

**CMP: INR 314**

**Rating: BUY**

**Target Price: INR 438**

**Stock Info**

BSE	521016
NSE	ICIL
Bloomberg	ICNTIN
Reuters	ICNT
Sector	Textiles
Face Value (INR)	2
Equity Capital (INR cr)	39.61
Mkt Cap (INR cr)	6,226
52w H/L (INR)	423/211
Avg Daily Volume (in 000')	528.82

**Shareholding Pattern %**

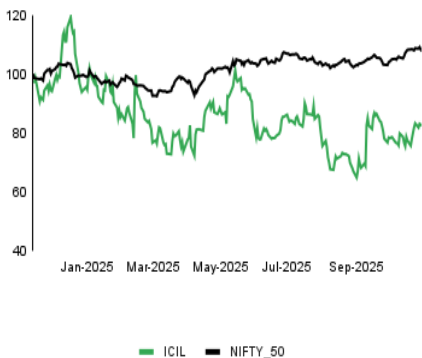
(As on Sept 2025)

Promoters	58.74
FII	9.98
DII	5.31
Public & Others	25.97

**Stock Performance (%)**

	1m	3m	12m
ICIL	16.6	31.3	(8.35)
Nifty 50	2.57	5.7	8.34

**ICIL Vs Nifty**



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Indo Count revenue from operations declined by 1% YoY to INR 1,062.14 Cr, though it grew 10.8% QoQ; EBITDA (ex-OI) fell sharply by 33.77% YoY to INR 103.66 Cr, with a 6.62% QoQ drop, resulting in an EBITDA margin of 9.76% and PAT of INR 39.03 Cr, while other income surged significantly by 117.20% YoY and 125.54% QoQ, and sales volume increasing approximately 7% QoQ to 25.2 million meters. The growing utility bedding and USA branded segments contributed 17% of total revenues and reached an approximate annual run rate of USD 85 million.

**Strategic US Utility Bedding Expansion with Tariff-Resilient Growth Trajectory:** The company reiterated confidence in achieving ~US\$175mn annualized revenue from the utility bedding segment by FY28 (including ~US\$85mn run-rate already in Q2 FY26, up 40% QoQ). The portfolio (18% of Q2 revenues) remains largely insulated from tariff headwinds due to US-based manufacturing and a branded/less price-sensitive nature. Third greenfield facility in North Carolina (US\$15mn capex, 18mn pillows p.a. capacity) delayed slightly but expected to be operational by late Q3/early Q4 FY26, adding US\$85-90mn potential at full ramp-up. Combined with existing assets, this supports scalable, de-risked US exposure and faster deleveraging.

**Sequential Volume Resilience Amid Macro Uncertainty; H2 Outlook Stable:** Q2 FY26 volumes grew 7% QoQ to 25.2mn meters despite tariff onset in late Aug-25, with gains across all markets (including US holiday shipments). Q3 volumes expected to mirror Q2 levels, indicating near-term stability. The company adopts a "judicious mix of volume and price" in the US, absorbing initial tariff impacts via case-by-case discounts (~84bps EBITDA margin compression QoQ). Full tariff pass-through yet to hit retail shelves; demand recalibration post-holiday season (Nov-Dec) will provide clarity, but no sharp volume drop anticipated in the immediate quarters.

**Valuation and Outlook:** We assign a target price of INR 438, valuing Indo Count at a P/E multiple of 30x the FY28E EPS of INR 14.6 and give a 'BUY' rating, as the earlier target has been achieved. Indo Count is growing fast in the US with bedding made locally (now \$85M yearly run-rate, up 40% in one quarter) and plans \$175M by 2028, safe from most tariff pain; India's own brands are also picking up with more stores and online sales. Short-term profit margins are down due to tariffs and a cheaper product mix, but the worst is over. The company expects 15-16% margins back in 6-9 months as prices settle and costs are cut. Debt is low (just 0.34x equity), big spending is done, and cash flow is strong. The branded business is on track for \$275M in 3 years and stable volumes ahead.

INR Cr	FY24	FY25	FY26E	FY27E	FY28E
Revenues	3,601	4,191	4,310	4,536	4,854
YoY growth (%)	18.33	16.39	2.85	5.23	7.02
EBITDA	602	573	540	596	696
EBITDA M (%)	16.73	13.67	12.53	13.14	14.35
PAT	337	246	182	218	290
YoY growth (%)	23.74	(27.24)	(25.87)	19.88	32.76
EPS (INR)	17.04	12.40	9.19	11.02	14.63
P/E (x)	15.84	21.78	29.38	24.50	18.46
Price/Book (x)	2.56	2.35	2.17	2.00	1.80
EV/EBITDA (x)	10.29	11.66	12.16	10.90	9.16
Debt/Equity (x)	0.46	0.64	0.55	0.47	0.39
RoE (%)	17.39	11.25	7.69	8.50	10.26

Source: Company & Arihant Research

Quarterly Result

INR Cr (Consolidated)	Q2FY26	Q1FY26	Q2FY25	Q-o-Q	Y-o-Y
<b>Revenue from Operations</b>	<b>1062.14</b>	<b>958.71</b>	<b>1035.85</b>	<b>10.79%</b>	<b>-1.00%</b>
<b>Other Income</b>	<b>19.43</b>	<b>8.61</b>	<b>8.94</b>	<b>125.54%</b>	<b>117.20%</b>
Raw Material Costs	499.65	444.50	414.54	12.41%	20.53%
Gross Profit (Ex- OI)	562.49	514.20	621.31	9.39%	-9.47%
<i>Gross Margin (Ex- OI)</i>	<i>52.96%</i>	<i>53.63%</i>	<i>59.98%</i>	<i>-68bps</i>	<i>-702bps</i>
Employee costs	124.45	117.01	105.79	6.36%	17.64%
Other Expenses	334.38	286.18	359.00	16.84%	-6.86%
<b>EBITDA (Ex-OI)</b>	<b>103.66</b>	<b>111.01</b>	<b>156.52</b>	<b>-6.62%</b>	<b>-33.77%</b>
<i>EBITDA margin (Ex-OI)</i>	<i>9.76%</i>	<i>11.58%</i>	<i>15.11%</i>	<i>-182bps</i>	<i>-535bps</i>
<b>EBITDA</b>	<b>123.1</b>	<b>119.6</b>	<b>165.5</b>	<b>2.90%</b>	<b>-25.61%</b>
<i>EBITDA margin</i>	<i>11.38%</i>	<i>12.37%</i>	<i>15.84%</i>	<i>-99bps</i>	<i>-446bps</i>
Depreciation	39.20	37.97	25.35	3.24%	54.64%
<b>EBIT</b>	<b>83.88</b>	<b>81.65</b>	<b>140.11</b>	<b>2.73%</b>	<b>-40.13%</b>
Finance costs	31.82	31.11	30.48	2.29%	4%
<b>PBT</b>	<b>52.06</b>	<b>50.54</b>	<b>109.63</b>	<b>3.01%</b>	<b>-52.51%</b>
Tax Expense	13.03	11.52	29.25	13.14%	-55%
<i>Effective tax rate %</i>	<i>25.03%</i>	<i>22.79%</i>	<i>26.68%</i>	<i>224bps</i>	<i>-165bps</i>
<b>PAT</b>	<b>39.03</b>	<b>39.02</b>	<b>80.38</b>	<b>0.02%</b>	<b>-51.45%</b>
<i>PAT margin %</i>	<i>3.61%</i>	<i>4.03%</i>	<i>7.69%</i>	<i>-43bps</i>	<i>-408bps</i>
<b>EPS (INR)</b>	<b>1.97</b>	<b>1.97</b>	<b>4.06</b>	<b>0.00%</b>	<b>-51.48%</b>

Source: Company & Arihant Research

**Branded Portfolio Ramp-Up on Track for US\$275mn Revenue by FY28:** New branded acquisitions (incl. Tommy Hilfiger utility franchise) position Indo Count for ~US\$275mn in branded revenues over 3 years (FY26-28), with Q2 run-rate already at ~30% of target. Investments in infrastructure (doubled 20k sq ft NY showroom), talent, and performance marketing (esp. DTC for Wamsutta) are yielding traction. The branded segment is less tariff-sensitive; it aids faster utilization of US facilities and diversifies away from India-centric risks. Domestic branded push (Boutique Living/Layers) is also gaining wallet share via 700 new counters and digital campaigns.

**Domestic Market Momentum in Value-Added Segments; Counterbalance to Export Volatility:** Indian operations witnessing "encouraging uptick" in value-added offerings (design-led, premium Bed & Bath), where the company holds inherent strengths. Q2 initiatives—Diwali digital campaigns, influencer storytelling, expanded offline presence (Shoppers Stop, @home), and portfolio broadening—drove higher e-comm traffic/conversions and retail penetration. Segment remains promising for strong growth, providing geographic diversification and margin-accretive offset to US tariff pressures.

**Healthy Balance Sheet with Debt Reduction; Margin Normalization Expected in 6-9 Months:** Net debt down ~INR 175cr in H1 FY26; net debt/equity at 0.34x (Sep-25). Capex largely on track (~INR 80-85cr spent of INR 200cr FY26 plan), with no major outlays in FY27 beyond maintenance/ZLD. Core business product mix stabilized; adverse impacts (from Q4 FY25) now in base.

**Cotton Sourcing Flexibility Mitigates Input Risks:** 30-35% cotton imported (mostly ≥32mm duty-free); shorter staple duty-free till Dec-25 likely to extend. Provides cost hedge and supply chain agility amid global volatility, supporting margin defense in core export business.

Consolidated Company Financials

Income statement summary

Consolidated Income statement INR Cr	FY24	FY25	FY26E	FY27E	FY28E
Revenue	3,601	4,191	4,310	4,536	4,854
<b>EBITDA</b>	<b>602</b>	<b>573</b>	<b>540</b>	<b>596</b>	<b>696</b>
Depreciation	(83)	(117)	(148)	(160)	(174)
Interest expense	(70)	(123)	(140)	(132)	(126)
<b>Profit before tax</b>	<b>450</b>	<b>333</b>	<b>253</b>	<b>303</b>	<b>397</b>
Taxes	(112)	(88)	(71)	(85)	(107)
<b>Net profit</b>	<b>337</b>	<b>246</b>	<b>182</b>	<b>218</b>	<b>290</b>

Balance sheet summary

Consolidated Balance Sheet INR Cr	FY24	FY25	FY26E	FY27E	FY28E
Equity capital	40	40	40	40	40
Reserves	2,049	2,238	2,420	2,638	2,928
<b>Net worth</b>	<b>2,089</b>	<b>2,278</b>	<b>2,460</b>	<b>2,678</b>	<b>2,968</b>
Debt	956	1,449	1,349	1,249	1,149
Other Non-Current Liabilities	35	68	68	68	68
Deferred tax liab (net)	85	108	113	119	127
<b>Total liabilities</b>	<b>3,165</b>	<b>3,902</b>	<b>3,989</b>	<b>4,114</b>	<b>4,311</b>
Fixed assets	1,333	1,708	1,688	1,656	1,611
Capital Work In Progress	25	28	28	29	31
Other Intangible assets	32	204	204	204	204
Investments	133	135	235	335	435
Other non-current assets	39	91	0	0	0
<b>Net working capital</b>	<b>1,501</b>	<b>1,619</b>	<b>1,718</b>	<b>1,807</b>	<b>1,932</b>
Inventories	1,143	1,163	1,237	1,298	1,383
Sundry debtors	452	592	609	641	685
Other current assets	310	222	228	240	257
Sundry creditors	(308)	(231)	(241)	(252)	(266)
Other current liabilities & Prov	(95)	(126)	(114)	(120)	(129)
Cash	103	117	128	103	118
Other Financial Assets	0	0	0	0	0
Miscellaneous Exp	0	0	(12)	(20)	(19)
<b>Total assets</b>	<b>3,165</b>	<b>3,902</b>	<b>3,989</b>	<b>4,114</b>	<b>4,311</b>

Cashflow summary

Consolidated Statement of Cash Flow INR Cr	FY24	FY25	FY26E	FY27E	FY28E
Profit before tax	450	333	253	303	397
Depreciation	83	117	148	160	174
Tax paid	(112)	(88)	(71)	(85)	(107)
Working capital Δ	(360)	(119)	(99)	(89)	(124)
<b>Operating cashflow</b>	<b>61</b>	<b>246</b>	<b>233</b>	<b>294</b>	<b>333</b>
Capital expenditure	(160)	(495)	(128)	(129)	(131)
<b>Free cash flow</b>	<b>(99)</b>	<b>(249)</b>	<b>106</b>	<b>165</b>	<b>203</b>
Equity raised	2	(17)	40	59	79
Investments	11	(2)	(100)	(100)	(100)
Others	(5)	(224)	103	8	(1)
Debt financing/disposal	80	493	(100)	(100)	(100)
Dividends paid	(44)	(40)	(40)	(59)	(79)
Other items	51	56	(7)	(2)	9
<b>Net Δ in cash</b>	<b>(3)</b>	<b>18</b>	<b>5</b>	<b>(25)</b>	<b>15</b>
<b>Opening Cash Flow</b>	<b>108</b>	<b>105</b>	<b>123</b>	<b>128</b>	<b>103</b>
<b>Closing Cash Flow</b>	<b>105</b>	<b>123</b>	<b>128</b>	<b>103</b>	<b>118</b>
	<b>103</b>	<b>117</b>	<b>128</b>	<b>103</b>	<b>118</b>

Ratios

<b>Ratio analysis</b>					
<b>Ratio analysis</b>	<b>FY24</b>	<b>FY25</b>	<b>FY26E</b>	<b>FY27E</b>	<b>FY28E</b>
<b>Growth matrix (%)</b>					
Revenue growth	18.3	16.4	2.8	5.2	7.0
Op profit growth	24.1	(4.9)	(5.7)	10.3	16.9
EBIT growth	23.6	(12.2)	(13.9)	10.9	20.0
Net profit growth	23.7	(27.2)	(25.9)	19.9	32.8
<b>Profitability ratios (%)</b>					
OPM	16.7	13.7	12.5	13.1	14.3
EBIT margin	14.4	10.9	9.1	9.6	10.8
Net profit margin	9.4	5.9	4.2	4.8	6.0
RoCE	13.6	9.9	7.5	8.1	9.5
RoNW	17.4	11.2	7.7	8.5	10.3
RoA	10.7	6.3	4.6	5.3	6.7
<b>Per share ratios</b>					
EPS	17.0	12.4	9.2	11.0	14.6
Dividend per share	2.2	2.0	2.0	3.0	4.0
Cash EPS	21.2	18.3	16.6	19.1	23.4
Book value per share	105.5	115.0	124.2	135.2	149.8
<b>Valuation ratios</b>					
P/E	15.8	21.8	29.4	24.5	18.5
P/CEPS	12.7	14.8	16.2	14.1	11.5
P/B	2.6	2.3	2.2	2.0	1.8
EV/EBIDTA	10.3	11.7	12.2	10.9	9.2
<b>Payout (%)</b>					
Dividend payout	12.9	16.1	21.8	27.2	27.3
Tax payout	25.0	26.3	28.0	28.0	27.0
<b>Liquidity ratios</b>					
Debtor days	45.2	50.8	50.8	50.8	50.8
Inventory days	271.6	226.3	226.3	226.3	226.3
Creditor days	37.0	23.0	23.0	23.0	23.0
<b>Leverage ratios</b>					
Interest coverage	7.4	3.7	2.8	3.3	4.2
Net debt / equity	0.4	0.6	0.5	0.4	0.3
Net debt / op. profit	1.4	2.3	2.3	1.9	1.5

Source: Company & Arian Research

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**Stock Rating Scale**

BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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