



Wazir Textile Index (Textile Sector Performance Update)





- Wazir Textile Index – 9M FY18
- Nine Monthly Financial Performance – 9M FY18
- Quarterly Analysis – Q3 FY18
- Market Update
 - Key Economic Indicators
 - Export – Import Trend
 - Raw Material Price Trend
- Annexure: Wazir Textile Index – Explanation

Wazir Textile Index (WTI) – 9M FY18

List of companies included as part of financial analysis



Top listed textile companies in terms of sales turnover in FY17 have been included for financial analysis

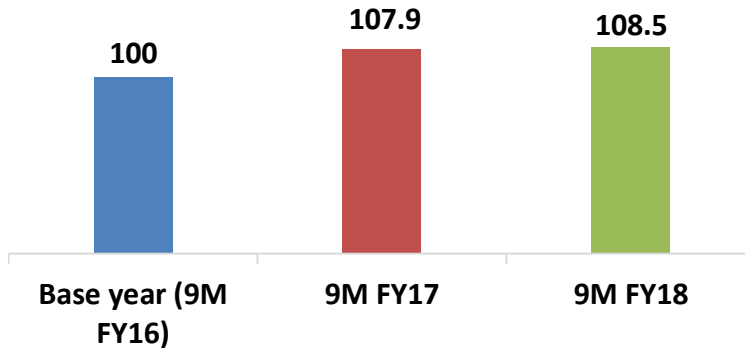
S.No	Company Name	Annual Sales* - FY17 (Rs Cr)
1	Arvind	5,956
2	Vardhman	5,728
3	Welspun India	5,639
4	Trident	4,687
5	JBF Industries	3,913
6	SRF	3,883
7	RSWM	2,987
8	Raymond	2,826
9	Indo Rama Synthetics (India)	2,468
10	Sutlej Industries	2,250

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

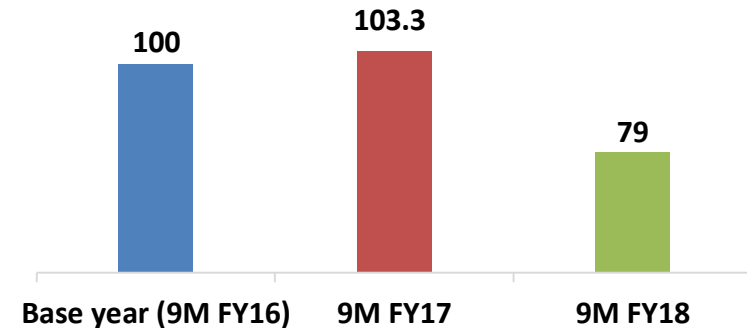
Wazir Textile Index (WTI) – 9M FY18



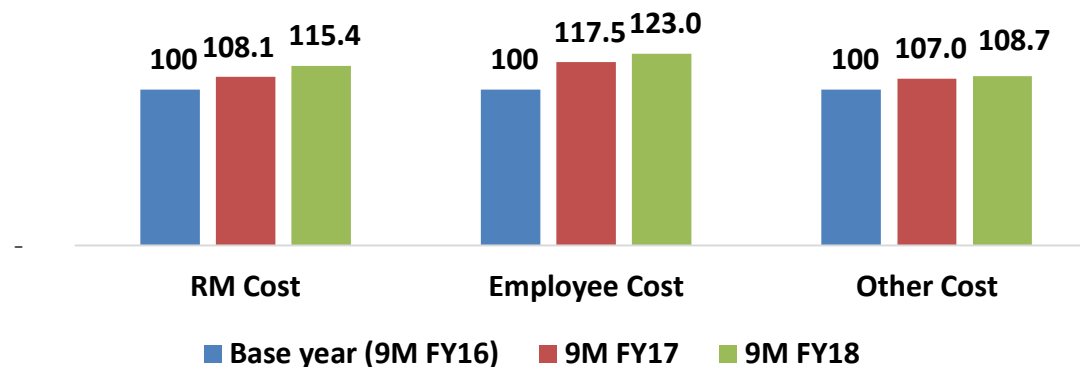
WTI Sales



WTI EBITDA



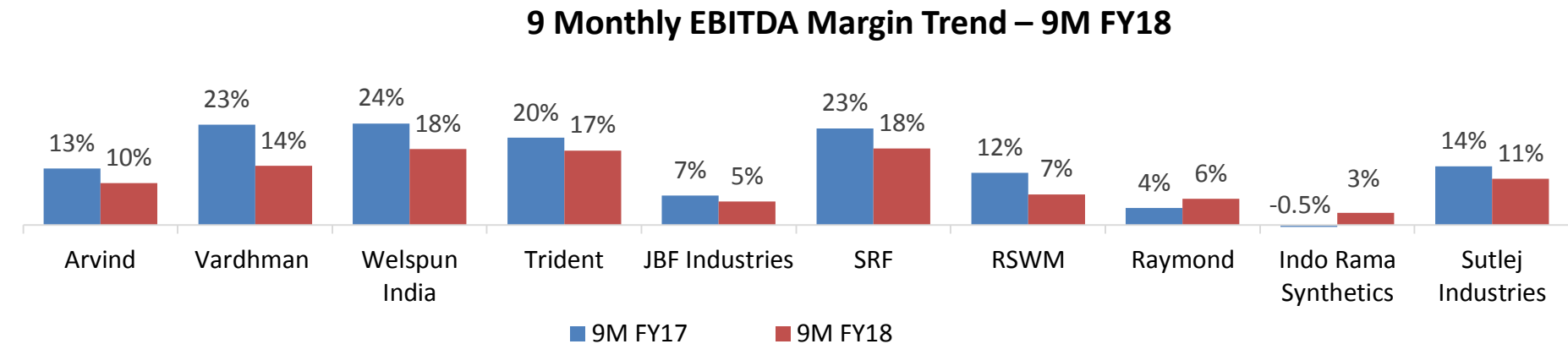
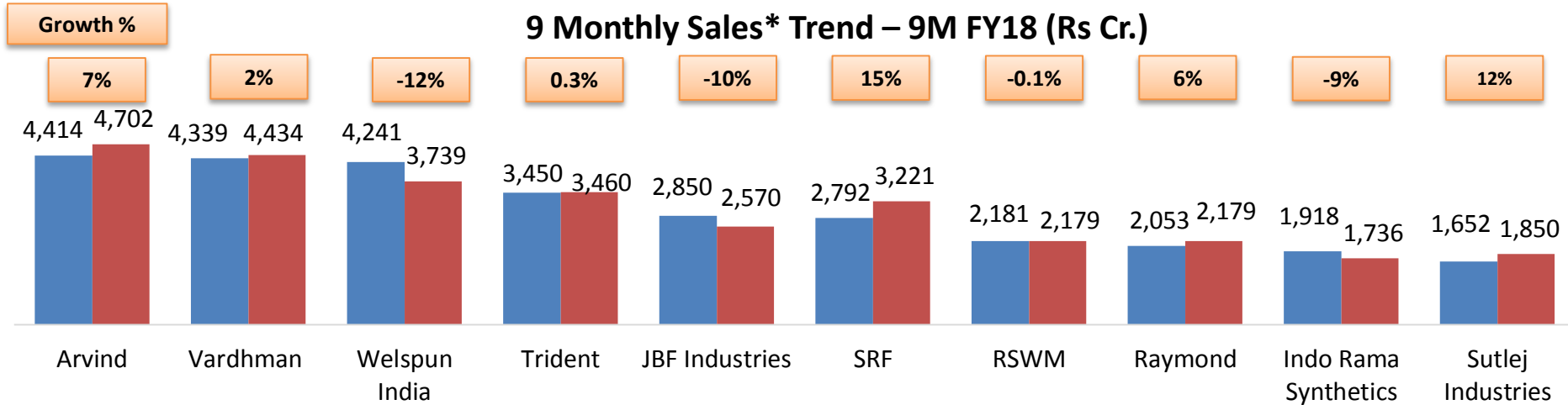
WTI Cost



- In 9M FY18, overall sales increased by 1% compared to 9M FY17, while EBITDA decreased significantly by 24%.
- Due to introduction of GST, there was an impact on demand in Q2 which further impacted profitability in 9M FY18.
- Also there has been increase in employee cost and RM cost which has further dented the EBITDA margins.

9 Month Financial Performance – 9M FY18

Revenue for majority has not been affected significantly however, EBITDA margin have declined for most in 9M FY18

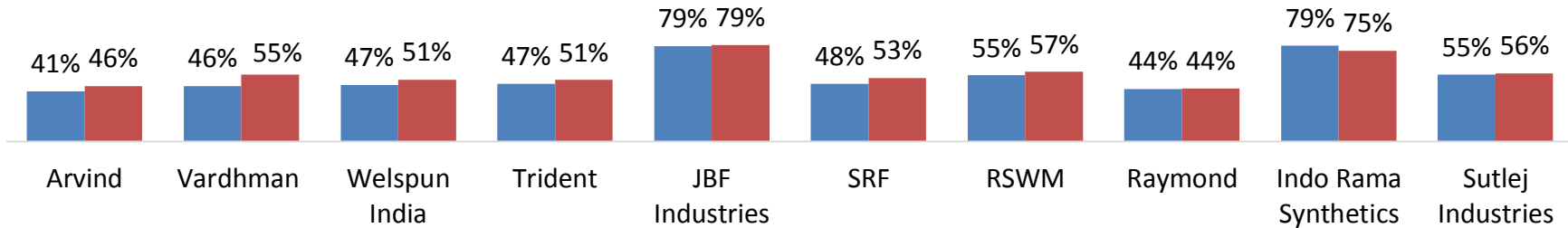


- Overall majority of top companies observed subdued performance in 9M FY18.
- SRF has shown the highest sales growth of 15% in 9M FY18, while Welspun India witnessed the highest decline, falling 12% over the same period.
- Except Indo Rama Synthetics and Raymond, all other top companies have shown decline in their EBITDA margins in 9M FY18.

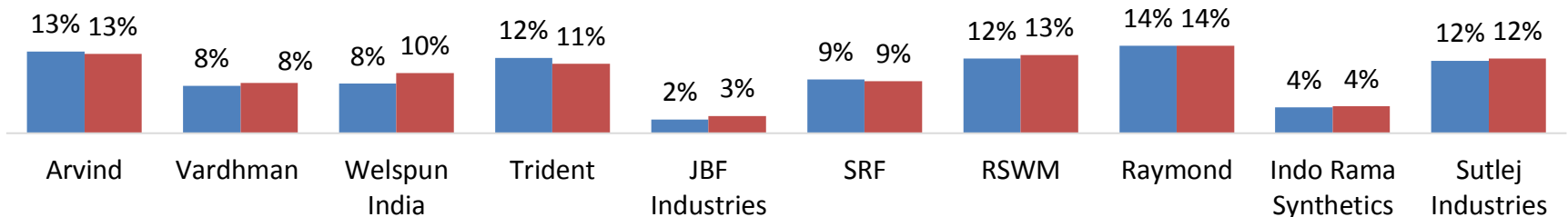
9 Monthly analysis – Major expenses as % of sales



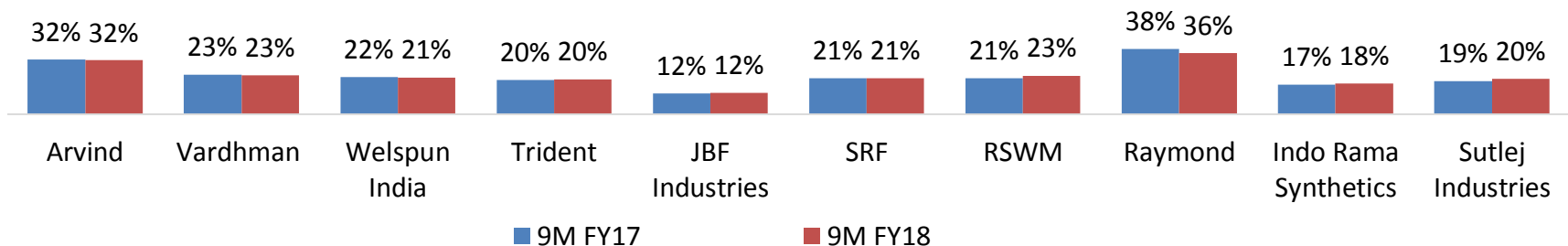
Raw Material Cost – % of sales



Employee Cost – % of sales



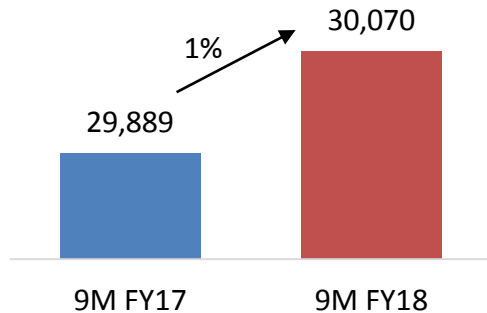
Other Costs – % of sales



Consolidated analysis for the selected top players



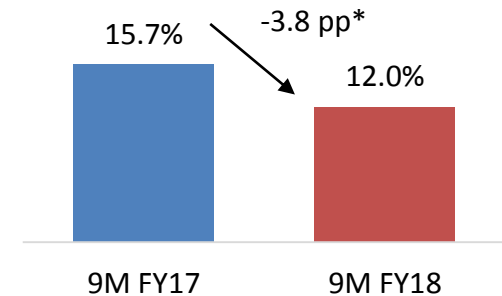
Consolidated Sales – Rs. Cr



On consolidated level, Sales have increased by 1% in 9M FY18 as compared to 9M FY17

Consolidated EBITDA margin decreased by 3.8 percentage points for the selected top companies

Average EBITDA %

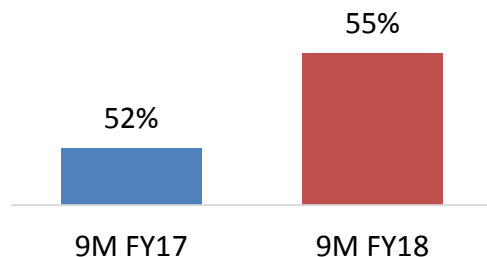


Average RM cost have increased along with increase in prices compared to previous year.

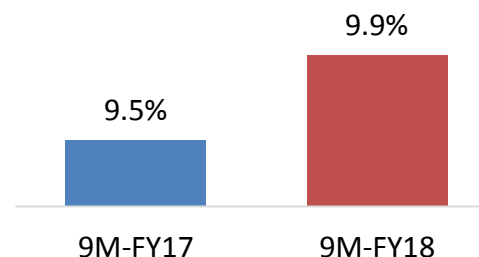
Average employee cost have continued to increase because of increase in labour wages.

Other expenses increased marginally

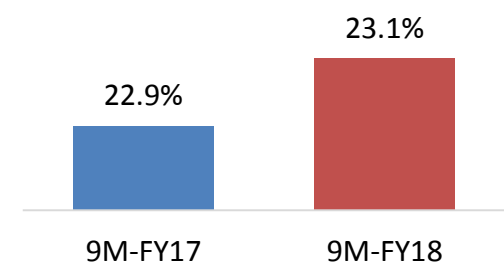
Average RM Cost - % of Sales



Average Employee Cost - % of Sales



Average Other Expenses - % of Sales

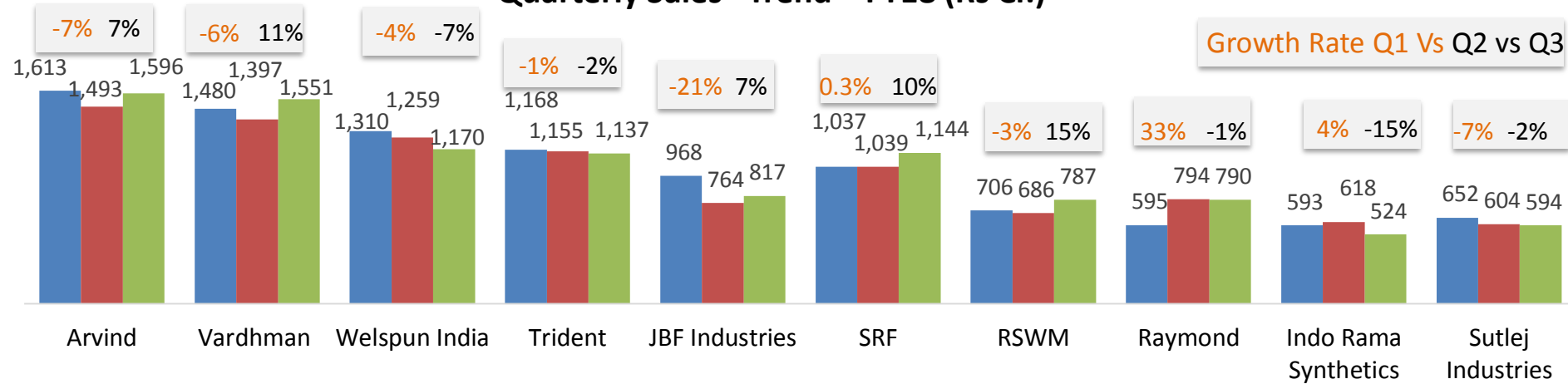


Quarterly Analysis - Q3 FY 18

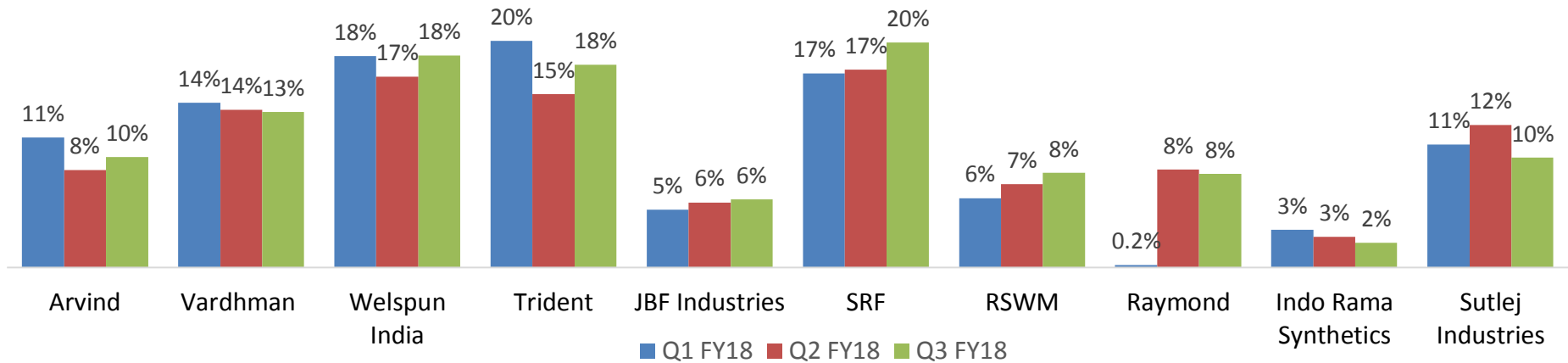
Revenue and EBITDA margin have rebounded in Q3 after dip in Q2



Quarterly Sales* Trend – FY18 (Rs Cr.)



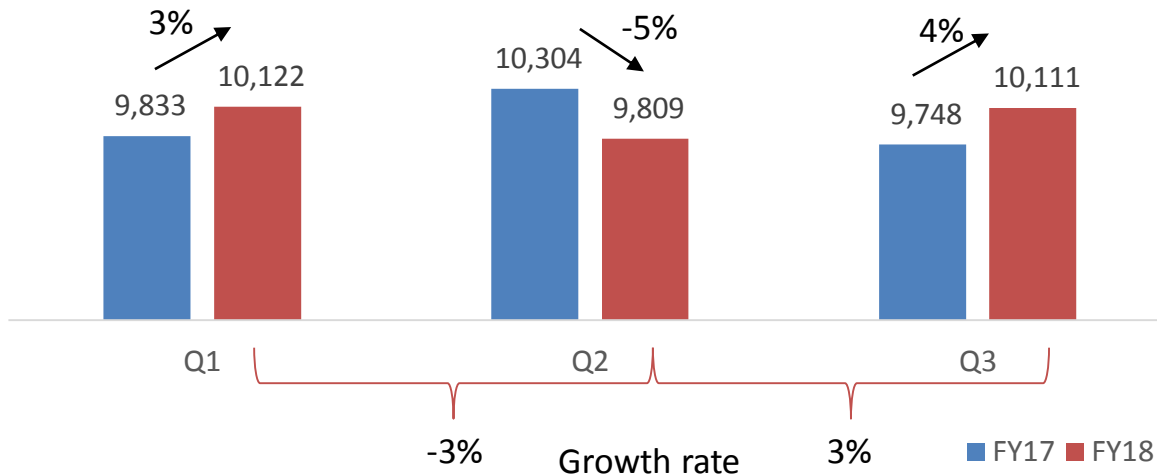
Quarterly EBITDA Margin Trend – FY18



Quarterly consolidated analysis for the selected top players



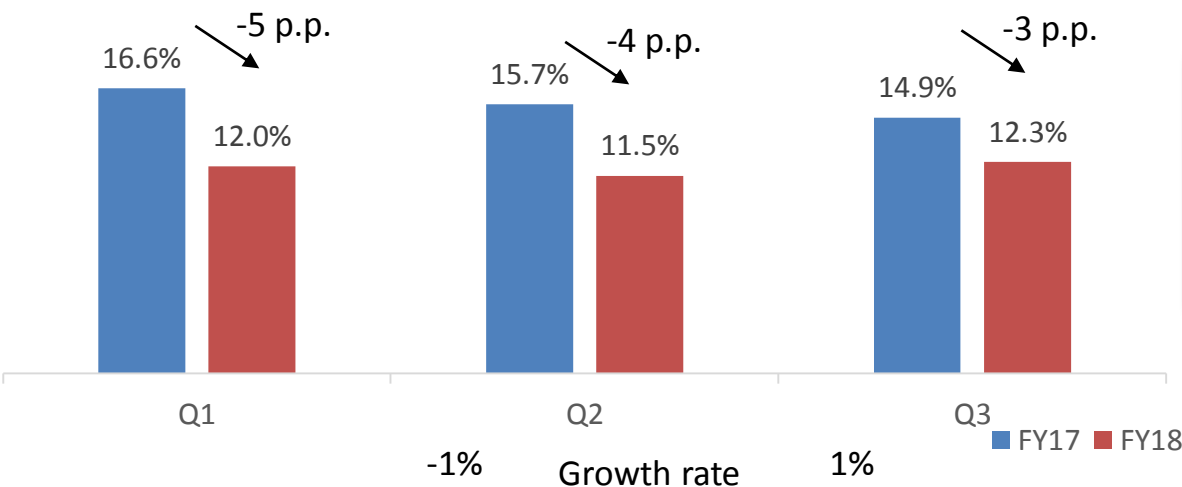
Consolidated Sales – Rs. Cr



On consolidated level, Sales increased by 3% in Q1 FY18 as compared to Q1 FY17. However, it decreased by 5% in Q2 FY18 and again increased by 4% in Q3 FY18.

Within FY18, sales declined in Q2 due to impact of GST and then have rebound in Q3

Average EBITDA %

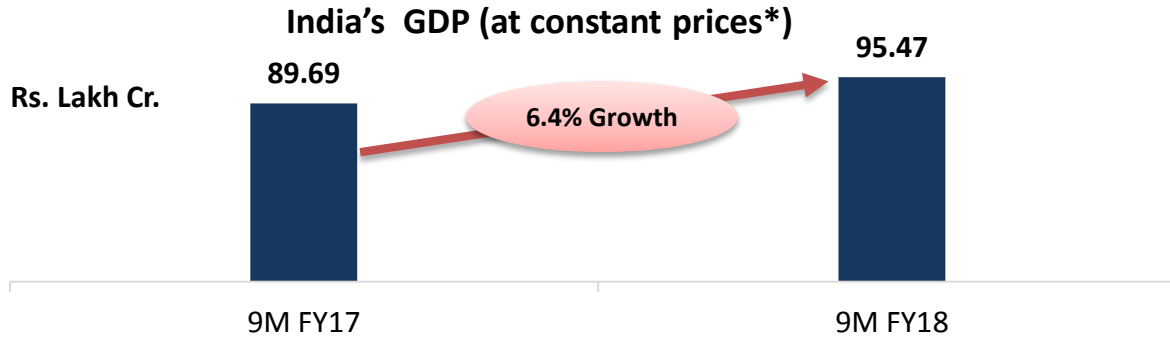


Consolidated EBITDA margin declined consistently in Q1 FY18, Q2 FY18 and Q3 FY18. However the decline was less in Q3 FY18.

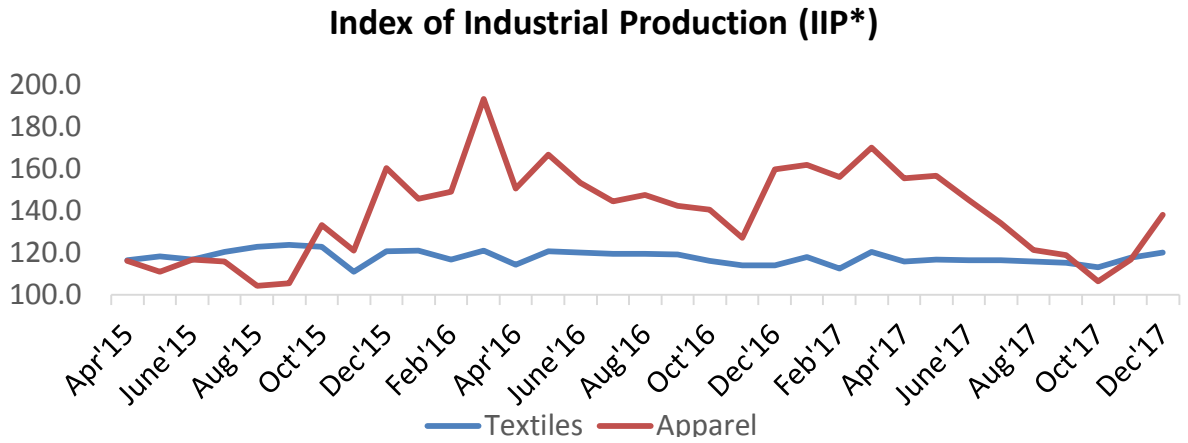
Within FY18, EBITDA margin declined in Q2 and the further rebound in Q3

Market Update

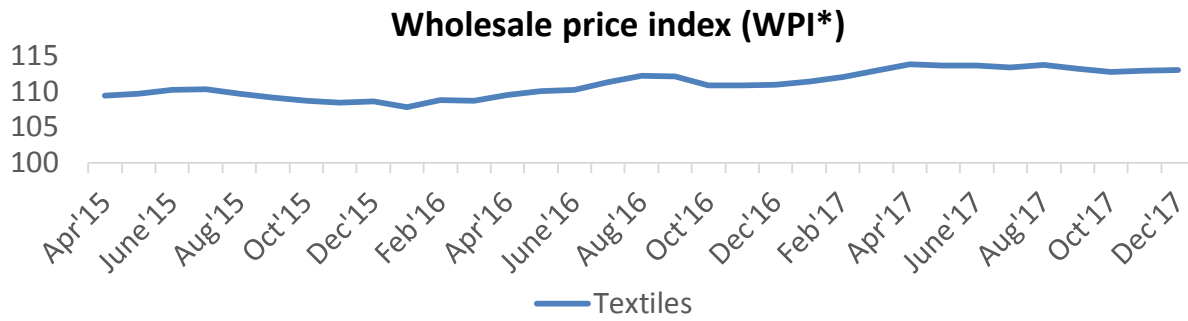
Key Economic Indicators



India's real GDP has grown by 6.4% in 9M FY18 compared to 9M FY17



Average IIP for textiles has declined by 1% while IIP for apparel has declined by 10% in 9M FY18 compared to 9M FY17, showing a pronounced impact of GST on domestic apparel production



Average WPI for textiles has shown an increase of 2% in 9M FY18 compared to 9M FY17

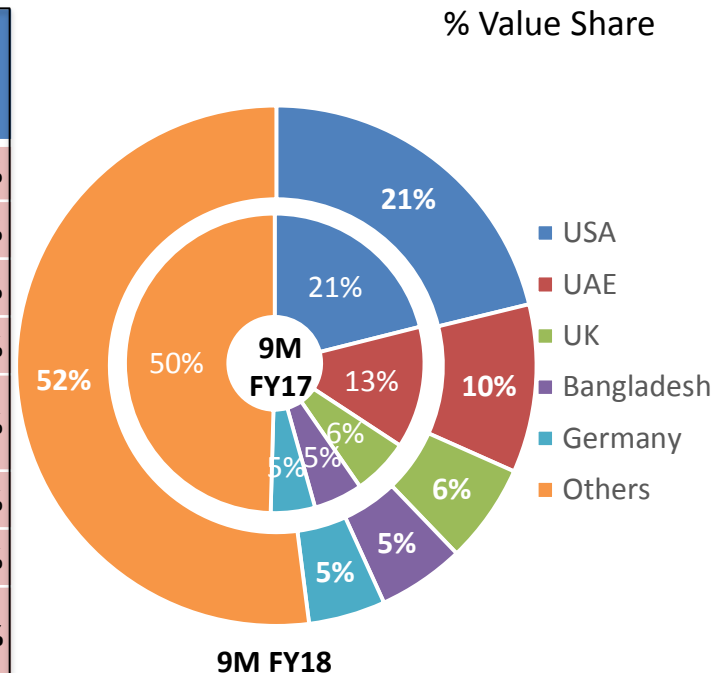
India's T&A* exports have increased by 3% in 9M FY18



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

Categories	Q1 FY17	Q1 FY18	% Change	Q2 +Q3 FY17	Q2+Q3 FY18	% Change	9M FY17	9M FY18	% Change
Apparel	4,391	4,906	12%	8,049	7,479	-7%	12,439	12,385	-0.4%
Fabric	1,145	1,148	0%	2,188	2,257	3%	3,332	3,405	2%
Fibre	426	632	48%	1,049	1,086	4%	1,475	1,719	17%
Filament	268	270	1%	528	615	16%	797	886	11%
Home Textiles	1,247	1,280	3%	2,543	2,601	2%	3,790	3,880	2%
Yarn	986	879	-11%	1,966	2,208	12%	2,952	3,087	5%
Others	385	438	14%	857	993	16%	1,243	1,431	15%
Grand Total	8,848	9,553	8%	17,180	17,240	0.3%	26,208	26,793	3%

India's T&A Top Export Markets



- Export of all the categories except apparel have grown in 9M FY18 as compared to 9M FY17.
- Fibre exports slowed in Q3 after a robust Q1, while yarn exports have shown a reverse trend.
- USA and UAE continue to be the two largest export markets with a cumulative share of ~30%.
- Apparel exports declined by 7% in the post GST period (July-Dec). Although overall apparel exports declined marginally by 0.4% during 9M FY18.
- While India's overall exports grew 10% y-o-y during 9M FY18, India's T&A exports grew at a lower rate of 3% during the same period.

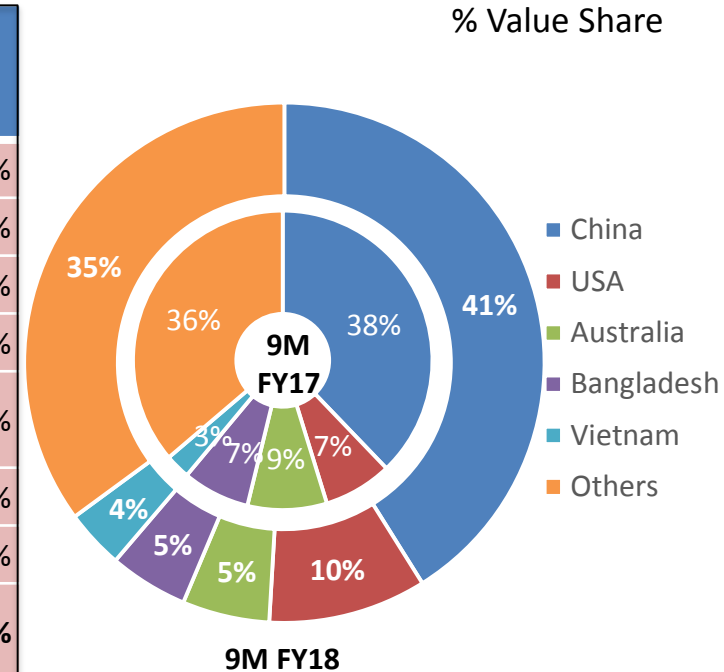
India's T&A imports have increased by 12% in 9M FY18



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

Categories	Q1 FY17	Q1 FY18	% Change	July-Dec FY17	July-Dec FY18	% Change	9M FY17	9M FY18	% Change
Apparel	123	140	13%	330	407	23%	453	546	21%
Fabric	471	603	28%	931	1,144	23%	1,402	1,747	25%
Fibre	386	583	51%	1,191	1,006	-16%	1,577	1,589	1%
Filament	140	156	12%	279	318	14%	419	474	13%
Home Textiles	66	59	-11%	156	173	11%	222	232	5%
Yarn	90	101	12%	181	204	13%	271	305	12%
Others	140	139	0%	281	307	9%	421	446	6%
Grand Total	1,416	1,781	26%	3,350	3,560	6%	4,765	5,341	12%

India's T&A Top Import Markets

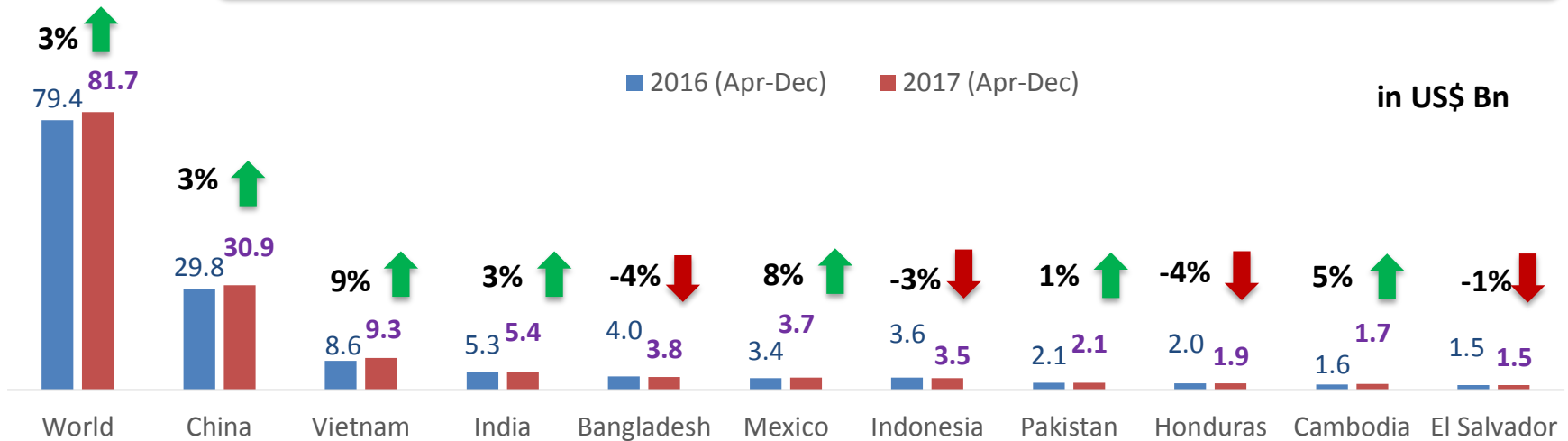


- Import of all categories have increased in 9M FY18. Fabric imports have increased maximum in 9M FY18 compared to other categories.
- Apparel imports have also grown significantly especially post GST.
- China continues to be the largest import partner for India. Import share of USA has increased significantly from 7% to 10%, primarily due to increase in cotton imports.

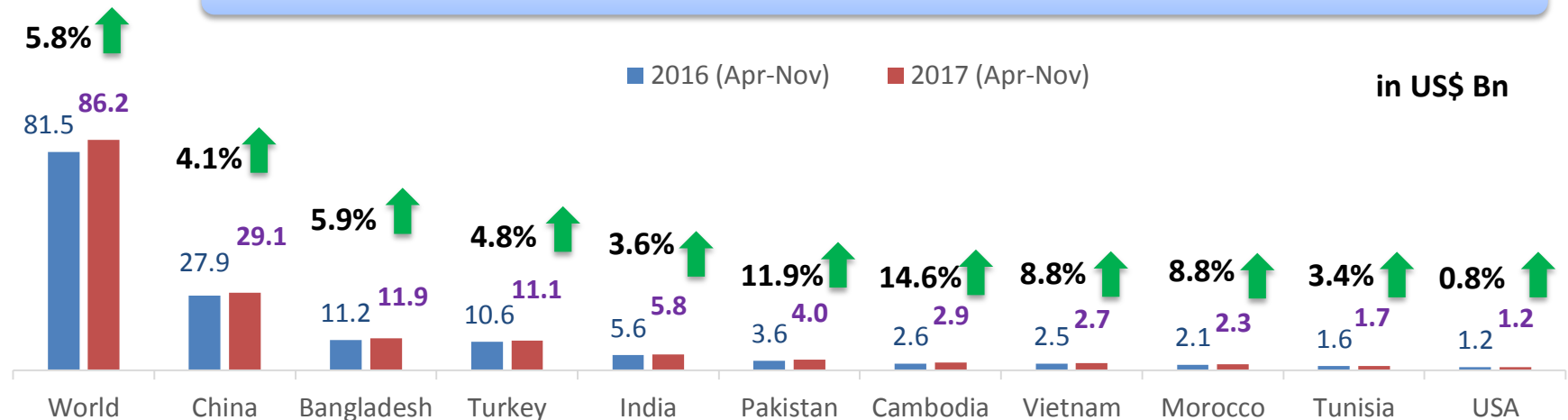
T&A imports of USA and EU has increased slightly in FY18 till date



Overall Imports and Top import Countries of USA



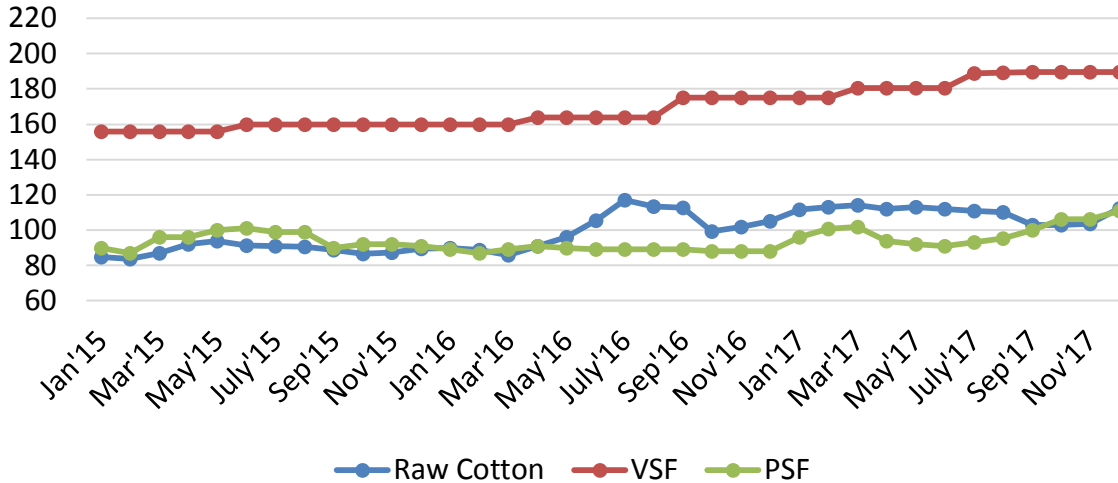
Overall Imports and Top import Countries of EU-28*



Despite fluctuations in FY18, average raw material prices increased in 9M FY18 compared to 9M FY17 (except for PC yarn)



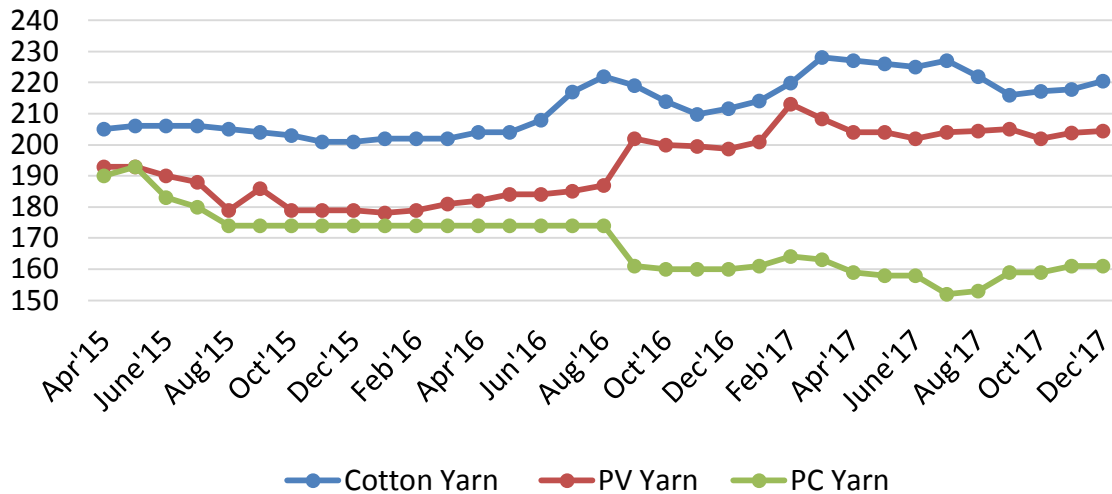
Fibre Prices Rs./Kg



Average price change in 9M FY18 as compared to 9M FY17

- 4% increase in raw cotton
- 10% increase in VSF
- 11% increase in PSF

Yarn Prices Rs./Kg



Average price change in 9M FY18 as compared to 9M FY17

- 5% increase in cotton yarn
- 6% increase in PV yarn
- 6% decrease in PC yarn (the same grew by 0.2% during Q3 FY18)

Annexure :
Wazir Textile Index (WTI) – Explanation



- 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



- EBITDA – Earnings Before Interest Tax Depreciation & Amortization
- EU – European Union
- FY – Financial Year
- 9M FY 18 – April 2017 to December 2017
- 9M FY 17 – April 2016 to December 2016
- 9M FY 16 – April 2015 to December 2015
- GDP – Gross Domestic Product
- HK – Hong Kong
- 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
- YTD – Year till date

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