company for a period of 3 years w.e.f. 4th May, 2018 and Mr. Sushil Kumar Jiwaraajka as an Independent Director of the Company for a second term of five years w.e.f. 4th May, 2018. The resolutions for their appointment are included in the Notice of ensuing Annual General Meeting and members are requested to refer Notice and Explanatory Statement for further details.

As required under the provisions of Listing Regulations and the Companies Act, 2013, brief profile and other details of Directors being appointed/reappointed are provided in the Notice of Annual General Meeting.

NUMBER OF BOARD MEETINGS

During the year under review, Four (4) Board Meetings were held on 15th May, 2017; 10th August, 2017; 14th November, 2017 and 14th February, 2018. The maximum interval between any two consecutive Board Meetings did not exceed 120 days.

COMPANY'S POLICY ON APPOINTMENT AND REMUNERATION OF DIRECTORS

Your Company has adopted Nomination and Remuneration Policy for the appointment and remuneration of Directors, Key Managerial Personnel and Senior Management of the Company. The Nomination and Remuneration Policy is given in the Corporate Governance Report.

ANNUAL EVALUATION OF BOARD PERFORMANCE AND ITS COMMITTEES AND DIRECTORS

Criteria of performance evaluation of the Board of Directors including Independent Directors are laid down by the Nomination and Remuneration Committee of the Company. Pursuant to the provisions of the Companies Act, 2013 and the Listing Regulations, the Board has carried out performance evaluation of its own, its committees and performance evaluation of all Directors. A structured questionnaire containing various parameters of the performance evaluation based on SEBI Guidance Note dated 5th January, 2017 along with rating scale was circulated to all the Directors. The questionnaire was filled by all directors and rating was given. Thereafter, a consolidated summary of ratings was prepared. A separate meeting of Independent Directors of the Company was held on 26th April, 2017 in which Independent Directors inter-alia reviewed performance of Executive Chairman, Managing Director and other Whole-time Directors. The Board expressed their satisfaction with the evaluation process. The details of performance evaluation are also included in the Corporate Governance Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134 (3) (c) and 134(5) of the Companies Act, 2013, your Directors, to the best of their knowledge and belief and according to the information and explanations obtained by them, state and confirm that:

1. in the preparation of the annual accounts for the year ended 31st March, 2018, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
2. such accounting policies as mentioned in the notes to the Financial Statements for the year ended 31st March, 2018 have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2018 and of the profit of the Company for the year ended on that date;
3. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. the annual financial statements for the year ended 31st March, 2018 have been prepared on a going concern basis;
5. internal financial controls to be followed by the Company have been laid down and that the said financial controls were adequate and were operating effectively;
6. proper systems to ensure compliance with the provisions of all applicable laws have been devised and such systems were adequate and operating effectively.

CORPORATE SOCIAL RESPONSIBILITY

Your Company recognizes the vital role played by society at large in its growth and development and strives to discharge its social responsibility as a corporate citizen. The key philosophy of all our Corporate Social Responsibility (CSR) initiatives is guided by our belief "Every Smile Counts..." .Our CSR projects focus on participatory and collaborative approach with the community. Over a period of last 3 years, your Company has emphasized CSR projects in the areas of Education, Healthcare, Women empowerment and Water and Sanitation.

In compliance with the provisions of the Companies Act, 2013, your Company has adopted a Corporate Social Responsibility (CSR) policy which is available on web-link <http://www.indocount.com/images/investor/ICIL-CSR-Policy.pdf>

Your Company implements the CSR projects through 'Indo Count Foundation' and has also collaborated with other trusts for carrying out CSR Activities. The Report on CSR activities implemented by your Company during the year under review is provided as "Annexure 2" to this Report.

AUDIT COMMITTEE

During the year under review, Mr. Kailash R. Lalpuria ceased to be a member of the Committee w.e.f. 13th November, 2017 consequent to his resignation from the Board. Mr. Kamal Mitra, Director (Works) was appointed as a member of the Audit Committee w.e.f. 14th November, 2017. As on 31st March, 2018, the Audit Committee comprises of Mr. P. N. Shah as Chairman, Mr. R. Anand, Mr. Prem Malik and Mr. Kamal Mitra. More details about the Audit Committee

are given in Corporate Governance Report. All the recommendations made by the Audit Committee were accepted by the Board.

STATUTORY AUDITORS

In accordance with the provisions of Section 139 of the Companies Act, 2013, at the Annual General Meeting held on 21st August, 2017, M/s. Suresh Kumar Mittal & Co., Chartered Accountants (Firm Registration No. 500063N) were appointed as the Statutory Auditors of the Company for a period of 5 years commencing from the conclusion of 28th Annual General Meeting (AGM) till the conclusion of 33rd AGM subject to the ratification by the members at every AGM. The Board recommends ratification of M/s. Suresh Kumar Mittal & Co., Statutory Auditors from the conclusion of 29th AGM till the conclusion of 30th AGM and resolution for ratification is included in the Notice of Annual General Meeting.

AUDITORS' REPORT

The Auditors' Report on standalone and consolidated financial statements for the year ended 31st March, 2018 forms integral part of this Annual Report. The Auditors' Report does not contain any qualifications, reservations, adverse remarks, disclaimer or emphasis of matter. Notes to the Financial Statements are self-explanatory and do not call for any further comments.

The Statutory Auditors of the Company have not reported any fraud under Section 143 (12) of the Companies Act, 2013 (including any statutory modification(s) or re-enactment for the time being in force).

SECRETARIAL AUDITOR AND SECRETARIAL AUDIT REPORT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with rules thereunder, the Board has appointed M/s. Kothari H. & Associates, Practising Company Secretaries to conduct Secretarial Audit of the Company for the year ended 31st March, 2018. The Secretarial Audit Report issued by them in Form No. MR-3 is provided as "Annexure 3" to this Report. The Secretarial Audit Report does not contain any qualifications, reservations or adverse remark.

SEGMENT

The Company operates only in a single segment i.e. Textile Segment.

PUBLIC DEPOSITS

During the year under review, your Company has not accepted any deposits from public, under Chapter V of the Companies Act, 2013.

CORPORATE GOVERNANCE REPORT

As per Regulation 34(3) read with Schedule V of the Listing Regulations, your Company has complied with the requirements of corporate governance. A Corporate Governance Report along with Statutory Auditors' Certificate confirming its compliance for the year ended 31st March, 2018 is provided separately and forms integral part of this Annual Report.

MANAGEMENT DISCUSSION AND ANALYSIS

Pursuant to Regulation 34 of the Listing Regulations, Management Discussion and Analysis containing information inter-alia on industry trends, your company's performance, future outlook, opportunities and threats for the year ended 31st March, 2018, is provided in a separate section forming integral part of this Annual Report.

EXTRACT OF ANNUAL RETURN

Pursuant to the provisions of Section 92 (3) of the Companies Act, 2013, the Extract of the Annual Return as on 31st March, 2018 in Form No. MGT-9 is provided as "Annexure 4" to this Report.

SECRETARIAL STANDARDS

During the year under review, your Company has complied with all applicable secretarial standards.

BUSINESS RESPONSIBILITY REPORT

Pursuant to the Regulation 34 of the Listing Regulations, Business Responsibility Report is mandatory to be published for top 500 companies based on market capitalization as on 31st March, 2018. Your Company is amongst top 500 Listed Companies in India based on market capitalization as on 31st March, 2018 as per S&P 500 Index. Accordingly, Business Responsibility Report (BRR) for the year ended 31st March, 2018 is hosted on your Company's website and the web-link thereto is as given below:

<https://www.indocount.com/images/investor/Business-Responsibility-Report-2017-2018.pdf>

RELATED PARTY TRANSACTIONS

All Related Party Transactions entered during FY 2017-18 were on an arm's length basis and in the ordinary course of business and were in compliance with the applicable provisions of the Companies Act, 2013 and the Listing Regulations. There were

no material related party transactions during the year under review that would require approval of shareholders under Listing Regulations. The prior omnibus approval of Audit Committee is obtained for all Related Party Transactions. A statement of all Related Party Transactions is reviewed by the Audit Committee on a quarterly basis. Your Company has adopted a policy on Related Party Transactions which has been uploaded on the Company's website and can be accessed at <http://www.indocount.com/images/investor/ICIL-Policy-on-Related-Party-Transactions.pdf>

Pursuant to Section 134 of the Companies Act, 2013, particulars of contracts / arrangements with Related Parties are provided in Form AOC-2 as "Annexure 5" to this Report.

PARTICULARS OF LOANS, INVESTMENTS, GUARANTEES, SECURITIES UNDER SECTION 186 OF THE COMPANIES ACT, 2013

During the year under review, your Company has not given loan to any bodies corporates or any other persons or has not provided any corporate guarantee or security under section 186 of the Companies Act, 2013.

As regards investments, during the year under review, your Company incorporated a Wholly Owned Subsidiary viz. "Hometex Global DMCC" and subscribed its initial share capital of AED 50000 and also invested AUD 1000 towards share capital in Indo Count Australia Pty Ltd, a wholly owned subsidiary of your Company. Further, during the year under review, your Company has made investment in certain mutual funds.

Particulars of investments and disclosure required under Section 186(4) of the Companies Act, 2013 are provided in the notes to the standalone financial statements.

RISK MANAGEMENT

Your Company recognizes that risk is an integral part of the business and is committed to manage the risks in a proactive and efficient manner. Your Company has adopted Risk Management Policy for risk identification, assessment and mitigation. Major risks identified by the Company are systematically addressed through mitigating actions on a continuous basis. Some of the risks that the Company is exposed to are financial risks, commodity price risk, regulatory risks and economy risks. Risk factors and its mitigation are covered extensively in the Management Discussion and Analysis. The Internal Audit Reports and Risk

Management Framework are reviewed by the Audit Committee.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

Pursuant to the provisions of Section 177 (10) of the Companies Act, 2013 and Regulation 22 of the Listing Regulations, your Company has established a vigil mechanism for the Directors and employees of the Company to report concerns about unethical behaviour, actual or suspected incidents of fraud or violation of Code of Conduct. The details of Vigil Mechanism/ Whistle Blower Policy are provided in the Corporate Governance Report. The Vigil Mechanism / Whistle Blower Policy may be accessed on the Company's website at www.indocount.com.

POLICY ON PREVENTION, PROHIBITION AND REDRESSAL OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

In order to prevent sexual harassment of women at workplace, your Company has adopted a policy for prevention of Sexual Harassment of Women at workplace and has set up an Internal Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 to look into complaints relating to sexual harassment at workplace of any woman employee. During the year under review, no complaints pertaining to sexual harassment were received and no complaint was pending as on 31st March, 2018.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING & OUTGO

Information on Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo required under Section 134(3) (m) of the Companies Act, 2013 read with rules thereunder is given as "Annexure 6" forming part of this Report.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

The information required pursuant to Section 197 (12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 regarding remuneration of Directors, Key Managerial Personnel and other related disclosure is given as "Annexure 7" to this Report.

Information required under Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 viz. Details of top ten employees of the Company in terms of remuneration

drawn during FY 2017-18 and particulars of employees drawing remuneration in excess of the limits specified in Rule 5(2) of the said rules is provided in Annexure forming part of this report. As per the provisions of Section 136 of the Companies Act, 2013, the Annual Report and Accounts are being sent to the members of the Company excluding the said Annexure. Any member interested in obtaining a copy of said Annexure may write to the Company Secretary at the Registered Office of the Company. The said annexure will be available for inspection by the members at the Registered Office of the Company twenty one days before and upto the date of ensuing Annual General Meeting during the business hours on working day.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company maintains adequate internal control system and procedures commensurate with its size and nature of operations. The internal control systems are designed to provide a reasonable assurance over reliability in financial reporting, ensure appropriate authorisation of transactions, safeguarding the assets of the Company and prevent misuse/ losses and legal compliances.

The internal control system includes a well-defined delegation of authority and a comprehensive Management Information System coupled with quarterly reviews of operational and financial performance, a well-structured budgeting process with regular monitoring of expenses and Internal audit. The Internal Audit reports are periodically reviewed by the management and the Audit Committee and necessary improvements are undertaken, if required.

SIGNIFICANT OR MATERIAL ORDERS PASSED BY THE REGULATORS/COURTS

During the year under review, no significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There are no material changes and commitments affecting the financial position of your Company between the end of the financial year 2017-18 and the date of this report.

GENERAL

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review or said items are not applicable to the Company:

1. Cost Audit
2. Mr. Anil Kumar Jain, Executive Chairman and Mr. Kamal Mitra, Director (Works) are Non-Executive Directors on the Board of Pranavadiya Spinning Mills Ltd. ('PSML'), subsidiary of the Company. Sitting fees were paid to them for attending Board/ Committee Meeting of PSML during 2017-18. Apart from the sitting fees, as aforesaid, none of the Whole-Time Directors/Managing Director of the Company receive any remuneration or commission from any subsidiaries of your Company.
3. There was no change in the general nature of business of your Company.

ACKNOWLEDGEMENTS AND APPRECIATION

Your Directors wish to place on record their appreciation for dedicated service and contribution made by the employees of the Company at all levels.

Your Directors would also like to place on record their appreciation for the continued co-operation and support received by the Company during the year from its customers, suppliers, bankers, financial institutions, business partners and other stakeholders.

On behalf of the Board of Directors

ANIL KUMAR JAIN
Executive Chairman
DIN: 00086106

Date: 4th May, 2018
Place: Mumbai