



Wazir Textile Index

Nine Monthly Report: 9M FY 2018-19

March 2019

Textile Sector Performance Update

wazir
ADVISORS

Contents

- Wazir Textile Index – 9M FY19
- Nine Monthly Financial Performance – 9M FY19
- Quarterly Analysis – Q3 FY19
- Market Update
 - Key Economic Indicators
 - Export – Import Trend
 - Raw Material Price Trend
- Annexure: Wazir Textile Index – Explanation



Wazir Textile Index (WTI) – 9M FY19



List of Companies included as part of the Financial Analysis

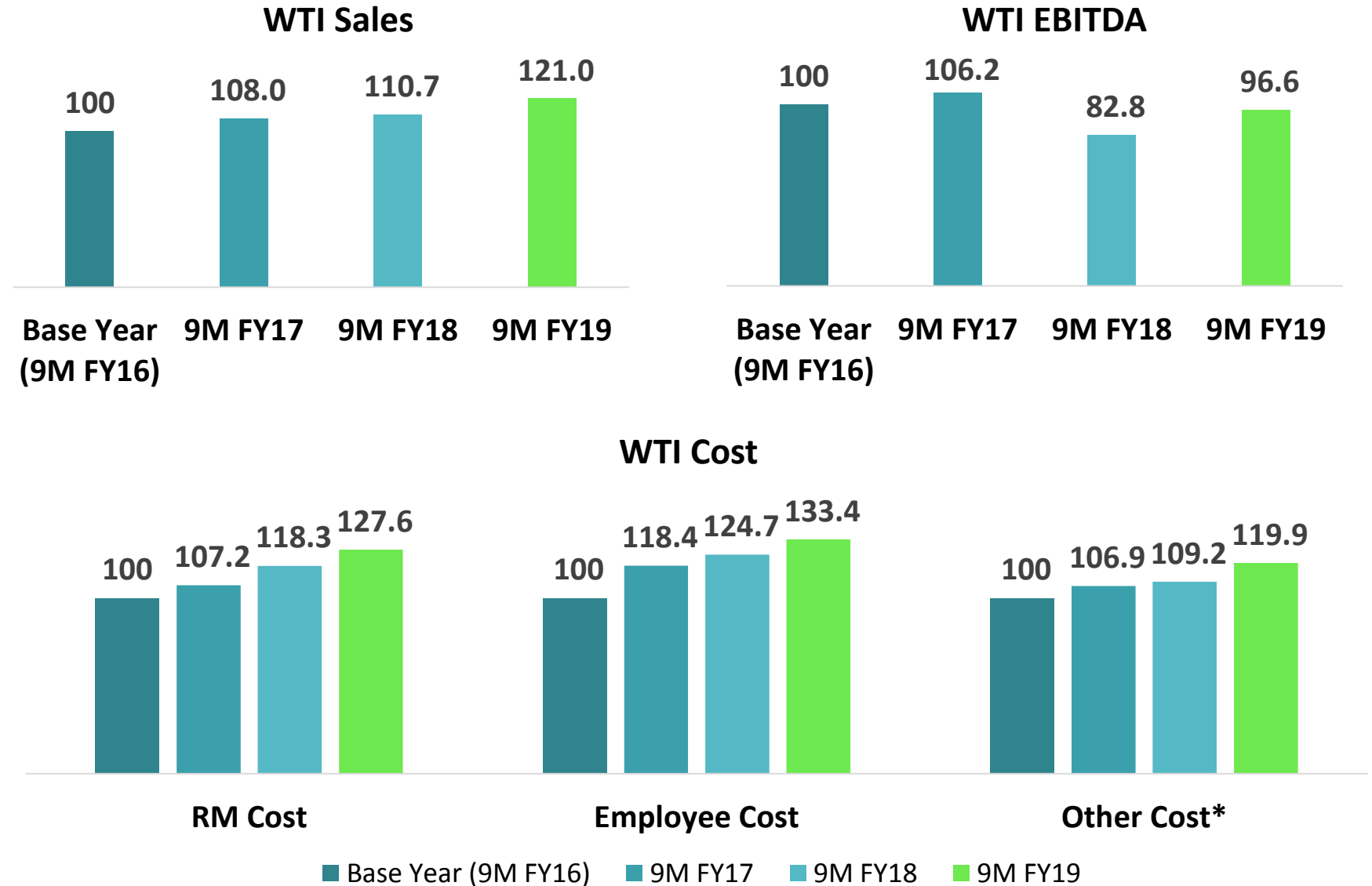
Top listed textile companies in terms of sales turnover in FY18 have been included for financial analysis.

S. No.	Company Name	Annual Sales* - FY18 (Rs. Crore)
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) – 9M FY19

- In 9M FY19, overall sales increased by 9%.
- There has been a revival in the EBITDA with a significant increase of 17% in 9M FY19 as compared to 9M FY18.
- Raw material cost and employee cost saw an increase of 8% and 7%, respectively.
- Other costs also saw an increase of 10% for the same period.



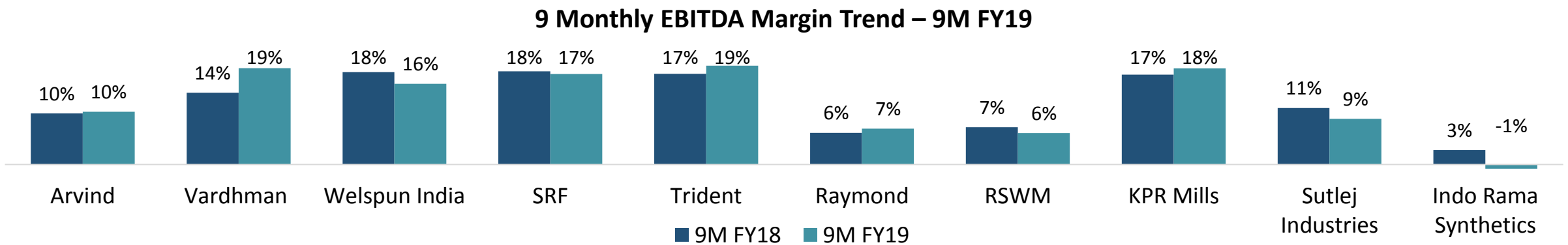
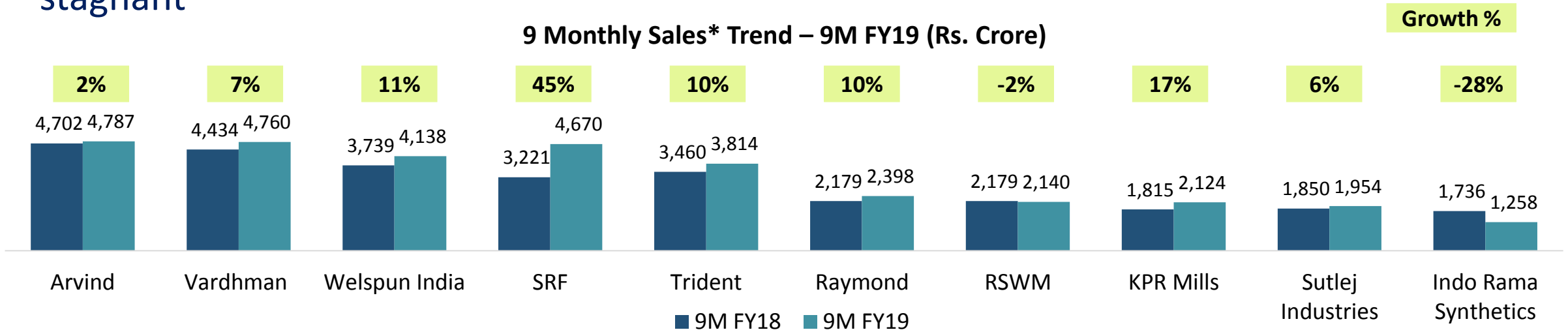
* Other cost include overheads, cost of utilities, admin & selling expenses, etc.



9 Monthly Financial Performance - 9M FY19



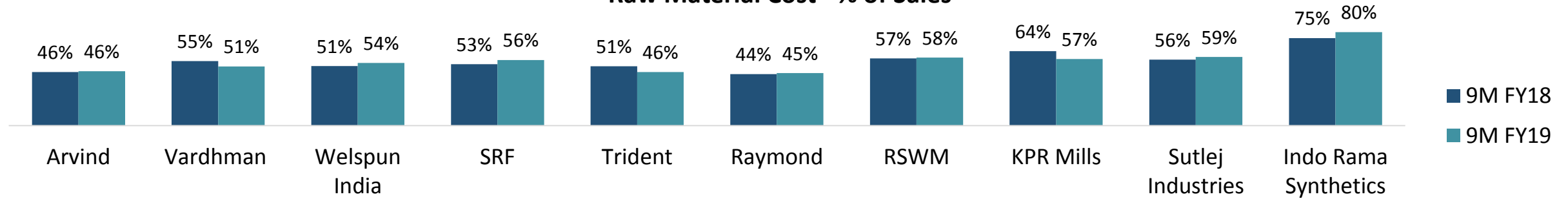
Revenue for majority companies witnessed growth, while EBITDA margins remained stagnant



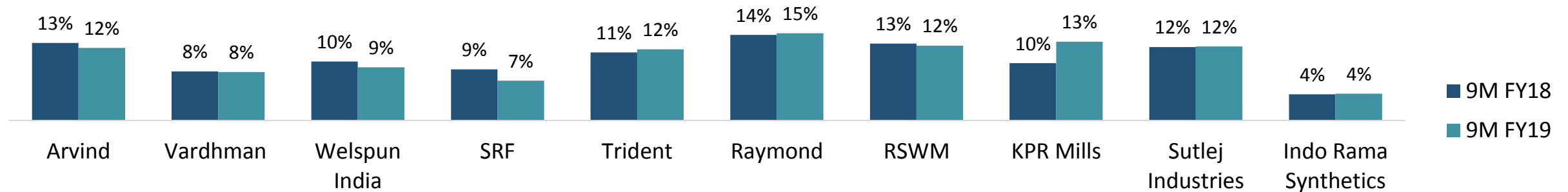
- Sales of majority companies have shown growth in 9M FY19. SRF has shown the highest sales growth of 45%, while Indo Rama Synthetics and RSWM witnessed a decline of 28% and 2%, respectively.
- Vardhman had the highest increase in EBITDA margin of 5 percentage points while Indo Rama Synthetics had the highest decline of 4 percentage points.

9 Monthly Analysis - Major Expenses as % of Sales

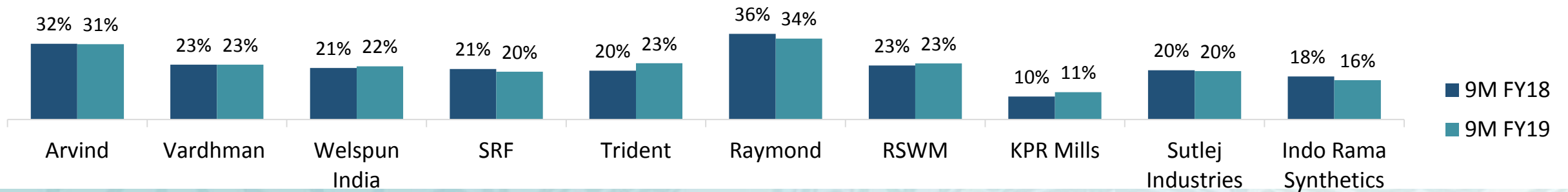
Raw Material Cost - % of Sales



Employee Cost - % of Sales



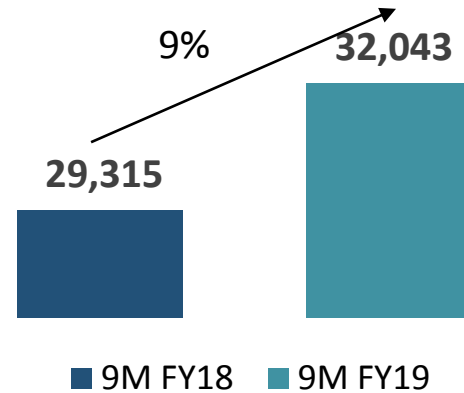
Other Costs - % of Sales



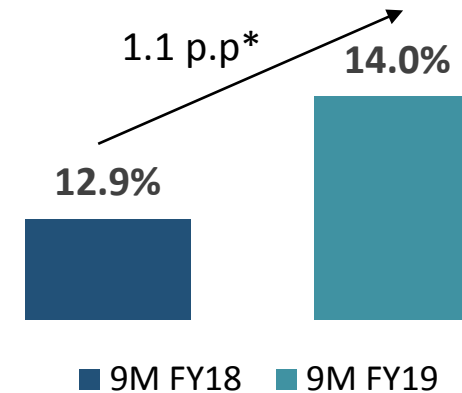
Consolidated Analysis for the Selected Top Players

On consolidated level, sales have increased by 9% in 9M FY19 as compared to 9M FY18.

Consolidated Sales – Rs. Crore

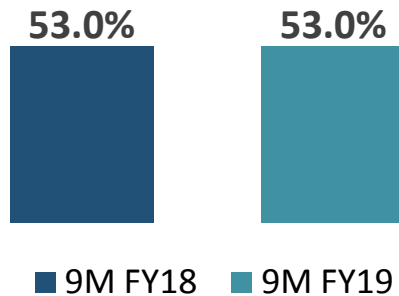


Average EBITDA %



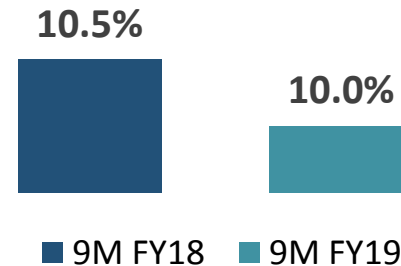
Consolidated EBITDA margin increased by 1.1 percentage points for the selected top companies.

Average RM Cost - % of Sales



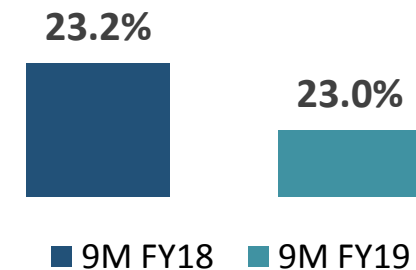
Average RM cost remained stagnant in 9M FY19 as compared to 9M FY18.

Average Employee Cost - % of Sales



Average employee cost decreased by 0.5 percentage points in 9M FY19 as compared to 9M FY18.

Average Other Expenses - % of Sales



Other expenses also decreased marginally by 0.2 percentage points in 9M FY19 as compared to 9M FY18.

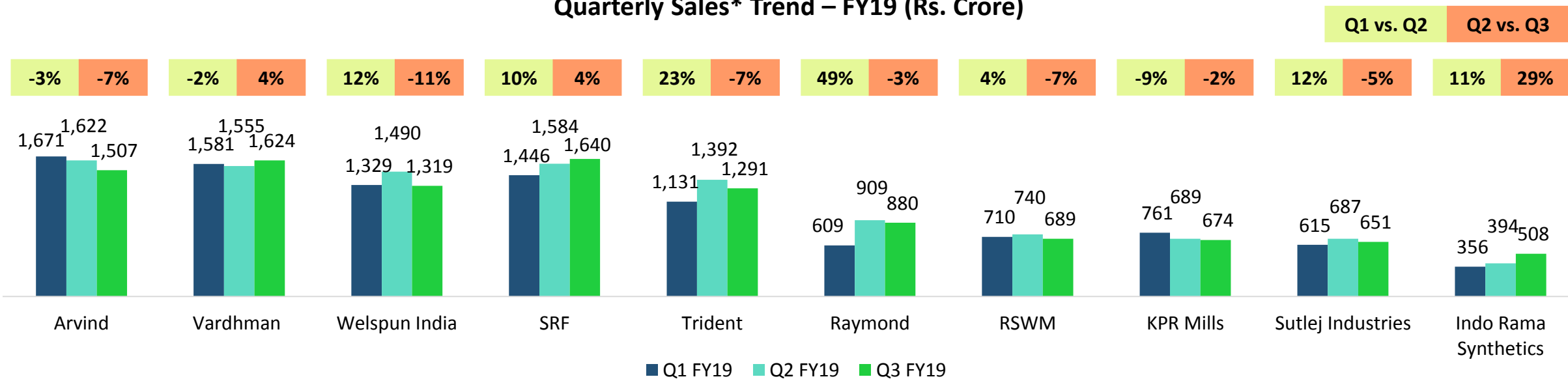


Quarterly Analysis – Q3 FY19

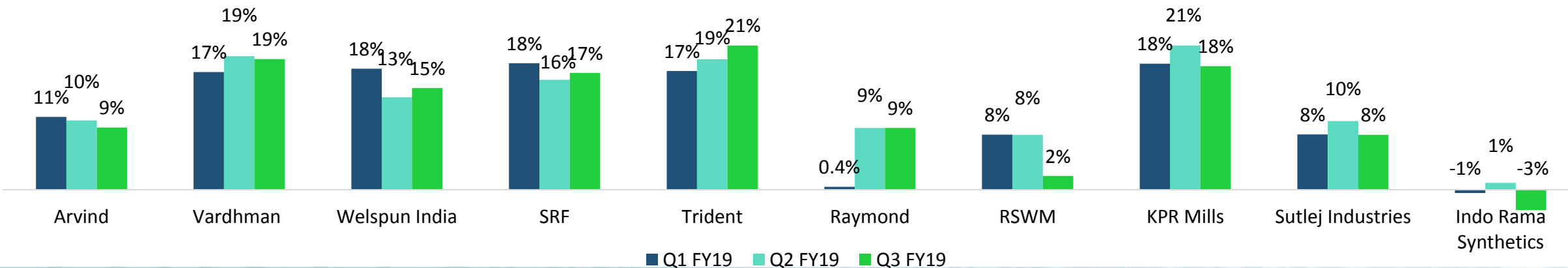


Quarterly analysis for the selected top players

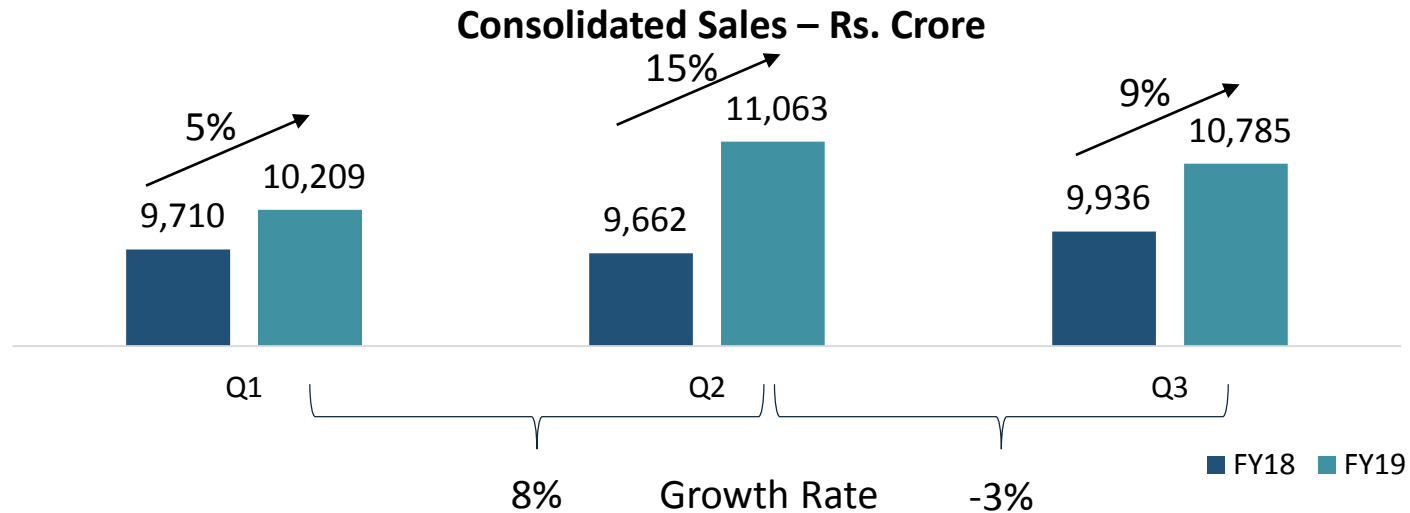
Quarterly Sales* Trend – FY19 (Rs. Crore)



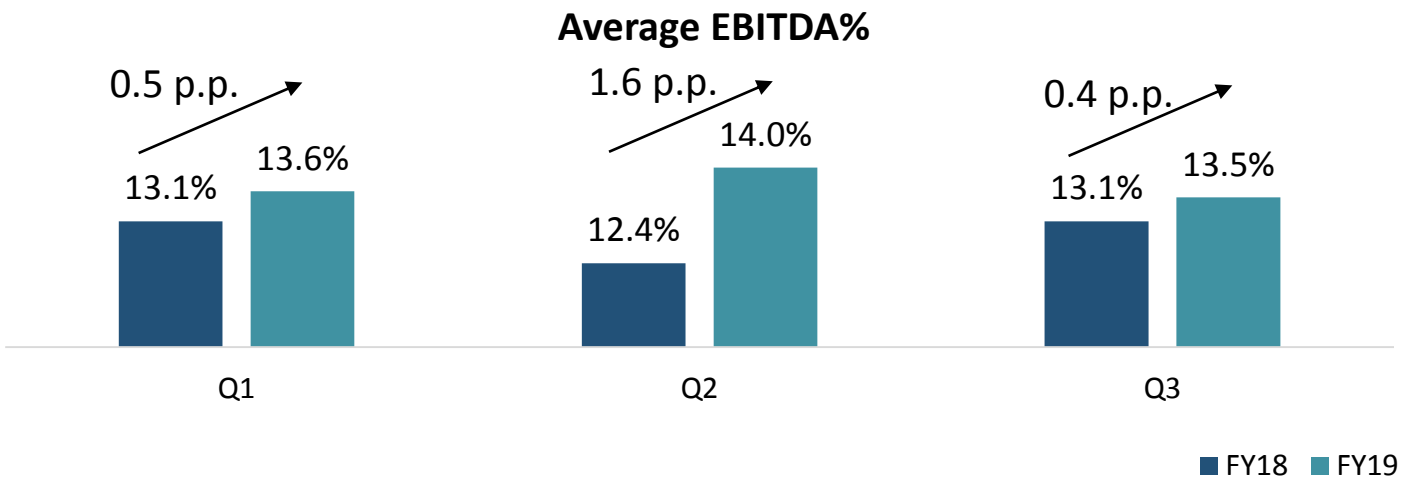
Quarterly EBITDA Margin Trend – FY19



Consolidated sales showed robust growth, while EBITDA margins increased marginally



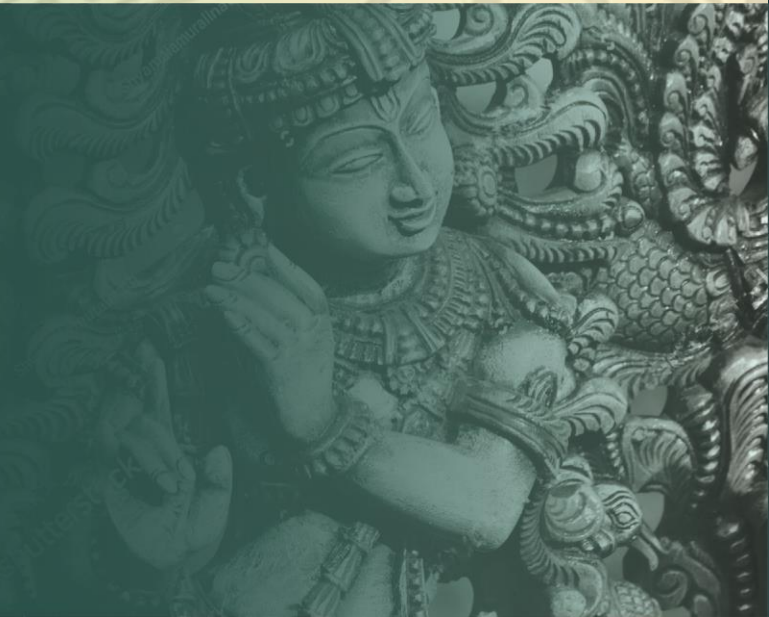
On consolidated level, sales increased by 5% in Q1 FY19 as compared to Q1 FY18. Further, it showed a robust growth of 15% in Q2 FY19 and again increased by 9% in Q3 FY19 as compared to the same period in the previous financial year.



Consolidated EBITDA margin increased consistently in Q1, Q2 and Q3 of FY19 by 0.5 p.p., 1.6 p.p. and 0.4 p.p., respectively.

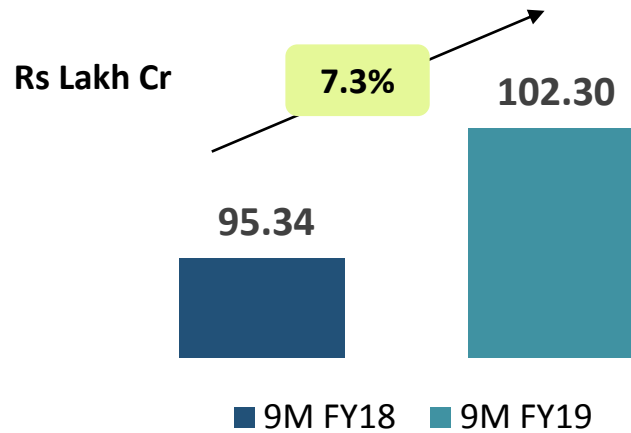


Market Update



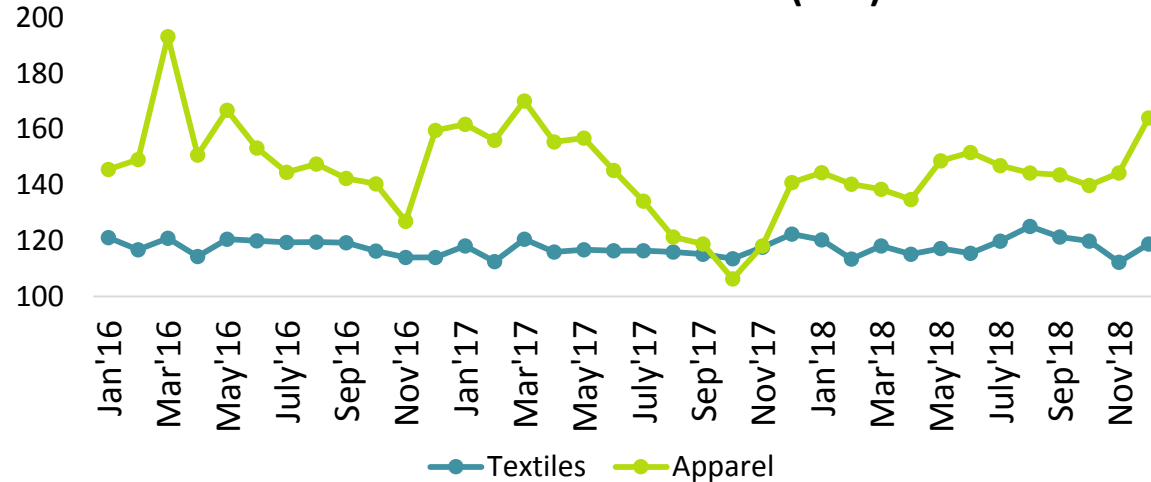
Key Economic Indicators

India's GDP (at constant prices)



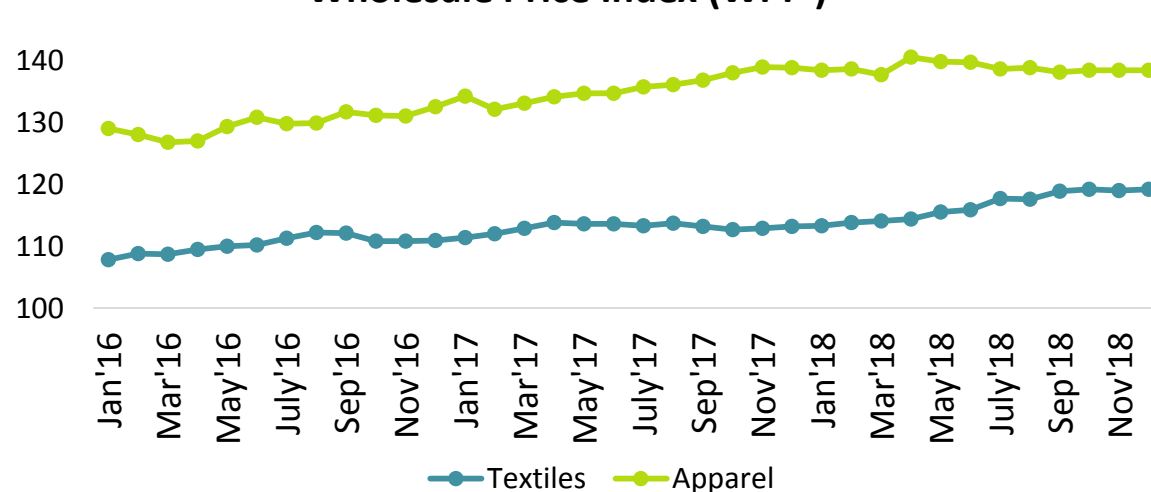
India's real GDP has grown by 7.3% in 9M FY19 as compared to 9M FY18.

Index of Industrial Production (IIP*)



Average IIP for apparel increased significantly by 10% in 9M FY19 as compared to 9M FY18, while that of textiles showed a marginal increase of 1%.

Wholesale Price Index (WPI*)



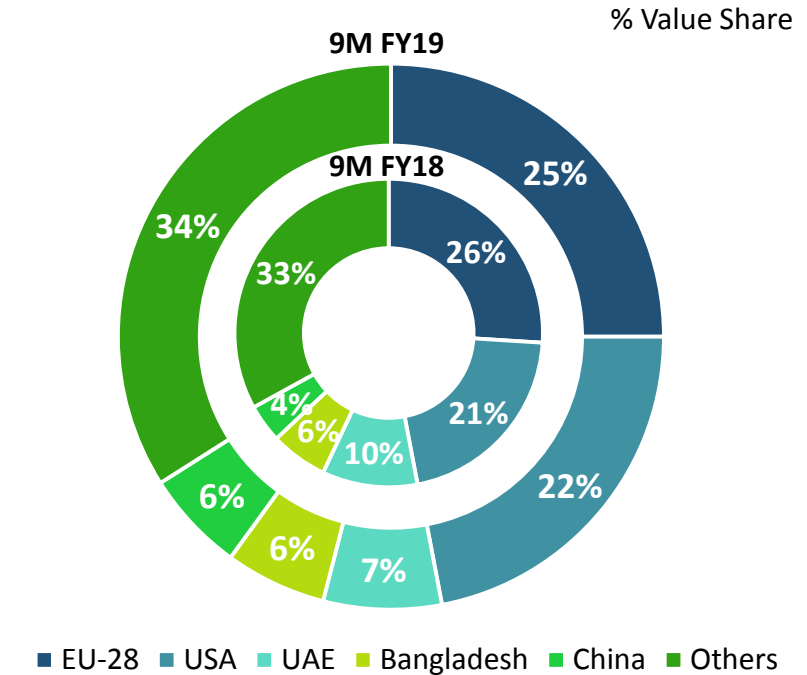
Average WPI for textiles increased by 4% in 9M FY19 as compared to 9M FY18, while that of apparel increased by 2%.

India's overall T&A* Exports increase by 2% in 9M FY19, Apparel exports decline by 8%

India's Textile & Apparel Exports (Values in US\$ Million)

Category	H1 FY18	H1 FY19	% change	Q3 FY18	Q3 FY19	% change	9M FY18	9M FY19	% change
Fibre	1,004	1,393	39%	728	776	6%	1,733	2,169	25%
Filament	580	686	18%	305	308	1%	885	994	12%
Yarn	1,886	2,538	35%	1,203	1,091	-9%	3,089	3,629	17%
Fabric	2,318	2,326	0.40%	1,094	1,153	5%	3,412	3,479	2%
Apparel	9,184	7,723	-16%	3,204	3,640	14%	12,388	11,363	-8%
Home Textile	2,660	2,731	3%	1,222	1,359	11%	3,882	4,091	5%
Others	956	1,018	7%	476	487	2%	1,432	1,505	5%
Total	18,588	18,417	-1%	8,233	8,813	7%	26,820	27,230	2%

India's Top T&A Markets



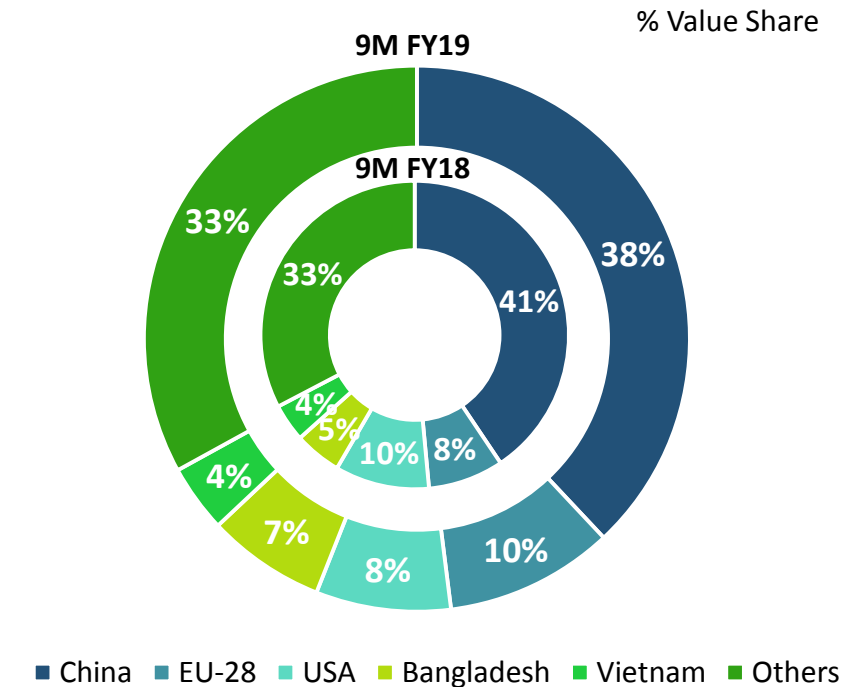
- After a negative growth in the first half of the financial year, the overall T&A exports have shown a robust growth of 7% in Q3 as compared to the same period last year.
- Apparel exports declined by 8% in 9M FY19. This is largely due to significant decline of apparel exports to UAE by 39%. However apparel exports revived and grew in Q3 FY19 by 14% compared to Q3FY18, driven by increase in exports to Nigeria and UAE by 155% and 83%, respectively.
- Exports of all other categories have grown in 9M FY19 as compared to 9M FY18. Categories of fibre, yarn and filament witnessed double-digit growth of 25%, 17% and 12%, respectively.
- EU, USA and UAE remain the top export destinations for India's T&A products with a combined share of 54%.

India's overall T&A* Imports increase by 5% in 9M FY19, Apparel imports surge by 52%

India's Textile & Apparel Imports (Values in US\$ Million)

Category	H1 FY18	H1 FY19	% change	Q3 FY18	Q3 FY19	% change	9M FY18	9M FY19	% change
Fibre	1,254	969	-23%	336	363	8%	1,590	1,333	-16%
Filament	315	349	11%	160	175	10%	474	524	11%
Yarn	205	217	6%	100	95	-6%	306	312	2%
Fabric	1,148	1,275	11%	600	600	0%	1,748	1,877	7%
Apparel	347	541	56%	199	290	45%	547	831	52%
Home Textile	144	148	3%	89	82	-8%	233	230	-1%
Others	283	342	21%	163	180	10%	446	522	17%
Total	3,696	3,841	4%	1,647	1,785	8%	5,344	5,628	5%

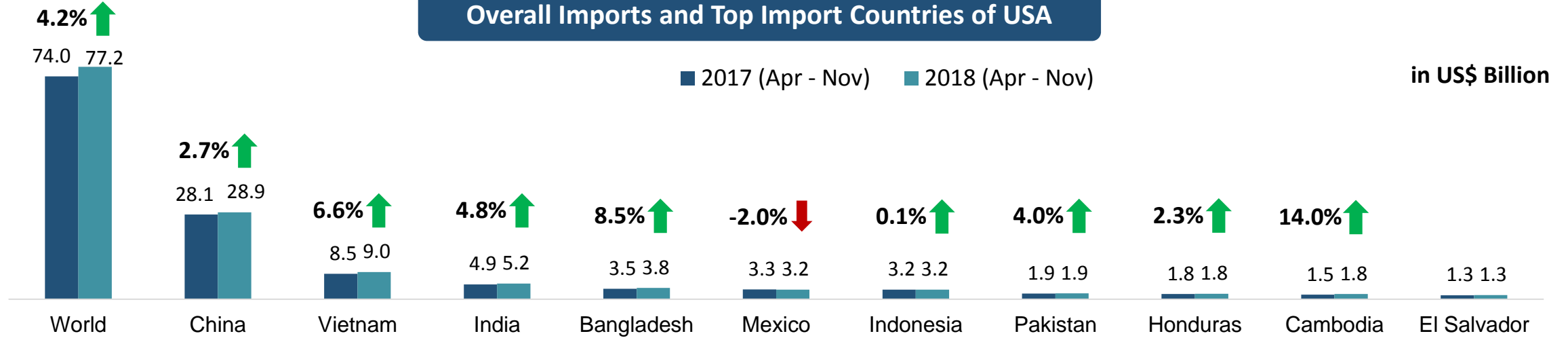
India's Top T&A Import Markets



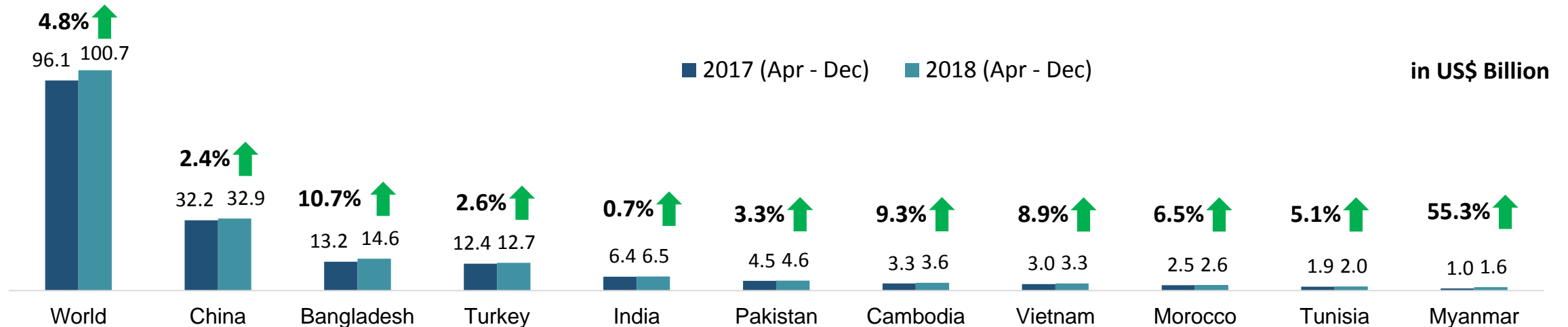
- The overall T&A imports have witnessed a growth of 5% in 9M FY19 as compared to 9M FY18.
- Imports of all categories except fibre and home textiles have grown in 9M FY19 as compared to 9M FY18.
- Apparel imports increased substantially by 52% in 9M FY19 as compared to 9M FY18, primarily due to the rise of imports from countries like Bangladesh and Sri Lanka, which have increased by more than 100%.
- China continues to be the largest import partner for India with a share of 38% in 9M FY19. However, the imports from China have declined by 2% as compared to 9M FY18.

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

Overall Imports and Top Import Countries of USA

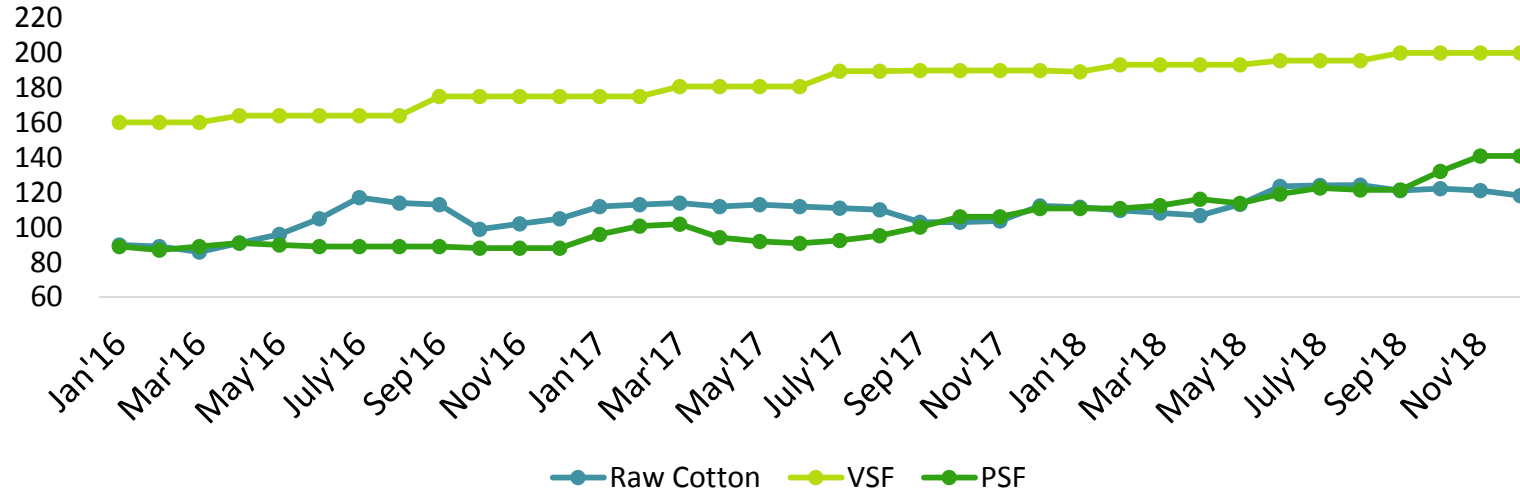


Overall Imports and Top Import Countries of EU-28



Average raw material prices have increased in 9M FY19 as compared to 9M FY18

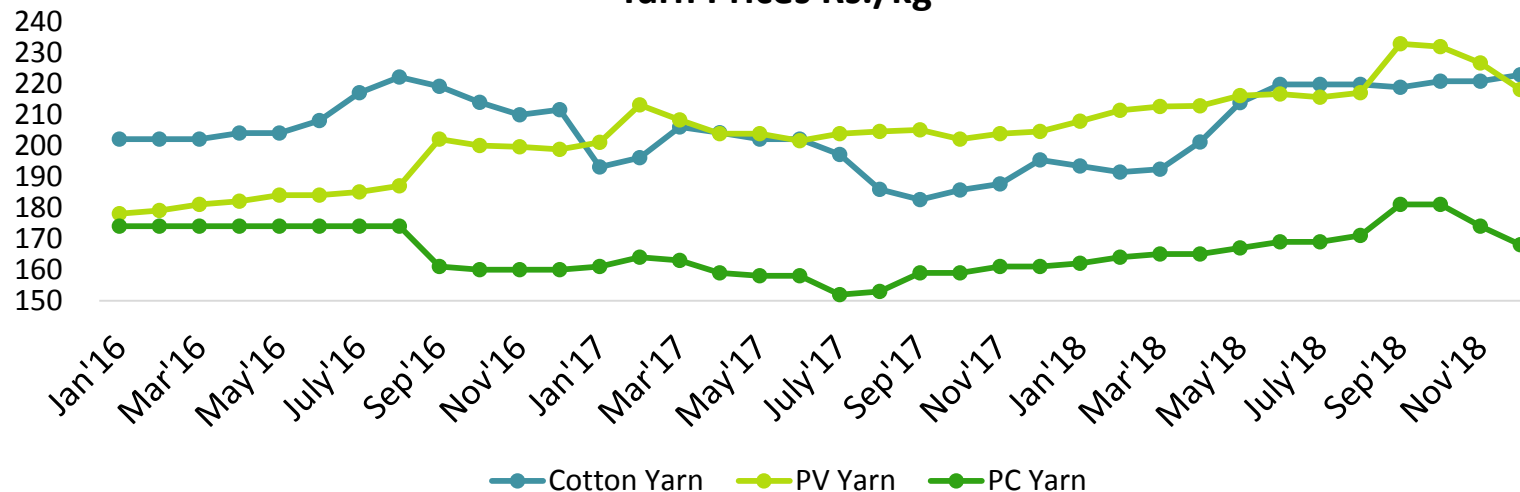
Fibre Prices Rs./kg



Average price change in 9M FY19 as compared to 9M FY18

- 10% increase in raw cotton
- 5% increase in VSF
- 27% increase in PSF

Yarn Prices Rs./kg



Average price change in 9M FY19 as compared to 9M FY18

- 12% increase in cotton yarn
- 8% increase in PV yarn
- 9% 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 subsequent 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
- FY16– April 2015 to March 2016
- FY17– April 2016 to March 2017
- FY18 – April 2017 to March 2018
- FY19– April 2018 to March 2019
- GDP – Gross Domestic Product
- 9M FY16– April 2015 to December 2015
- 9M FY17 – April 2016 to December 2016
- 9M FY18 – April 2017 to December 2017
- 9M FY19 – April 2018 to December 2018
- H1 FY18 – April 2017 to September 2017
- H1 FY19 – April 2018 to September 2018
- Q3 FY18 – October 2017 to December 2017
- Q3 FY19 – October 2018 to December 2018
- HK – Hong Kong
- PV – Polyester Viscose
- PC – Polyester Cotton
- PSF – Polyester Staple Fibre
- RM – Raw Material
- T&A – Textile & Apparel
- USA – United States of America
- UK – United Kingdom
- VSF – Viscose Staple Fibre
- WTI – Wazir Textile Index
- YOY – Year on Year
- YTD – Year till date

CONTACT

Prashant Agarwal

prashant@wazir.in
+91 9871195008

Sanjay Arora

sanjay@wazir.in
+91 9971110566

Varun Vaid

varun@wazir.in
+91 9899985979

B. Prakash

prakash@wazir.in
+91 9810866927

Website:

www.wazir.in



[Linkedin.com/in/WazirAdvisors](https://www.linkedin.com/in/WazirAdvisors)



[Twitter.com/WazirAdvisors](https://twitter.com/WazirAdvisors)



[Facebook.com/WazirAdvisors](https://www.facebook.com/WazirAdvisors)

Wazir Advisors Pvt. Ltd

3rd Floor , Building #115, Sector 44, Gurgaon - 122 002 Haryana- India

Tel : +91 124 4590 300