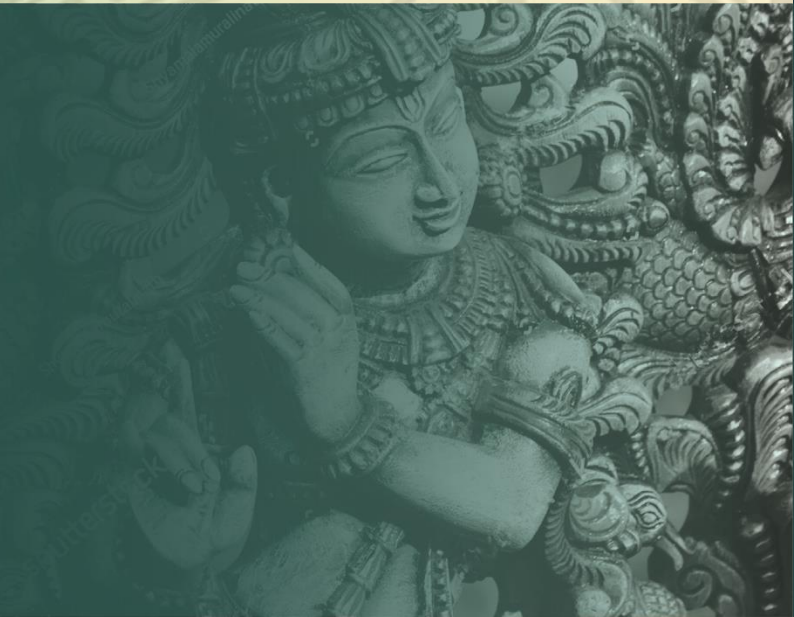


wazir
ADVISORS

Wazir Textile Index

Sep 2018



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- Wazir Textile Index – Q1 FY19
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- Market Update
 - Key Economic Indicators
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- Annexure: Wazir Textile Index – Explanation



Wazir Textile Index (WTI) – Q1 FY19



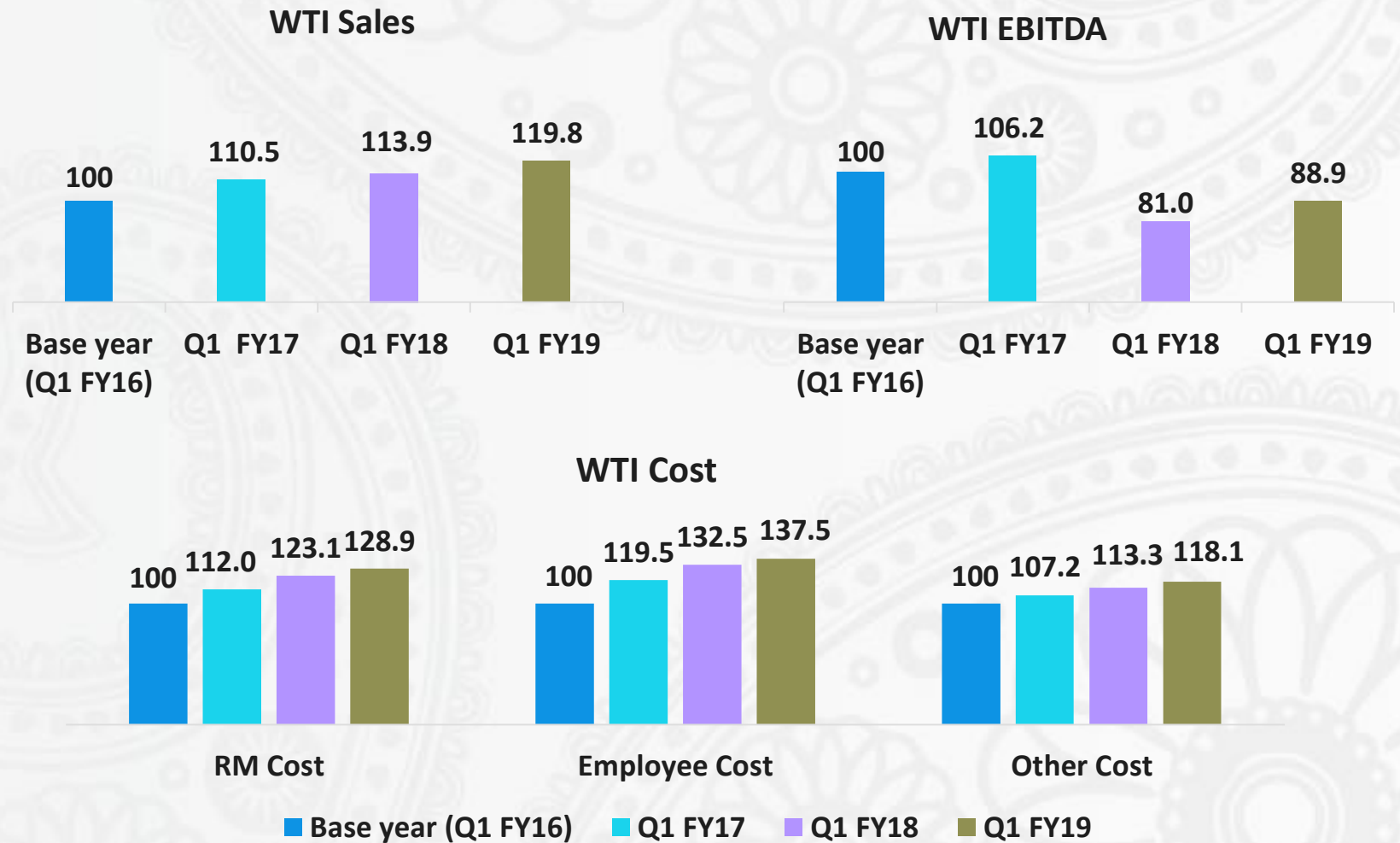
List of Companies included as part of financial analysis

Top listed textile companies in terms of sales turnover in FY18 have been included for financial analysis

S. No.	Company Name	Annual Sales* - FY18 (Rs Cr)
1	Arvind	6,420
2	Vardhman	5,851
3	Welspun India	4,977
4	SRF	4,582
5	Trident	4,564
6	Raymond	3,012
7	RSWM	2,940
8	KPR Mills	2,512
9	Sutlej Industries	2,462
10	Indo Rama Synthetics	2,256

Note: Companies that have shown significant negative deviation in numbers or those which have not yet reported the financials have not been included in the overall analysis

Wazir Textile Index (WTI) – Q1 FY19



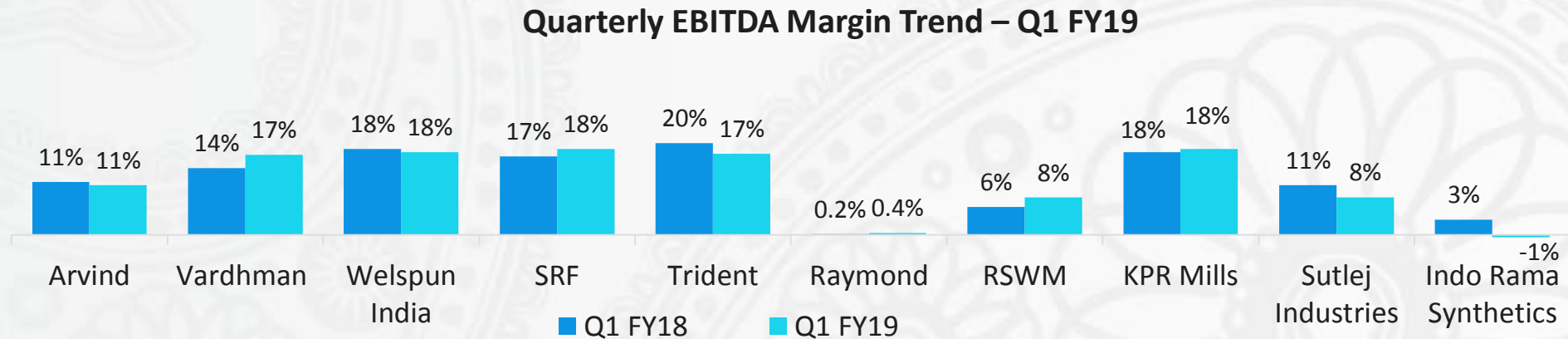
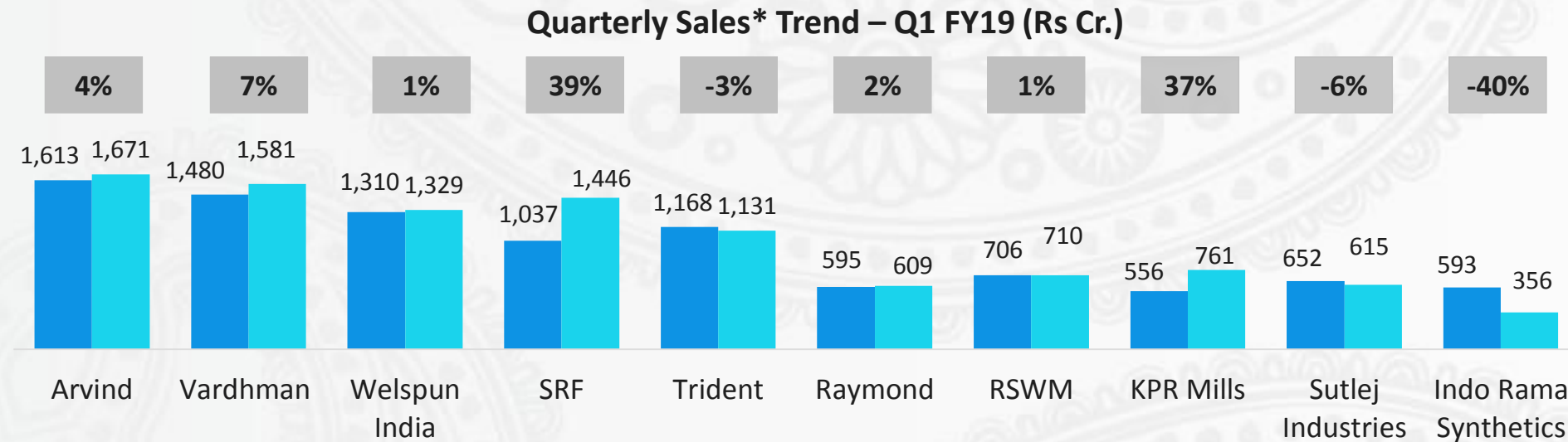
- In Q1 FY19, overall sales increased by 5%, as compared to Q1 FY18
- EBITDA levels have rebounded and increased by 10% in Q1 FY19 compared to Q1 FY18
- Raw material and employee costs have continued to increase



Quarterly Financial Performance – Q1 FY19



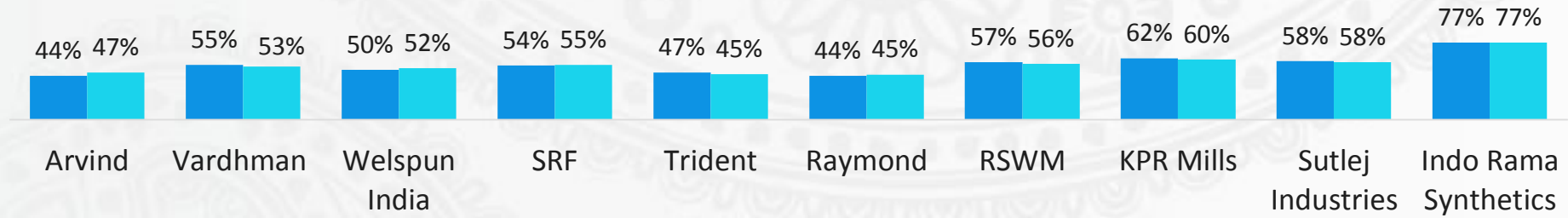
Overall Revenue and EBITDA margin revived slightly in Q1 FY19



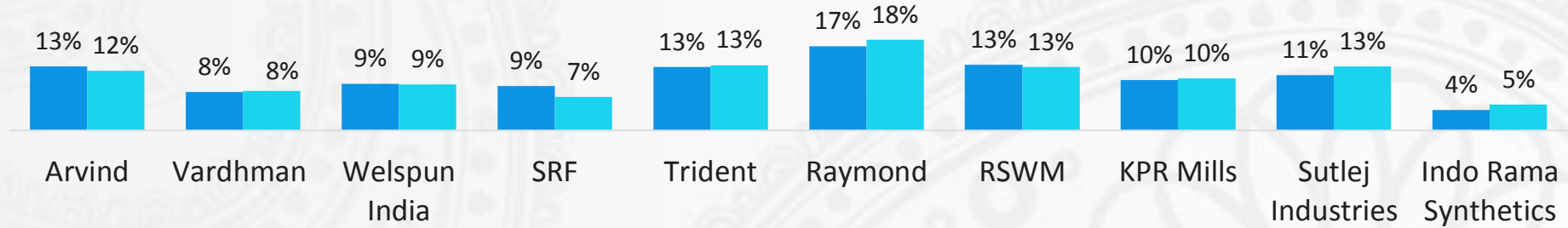
- Sales of top companies have revived slightly in first quarter of FY 2018-19.
- SRF has shown the highest sales growth of 39% in Q1 FY19, while Indo Rama Synthetics witnessed the highest decline, falling 40% over the same period.
- Except Trident, Sutlej Textiles and Indo Rama Synthetics, EBITDA margins of all other top companies have increased in Q1 FY19.

Quarterly Analysis - Major expenses as % of sales

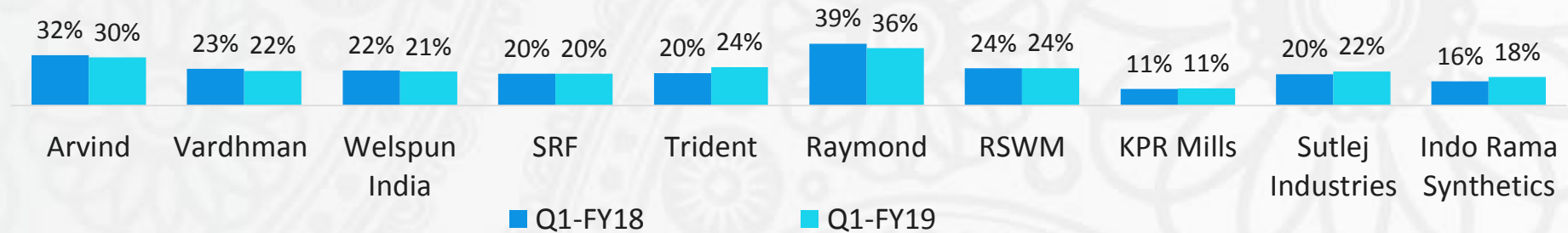
Raw Material Cost – % of sales



Employee Cost – % of sales



Other Costs – % of sales

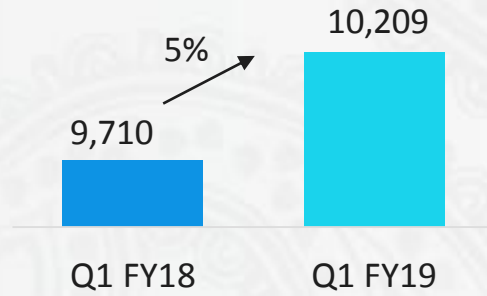


■ Q1-FY18

■ Q1-FY19

Consolidated analysis for the selected top players

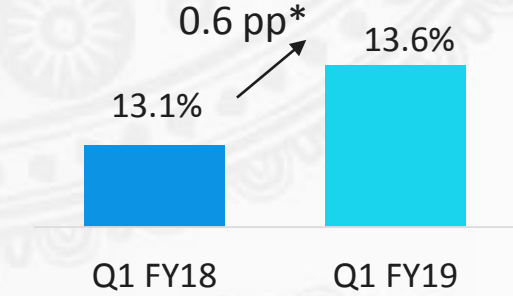
Consolidated Sales – Rs. Cr



On consolidated level, Sales have increased by 5% in Q1 FY19 as compared to Q1 FY18

Consolidated EBITDA margin increased marginally by 0.6 percentage points for the selected top companies

Average EBITDA %

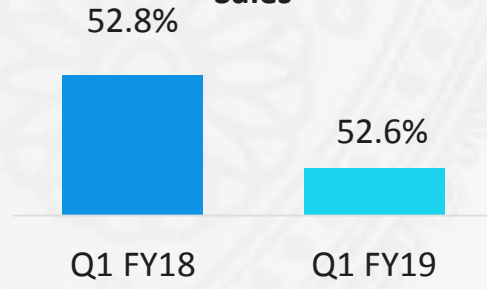


Average RM cost declined marginally as compared to first quarter of previous year

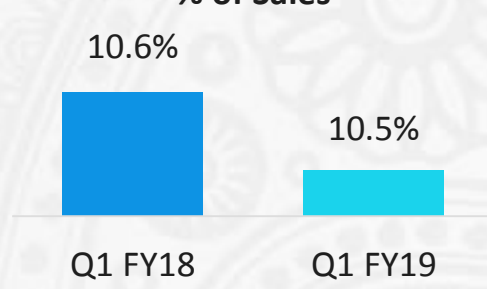
Average employee cost remained almost stagnant

Other expenses also declined marginally

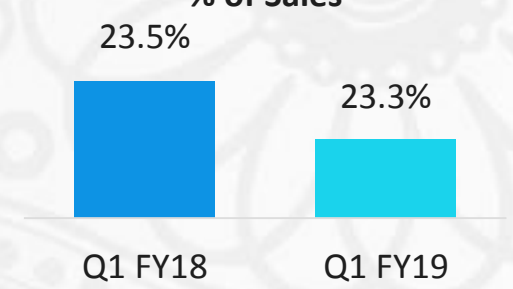
Average RM Cost - % of Sales



Average Employee Cost - % of Sales



Average Other Expenses - % of Sales

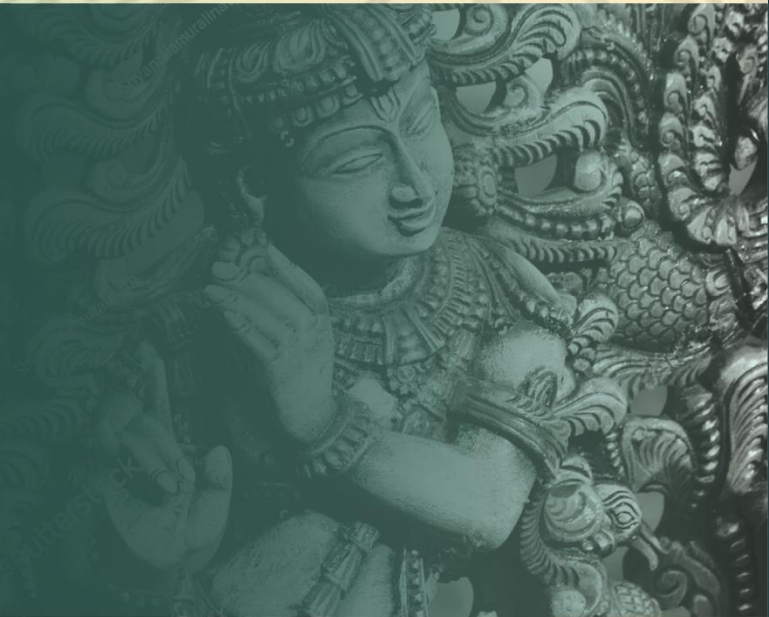


Source: Moneycontrol

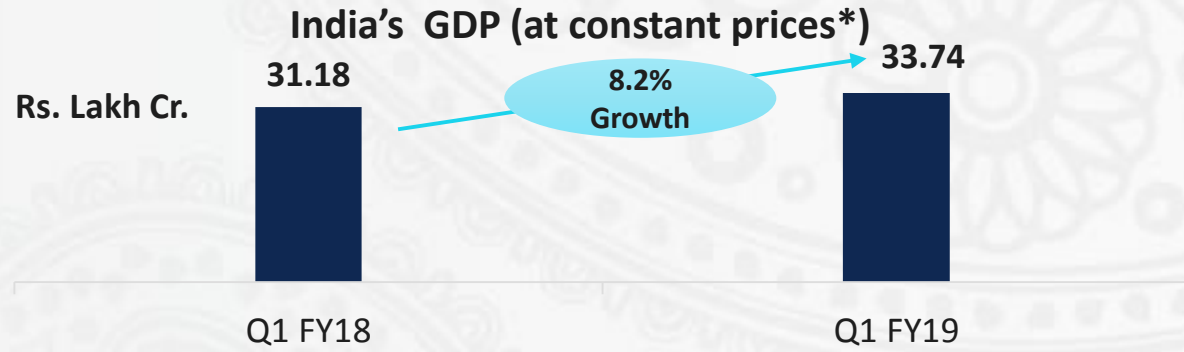
* Percentage Points



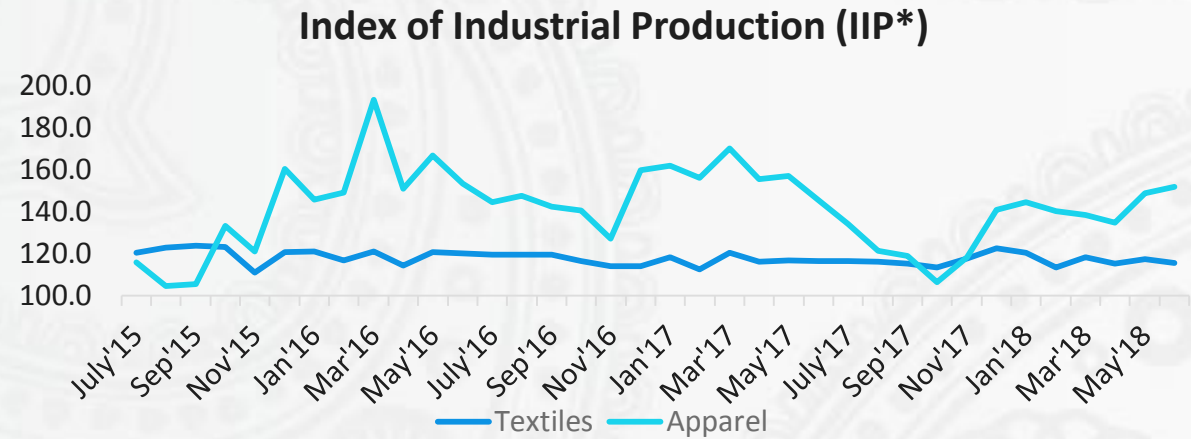
Market Update



Key Economic Indicators



India's real GDP has grown by 8.2% in Q1 FY19 compared to Q1 FY18



Average IIP for textiles has declined by 0.4% while average IIP for apparel has declined by 5% in Q1 FY19 compared to Q1 FY18, although it is on an upward trend



Average WPI for textiles has increased slightly by 1% in Q1 FY19 compared to Q1 FY18

India's overall T&A* exports have declined by 1% in Q1 FY19, Apparel exports declined heavily by 17%

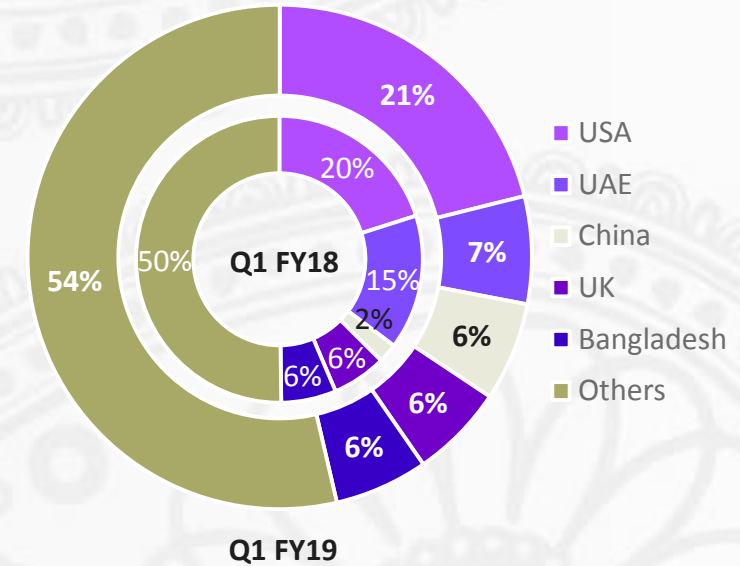
However, Fibre, Filament and Yarn exports witnessed significant increase

India's Textile and Apparel Exports (In US\$ mn.)

Categories	Q1 FY18	Q1 FY19	% change
Apparel	4,906	4,050	-17%
Yarn	879	1,297	48%
Home Textiles	1,280	1,294	1%
Fabric	1,148	1,145	0%
Fibre	632	854	35%
Filament	270	352	30%
Others	438	491	12%
Total	9,553	9,481	-1%

India's T&A Top Export Markets

% Value Share



- Export of all the categories except apparel and fabric have grown in Q1 FY19 as compared to Q1 FY18. Overall T&A exports declined by 1% in first quarter of FY 2018-19.
- Apparel exports saw a decline of 17% this quarter. Decline in apparel exports is largely attributed to subdued global demand as well as reduced competitiveness of Indian apparel exporters post GST, due to reduction in duty drawback.
- Cotton yarn exports increased significantly by 54%.
- USA , UAE, China and UK remains the top export destinations for India's T&A products.

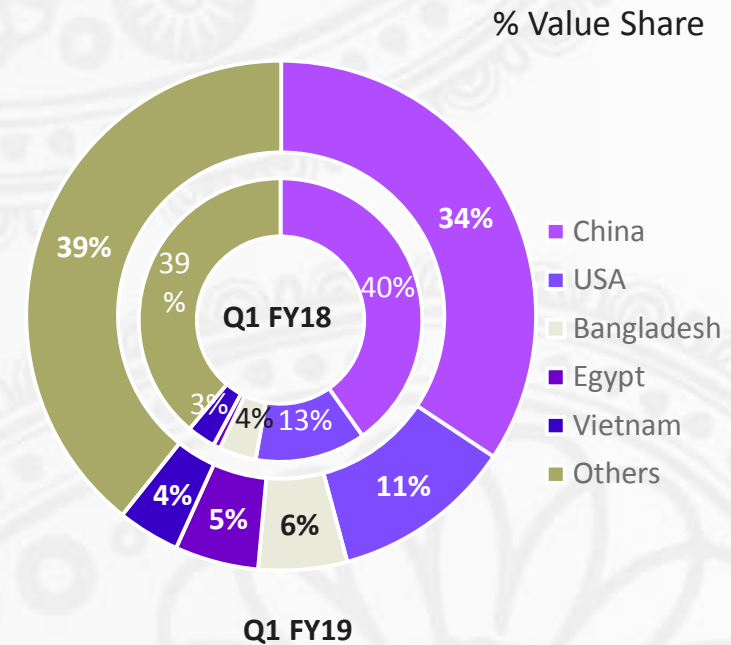
India's T&A* imports have increased by 5% in Q1 FY19.

Apparel imports increased significantly by 40% in Q1 FY19

India's Textile and Apparel Imports (In US\$ mn.)

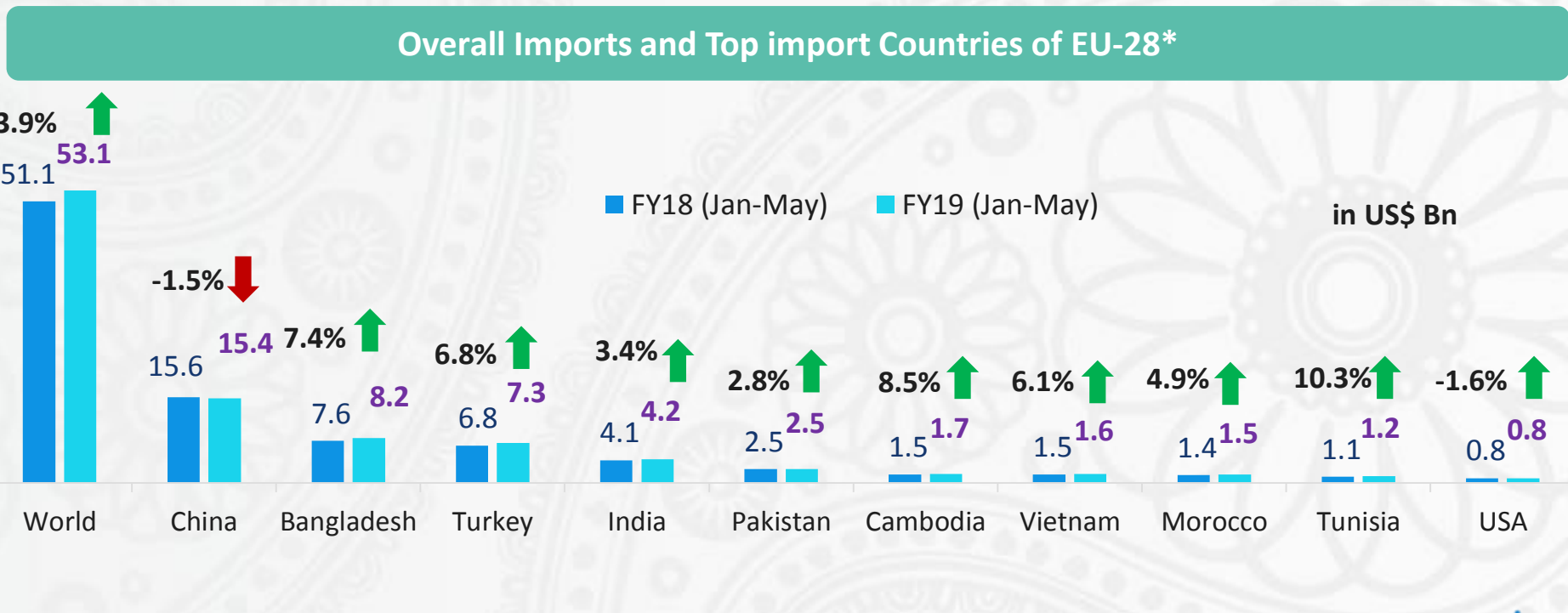
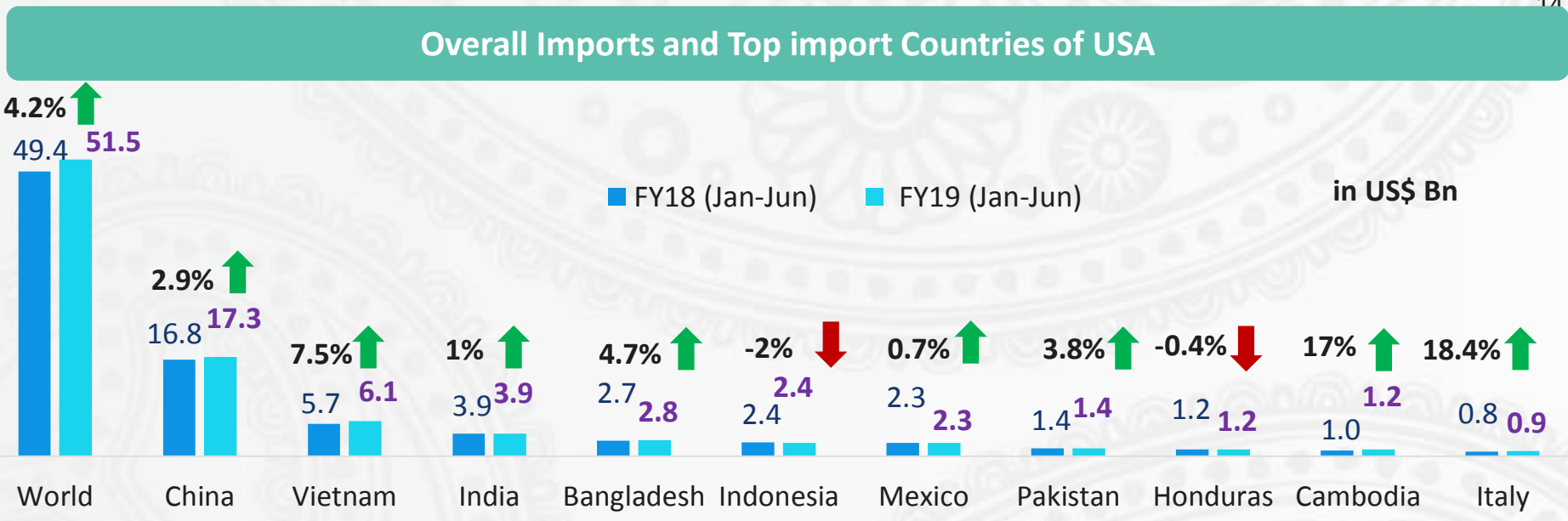
Categories	Q1 FY18	Q1 FY19	% change
Fabric	603	661	10%
Fibre	583	502	-14%
Filament	156	167	7%
Apparel	140	196	40%
Yarn	101	114	14%
Home Textiles	59	58	-2%
Others	139	171	23%
Total	1,781	1,869	5%

India's T&A Top Import Markets



- Import of all categories except Fibre and Home Textiles have increased in Q1 FY19.
- Apparel imports increased sharply by 40%, primarily due to impact of reduced effective import duties post GST for imports from countries like Bangladesh, China.
- China continues to be the largest import partner for India, however imports from China declined by 10% y-o-y.
- Egypt emerged as a significant supplier of T&A products in Q1FY 2018-19 , accounting for 5% share.

T&A imports of USA and EU has increased in FY19 till date

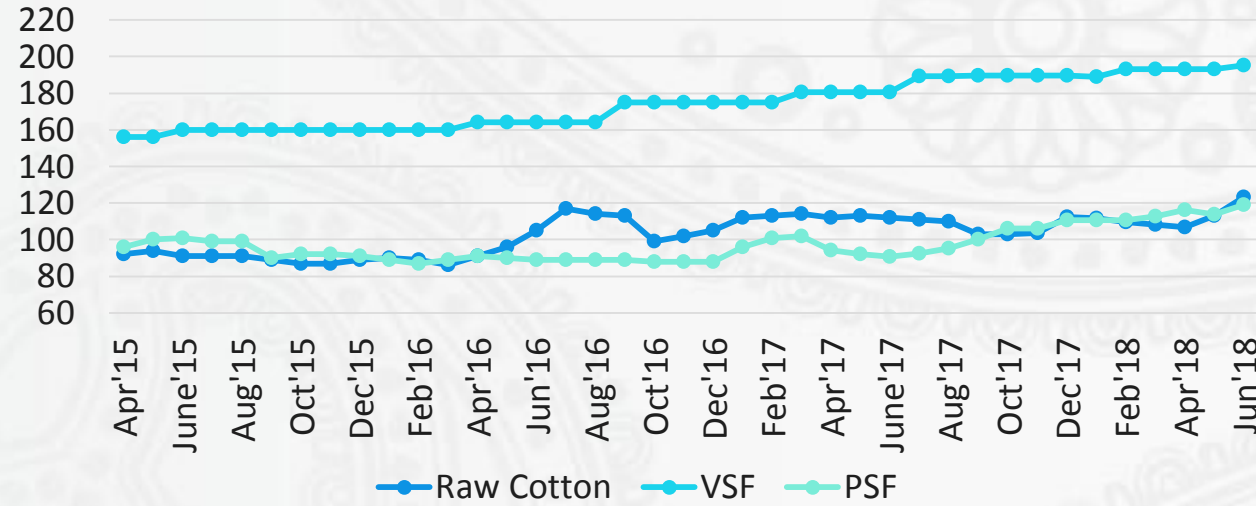


Source: OTEXA, EUROSTAT

* EU-28 data excludes intra EU trade

Average raw material prices increased in Q1 FY19 compared to Q1 FY18

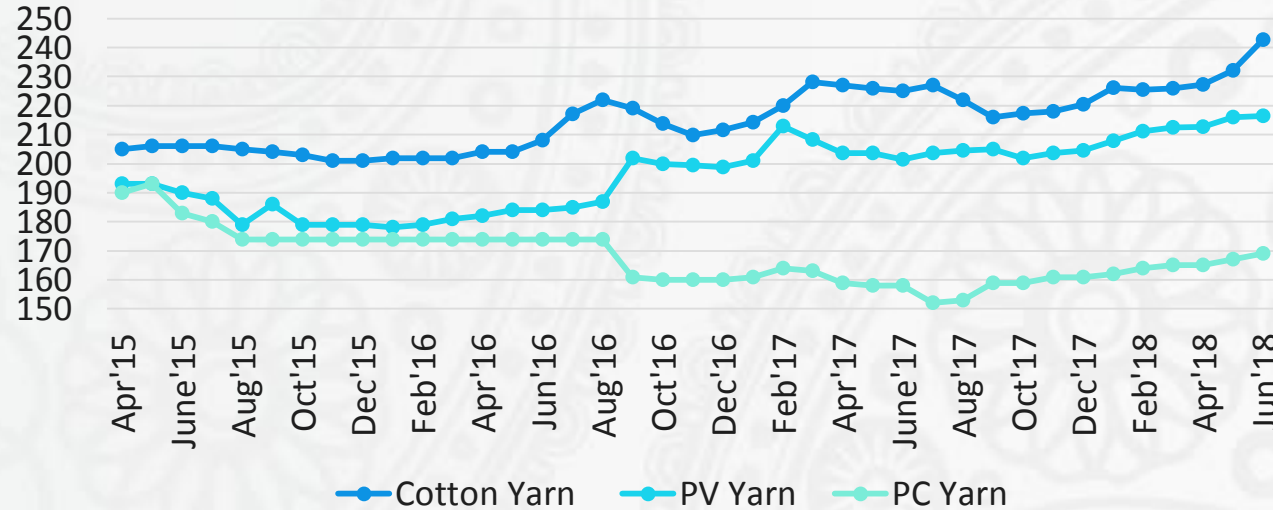
Fibre Prices Rs./Kg



Average price change in Q1 FY19 as compared to Q1 FY18

- 2% increase in raw cotton
- 7% increase in VSF
- 26% increase in PSF

Yarn Prices Rs./Kg

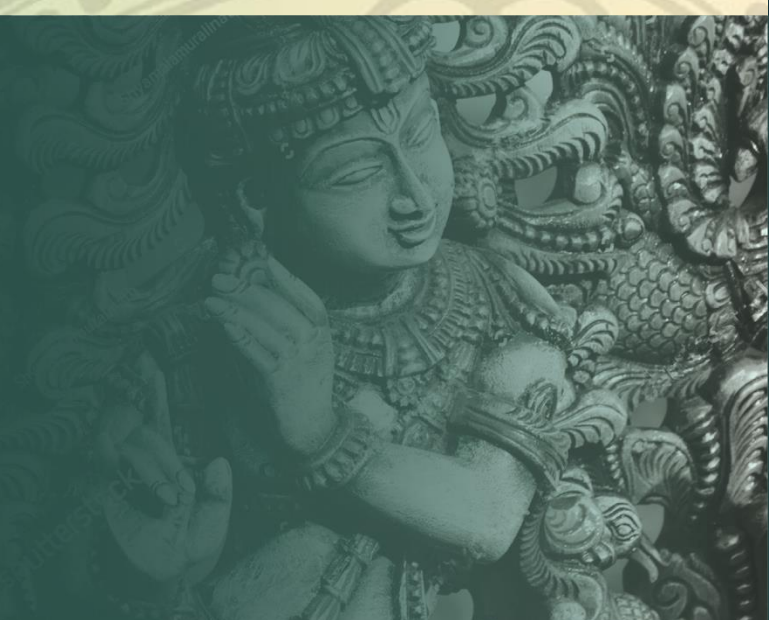


Average price change in Q1 FY19 as compared to Q1 FY18

- 4% increase in cotton yarn
- 6% increase in PV yarn
- 5% increase in PC yarn



Annexure: Wazir Textile Index (WTI) - Explanation



Measuring financial performance of Indian Textile Sector

- Wazir Textile Index has been developed for assessing the overall financial performance of the textile sector on a continuous basis.
- This index takes the collective performance of top ten textile companies (by sales) of 2015-16 as the base/benchmark which is represented by the base Index number 100.
- Base value of 100 is assigned separately to each quarter performance and full year performance in 2015-16, and correspondingly financial performance of the textile industry is benchmarked to this base number to assess quarterly (Q1), half yearly (H1), nine monthly (9M) and yearly performance (FY) for future years against the set benchmark.
- Overall textile index includes the following three components:
 - **WTI Sales** : Consolidated sales index of top ten companies
 - **WTI EBITDA** : Consolidated EBITDA index
 - **WTI Cost** : Consolidated index for cost of Raw material, employee & others

Glossary

- EBITDA – Earnings Before Interest Tax Depreciation & Amortization
- EU – European Union
- FY – Financial Year
- Q1 FY19 – April 2018 to June 2018
- Q1 FY18 – April 2017 to June 2017
- GDP – Gross Domestic Product
- PV – Polyester Viscose
- PC – Polyester Cotton
- PSF – Polyester Staple Fibre
- RM – Raw Material
- T&A – Textile & Apparel
- US – United States of America
- UK – United Kingdom
- VSF – Viscose Staple Fibre
- WTI – Wazir Textile Index
- YOY – Year on Year

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