Q4FY26 Result Update
1st June 2026

Indo Count Industries

CMP: INR 332

Rating: BUY

Target Price: INR 513

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)	6,659
52w H/L (INR)	353/217
Avg Daily Volume (in 000’)	546

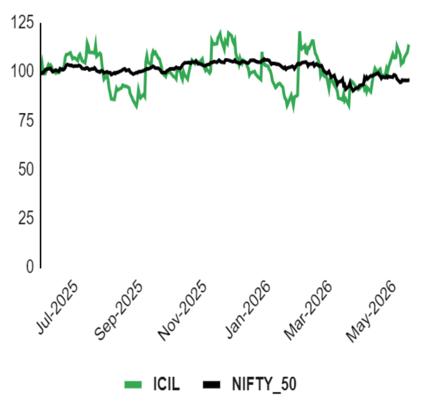
Shareholding Pattern %

(As on march 2026)

Promoters	58.74
FII	9.86
DII	5.72
Public & Others	25.68

Stock Performance (%)	1m	3m	12m
ICIL	12.5	26.5	22.6
Nifty 50	(3.1)	(6.0)	(5.4)

ICIL Vs Nifty



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Indo Count reported revenue of INR 1,057.7 crore in the quarter, registering a growth of 3.4% YoY, while remaining largely flat sequentially. EBITDA stood at INR 86.3 crore, declining 3.9% YoY and 5.1% QoQ, with EBITDA margin contracting 40 bps YoY and 62 bps QoQ to 8.2%, PAT increased 15.0% YoY to INR 24.2 crore, though it was marginally down 0.9% on a sequential basis. Despite the toughest macroeconomic environment in FY26 due to volatile U.S. tariffs, the company demonstrated exceptional stability with no loss of customers or order cancellations. This resilience in the core bed linen segment provides a stable foundation for the company’s aggressive expansion into higher-margin categories.

Operational Leverage via U.S. Manufacturing Footprint: The successful commencement of the North Carolina greenfield facility has more than doubled the company’s annual pillow capacity to 31 million units. Operating three manufacturing hubs in the U.S. provides a significant competitive advantage in supply chain responsiveness for bulky products. Management expects overall U.S. utilization to reach 60%–65% in FY27, the threshold at which the segment becomes EBITDA positive.

Valuation and Outlook: We assign a target price of INR 513, valuing Indo Count at a P/E multiple of 20x the FY29E EPS of INR 25.6, implying a 52.7% upside and a ‘BUY’ rating. The company anticipates FY27 to be a defining year, targeting a record performance with consolidated revenues of approximately INR 5,500 crores (representing over 30% growth) and sales volumes returning to peak levels of 105 to 110 mn meters. This optimistic outlook is underpinned by the normalization of the U.S. trade environment and the rapid scaling of the New Business vertical comprising utility bedding and global brands, which is projected to nearly double in revenue to INR 1,500 crores and transition from a margin drag to being EBITDA positive. The company expects the EBITDA margin to expand by 200 bps to approximately 13% as cumulative utilization across its three U.S. facilities reaches 60%–65%, allowing the company to sweat assets and benefit from significant operating leverage. Long-term, the company remains committed to its goal of reaching an annualized revenue run rate of INR 8,000 crores by 2028, driven by its transformation into a diversified, value-added home solutions provider.

INR Cr	FY25	FY26	FY27E	FY28E	FY29E
Revenues	4,191	4,211	5,084	6,746	8,275
YoY growth (%)	16.39	0.48	20.73	32.69	22.67
EBITDA	573	461	561	777	1,003
EBITDA M (%)	13.67	10.95	11.03	11.52	12.12
PAT	246	126	193	349	508
YoY growth (%)	(27.24)	(48.60)	52.75	80.92	45.66
EPS (INR)	12.40	6.37	9.74	17.61	25.66
P/E (x)	25.32	49.27	32.25	17.83	12.24
Price/Book (x)	2.73	2.59	2.39	2.11	1.80
EV/EBITDA (x)	13.18	16.14	13.63	10.26	8.05
Debt/Equity (x)	0.64	0.56	0.48	0.39	0.30
RoE (%)	11.25	5.39	7.71	12.59	15.88

Source: Company & Arihant Research

Quarterly Result

INR Cr (Consolidated)	Q4FY26	Q3FY26	Q4FY25	Q-o-Q	Y-o-Y
Revenue from Operations	**1057.7**	**1062.8**	**1022.6**	***-0.48%***	***3.43%***
Other Income	**30.0**	**11.4**	**6.0**	***163.24%***	***403.49%***
Raw Material Costs	452.3	495.4	497.4	*-8.69%*	*-9.06%*
Gross Profit (Ex- OI)	605.4	567.5	525.2	*6.68%*	*15.27%*
Gross Margin (Ex- OI)	*57.24%*	*53.39%*	*51.36%*	*384bps*	*588bps*
Employee costs	142.9	131.5	118.4	*8.63%*	*20.67%*
Other Expenses	376.2	344.9	317.0	*9.06%*	*18.67%*
EBITDA (Ex-OI)	**86.3**	**91.0**	**89.8**	***-5.14%***	***-3.87%***
EBITDA margin (Ex-OI)	*8.16%*	*8.56%*	*8.78%*	*-40bps*	*-62bps*
EBITDA	**116.4**	**102.4**	**95.8**	***13.62%***	***21.52%***
EBITDA margin	*10.70%*	*9.53%*	*9.31%*	*116bps*	*139bps*
Depreciation	42.6	39.4	34.1	*8.15%*	*25.10%*
EBIT	**73.8**	**63.0**	**61.7**	***17.04%***	***19.55%***
Finance costs	43.6	29.5	36.1	*47.70%*	*21%*
PBT	**30.2**	**33.5**	**25.5**	***-9.97%***	***18.06%***
Tax Expense	6.0	9.1	4.5	*-34.31%*	*32%*
Effective tax rate %	*19.75%*	*27.07%*	*17.60%*	*-732bps*	*215bps*
PAT	**24.2**	**24.4**	**21.0**	***-0.93%***	***14.98%***
PAT margin %	*2.23%*	*2.27%*	*2.05%*	*-5bps*	*18bps*
EPS (INR)	**1.23**	**1.23**	**0.56**	***0.00%***	***119.64%***

Source: Company & Arihant Research

Rapid Scaling of New Business and Brands: The New Business vertical (Utility Bedding & U.S. Brands) more than doubled in FY26, reaching INR 792 crores. It is projected to nearly double again in FY27 to INR 1,500 crores. This segment currently operates at a run rate of nearly $130 million, with a clear long-term aspiration to reach $275 million by 2028.

Brand Monetization & Lifestyle Category Expansion: The company is successfully premiumizing its mix through the relaunch of the 180-year-old Wamsutta brand and a new licensing deal with Tommy Hilfiger. Branded business now accounts for 20% of total revenue. These licensed lifestyle brands (Fieldcrest, Waverly, Gaiam, Wamsutta) are expected to deliver margins 100 to 200 bps higher than the core manufacturing business.

Favorable Trade Dynamics & Geographic Diversification: The company is aggressively diversifying beyond the U.S. market, with non-U.S. core business already contributing 30% of core revenue. The company anticipates 20% growth in these markets for FY27, leveraging existing Free Trade Agreements and upcoming deals with the UK and EU, which will create a more level playing field against global competitors.

Disciplined Capital Allocation & De-leveraging: The company demonstrated strong balance sheet management by reducing net debt by INR 200 crores in FY26. Future growth is largely self-funded, with a planned INR 250 crore CapEx (for spinning expansion) to be funded 75% through internal accruals. The company maintains a healthy working capital cycle of 121 days and continues to return value via dividends.

Strategic Pivot to High-TAM Adjacencies: The company is executing a structural shift under "Indo Count 2.0," evolving from a single-product manufacturer into a diversified, multi-vertical player. By expanding into utility bedding (pillows, quilts) and lifestyle brands, the company has increased its Total Addressable Market in the U.S. from $4 billion to $15 billion. This diversification allows the company to capture a larger wallet share from its existing global retail partners.

Consolidated Company Financials

Income statement summary

Consolidated Income statement INR Cr	FY25	FY26	FY27E	FY28E	FY29E
Revenue	4,191	4,211	5,084	6,746	8,275
EBITDA	**573**	**461**	**561**	**777**	**1,003**
Depreciation	(117)	(159)	(160)	(174)	(182)
Interest expense	(123)	(136)	(132)	(126)	(115)
Profit before tax	**333**	**166**	**268**	**478**	**706**
Taxes	(88)	(40)	(75)	(129)	(198)
Net profit	**246**	**126**	**193**	**349**	**508**

Balance sheet summary

Consolidated Balance Sheet INR Cr	FY25	FY26	FY27E	FY28E	FY29E
Equity capital	40	40	40	40	40
Reserves	2,238	2,364	2,557	2,906	3,414
Net worth	**2,278**	**2,404**	**2,597**	**2,945**	**3,454**
Debt	1,449	1,349	1,249	1,149	1,049
Other Non-Current Liabilities	68	68	68	68	68
Deferred tax liab (net)	108	95	101	110	124
Total liabilities	**3,902**	**3,916**	**4,014**	**4,272**	**4,694**
Fixed assets	1,708	1,677	1,644	1,600	1,548
Capital Work In Progress	28	28	29	31	32
Other Intangible assets	204	204	204	204	204
Investments	135	235	335	435	535
Other non-current assets	91	0	0	0	0
Net working capital	**1,619**	**1,656**	**1,997**	**2,631**	**3,199**
Inventories	1,163	1,189	1,434	1,881	2,277
Sundry debtors	592	595	718	953	1,169
Other current assets	222	223	269	357	439
Sundry creditors	(231)	(240)	(289)	(381)	(465)
Other current liabilities & Prov	(126)	(112)	(135)	(179)	(220)
Cash	117	129	(175)	(609)	(804)
Other Financial Assets	0	0	0	0	0
Miscelleneous Exp	0	(12)	(20)	(19)	(20)
Total assets	**3,902**	**3,916**	**4,014**	**4,272**	**4,694**

Cashflow summary

Consolidated Statement of Cash Flow INR Cr	FY25	FY26	FY27E	FY28E	FY29E
Profit before tax	333	166	268	478	706
Depreciation	117	159	160	174	182
Tax paid	(88)	(40)	(75)	(129)	(198)
Working capital Δ	(119)	(37)	(341)	(634)	(569)
Operating cashflow	**246**	**252**	**16**	**(117)**	**116**
Capital expenditure	(495)	(128)	(129)	(131)	(132)
Free cash flow	**(249)**	**124**	**(113)**	**(248)**	**(16)**
Equity raised	(17)	40	59	79	99
Investments	(2)	(100)	(100)	(100)	(100)
Others	(224)	103	8	(1)	1
Debt financing/disposal	493	(100)	(100)	(100)	(100)
Dividends paid	(40)	(40)	(59)	(79)	(99)
Other items	56	(25)	(3)	11	13
Net Δ in cash	**18**	**5**	**(304)**	**(433)**	**(196)**
Opening Cash Flow	**105**	**123**	**129**	**(175)**	**(609)**
Closing Cash Flow	**123**	**129**	**(175)**	**(609)**	**(804)**

Source: Company & Arihant Research

Ratios

Ratio analysis

Ratio analysis	FY25	FY26	FY27E	FY28E	FY29E
Growth matrix (%)					
Revenue growth	16.4	0.5	20.7	32.7	22.7
Op profit growth	(4.9)	(19.5)	21.6	38.7	29.0
EBIT growth	(12.2)	(33.9)	32.6	50.8	36.0
Net profit growth	(27.2)	(48.6)	52.8	80.9	45.7
Profitability ratios (%)					
OPM	13.7	10.9	11.0	11.5	12.1
EBIT margin	10.9	7.2	7.9	8.9	9.9
Net profit margin	5.9	3.0	3.8	5.2	6.1
RoCE	9.9	6.1	7.6	11.1	13.8
RoNW	11.2	5.4	7.7	12.6	15.9
RoA	6.3	3.2	4.8	8.2	10.8
Per share ratios					
EPS	12.4	6.4	9.7	17.6	25.7
Dividend per share	2.0	2.0	3.0	4.0	5.0
Cash EPS	18.3	14.4	17.8	26.4	34.8
Book value per share	115.0	121.4	131.1	148.7	174.4
Valuation ratios					
P/E	25.3	49.3	32.3	17.8	12.2
P/CEPS	17.2	21.8	17.6	11.9	9.0
P/B	2.7	2.6	2.4	2.1	1.8
EV/EBIDTA	13.2	16.1	13.6	10.3	8.0
Payout (%)					
Dividend payout	16.1	31.4	30.8	22.7	19.5
Tax payout	26.3	23.9	28.0	27.0	28.0
Liquidity ratios					
Debtor days	50.8	50.8	50.8	50.8	50.8
Inventory days	226.3	226.3	226.3	226.3	226.3
Creditor days	23.0	23.0	23.0	23.0	23.0
Leverage ratios					
Interest coverage	3.7	2.2	3.0	4.8	7.1
Net debt / equity	0.6	0.5	0.5	0.6	0.5
Net debt / op. profit	2.3	2.6	2.5	2.3	1.8

Source: Company & Arihant Research

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

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