

October 12, 2026

Indo Count Industries Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action	Financial Sector Regulator [#]
Long-term Fund based – Term Loan	118.79	117.14	[ICRA]AA- (Stable), reaffirmed	RBI
Long-term Fund-based – Working Capital Facilities	1,500.00	1,500.00	[ICRA]AA- (Stable), reaffirmed	RBI
Short-term Non-Fund-based – Working Capital Facilities	137.00	137.00	[ICRA]A1+, reaffirmed	RBI
Long-term/ Short-term – Unallocated Limits	7.57	9.22	[ICRA]AA- (Stable)/ [ICRA]A1+, reaffirmed	RBI
Total	1,763.36	1,763.36		

* Instrument details are provided in Annexure I

[#] SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

Rationale

While assigning the ratings, ICRA has considered the consolidated financial statements of Indo Count Industries Limited (ICIL), along with its subsidiaries and step-down subsidiaries, owing to the substantial operational, managerial and financial linkages among them.

The reaffirmation of the ratings continue to favourably factor in Indo Count Industries Limited's (ICIL) established position as one of India's leading home textiles exporters, particularly in the bed linen segment, the extensive experience of its promoters in the industry and the company's long-term relationships with key customers, which lead to repeat orders. The company's operational profile is supported by its sizeable bed linen manufacturing capacity, expanded through both organic and inorganic routes over the years, and partial backward integration through its captive cotton spinning units. In addition to its core business (bed linen), ICIL is focusing on expanding its presence in utility bedding products like pillows, quilts and comforters, as well as other home textile products. To support this strategy, the company acquired the Wamsutta brand and added three manufacturing facilities for pillows and quilts in the US through a combination of acquisitions and greenfield expansion over the last two years. Besides, the company has invested in a few licensed brands, providing an additional revenue stream. The asset and product diversification initiatives through acquisition/building up of capacities and investment in brands in the US are expected to drive ICIL's long-term growth. While ICRA notes the breach of the negative trigger and expects the company's DSCR to remain below the stipulated threshold, the rating continues to draw comfort from the company's strong business profile and comfortable liquidity position. The liquidity is supported by free cash and bank balances and adequate headroom in its working capital limits.

The ratings, however, remain constrained by the company's high geographical and customer concentration of revenue, with exports to the US accounting for about 70% of its core revenue from bed linen and the top two customers contributing around 35% of its revenue in FY2026. These expose the company to geo-political risks and may result in potential revenue loss if a key customer is lost. In the recent past, the imposition of reciprocal tariffs by the US adversely impacted the performance of most Indian home textiles players, including ICIL. In FY2026, on a YoY basis, the company's sales volumes of bed linen dropped by 12%, whereas average realisations declined by 1%. Increasing revenues from the new businesses in the US, however, mitigated the impact of tariff-related challenges on the company's consolidated revenue, which stood at almost the same level in FY2026 compared to the previous fiscal. This, along with front-loaded overheads, primarily for the US operations, led to a contraction in the consolidated operating margin to 10.6% in FY2026 vis-a-vis 13.5% in FY2025. The company's debt coverage metrics also

witnessed some moderation during the year. As new business segments begin contributing more revenue, ICRA expects a gradual improvement in margins, resulting from increased absorption of fixed costs. Besides, the company's growing operations in the US are likely to strengthen ICIL's business profile to an extent.

The ratings derive comfort from ICIL's conservative capital structure and adequate liquidity buffer despite a sizeable cash outlay towards capex/acquisition over the past two years. However, ICRA notes the working capital-intensive nature of ICIL's business, driven by high stocking requirements owing to seasonal availability of raw material (cotton), notwithstanding a decline in receivables and the overall working capital intensity in FY2026. The working capital intensity is likely to remain at an elevated level, going forward, despite an increasing share of US operations, where the working capital cycle is relatively shorter. The vulnerability of ICIL's revenue and earnings to volatility in cotton prices and fluctuations in foreign exchange rates also constrains the ratings to an extent. The Government's policy on export benefits would also remain a key monitorable as ICIL, like other home textiles exporters, currently derives a significant portion of its profits from export incentives.

The Stable outlook on the long-term rating reflects ICRA's opinion that ICIL's expanded domestic capacity and additional capacity for the US operations would provide significant scope for scaling up, product line extension and value addition. The company's conservative capital structure and adequate liquidity, despite sizeable capex and acquisitions in recent years, are likely to keep its credit profile resilient.

Key rating drivers and their description

Credit strengths

Experience of promoters and established presence of the company in the home textiles industry – The company continues to benefit from over three decades of experience of its promoters in the textile business. ICIL was incorporated by Mr. Anil Kumar Jain, Chairperson-cum-Executive Director, in 1988, as an export-oriented spinning unit and has expanded over the years to become a full-fledged home textile manufacturer. Its product portfolio mainly includes bed sheets along with value-added institutional, fashion and utility bedding categories.

Long-term relationships with reputed clientele, leading to repeat orders – ICIL's major customers include global big-box retailers in the US, Canada and Europe such as Walmart, Costco, Revman, Kohl's, JC Penney among others. ICIL differentiates itself from competitors through its track record of superior product quality and timely execution of contracts. The company enjoys established and long-term relationships with its key customers, which are expected to continue to translate into repeat orders, thereby contributing to revenue visibility and operational stability.

Healthy financial profile characterised by a conservative capital structure and comfortable debt protection metrics – ICIL's capital structure remains comfortable, with a healthy net worth base (Rs. 2,355 crore as of March 31, 2026), even after the debt-funded acquisitions and sizeable capex undertaken by the company in recent years. Although long-term borrowings increased, the overall debt level of the company went down in FY2026 from FY2025 due to reduced working capital borrowings. The capital structure of the company, on a consolidated level, continued to remain conservative, with gearing and TOL/TNW of 0.6 times and 0.9 times, respectively, as on March 31, 2026. Although the coverage indicators of the company witnessed a moderation in FY2026, on a YoY basis, on the back of a decline in profits and cash accruals, the same stood at a comfortable level. ICRA notes that the company's consolidated DSCR moderated to 1.7 times in FY2026 from 2.5 times in FY2025. This was owing to a decline in profits and a rise in long-term debt repayment obligations following the debt-funded acquisitions and capex undertaken for its new businesses in the recent past. While the company's DSCR is likely to remain subdued, it would improve notably in FY2027. Nevertheless, its conservative capital structure, sizeable cash and liquid investments, and adequate liquidity buffer in its working capital limits are expected to support the credit profile. Despite a likely increase in the overall borrowings, primarily working capital debt, sizeable profits and cash accruals from the business are likely to support a gradual improvement in the coverage indicators going forward.

Enhanced capacity and investment in brands in US operations, resulting in asset and product line diversification – The company has been focussing on strengthening its footprint in the US over the past few years. In April 2024, the company acquired the Wamsutta brand, which has strong brand recognition among US consumers for its wide range of home textile

products. The brand was re-launched in July 2025 through an online channel and is expected to boost ICIL's presence in the direct-to-consumer (D2C) segment significantly, going forward. Besides, the company has five licensed brands in the US and one in the UK, which are generating incremental revenues. Output of Fluvitex and Modern Home, in which 81% and 100% equity stakes were acquired in September 2024 and October 2024, respectively, is also sold through the acquired/licensed brands. Previously, ICIL mainly dealt in bed linens in the US market. However, the acquired entities manufacture top-of-the-bed (TOB) and utility bedding products, with Fluvitex producing pillows and quilts and Modern Home offering a wider range of pillows. This enables ICIL to strengthen its presence in the US bedding market. The company's greenfield pillow project in North Carolina, US, commissioned in January 2026, will enhance the overall production capacity in the US significantly. The strategic locations of the plants in the US will also enable ICIL to cater to a wide geography. The share of revenues flowing in from the new businesses in the US stepped up meaningfully to 32% in Q1 FY2027 from 13% in Q1 FY2026 and 7% in FY2025. It is expected to rise at an accelerated pace in the coming few years. The enhanced asset and product diversification emanating from the expansion of its US operations is expected to reduce concentration risks and strengthen ICIL's overall business profile. Increased employee cost and other fixed expenses for the US operations have weighed on ICIL's consolidated operating profitability since H2 FY2025. Nevertheless, the operating leverage expected from the ramp-up in US revenues is likely to render these businesses margin accretive over the medium term.

Credit challenges

Significant geographical and customer concentration of revenue – ICIL's sales exhibit a high degree of geographical and customer concentration, with the US accounting for around 70% of its exports of bed linens from India and the top two customers accounting for 30-35% of its revenues, at present. Loss of any major customer could have a material impact on ICIL's revenue and growth prospects. However, long and established relationships with major customers mitigate client attrition risks to an extent. ICRA notes the company's ongoing efforts to diversify its revenue profile by expanding into new geographies and widening its product portfolio. India's FTA with the UK, from where ICIL derives around 10% of its export revenues, could provide incremental growth and geographical diversification opportunities for Indian home textile players, including ICIL. The strengthening of trade ties with other key markets such as the EU, Australia and Japan could also provide such opportunities. The company also plans to increase its presence in the domestic market, which now has a small share of 2-3% of its total revenues. Nevertheless, in the medium term at least, the company's performance will remain dependent on the sustainability of demand growth and geopolitical scenarios in the US, its key market.

High working capital intensity of operations due to sizeable stocking requirements, albeit order-backed inventory – ICIL's operations remain working capital intensive due to the need for large stocking of raw materials owing to seasonal availability of cotton. The company's working capital intensity, at a consolidated level, as measured by the net working capital to operating income (NWC/OI), moderated to 36% in FY2026 from 44% in FY2024. This was driven by reduced inventory holding, though the same still stands at a high level, coupled with faster collection of receivables. While the high inventory levels impact the company's return metrics to an extent, an order-backed stocking policy mitigates inventory write-off risks. The company's working capital cycle in the US operation remains relatively shorter due to lower stocking requirements. Hence, an increasing share of revenues from the US is likely to result in a decline in ICIL's working capital intensity, to some extent.

Vulnerability of revenues and earnings to volatility in raw material prices, foreign exchange rates and changes in export incentives offered by the Government – ICIL's revenues and earnings are exposed to the risks arising from volatility in prices of cotton, yarn and fabric. Being a net exporter, the company is susceptible to foreign currency fluctuation risks, which could impact its margins in times of high volatility in exchange rates. Nevertheless, the company is following a defined policy of hedging 40-60% of its net forex exposure, and the net unhedged exposure remains limited compared to its operating profit. ICIL's margins are also exposed to the risks of changes in the Government's export incentive scheme. Over the last couple of years, export incentives accounted for 50-60% of ICIL's operating profits. Any reduction in the same could impact the margin profile of the business. Nevertheless, a track record of sustenance of favourable export benefits by the Government in the past provides comfort.

Environmental and social risks

Environmental considerations – ICIL’s key raw material (cotton) is an agricultural commodity, availability and prices of which are susceptible to agro-climatic risks, which could impact its profitability. Moreover, textile processing is a water-intensive activity, exposing ICIL’s business to risks arising from unavailability of water in the plant’s vicinity. Dyeing of fabric is also a major source of water pollution and its two ancillary activities – spinning and weaving – are sources of noise pollution. These expose ICIL to the tightening of pollution control norms along with operational and financial implications from non-compliance of existing regulations. However, the company has taken measures, including installation of effluent treatment plant, water recycling facilities and noise cancelling systems to mitigate the risks to an extent.

Social considerations – ICIL is exposed to social risks such as compliance (or the lack of it) with health and safety standards mandated by the Government and various regulatory bodies. Further, it is exposed to the adverse consequences arising from shifting societal trends and consumer preference for sustainable products, which could translate into substantial investments required by the company. However, the company’s focus on sustainability across the value chain from procurement to packaging aids in risk mitigation to an extent.

Liquidity position: Adequate

The company generated positive cash flow from operations in FY2026 due to a reduction in receivables position along with an increase in payables. While the company is expected to witness strong consolidated revenue growth in FY2027, the resulting increase in inventory requirements is likely to constrain cash flow generation from operations. The company’s average fund-based working capital utilisation stood at a relatively low level of around 43% during the last 15 months, ended in July 2026, leaving adequate cushion in its sanctioned working capital limits to meet any incremental funding requirements. ICIL also had unencumbered cash/bank balance and investments of around Rs. 300 crore as on March 31, 2026, providing additional liquidity support. The company has long-term debt repayment obligations of Rs. 130-150 crore, including lease liabilities, over the next two years. ICRA notes that the company is in the process of setting up an effluent treatment plant in Gujarat and expanding its spinning capacity (24,000 spindles) in Maharashtra. This, along with maintenance/renovation capex, would entail a cash outflow of around Rs. 250 over the next 12-18 months. The company’s surplus cash/bank balances, cash generation from the business and adequate cushion available under its working capital limits would be sufficient to meet its incremental working capital requirements, scheduled debt repayment obligations and moderate capital expenditure plans over FY2027 and FY2028. ICRA expects the overall liquidity position of the company to remain adequate going forward.

Rating sensitivities

Positive factors – ICRA may upgrade the long-term rating of ICIL if the company is able to demonstrate a substantial and sustained growth in revenues along with increasing scale of US operations and an improvement in the overall profitability. Besides, maintaining a healthy capital structure, strengthening its coverage metrics and improving the working capital cycle, thereby positively impacting its liquidity position, will be credit positive for the company.

Negative factors – ICRA may downgrade ICIL’s ratings in case of continuing pressure on the company’s revenues and/or profitability, thereby weakening debt protection metrics and liquidity on a sustained basis. Any large unanticipated debt-funded capital expenditure, an increase in working capital cycle, and/or loss of a major customer, impacting the company’s financial risk profile, could also put pressure on the ratings. Specific credit metrics, which could result in ratings downgrade, include DSCR below 2.5 times on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Textiles - Fabric
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of ICIL, along with its subsidiaries, and step-down subsidiaries, owing to the substantial operational, managerial and financial linkages among them.

About the company

Indo Count Industries Limited (ICIL), incorporated in 1988, is one of India's leading exporters of home textiles, mainly bed linen. The company has its bed linen manufacturing units in Kolhapur, Maharashtra, and Bhilad, Gujarat, with an aggregate capacity of 153 million metres per annum (mmpa). The company has enhanced its manufacturing capacities through both organic and inorganic routes. The unit in Bhilad, Gujarat, with a capacity of 45 mmpa, was acquired in April 2022 from GHCL. The company also has weaving and spinning facilities, which partially meet its requirements of yarn and grey fabric internally. A spinning unit (Pranavadiya Spinning Mills Limited) in Kolhapur was acquired in 2007 and was merged with ICIL with effect from October 20, 2022. ICIL has a 9.3-MW (including 1.3-MW roof top) captive solar power capacity in its Bhilad plant and some additional roof top solar capacity in its Kolhapur plant. It also has tie-ups for purchases of wind power. The company has a few subsidiaries and stepdown subsidiaries based in India, the US, the UK, the UAE and China. In FY2025, it acquired the Wamsutta brand and two manufacturing entities in the US – Modern Home Textiles Inc. (a 100% stake) and Fluvitex USA Inc. (an 81% stake). These have total annual capacities of 13 million pillows and 1.5 million quilts, and the acquisitions help strengthen its presence and widen its product portfolio in the US market. It also has a few licensed brands. In FY2026, the company commissioned a new manufacturing unit in North Carolina, US, to increase the pillow manufacturing capacity by 18 million per annum. ICIL's shares are listed on NSE and BSE. As on June 30, 2026, the promoter group held 58.74% of the equity shares of ICIL.

Key financial indicators (audited)

ICIL	Standalone		Consolidated			
	FY2025	FY2026	FY2025	FY2026	Q1 FY2027*	Q1 FY2026*
Operating income	3,773.5	3,101.4	4,151.4	4,141.3	1,207.0	958.7
PAT	237.3	140.6	250.3	122.7	63.2	39.0
OPBDIT/OI	13.0%	11.2%	13.5%	10.6%	11.9%	11.6%
PAT/OI	6.3%	4.5%	6.0%	3.0%	5.2%	4.1%
Total outside liabilities/Tangible net worth (times)	0.7	0.6	0.9	0.9	-	-
Total debt/OPBDIT (times)	2.2	2.4	2.6	3.1	-	-
Interest coverage (times)	4.6	3.7	4.6	3.2	4.5	3.6

Source: Source: Indo Count Industries Limited, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; * Unaudited numbers

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Current ratings (FY2027)				Chronology of rating history for the past 3 years					
				FY2026		FY2025		FY2024	
Instrument	Type	Amount rated (Rs. crore)	Oct 12, 2026	Date	Rating	Date	Rating	Date	Rating
Fund based – Term Loan	Long-term	117.14	[ICRA]AA-(Stable)	Aug 28, 2025	[ICRA]AA-(Stable)	May 28, 2024	[ICRA]AA-(Stable)	-	-
				Jun 10, 2025	[ICRA]AA-(Stable)	-	-	-	-
Fund-based – Working Capital Facilities	Long-term	1,500.00	[ICRA]AA-(Stable)	Aug 28, 2025	[ICRA]AA-(Stable)	May 28, 2024	[ICRA]AA-(Stable)	-	-
				Jun 10, 2025	[ICRA]AA-(Stable)	-	-	-	-
Non-Fund-based – Working Capital Facilities	Short-term	137.00	[ICRA]A1+	Aug 28, 2025	[ICRA]A1+	May 28, 2024	[ICRA]A1+	-	-
				Jun 10, 2025	[ICRA]A1+	-	-	-	-
Unallocated Limits	Long-term/ Short-term	9.22	[ICRA]AA-(Stable)/ [ICRA]A1+	Aug 28, 2025	[ICRA]AA-(Stable)/ [ICRA]A1+	May 28, 2024	[ICRA]AA-(Stable)/ [ICRA]A1+	-	-
				Jun 10, 2025	[ICRA]AA-(Stable)/ [ICRA]A1+	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term Fund based – Term Loan	Simple
Long-term Fund-based – Working Capital Facilities	Simple
Short-term Non-Fund-based – Working Capital Facilities	Simple
Long-term/ Short-term – Unallocated Limits	Not applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook	Financial Sector Regulator [#]
NA	Term Loan I	FY2022	-	FY2028	14.24	[ICRA]AA- (Stable)	RBI
NA	Term Loan II	FY2023	-	FY2029	54.90	[ICRA]AA- (Stable)	RBI
NA	Term Loan III	FY2026	-	FY2030	48.00	[ICRA]AA- (Stable)	RBI
NA	Fund-based – Working Capital Facilities	-	-	-	1,500.00	[ICRA]AA- (Stable)	RBI
NA	Non-Fund-based – Working Capital Facilities	-	-	-	137.00	[ICRA]A1+	RBI
NA	Unallocated Limits	-	-	-	9.22	[ICRA]AA- (Stable)/ [ICRA]A1+	RBI

Source: Indo Count Industries Limited

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[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis

Company Name	ICIL's Ownership	Consolidation Approach
Indo Count Retail Ventures Limited	100%	Full Consolidation
Indo Count Global Inc.	100%	Full Consolidation
Indo Count UK Limited	100%	Full Consolidation
Indo Count Global DMCC	100%	Full Consolidation
Modern Home Textiles Inc. (with effect from October 11, 2024)*	100%	Full Consolidation
Indo Count Global East, Inc. (with effect from January 24, 2025)*	100%	Full Consolidation
Indo Count (Shanghai) Commercial Co., Ltd. (with effect from June 06, 2025)*	100%	Full Consolidation
Fluvitex USA Inc. (with effect from September 01, 2024)*	81%	Full Consolidation

Source: Indo Count Industries Limited; * Step-down subsidiaries of ICIL

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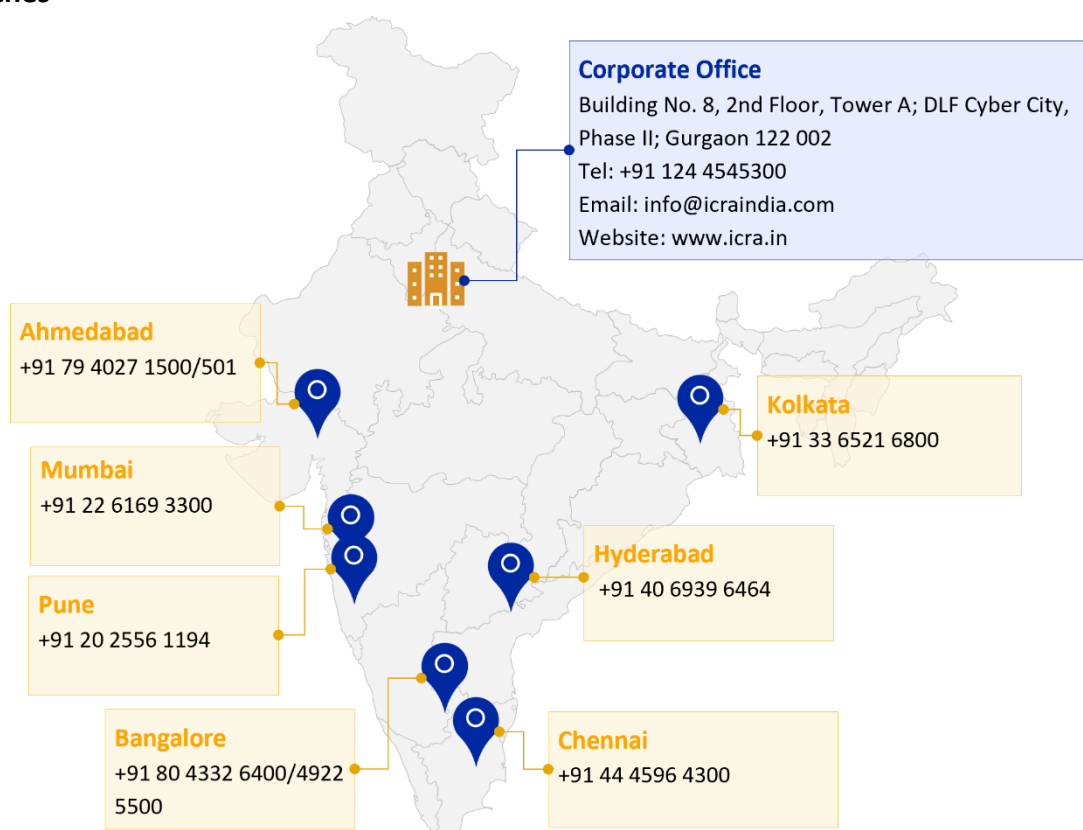
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