



“Indo Count Industries Limited Business Update Conference Call”

December 07, 2021

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INDO COUNT INDUSTRIES LIMITED**



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Moderator:

Ladies and gentlemen, welcome to Indo Count Industries Limited Business Update Conference Call. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions, and expectations of the company as of the date of this call. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal the operator by pressing “*” then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. K.R. Lalpuria – Executive Director and CEO of Indo Count Industries Limited. Thank you and over to you Sir!

K.R Lalpuria:

Hello and good morning, everyone first and foremost I hope you are all keeping safe and healthy. On the call, I am joined by Mr. Muralidharan, our CFO, and Strategic Growth Advisors, our Investor Relation Advisor.

In the view of growing demand and opportunity in the Indian home textile industry, I am happy to share that Indo Count Industries has entered into a business transfer agreement with GHCL for the acquisition of the home textile business of GHCL Limited as a going concern on a slump sale basis which includes its manufacturing facility at Vapi, Gujarat along with specified assets inventory and intellectual property of Grace Home Fashions LLC, US subsidiary of GHCL.

Now let me explain the new capacities coming in. As per the agreement, Indo Count will be acquiring a fully operational manufacturing facility of 45 million meter annually, located at Vapi, Gujarat. This facility also has sufficient land to double the capacity in the future. Post-acquisition, our total capacity will increase to 153 million meters per annum.

The said acquisition will include weaving, fabric processing, cut and sew and made-up business of GHCL home textile division except for the spinning capacity. We believe the acquisition will help us to de-risk manufacturing facilities with twin state geographical diversity.

As of FY21 GHCL home textile business excluding spinning business reported a revenue of Rs.435 Crores and as of H1 FY22 revenue stood at Rs.386 Crores. We expect a potential addition of Rs.1300 to Rs.1500 Crores per annum to the topline of the company post the acquisition.



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Now talking about the overall cost of acquisition

The overall consideration for the acquisition of a home textile business is Rs.539 Crores on a debt and cash-free basis of which fixed consideration is Rs.340 Crores and balance Rs.199 Crores is towards net realizable current asset subject to certain adjustments in accordance with the business transfer agreement.

Additionally, Indo Count global Inc USA would be paying Rs.37 Crores to Grace Home Fashions LLC US subsidiary of GHCL as a purchase consideration towards the asset purchase subject to certain adjustments in accordance with the asset transfer agreement. Thus, the total cost of acquisition is Rs.576 Crores.

The said acquisition will be funded through cash of approximately Rs.350 Crores and balance through debt.

The transaction is expected to be consummated by March 22 and therefore the performance of the home textile business of GHCL will be combined in Indo Count from April 1, 2022.

In terms of customers, this transaction opens a new avenue of customer base which is still untapped by Indo Count. In addition, the untapped customer will get access to the complete product range including our fashion utility institutional bedding products.

With the addition of almost 50%, new capacity Indo Count will become the largest home textile bedding company globally with an annual capacity of approximately 153 million meters. Our objective is to increase the utilization levels of our capacity base synergies increasing our product portfolio offering and strengthen our customer service level thereby increasing our overall market share.

With this, I will now open the floor for the questions and answers.

Moderator: Thank you. Ladies and gentlemen, we will now begin with the question-and-answer session. The first question is from the line of Kapil Jagasia from Edelweiss Financial Services. Please go ahead.

Kapil Jagasia: Thank you for taking my questions. I have two sets of questions. First, What would be the potential revenue for GHCL's home textile business for FY22 and FY23 in revenue terms, and also what could be the operating margins for this segment currently and expected margins in FY22 and FY23 respectively?



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- K.R Lalpuria:** For the first question this will get added up to Indo Counts Revenue in FY23 once the shareholders' approval is taken by GHCL. then only the deal will be finalized. So, the revenues will get added post-April 22. Now as far as the operating margin is concerned, we have given the figures in our LODR disclosure, which is self-explanatory.
- Kapil Jagasia:** Sir, in H1 FY22 this business has done around Rs.386 Crores of revenue. So, if we analyze this, we will get around Rs.770 Crores. So, our understanding would be like they would be achieving this Rs.770 Crores in FY22.
- K.R Lalpuria:** Should be. The business has really moved up for them. So, we presume that the business is good for them.
- Kapil Jagasia:** This potential Rs.1300 Crores to Rs.1500 Crores this would be achievable in how many years like in the press release this figure that we mentioned.
- K.R Lalpuria:** In the next two, three years.
- Kapil Jagasia:** Thank you for that. My next question is if we look at GHCL's home textiles division topline in FY19 it used to be around Rs.600 Crores plus from where it has dropped to around Rs.450 Crores. But if we see all of the home textile players have been benefited because of US export the retail sales being very dominant and surging over there so why this drop is seen in the GHCL's home textile business?
- K.R Lalpuria:** We presume that due to COVID there must be this impact on their business, however, their customer base has improved during H1 so therefore we presume that business going forward will do pretty well as there would be a new customer base which has been added with a larger margin profile.
- Kapil Jagasia:** This business is mainly into the bedding segment right, not into the bath segment?
- K.R Lalpuria:** No fully bedding segment only that is how the synergies are very good.
- Kapil Jagasia:** Sir, thank you for answering all my questions, for further questions I will get back in the queue. Thank you.
- Moderator:** Thank you. The next question is from the line of Jiten Doshi from Enam AMC. Please go ahead.



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Jiten Doshi:

Many congratulations Mr. Lalpuria on a fantastic acquisition and this answers our question on the capacity increase. Also, it further de-risks your entire single location plant, so getting into Vapi is a very good move by you. My question to you Mr. Lalpuria is that how many new customers are getting added by this acquisition?

K.R Lalpuria:

There are a few good big-box retailers and there are credible brand players also who are in the kitty of GHCL's current business.

These customers are not overlapping with our customer base so that is good news and therefore we will leverage this new customer base of theirs and provide them a fully complete product mix solution which will help the company to cross-sell to their customers and build a formidable customer base on the bedding side.

The numbers are pretty good and they are selling also to developed countries like Australia where our presence is not there so we have also a stand to gain to that account. and I believe we will definitely have an advantage over selling through the new customer base.

Jiten Doshi:

What is the difference between their realization and your realization currently?

K.R Lalpuria:

If you look at their PBT it is to our expectation that will definitely improve once they scale up their utilization level and once we are able to offer them our value-added innovation to the customer base.

So looking at Indo Count's margin profile we will definitely be able to go forward work on that and we will be able to achieve the margin profile which we are aiming at.

Jiten Doshi:

Do you aim to double the capacity to 90 million meters out here?

K.R Lalpuria:

Yes, as our business moves ahead that is the objective and vision of the company which we have already defined in our previous con-calls wherein we have mentioned doubling the revenue in the next four, five years; so with this acquisition, we will be able to act much faster and bring it a little bit forward.

Jiten Doshi:

So, with this acquisition now can you fairly confirm that you are on your way to achieving \$1 billion probably in three to four years.

K.R Lalpuria:

So the vision spelled out by our chairman and leadership is very clear that we are on a firm footing, and we have set up the fundamental base and we have performed very well in the



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last decade. So, with the strong customer base with the innovative product profile and with this large capacity which is flexible in serving the customers, we should be able to meet the expectations of all the stakeholders and more forwarding well going forward to achieve \$1 billion revenues for the company.

Jiten Doshi: Right and you would all be looking at that 18% to 20% margin band henceforth with the government's impetus of giving you more and more benefits in incentives now I think 20% margin is a new normal for Indo Count right.

K.R Lalpuria: See actually the call is Jiten Bhai for the acquisition so regarding our margin profile and quarterly call we will be able to provide you with much better comfortable numbers going forward.

Jiten Doshi: Okay, but from the Indo Count perspective the current business guidance has been 18% to 20% is a sustainable margin.

K.R Lalpuria: Yes, of course, we had already mentioned that but as I mentioned this call is specifically for the acquisition so we will be able to give you better guidance once we have the Q3 call later on.

Jiten Doshi: When are you aspiring to reach \$1 billion why will you not on a combined basis try to achieve 18% to 20% margin.

K.R Lalpuria: Yes, of course, We have already mentioned our sustainable margin profile and now with the synergies, we should be able to achieve it with the larger scalability, flexibility, and capacity so the customer base will be attracted towards much more than before and also we can handle in our business the volatility of the season. So those definitely will help us achieve much better results and going forward and we assure you of better performance with this acquisition as well.

Jiten Doshi: Also, it increases your capacity right now to cater to the domestic market where you are running out of capacity for exports.

K.R Lalpuria: Of course, as India is also moving from a US\$ 3 trillion to US\$ 5 trillion economies, so with our both brands like Boutique Living and Layers, we are quite optimistic that we should do very well on the domestic front, and it also gives us a base to see that this capacity can deliver very well to the domestic front as well.



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- Jiten Doshi:** Indian market is also a huge opportunity for us which you were missing out but I think with capacity in place probably you should be going to nearly 200 million meters you should be able to tap the Indian opportunity also.
- K.R Lalpuria:** Yes, of course, we have big plans, and we are doing pretty well as we had mentioned in our earlier concalls that the domestic revenues will increase from 1% to 3% so we are making all-round efforts to see that we make a good business in the domestic area. Also, and we are very hopeful and strongly believe that we should be able to do very well going forward in the domestic front.
- Jiten Doshi:** Sure, wishing you all the very best Mr. Lalpuria.
- Moderator:** Thank you. The next question is from the line of Hasmukh Gala from Finvest Advisors, LLP. Please go ahead.
- Hasmukh Gala:** Sir my question is what is the geographical distribution of GHCL sales?
- K.R Lalpuria:** See US being the largest market the most of the Indian companies have ventured into the US market in a big way and it is around close to 65% is US sales and the rest is non-US sales.
- Hasmukh Gala:** How much is US?
- K.R Lalpuria:** 65%.
- Hasmukh Gala:** Okay so in that case also it is quite high I thought it was more of European sales so probably it will balance out your geographical mix.
- K.R Lalpuria:** But that is one advantage Mr. Gala because see the US is a fairly large market for the bedding segment and it is consolidated. So we have further consolidated our position in the US market.
- Hasmukh Gala:** No but right now do they have a presence in Europe? GHCL?.
- K.R Lalpuria:** Yes, they do have a good presence and as I mentioned like in Australia to they have fairly a good presence.
- Hasmukh Gala:** That is very good. Sir another question is you said that there is land available in Vapi to double the capacity if required. Now going ahead, I would just be looking at the GHCL



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presentation the balance seems to be imbalanced so will you help to do some debottlenecking going ahead.

K.R Laluria: See whatever is needed we will do it and deliver to our customer base. And to provide them Indo Count service levels we will do it; so we are quite adopted to see that the unit is a state of art asset and it is doing extremely well and they are delivering almost 50% of capacity level to the global market; this shows that the assets are good and are functioning very well. It is only a matter of how you leverage our current product profile and portfolio to see that you cross-sell to the new customer base which we are acquiring and thereafter increase the business and the utilization.

Hasmukh Gala: So Rs.385 Crores sales which they have achieved will correspond to approximately what kind of a volume.

K.R Laluria: See volume we have already mentioned that they are utilizing 50% of their capacity as such.

Hasmukh Gala: Sir my last question will be in this H1 FY22 they have reported Rs.46 Crores PBT for the half-year on Rs.386 Crores revenue whereas in FY21 full year it was Rs.435 Crores then only Rs.4 Crores so is there any exceptional items sitting in this H1 FY22.

K.R Laluria: No, because you see those were COVID times when the sales dropped and maybe their customer must not have performed well for them so in H1 they geared up. And because of the demand and the potential and the homebody economy which we all know the business did well for them and is doing well.

Hasmukh Gala: That would have added the earlier period of export incentive also in this year would that be a large chunk.

K.R Laluria: No, they have provided just like us whatever export incentives to some extent but overall their business has moved up pretty well. They also have a good customer base and a good product base also which clicks for them during this H1 and the business is moving up for them.

Hasmukh Gala: Now Sir this Rs.576 Crores total purchase consideration which we aim would roughly work out to very cheap valuation on enterprise value to sales; we do not know what is their EBITDA although in the textile business they are earning about 23% EBITDA margin; so I do not know whether this kind of margin they are earning in home textile not, so what gives you the rationale for such an attractive valuation that Indo Count would get.



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K.R Lalpuria:

No, see we are market leaders in the home textile business particularly the bedding business and we were looking for both Brownfield and Greenfield expansion and this opportunity came to us which is in Gujarat state which is an industrial state. I think this is similar to industrial activity in Maharashtra and very close to our office for administrative purposes as well. So, we saw this opportunity as a good opportunity for moving to Indo Count and consolidating and further building and matching the expectations of our customers with complete flexibility in capacity building as well as serving them better. And GHCL's business was doing quite well and they wanted to focus on their core business; so there is a win-win situation for both of us.

Hasmukh Gala:

It looks like because in Chennai they have entered a memorandum of understanding to invest about Rs.500 Crores for the spinning facility which they want to set up there so probably they might be wanting to arbitrage their home textile business and do more of spinning, is that possible?

K.R Lalpuria:

See that is their business plan and how can I talk on their behalf

Hasmukh Gala:

It is matching now you are taking that Rs.576 Crores and they will be spending Rs.500 Crores on spinning if at all.

K.R Lalpuria:

So that is their business plan Mr. Gala and they are a company of good repute and doing good business they are also leaders with their own inorganic chemical business and it is a longstanding business house with many industries to their credit, so definitely they will have better plans to spell out in the coming future and we will all come to know how they will deploy this cash which will be available to them once this acquisition gets over post-March.

Hasmukh Gala:

Thank you very much and wish you all the best.

Moderator:

Thank you. The next question is from the line of Preerna Jhunjhunwala from B&K Securities. Please go ahead.

Preerna Jhunjhunwala:

Thank you for the opportunity. Congratulations sir on this acquisition which seems quite attractive. I just wanted to understand from the product as you mentioned that the product mix is supplementing what Indo Count is already doing, so could you please highlight the differences and how it enhances your competitive position in front of clients that would be helpful to this is my first question.



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K.R Lalpuria:

Yes, certainly you see we are doing fashion utility and institutional bedding also apart from the sheet sets and primarily GHCL was focusing on sheet sets business so the customer base in the US market sells all the products together on the shelf, so this provides us an opportunity to expand and cross-sell to their customers the fashion utility bedding part as well; so customer base which they have since it is not overlapping, this provides us an opportunity to extend our product mix there, number one.

Number two, we are into a lot of innovation and product development and research wherein we can offer path-breaking solutions to the customer towards the new customer base as well and expand the territory. Also, we have the flexibility to expand our domestic market as well from this capacity, and definitely, the strategies which we have built upon like promoting the brand business B2C, D2C, etc. will all get fuel to further grow well in the right direction; so this acquisition will complement our business further.

Prerna Jhunjhunwala: Sir a follow up on this only they also have some patent with Agnas and for recycling polyester fiber business etc. So that also comes along with the acquisition?

K.R Lalpuria:

Yes, certainly and they had invested a lot in the 'Recoop' brand and the 'Circularity' brand which also comes along with this acquisition, which allows us to promote the product in this direction. And these are all futuristic and very promising products. We strongly believe that we can offer these products to our customers as well; so there is both ways opportunity to our existing customers as well as to the new customer base.

Prerna Jhunjhunwala: That is fantastic Sir. My next question is on profitability. The profitability of this business has always been a little lower so I believe Indo Count would be in a position to improve it in line with what they have been doing. So, I just wanted some clarity on how long will it take for Indo Count to achieve that kind of profitability in this business as well.

K.R Lalpuria:

Yes, certainly see Indo Count is operating in the mid to high position and the branded segment plan. So it will leverage this current capacity by utilizing it to full levels which will bring in much more profitability; secondly, building synergies around the product mix to see how we can scale up our margin and third, by offering what GHCL is doing better to our customers as well, so that we can further increase our market share and our overall profitability. So these are some of the things which assure us but we will be able to bring the margin of profit which we are making currently to the level of what business we have acquired through GHCL.



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Prerna Jhunjhunwala: So one last question if I can squeeze in will your expansion can continue the one in which you are expanding by 20% your in-house capacity expansion or does it comes to an hold because you already have a capacity now.

K.R Laluria: Yes, of course, that is which your existing customers are demanding. You see the demand and growth potential and to meet this, the expansion is on the way, which we will complete by Q4 FY22. So certainly, that has got nothing to do with this acquisition; that is an additional investment which we have already underway, so that will expand to 108 million and that is why we have mentioned that post the 108 million the new capacity of 45 million will get added to make an overall capacity of 153 million

Prerna Jhunjhunwala: Thank you so much for the clarification. Sir and all the best and congratulations again for the acquisition.

Moderator: Thank you. The next question is from the line of Bharat Chhoda from ICICI Securities. Please go ahead.

Bharat Chhoda: Sir I had a question regarding the GHCL capacity. So GHCL has a capacity of 45 million in the processing whereas cutting and sew is around 30 million so will we be adding capacity commensurate to increase that to 45 million in the near-term.

K.R Laluria: Yes, of course, we will be like adding the second shift to make it fully operative which will provide us the 45 million capacity which we need; currently it is only one shift so the second shift will provide us the opportunity to increase the capacity almost to double it.

Bharat Chhoda: Sir historically we have been like an asset-light company and with this investment with the new weaving capacity how do you see the ROCE profile of our company on a consolidated basis; will it be similar or it will have some impact on the ROCE going ahead post-acquisition.

K.R Laluria: No, it will be similar because we are in the game for almost 13 years since our installation of capacity and we are doing well. If you observe, we have almost quadrupled our capacities when we started at 36 million and today we are at 153 million. And as a company and as a country, there is a huge potential for us to grow and that is what we have been saying every time; so we will be able to do good business going forward. There is a huge potential for India to grow both in the overseas market and the domestic market and similar results can be expected.

Bharat Chhoda: Great Sir, could you please share the debt level expected in FY22 post this acquisition.



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K.R Lalpuria:

The debt level would be somewhere near 0.6x once we acquire this and the working capital; because anyway, if we would have been doing the similar revenues ourselves, we would have needed working capital. on the acquisition part you can safely take it as Rs.340 Crores for fixed assets which we have to pay here and Rs.37 Crores overseas for inventory and IPs.

Bharat Chhoda:

Thanks for answering my question sir thank you so much.

Moderator:

Thank you. The next question is from the line of Niraj Mansingka from White Pine Investments. Please go ahead.

Niraj Mansingka:

Congratulations Mr. Lalpuria for such an attractive valuation for the asset. I only have one question what is the cost that you may have to bear to get your 45 million meters and what is the reason on the operation side that GHCL was not able to scale up and you would able to do that considering that the market demand was reasonably good during the last one-year period.

K.R Lalpuria:

See certainly to Indo Count's standard of operation, we have to do certain additional investment in order to boost up the capacity to our level of functioning, that goes without saying, so we need to spend some money over there to see how we need the perfection level for all our customers both the existing and the new one ie. number one.

Secondly, we have been focusing on the front-end side of the business and we are customer-centric, so probably our entire focus is on developing our bedding business because that is what Indo Count stands for. So Indo Count as a company is the only company with the promoter whose entire focus is on building this business and all their efforts goes into this business; whereas GHCL has its core business in chemical, so they had focused maybe on the chemical side more than the textile side which was an additional business to them. There might be some other reasons for not promoting a better end product in the marketplace where we could do it by investing into research and development and innovation and bringing about newness to the customer.

We need to look forward and see that the assets which we are acquiring are very good and we have to leverage them to our current customer base, our product profile, our expertise, and experience to see how we can utilize this capacity to the full level and also cross-sell to their customer base other products which we manufacture which GHCL was not doing. So, in the marketplace in today's world, you need to provide the customer with a complete bedding solution rather than one product category and secondly, we have to be present in omnichannel that is thru all sales distribution channels. As Indo Count, we must be doing



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this better so we are successful, and we will multiply this through the new acquisition and see that we grow revenues and utilize that capacity as well.

Niraj Mansingka: But how large would be the quantum you will be spending to make it operational it 45 million to your standard assets.

K.R Lalpuria: Once the deal gets through and we get into action then only we will be able to specify that.

Niraj Mansingka: But would it be meaningful or would this not so much.

K.R Lalpuria: No it will not be so much because see they are already delivering 50% of the capacity to the US customers and to so many countries; so once you supply to so many countries, so many customers it means that your assets are good and you can meet with all the compliances and deliver them world-class product so as such there is no shortage of anything or any technology or work experience with them and they are doing pretty well; the plant is very good and it should do very well for us.

Niraj Mansingka: Thank you very much.

Moderator: Thank you. The next question is from the line of Vikram Vilas Suryavanshi from Phillip Capital India Private Limited. Please go ahead.

Vikram V Suryavanshi: First of all good morning and congratulations on the good deal and diversification to location as well as the products also. So just to clarify the deal we are getting a 12-million-meter weaving capacity, 45 million processing, and 30 million cut and sew and we are not getting spinning capacity is that right.

K.R Lalpuria: Yes.

Vikram V Suryavanshi: Another point is that how much is typically domestic revenue for GHCL home textile?

K.R Lalpuria: Their main focus is exports

Vikram V Suryavanshi: For GHCL also.

K.R Lalpuria: No for GHCL their main focus is export so far but us we are doing domestic business and we have already given indication that we will expand our revenue from 1% to 3% kind of sales going forward.



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Vikram V Suryavanshi: Understood, because I was under impression that the GHCL has significant domestic sales so I was interested to clarify it.

K.R Lalpuria: No they are doing some job work on the processing side, so that will get replaced with exports in the future. so they are not doing per se in a big way any brand promotion in India or having any brand presence in India and domestic distribution.

Vikram V Suryavanshi: For fashion bedding and all that we need to invest even so incrementally for the fashion bedding and other products would we like to invest at a Kolhapur facility or will recreate this facility more about fashion bedding also.

K.R Lalpuria: No we are already in the process of investing in Kolhapur, so that will serve their customer as well. So why do you need to invest in the new plant over here in Vapi rather than at one place because it will get manufactured in one place?

Vikram V Suryavanshi: This is not related to this acquisition itself but are we seeing some easing of this supply chain issues for the export market; in terms of container availability or availability of container and all that or lead time reduction at least in the supply chain for the spot market currently.

K.R Lalpuria: Yes, it is in the public domain. So we all expect things to improve going forward and we hope that by this FY22-year-end this should ease out but still, there are challenges.

Vikram V Suryavanshi: Thank you Sir and all the best.

Moderator: Thank you. The next question is from the line of Praveen Sahay from Edelweiss Financial. Please go ahead.

Praveen Sahay: Thank you for taking my question and many congratulations on this acquisition and expansion. My only question is as you had given a guidance of around Rs.1300 Crores to Rs.1500 Crores odd revenue from the GHCL current capacity so are you expecting this 45-million-meter 100% utilization and improvement in retention for the numbers and the second thing is are you expecting to generate the volume from their existing clients, or you are expecting to add some more clients in their portfolio?

K.R Lalpuria: Certainly, the objective of the acquisition is to see how we can expand our capacity and meet the demand and the potential for growth ie. Number one



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Secondly, it is already a fully operational asset they are serving almost 50% of their capacities and Indo Count's product profile as I mentioned with our expertise with our exposure to our existing customers and with the not overlapping the customers base, which GHCL has there. are enough opportunities for us to expand and utilize the 45 million capacities going forward.

And That is where we were thinking post 108 million meters of our total capacity at Kolhapur plant, so we were evaluating various options both inorganic and organic and our Board approved this, which came as an opportunity to acquire GHCL's capacity; so this will help us to move further and consolidate and build our market share going forward, serve the customer better, being a customer-centric approach which we have we should be able to serve not only the US market but in the future many European and UK customers as well. India is also signing an FTA as what we hear all about also with Australia and Canada; so all these markets will open up with this new capacity to serve the customers over there and expand our revenues and profitability; so that is the whole and sole objective.

Praveen Sahay: See that is helpful. Just to add on this because I had observed there is some differential in the realization of the GHCL and to IndoCount would you expect the realization to improve as well for this company?

K.R Lalpuria: Certainly, our objective is always to sell a better product and on better margin and we have been doing this; so you have seen our results our operating margin has been good and we are positioned into the mid to high range and we are expanding our presence to the branded licensing distribution as well the e-commerce; in the domestic business is also our brand outplay; so all this will help us to expand our margins and do better.

Praveen Sahay: Thank you, Sir. Thank you and all the best.

Moderator: Thank you. The next question is from the line of Pankaj Bobade an Individual Investor. Please go ahead.

Pankaj Bobade: Congratulations on the acquisition made Sir. I have just one question; would we about go for any Greenfield expansion at our Kolhapur facility after this acquisition and was there any Greenfield project planned at our current facility I mean any new facility.

K.R Lalpuria: No, our focus currently is with this acquisition we have enough capacity to service the customer as and when desired; the company is well-positioned financially and with this expertise we will go if needed both Brownfield and Greenfield later on if those are needed, but currently we have a good capacity and to sell.



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Pankaj Bobade: Thanks a lot.

Moderator: Thank you. Ladies and gentlemen that was the last question I now hand the conference over to the management for their closing comments.

K.R Lalpuria: We believe this is a significant step towards achieving a formidable leadership position in the home textile bedding business globally. The new enhanced capacity will fuel growth for IndoCount to efficiently scale and serve a wider spectrum of customers and markets thereby increasing its global market share. Thank you very much.

Moderator: Thank you. Ladies and gentlemen on behalf of IndoCount Industries that concludes this conference call. We thank you for joining us and you may now disconnect your lines. Thank you.