



Wazir Textile Index (Textile Sector Performance Update)





- Wazir Textile Index – H1 FY18
- Half Yearly Financial Performance – H1 FY18
- Market Update
 - Key Economic Indicators
 - Export – Import Trend
 - Raw Material Price Trend
- Annexure: Wazir Textile Index – Explanation

Wazir Textile Index (WTI) – H1 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

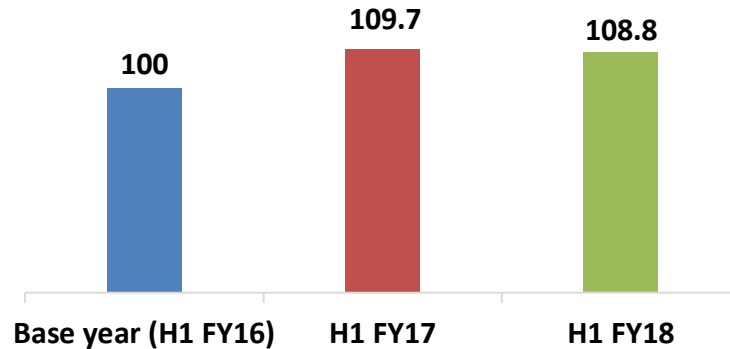
S.No	Company Name	Annual Sales* - FY17 (Rs Cr)
1	Arvind	5,956
2	Vardhman	5,728
3	Welspun India	5,639
4	Trident	4,687
5	JBF Industries	3,913
6	SRF	3,883
7	RSWM	2,987
8	Raymond	2,826
9	Indo Rama Synthetics (India)	2,468
10	Sutlej Industries	2,250

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

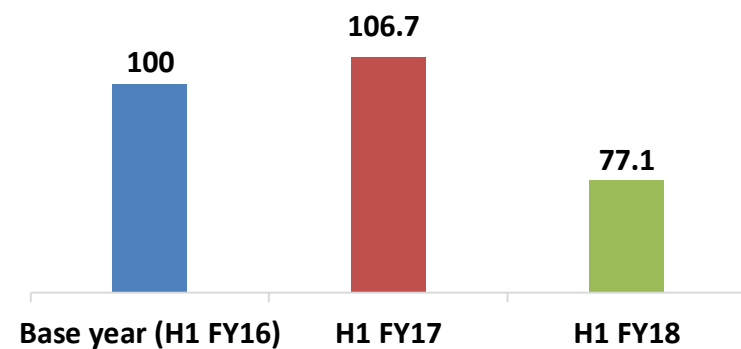
Wazir Textile Index (WTI) – H1 FY18



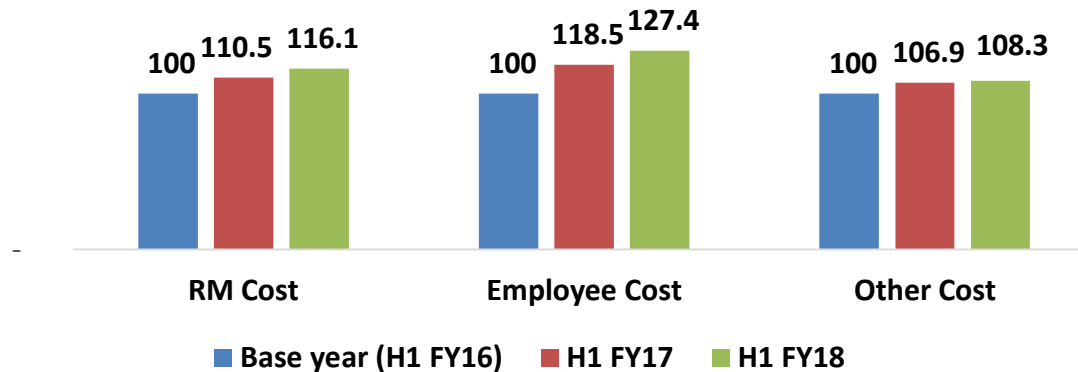
WTI Sales



WTI EBITDA



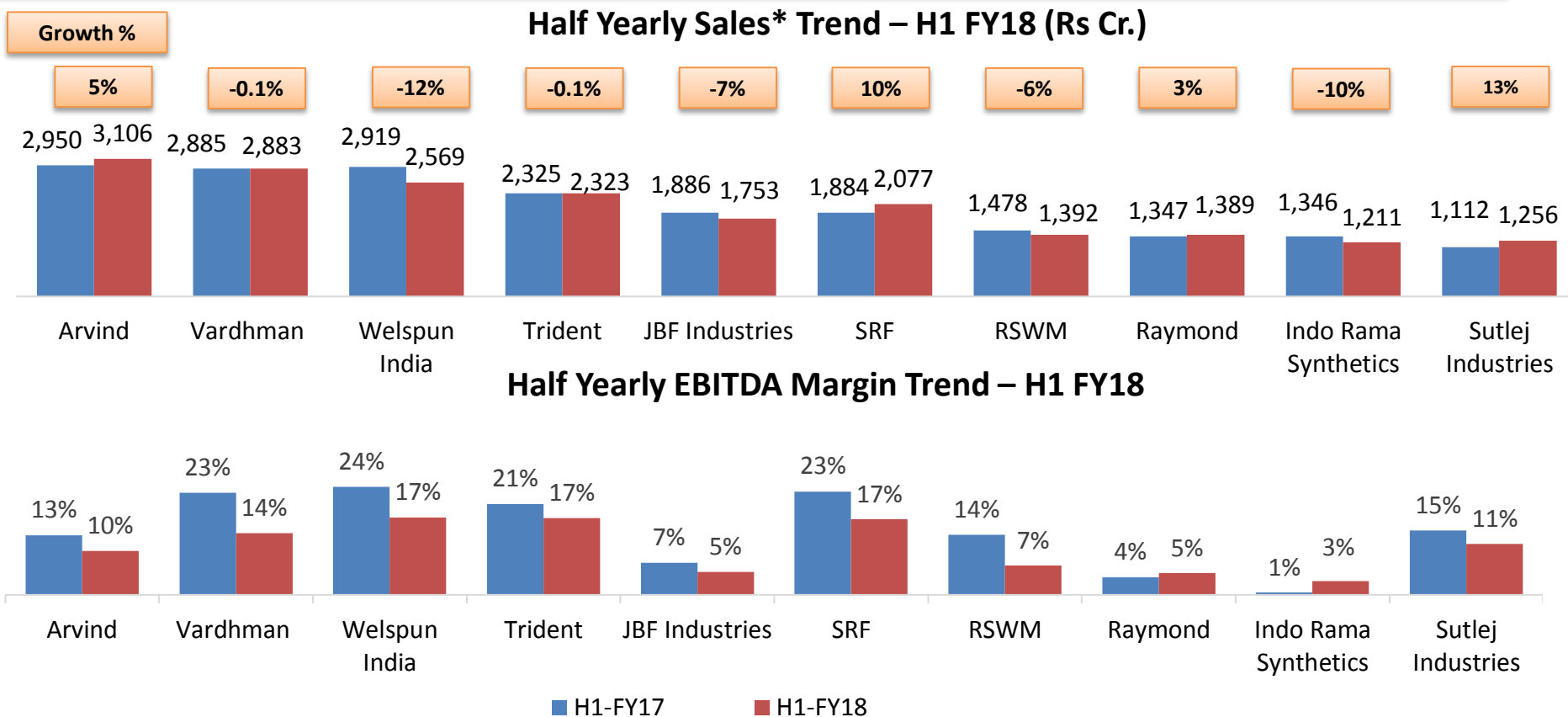
WTI Cost



- In H1 FY18, overall sales decreased by 1% compared to H1 FY17, while EBITDA decreased significantly by 28%.
- Due to introduction of GST, there was an impact on demand in Q2 which further impacted overall sales and profitability in H1 FY18
- Also there has been increase in employee cost and RM cost which has further dented the EBITDA margins

Half Yearly Financial Performance – H1 FY18

Overall Revenue and EBITDA margin have declined in H1 FY18

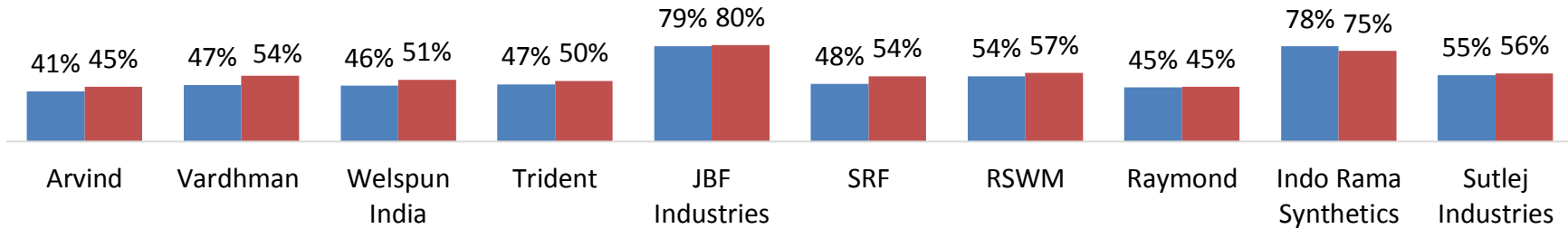


- Overall majority of top companies observed subdued performance in H1 FY18
- Sutlej has shown the highest sales growth of 13% in H1 FY18, while Welspun India witnessed the highest decline, falling 12% over the same period.
- Except Indo Rama Synthetics and Raymond, all other top companies have shown decline in their EBITDA margins in H1 FY18.

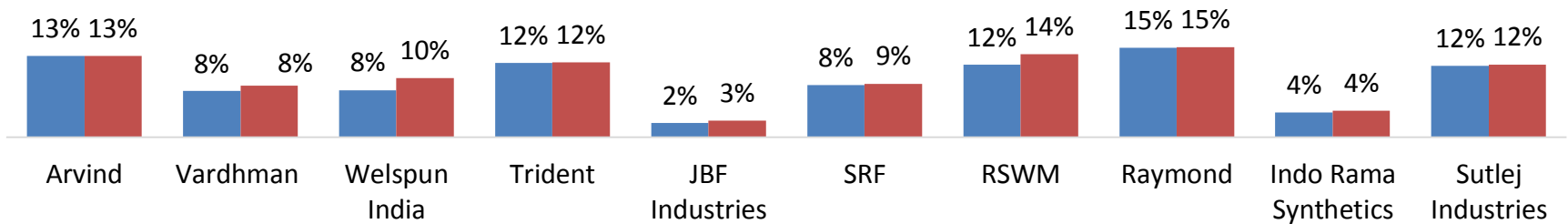
Half Yearly analysis – Major expenses as % of sales



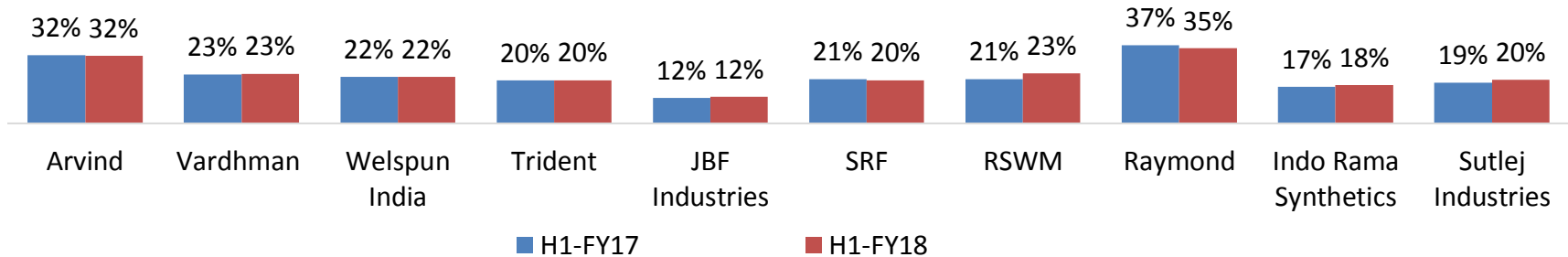
Raw Material Cost – % of sales



Employee Cost – % of sales



Other Costs – % of sales



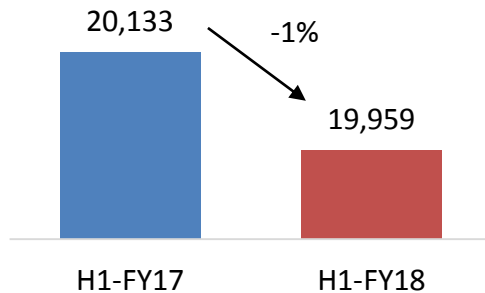
■ H1-FY17

■ H1-FY18

Consolidated analysis for the selected top players



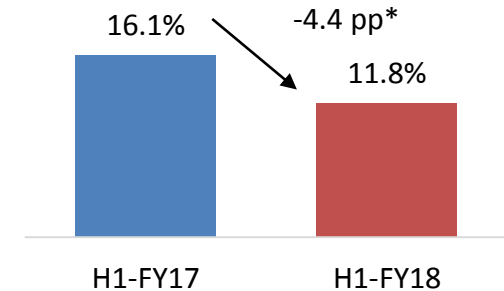
Consolidated Sales – Rs. Cr



On consolidated level, Sales have decreased by 1% in H1 FY18 as compared to H1 FY17

Consolidated EBITDA margin decreased by 4.4 percentage points for the selected top companies

Average EBITDA %

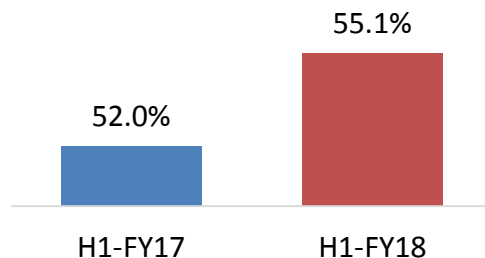


Average RM cost have increased along with increase in prices compared to previous half-year

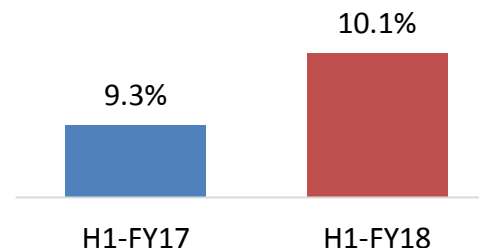
Average employee cost have continued to increase because of increase in labour wages.

Other expenses also increased in H1 FY18

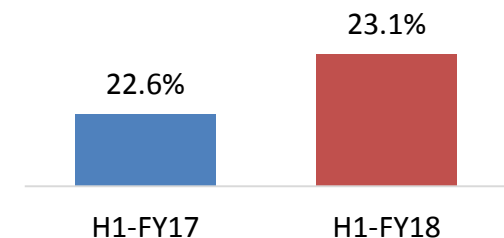
Average RM Cost - % of Sales



Average Employee Cost - % of Sales

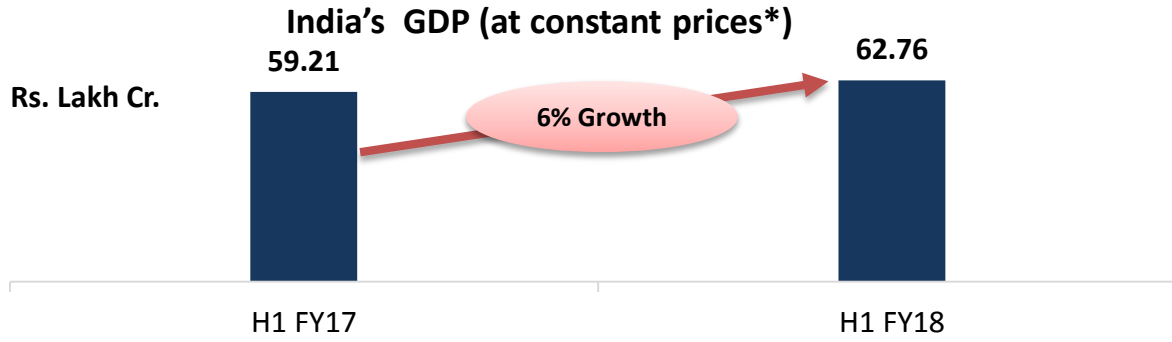


Average Other Expenses - % of Sales

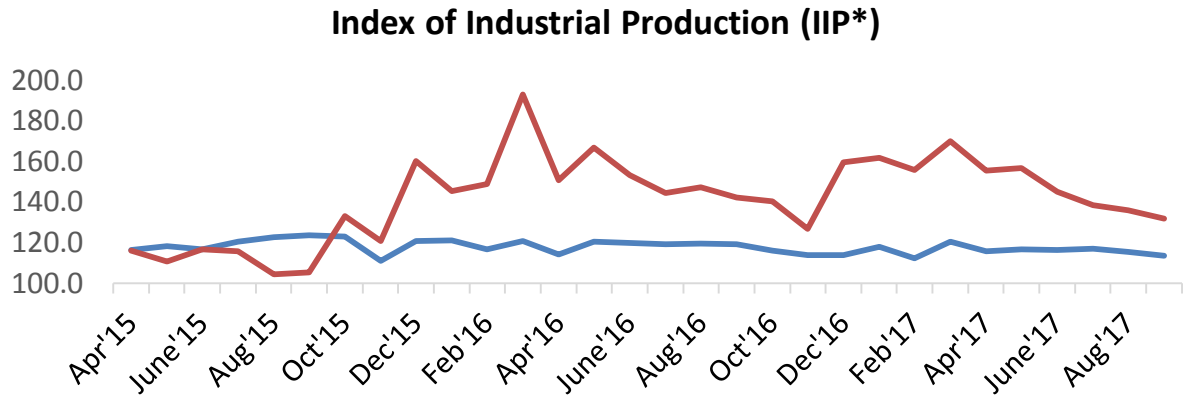


Market Update

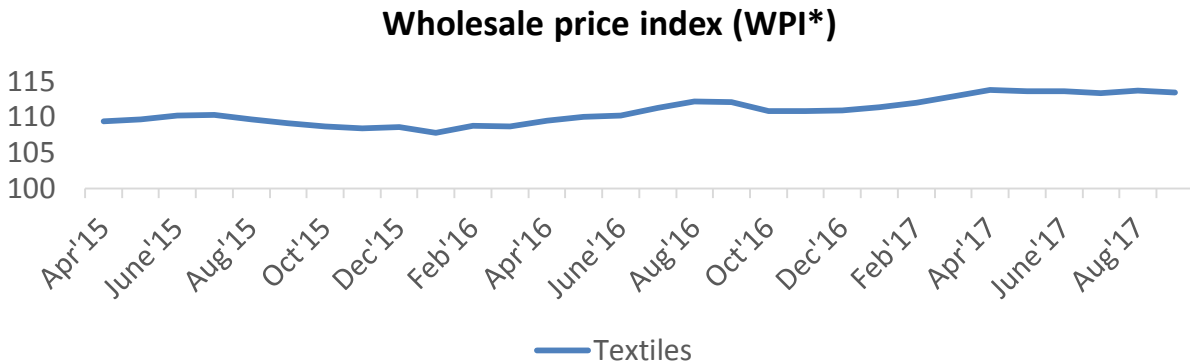
Key Economic Indicators



India's real GDP has grown by 6% in H1 FY18 compared to H1 FY17



Average IIP for textiles has declined by 2% while IIP for apparel has declined by 5% in H1 FY18 compared to H1 FY17



Average WPI for textiles has shown an increase of 2.4% in H1 FY18 compared to H1 FY17

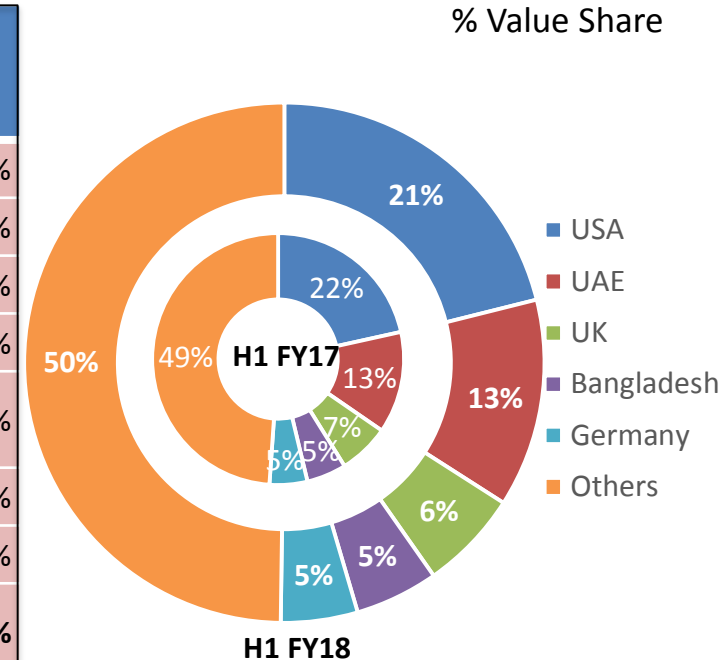
India's T&A* exports have increased by 8% in H1 FY18



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

Categories	Q1 FY17	Q1 FY18	% Change	Q2 FY17	Q2 FY18	% Change	H1 FY17	H1 FY18	% Change
Apparel	4,391	4,906	12%	4,074	4,277	5%	8,464	9,183	8%
Fabric	1,145	1,148	0%	1,133	1,167	3%	2,278	2,316	2%
Fibre	426	632	48%	294	370	26%	720	1,002	39%
Filament	268	270	1%	261	309	18%	530	580	9%
Home Textiles	1,247	1,280	3%	1,290	1,380	7%	2,536	2,659	5%
Yarn	986	879	-11%	871	1,007	16%	1,857	1,886	2%
Others	385	438	14%	443	518	17%	828	955	15%
Grand Total	8,848	9,553	8%	8,365	9,028	8%	17,214	18,581	8%

India's T&A Top Export Markets



- Export of all the categories have grown in H1 FY18 as compared to H1 FY17.
- Fibre exports have grown significantly at a rate of 39% driven by cotton fibre exports growth of ~70%. Fibre exports to Bangladesh and China increased by 43% and 33% respectively in H1 FY18 as compared to H1 FY17.
- Exports of yarn revived significantly in Q2 FY18 against a decline of 11% in Q1 FY18 vis-à-vis FY17
- USA and UAE continue to be the two largest export markets with a cumulative share of ~35%.

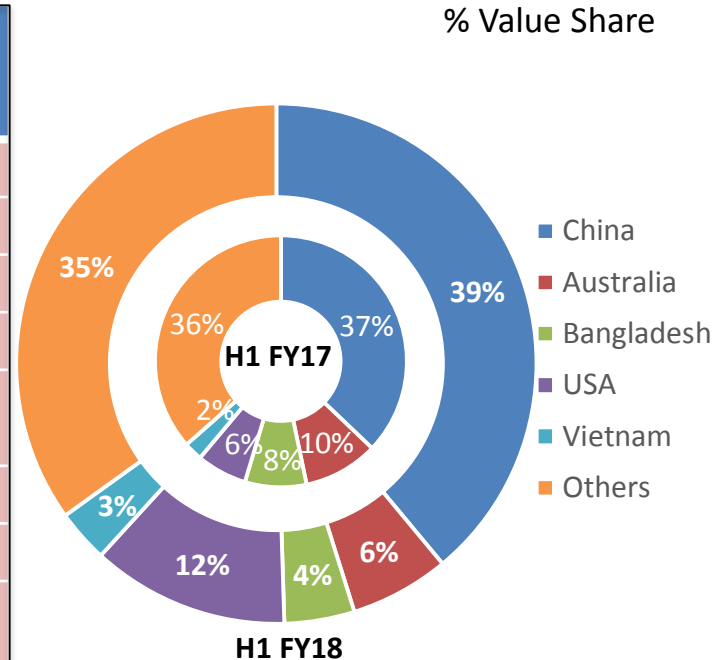
India's T&A imports have increased by 14% in H1 FY18



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

Categories	Q1 FY17	Q1 FY18	% Change	Q2 FY17	Q2 FY18	% Change	H1 FY17	H1 FY18	% Change
Apparel	123	140	13%	185	207	12%	308	347	13%
Fabric	471	603	28%	475	544	15%	946	1,147	21%
Fibre	386	583	51%	725	670	-8%	1,111	1,254	13%
Filament	140	156	12%	141	159	12%	281	314	12%
Home Textiles	66	59	-11%	73	85	17%	139	144	4%
Yarn	90	101	12%	89	105	17%	179	205	15%
Others	140	139	0%	133	144	9%	272	283	4%
Grand Total	1,416	1,781	26%	1,820	1,914	5%	3,236	3,695	14%

India's T&A Top Import Markets



- Import of all categories have increased during H1 FY18. Fabric imports have increased maximum in H1 compared to other categories.
- Imports of fibre reduced in Q2 after a significant increase in Q1, hence overall import growth in Q2 was lower than Q1.
- China continues to be the largest import partner for India. Import share of USA has increased significantly from 6% to 12% ,primarily due to increase in cotton imports.

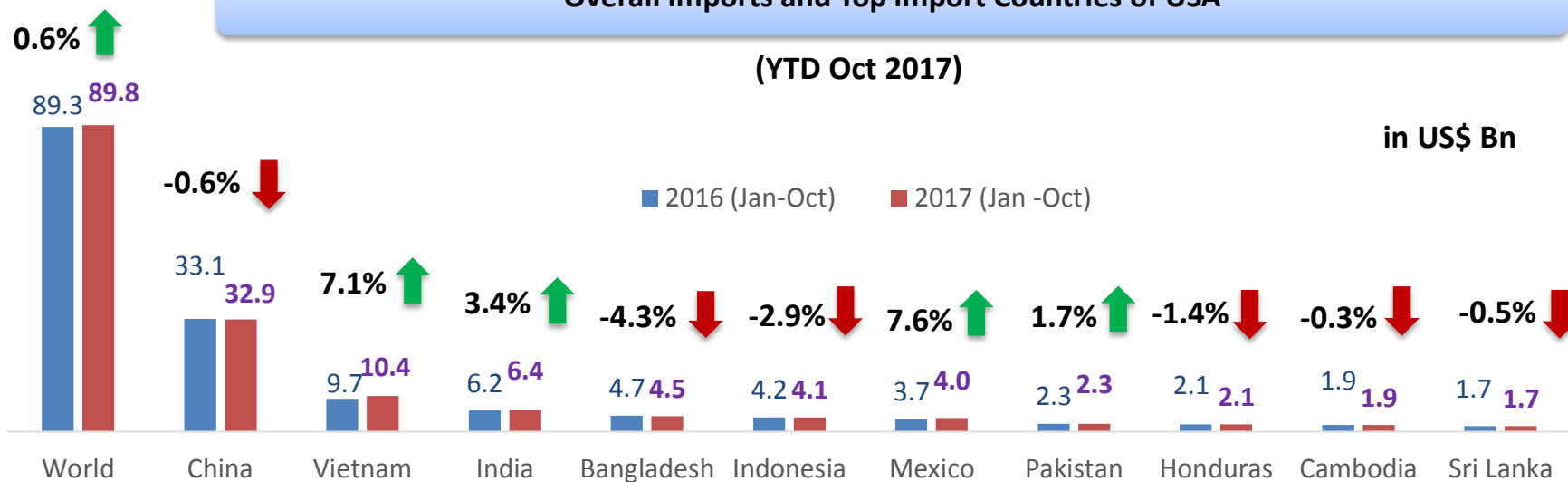
T&A imports of USA and EU has increased slightly in 2017 till date



Overall Imports and Top import Countries of USA

(YTD Oct 2017)

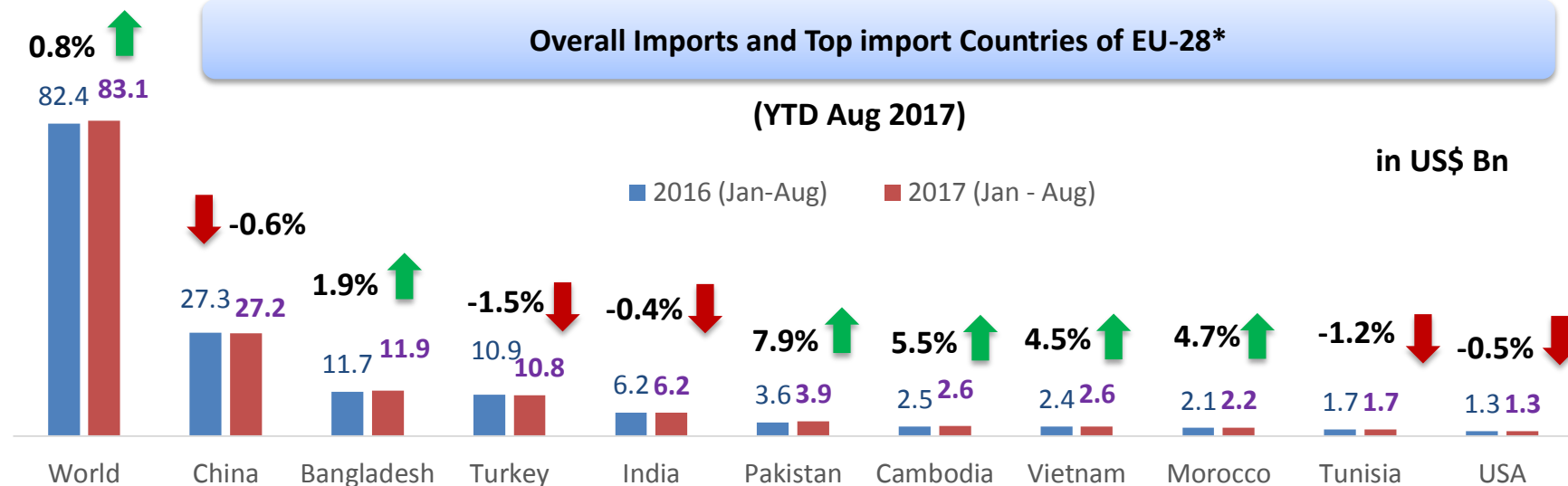
in US\$ Bn



Overall Imports and Top import Countries of EU-28*

(YTD Aug 2017)

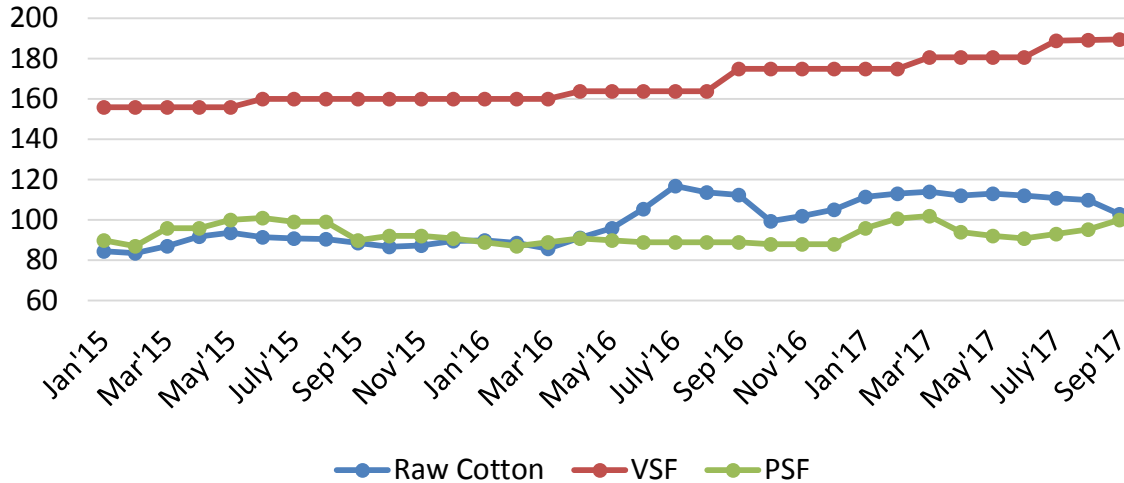
in US\$ Bn



Despite fluctuations in FY18, average raw material prices increased in H1 FY18 compared to H1 FY17 (except for PC yarn)



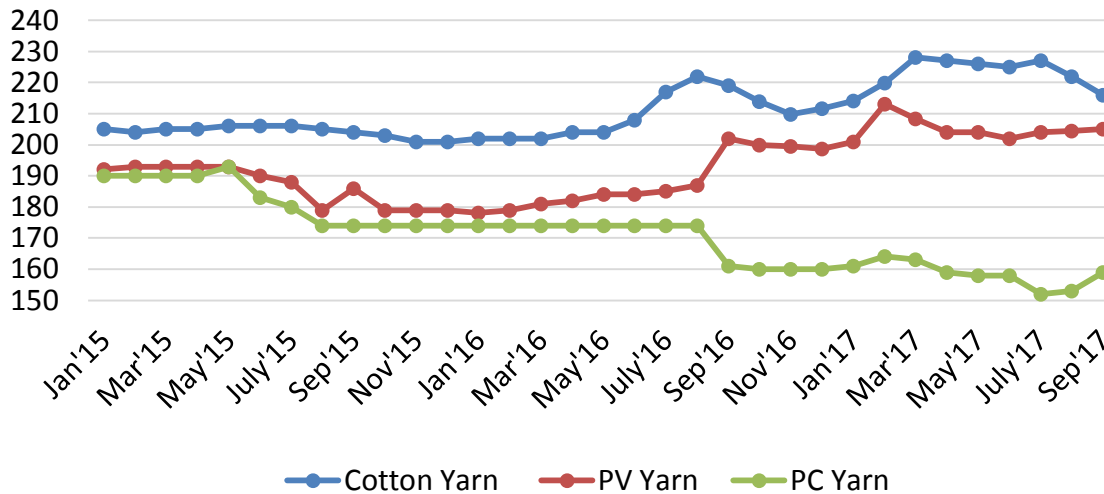
Fibre Prices Rs./Kg



Average price change in H1 FY18 as compared to H1 FY17

- 4% increase in raw cotton (however the same declined by 7% during Q2 FY18)
- 12% increase in VSF
- 5% increase in PSF

Yarn Prices Rs./Kg



Average price change in H1 FY18 as compared to H1 FY17

- 5% increase in cotton yarn (although during Q2 FY18 price decreased by 5%)
- 9% increase in PV yarn
- 9% decrease in PC yarn (the same grew by 5% during Q2 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 2016-17 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 will be 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
- H1 FY 18 – April 2017 to September 2017
- H1 FY 17 – April 2016 to September 2016
- H1 FY 16 – April 2015 to September 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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