



# Wazir Textile Index

Half Yearly Report: H1 FY 2018-19

December 2018

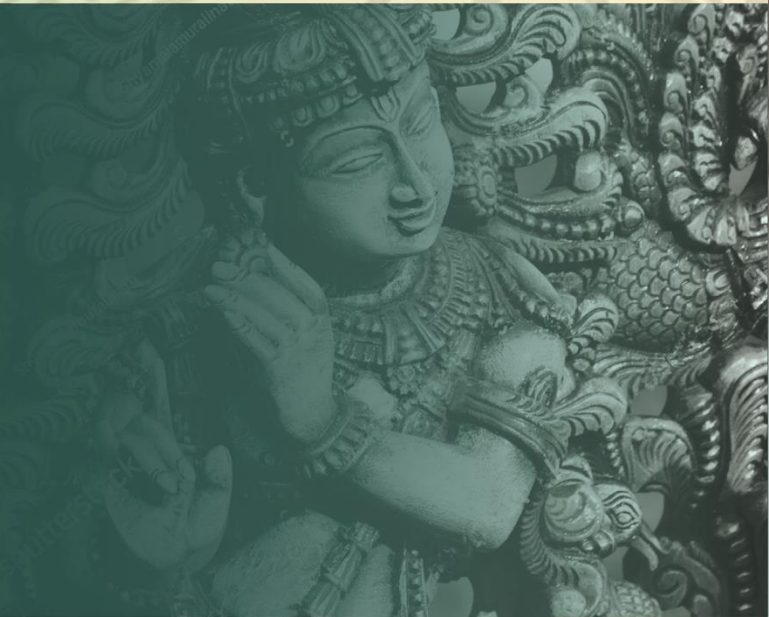
**wazir**  
ADVISORS

# Contents

- Wazir Textile Index – H1 FY19
- Half Yearly Financial Performance – H1 FY19
- Market Update
  - Key Economic Indicators
  - Export – Import Trend
  - Raw Material Price Trend
- Annexure: Wazir Textile Index – Explanation



## Wazir Textile Index (WTI) – H1 FY19



## List of Companies included as part of financial analysis

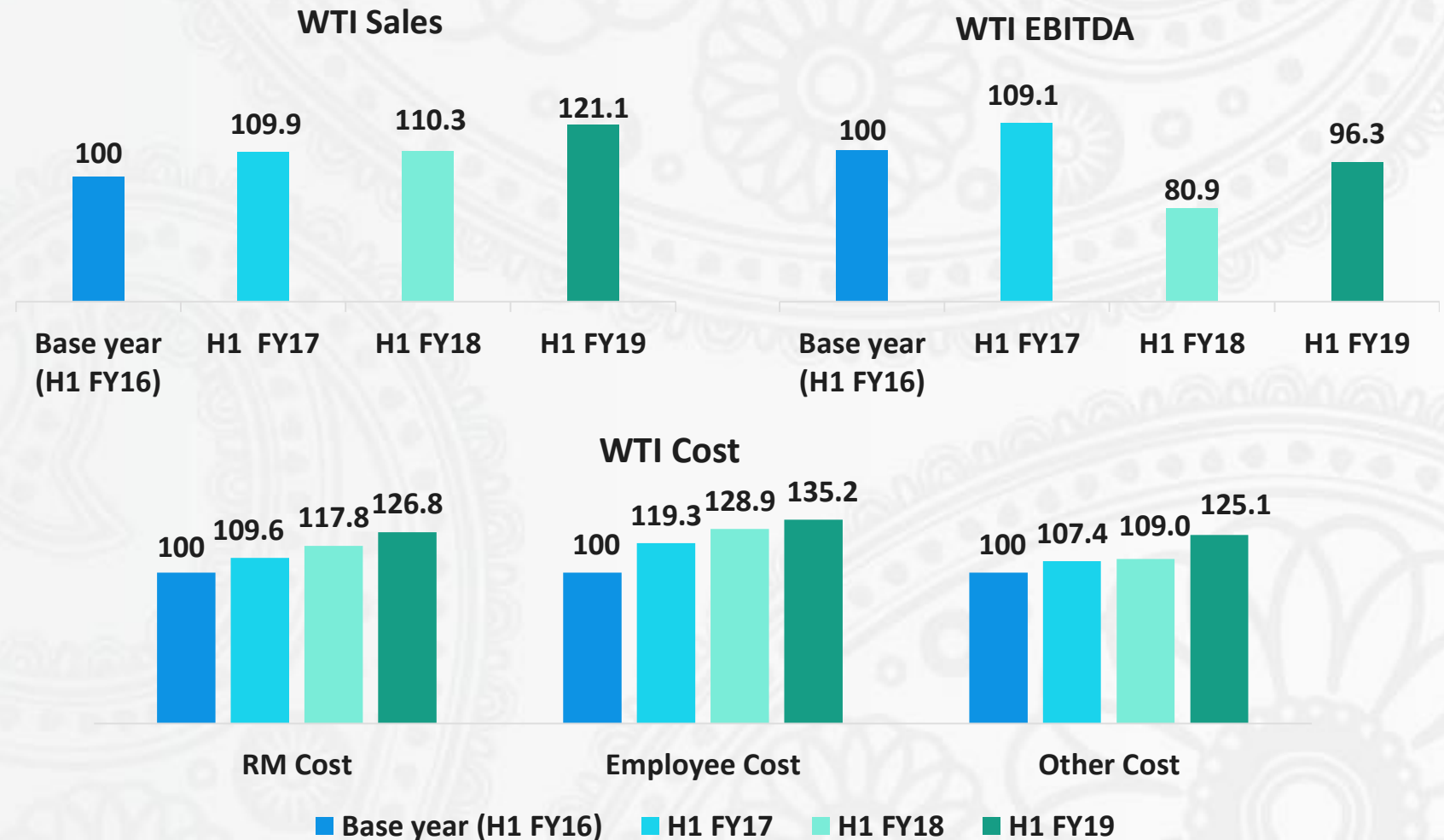
**Top listed textile companies in terms of sales turnover in FY18 have been included for financial analysis**

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) – H1 FY19

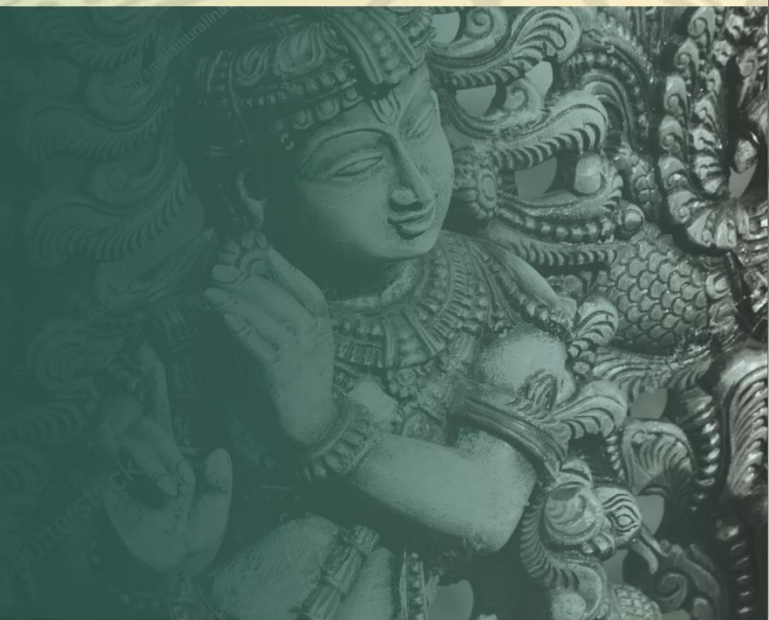
Sales is increasing and there is revival in EBITDA margins



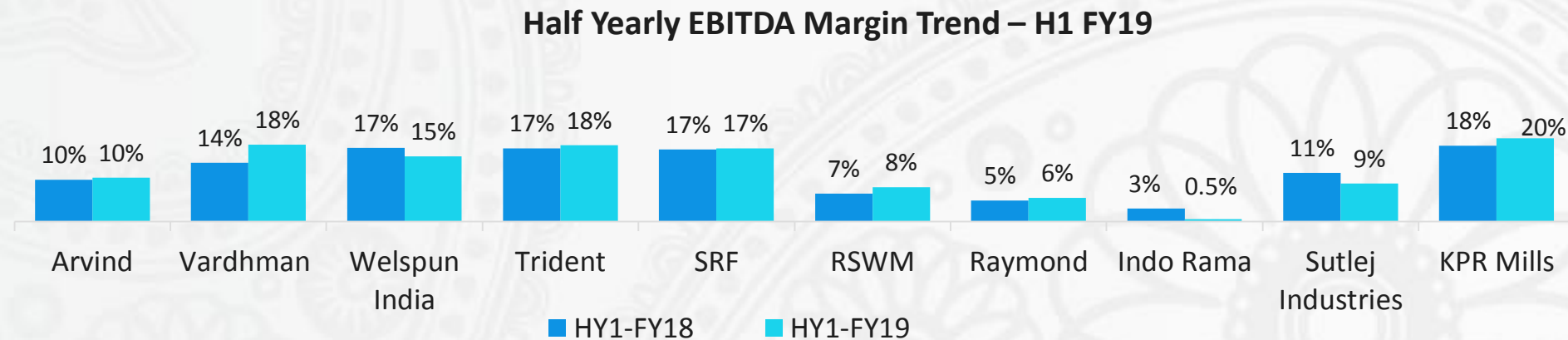
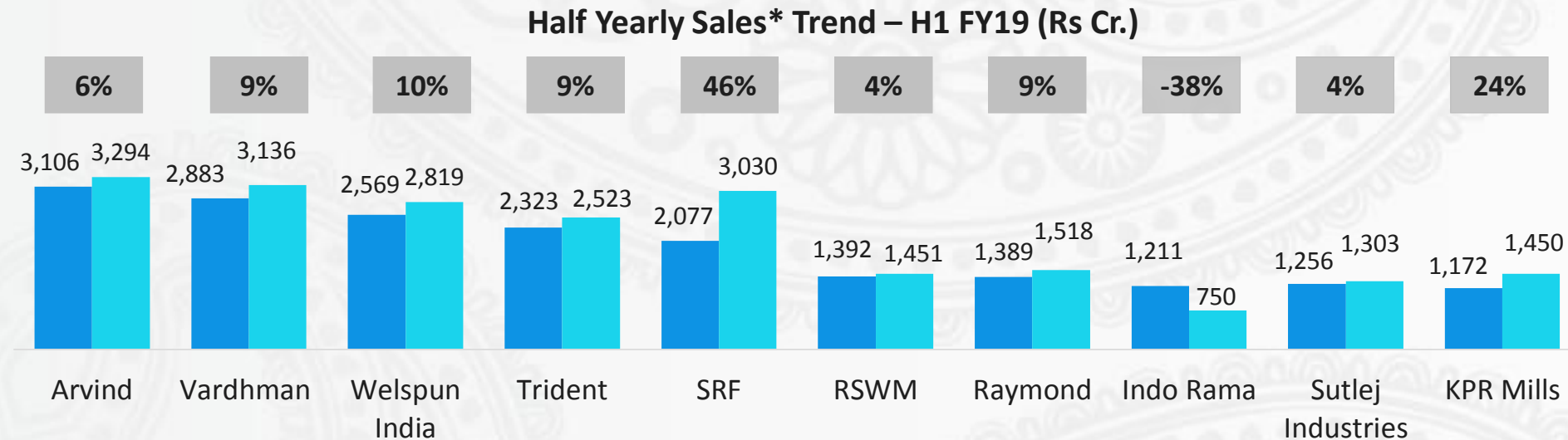
- In H1 FY19, overall sales and EBITDA increased significantly by 10% and 19% respectively.
- Raw material and employee costs have continued to increase during first half of FY19.



# Half Yearly Financial Performance – H1 FY19



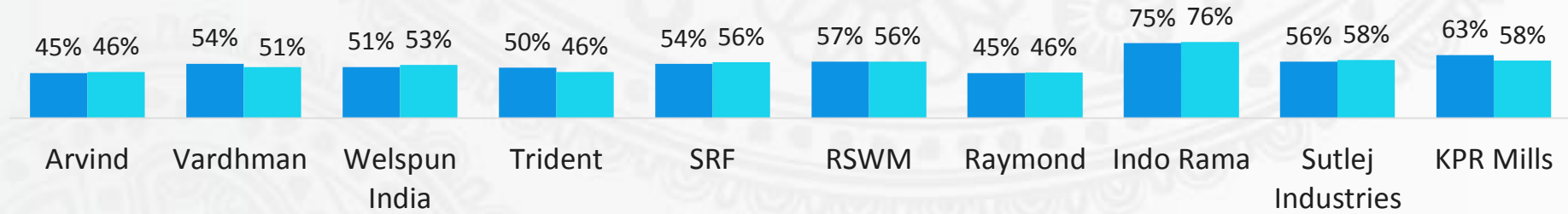
Overall Revenue and EBITDA margin witnessed growth in H1 FY19



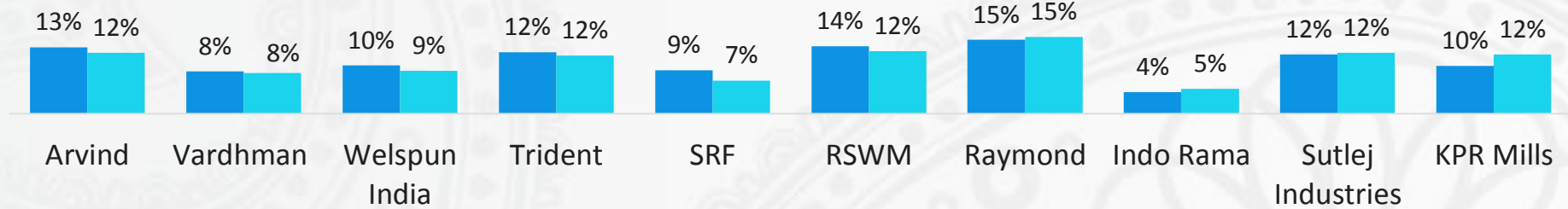
- Sales of top companies (except Indo Rama) have grown in first half of FY 2018-19.
- SRF has shown the highest sales growth of 46% in H1 FY19, while Indo Rama Synthetics witnessed the highest decline, falling 38% over the same period.
- Except Welspun, Sutlej Textiles and Indo Rama Synthetics, EBITDA margins of all other top companies have increased or remained stagnant in H1 FY19.

## Half yearly Analysis - Major expenses as % of sales

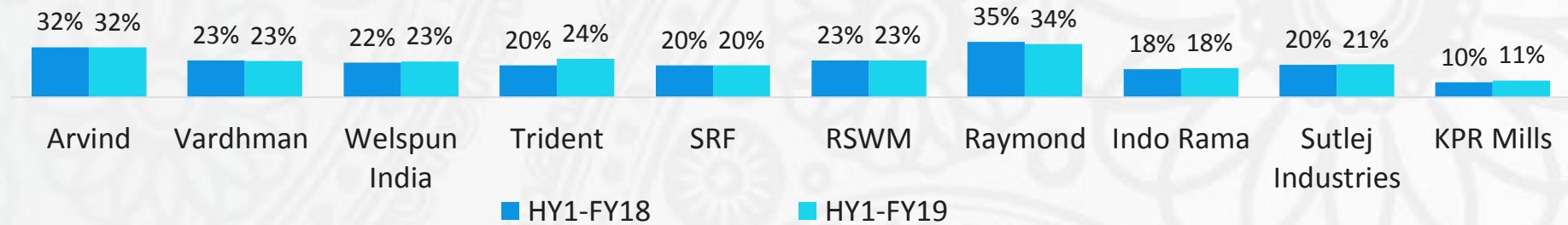
### Raw Material Cost – % of sales



### Employee Cost – % of sales



### Other Costs – % of sales



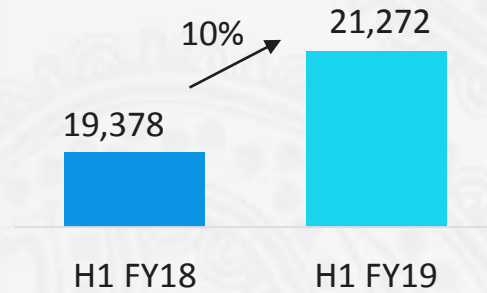
■ HY1-FY18

■ HY1-FY19



# Consolidated analysis for the selected top players

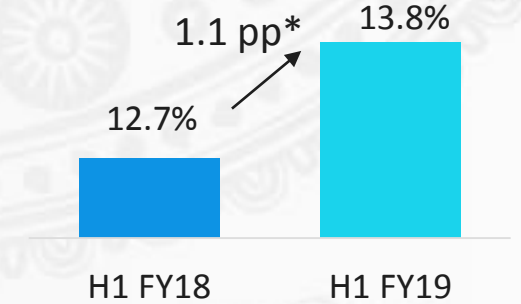
**Consolidated Sales – Rs. Cr**



On consolidated level, Sales have increased by 10% in H1 FY19 as compared to H1 FY18

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

**Average EBITDA %**

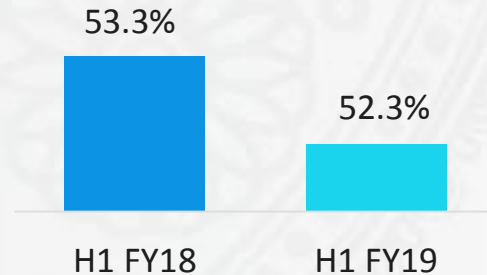


Average RM cost declined marginally as compared to first half of previous year

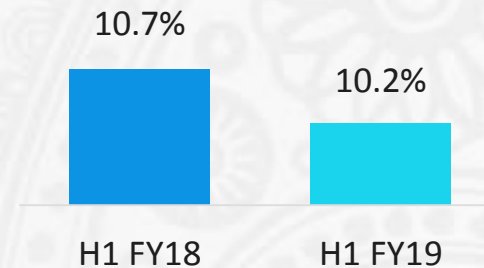
Average employee cost also declined marginally

Other expenses increased by 1 p.p.

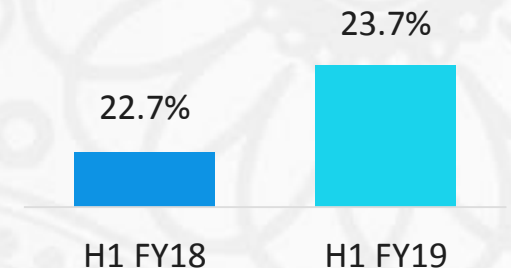
**Average RM Cost - % of Sales**



**Average Employee Cost - % of Sales**

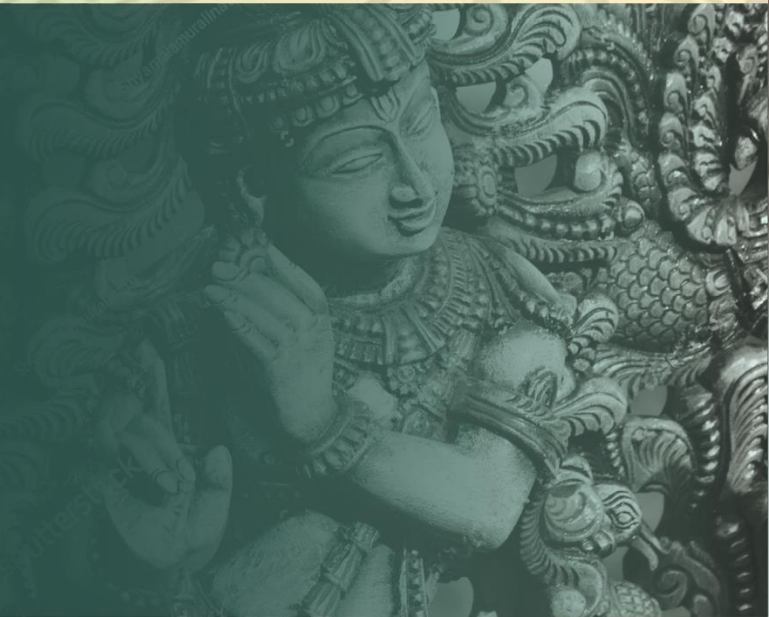


**Average Other Expenses - % of Sales**

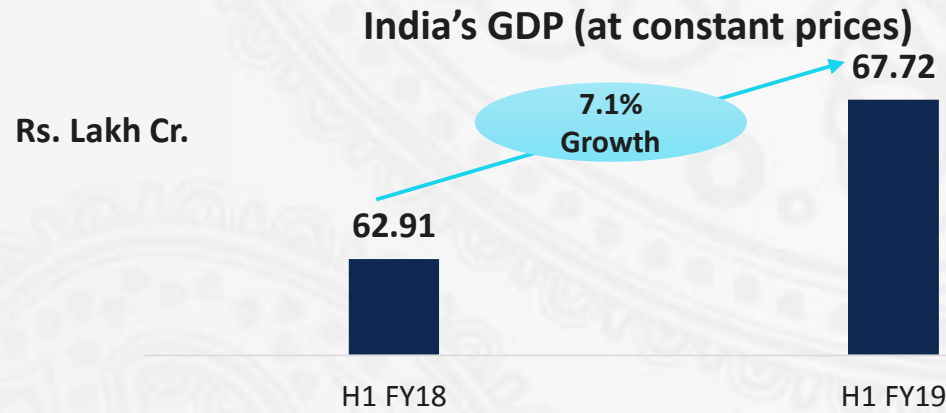




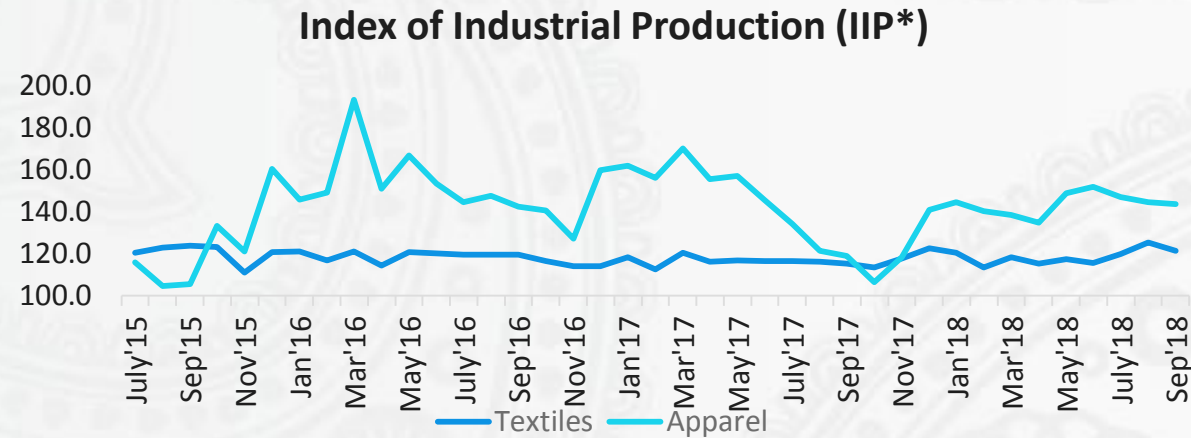
## Market Update



# Key Economic Indicators



India's real GDP has grown by 7.1% in H1 FY19 compared to H1 FY18



Average IIP for textiles and apparel increased by 2% and 5% respectively in H1 FY19 compared to H1 FY18



Average WPI for textiles increased by 3% in H1 FY19 compared to H1 FY18

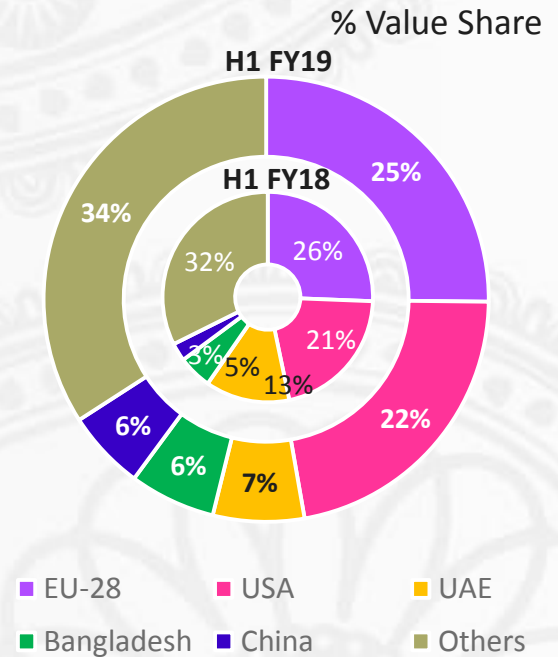
India's overall T&A\* exports have declined by 1% in H1 FY19, Apparel exports declined heavily by 16%

However, Fibre, Filament and Yarn exports witnessed double digit growth

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

Category	Q1 FY18	Q1 FY19	% Change	Q2 FY18	Q2 FY19	% Change	H1 FY18	H1 FY19	% change
Fibre	632	854	35%	372	540	45%	1,004	1,393	39%
Filament	270	352	30%	310	335	8%	580	686	18%
Yarn	879	1,297	48%	1,007	1,241	23%	1,886	2,538	35%
Fabric	1,148	1,145	-0.3%	1,169	1,182	1%	2,318	2,326	0.4%
Apparel	4,906	4,050	-17%	4,277	3,673	-14%	9,184	7,723	-16%
Home Textile	1,280	1,294	1%	1,381	1,438	4%	2,660	2,731	3%
Others	438	491	12%	518	527	2%	956	1,018	7%
<b>Total</b>	<b>9,553</b>	<b>9,481</b>	<b>-1%</b>	<b>9,035</b>	<b>8,935</b>	<b>-1%</b>	<b>18,588</b>	<b>18,417</b>	<b>-1%</b>

### India's Top T&A Export Markets



- Export of all the categories except apparel have grown in H1 FY19 as compared to H1 FY18. Overall T&A exports declined by 1% in first half of FY 2018-19.
- Apparel exports saw a decline of 16% this half year. Decline in apparel exports is largely attributed to declining exports to UAE, which have declined sharply by 55% during H1 FY19. Overall T&A exports to UAE declined by ~50% during this half year.
- EU, USA and UAE remains the top export destinations for India's T&A products.

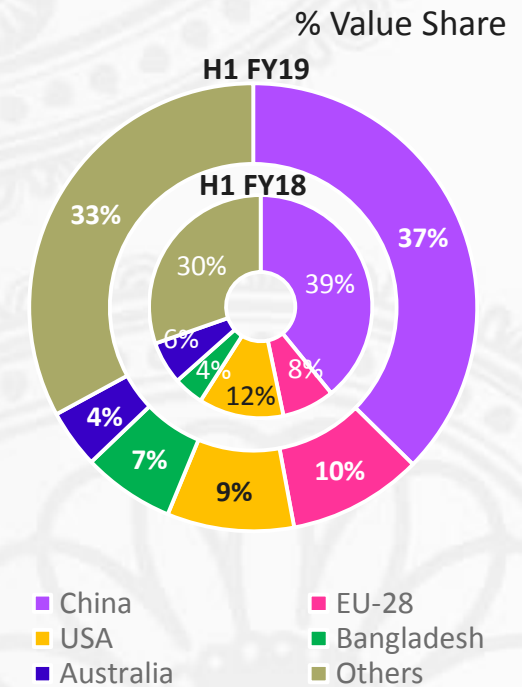
India's T&A\* imports have increased by 4% in H1 FY19.

Apparel imports increased significantly by 56% in H1 FY19

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

Category	Q1 FY18	Q1 FY19	% Change	Q2 FY18	Q2 FY19	% Change	H1 FY18	H1 FY19	% change
Fibre	583	502	-14%	670	467	-30%	1,254	969	-23%
Filament	156	167	7%	159	182	15%	315	349	11%
Yarn	101	114	14%	105	103	-2%	205	217	6%
Fabric	603	661	10%	544	614	13%	1,148	1,275	11%
Apparel	140	196	40%	208	346	66%	347	541	56%
Home Textiles	59	58	-2%	85	90	6%	144	148	3%
Others	139	171	23%	144	171	19%	283	342	21%
<b>Total</b>	<b>1,781</b>	<b>1,869</b>	<b>5%</b>	<b>1,915</b>	<b>1,972</b>	<b>3%</b>	<b>3,696</b>	<b>3,841</b>	<b>4%</b>

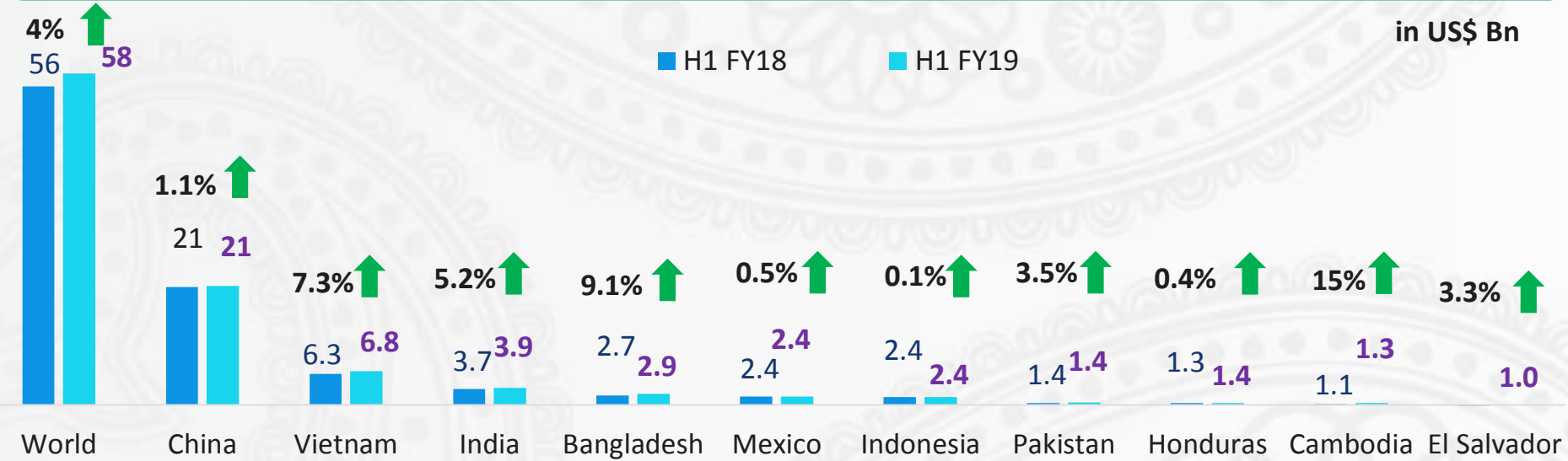
### India's Top T&A Import Markets



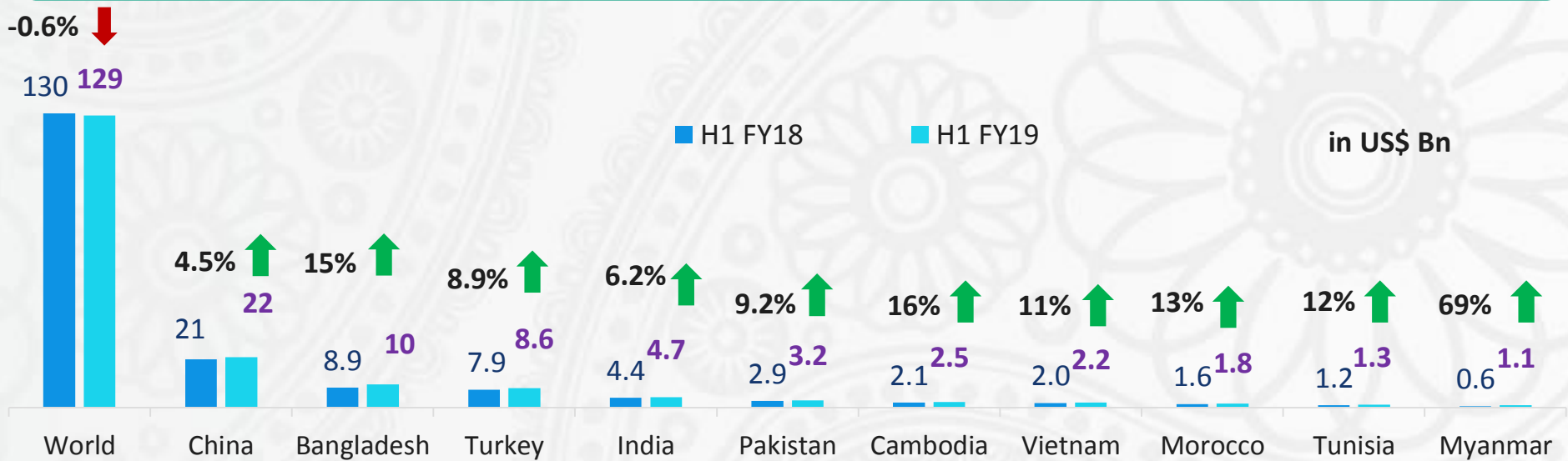
- Import of all categories except Fibre have increased in H1 FY19.
- Apparel imports increased heavily by 56%, primarily due to impact of reduced effective import duties post GST for imports from countries like Bangladesh & China.
- China continues to be the largest import partner for India, however imports from china declined marginally by 0.4% when compared y-o-y.

T&A imports of USA increased in H1 FY19 while that of EU declined marginally

### Overall Imports and Top import Countries of USA



### Overall Imports and Top import Countries of EU-28\*

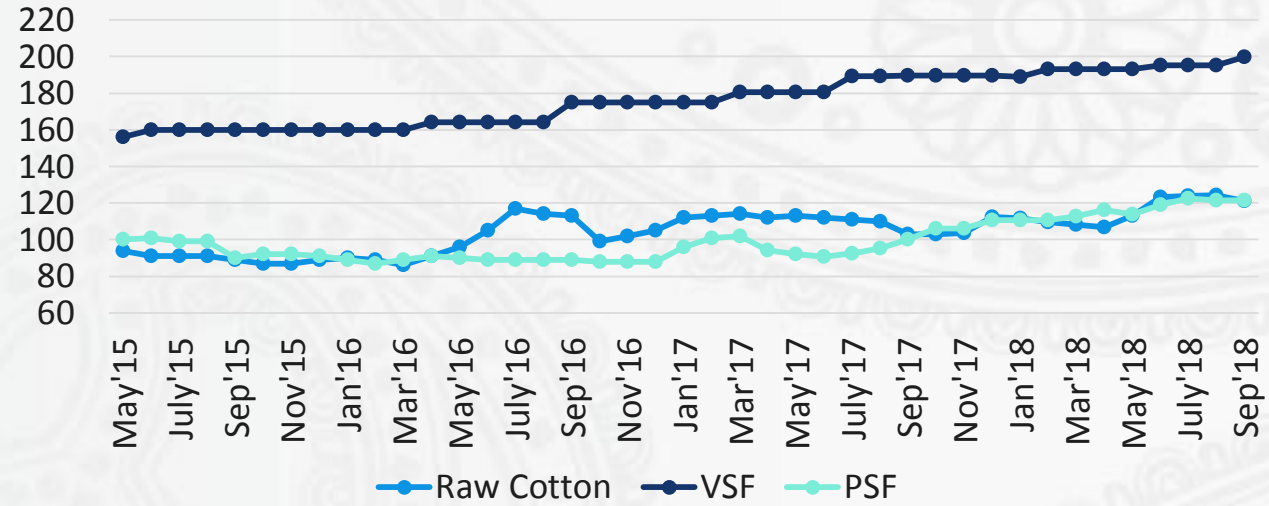


Source: OTEXA, EUROSTAT

\* EU-28 data excludes intra EU trade

Average raw material prices increased in H1 FY19 compared to H1 FY18

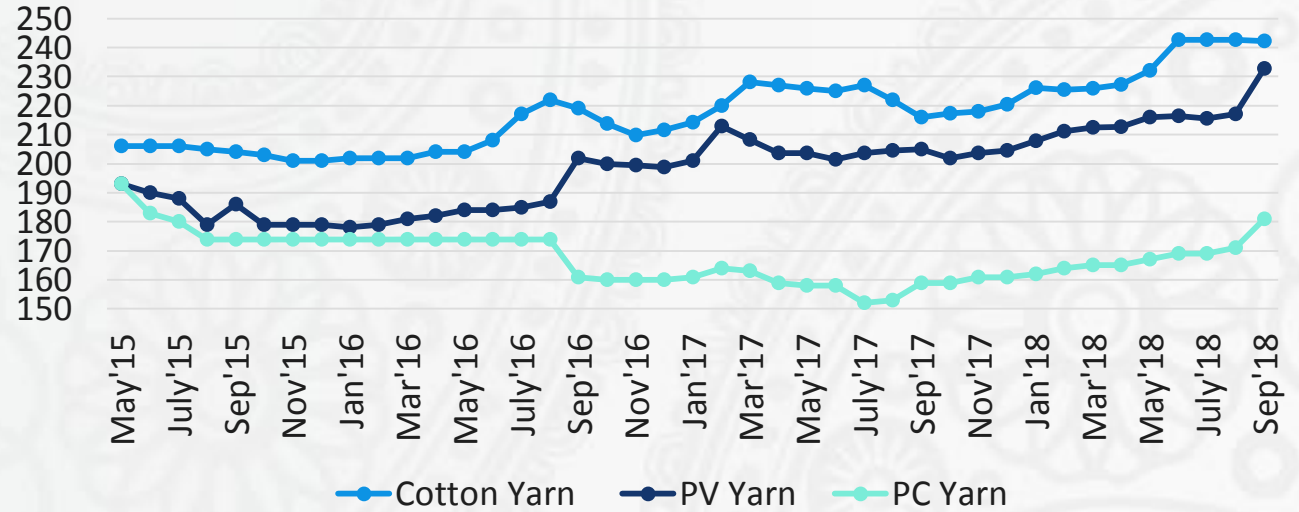
### Fibre Prices Rs./Kg



Average price change in H1 FY19 as compared to H1 FY18

- 8% increase in raw cotton
- 6% increase in VSF
- 26% increase in PSF

### Yarn Prices Rs./Kg

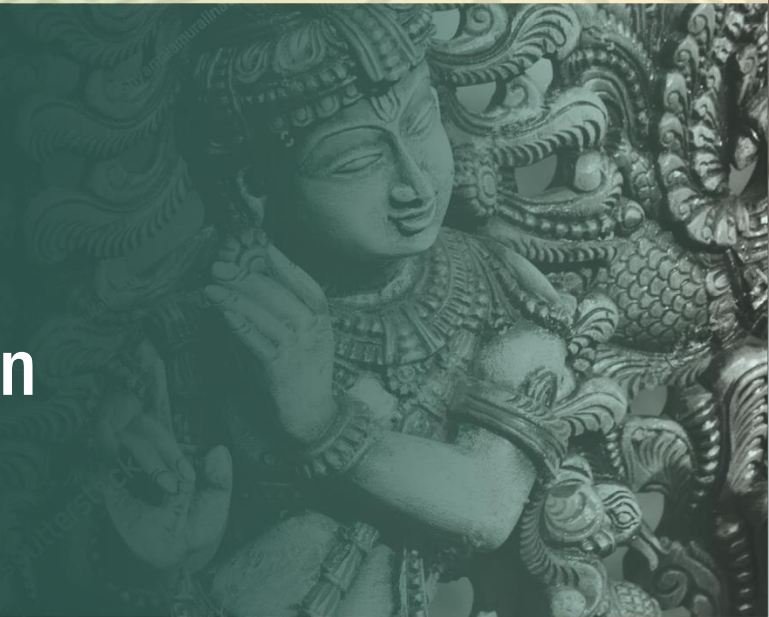


Average price change in H1 FY19 as compared to H1 FY18

- 6% increase in cotton yarn
- 7% 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

- 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
- H1 FY16– April 2015 to September 2015
- H1 FY17 – April 2016 to September 2016
- H1 FY18 – April 2017 to September 2017
- H1 FY19 – April 2018 to September 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

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