



Wazir Textile Index

June 2018



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Wazir Textile Index (WTI) – FY18



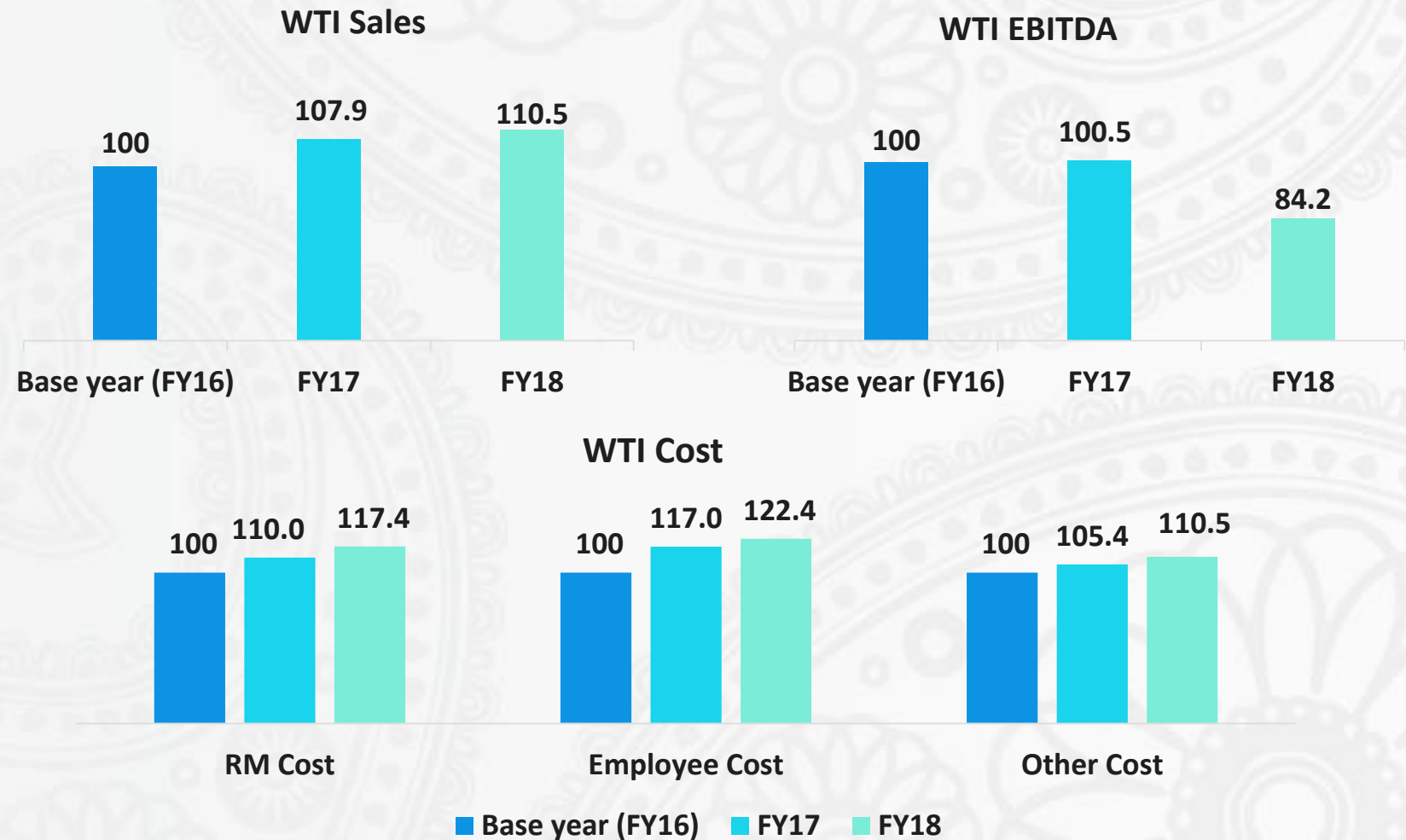
Top listed textile companies in terms of sales turnover in FY17 have been included for financial analysis

List of Companies included as part of 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	SRF	3,883
6	RSWM	2,987
7	Raymond	2,826
8	Indo Rama Synthetics (India)	2,468
9	Sutlej Industries	2,250
10	KPR Mills	2,219

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) – FY18



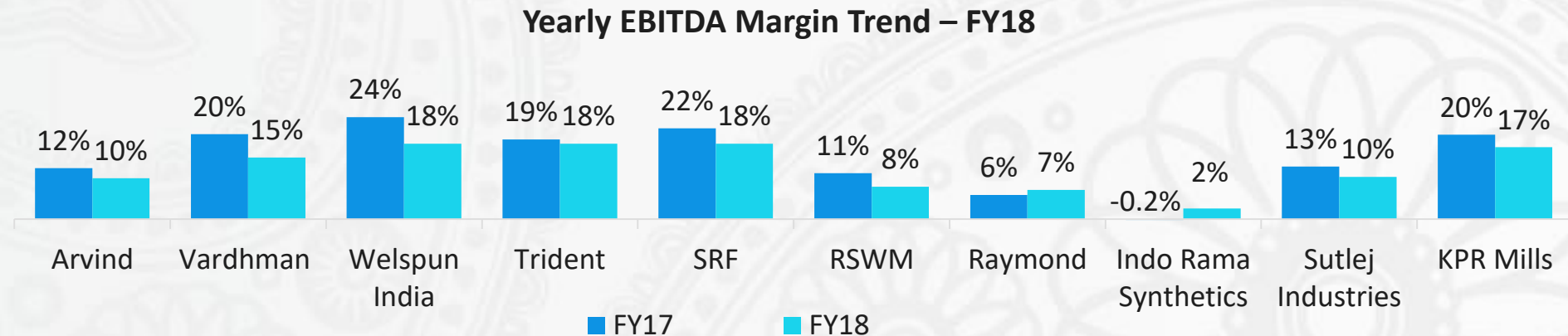
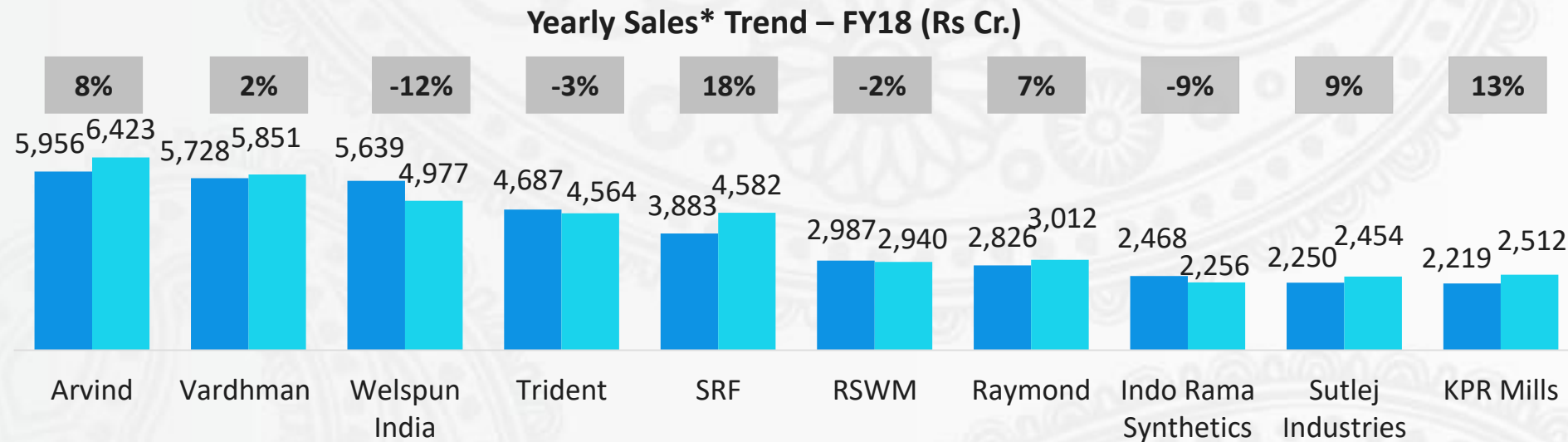
- In FY18, overall sales increased by 2% compared to FY17, while EBITDA decreased significantly by 16%
- Post GST, even though overall sales has grown in volume but the demand constraints have resulted in lower price realization leading to reduced margins
- Increasing RM cost and employee cost have also contributed to reduced EBITDA



Annual Financial Performance – FY18



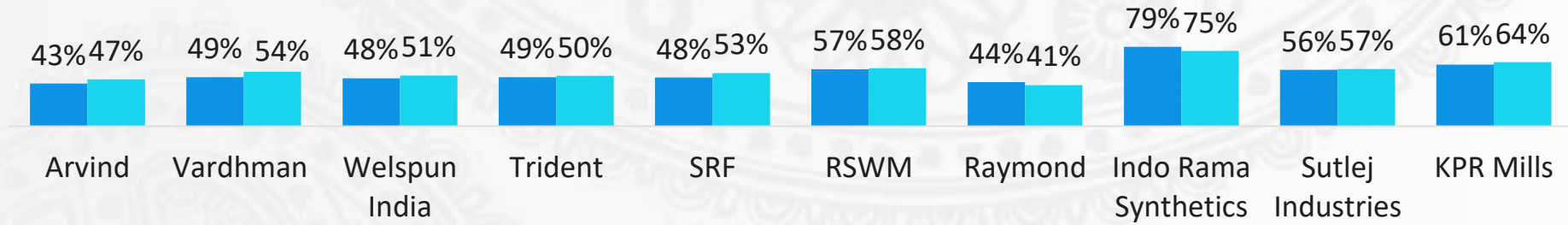
Overall Revenue Increased while EBITDA margin declined in FY18



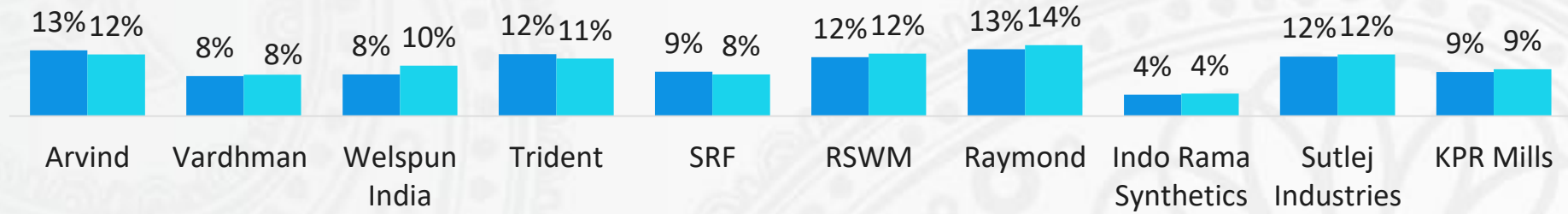
- Overall majority of top companies observed subdued performance in FY18.
- SRF has shown the highest sales growth of 18% in FY18, while Welspun India witnessed the highest decline, falling 12% over the same period.
- Except Indo Rama Synthetics and Raymond, all other top companies have shown decline in their EBITDA margins in FY18.

Yearly Analysis - Major expenses as % of sales

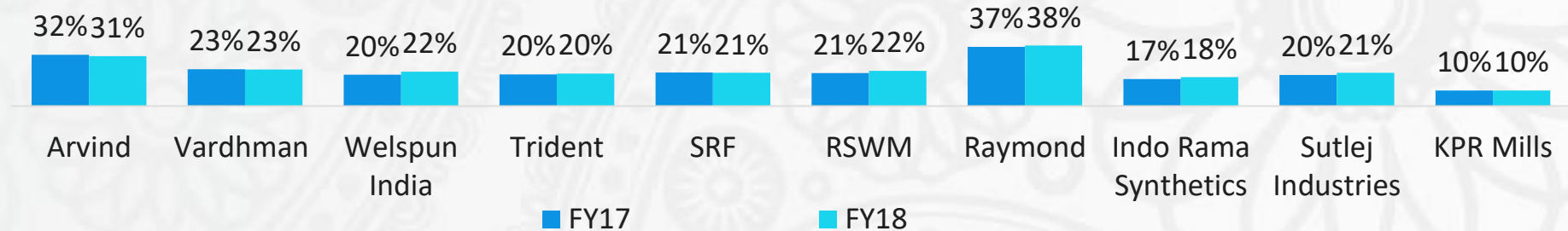
Raw Material Cost – % of sales



Employee Cost – % of sales



Other Costs – % of sales

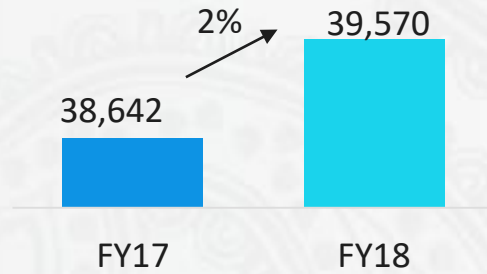


FY17

FY18

Consolidated analysis for the selected top players

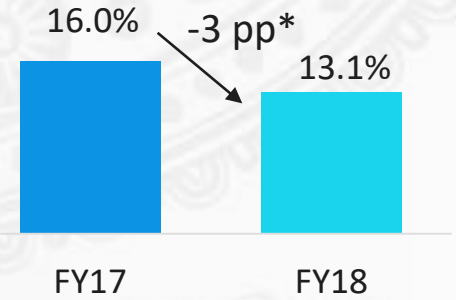
Consolidated Sales – Rs. Cr



On consolidated level, Sales have increased by 2% in FY18 as compared to FY17

Consolidated EBITDA margin decreased by 3 percentage points for the selected top companies

Average EBITDA %

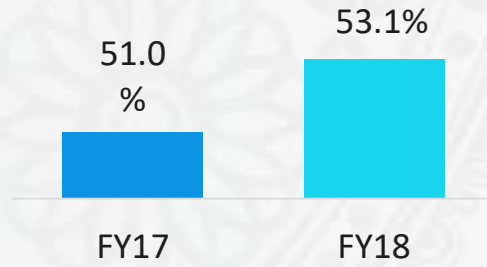


Average RM cost increased as compared to previous year, due to a combination of increased RM prices as well lower price realization post GST

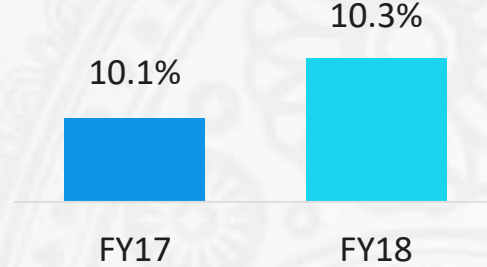
Average employee cost increased marginally as compared to previous year

Other expenses also increased as compared to previous year

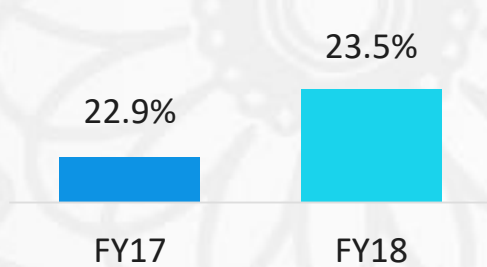
Average RM Cost - % of Sales



Average Employee Cost - % of Sales



Average Other Cost - % of Sales



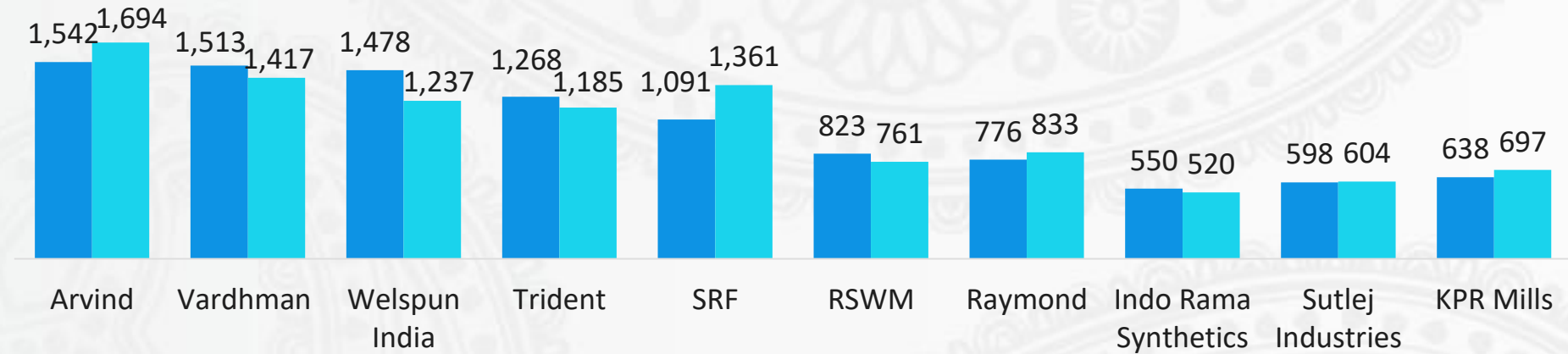


Quarterly Analysis

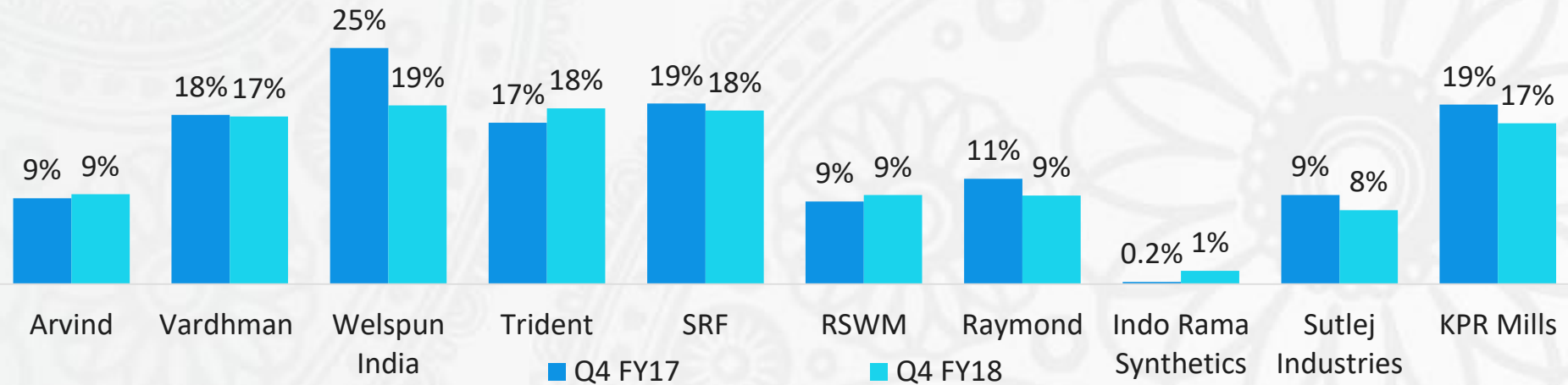


Overall revenue increased marginally while EBITDA margin declined in Q4 FY18

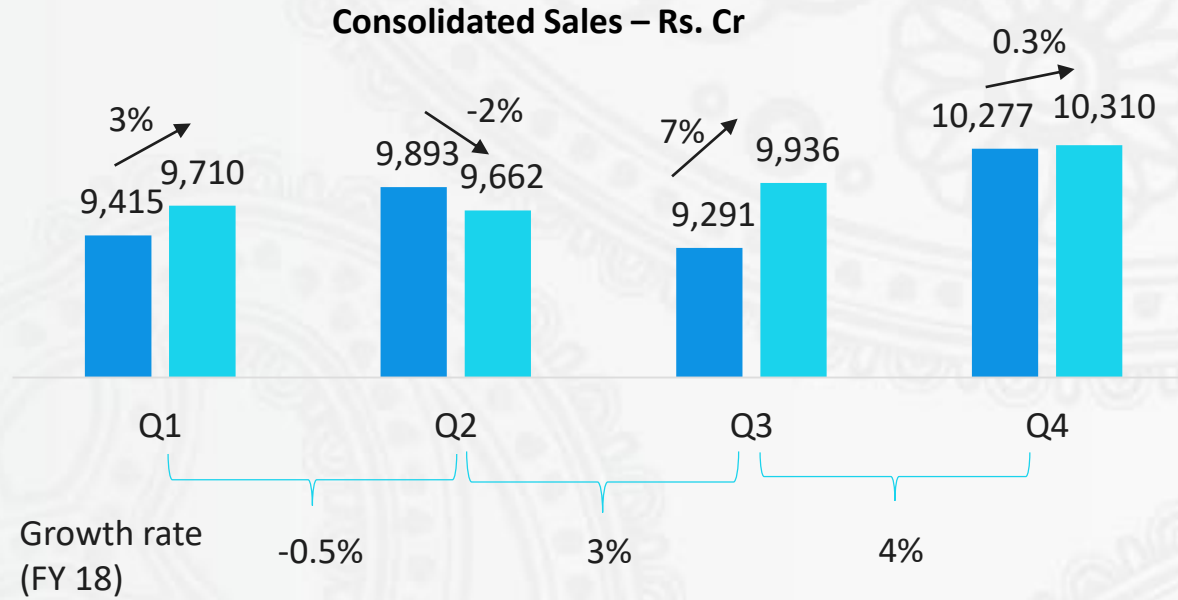
Quarterly Sales* Trend – Q4 FY18 (Rs Cr.)



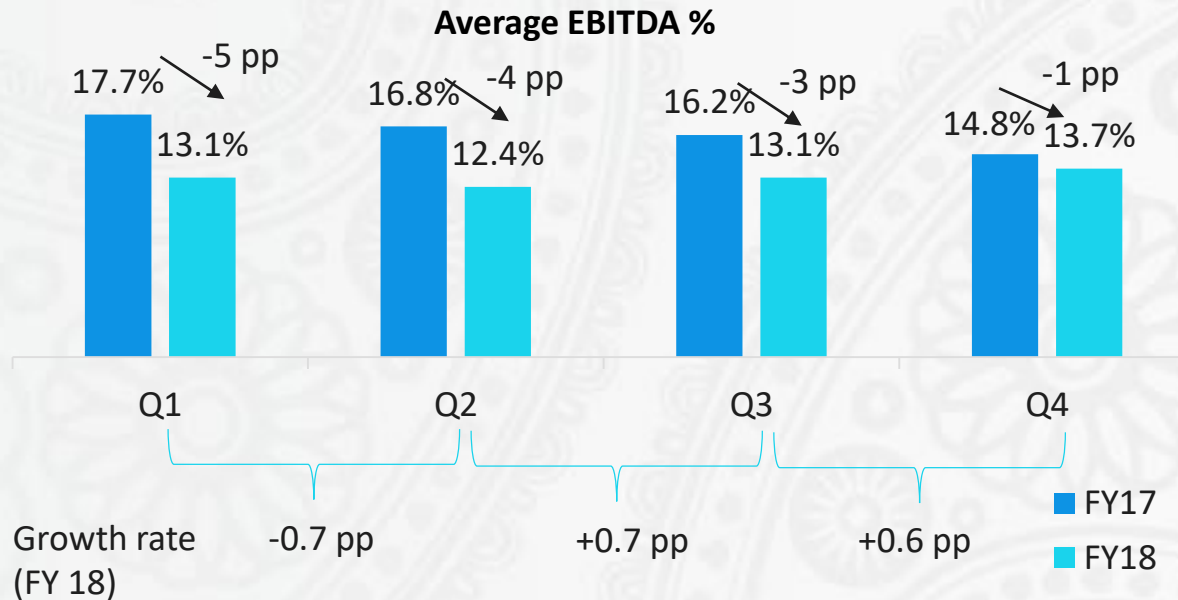
Quarterly EBITDA Margin Trend – Q4 FY18



Quarterly consolidated analysis for the selected top players



On consolidated level, Sales increased by 3% in Q1 FY18 as compared to Q1 FY17. However, it decreased by 2% in Q2 FY18. In second half of the year, sales saw growing trend, however the growth was marginal in Q4 FY18.



Consolidated EBITDA margin witnessed decline in all quarters of FY18. However the decline was least in Q4 FY18 i.e. 1 pp*

Source: Moneycontrol

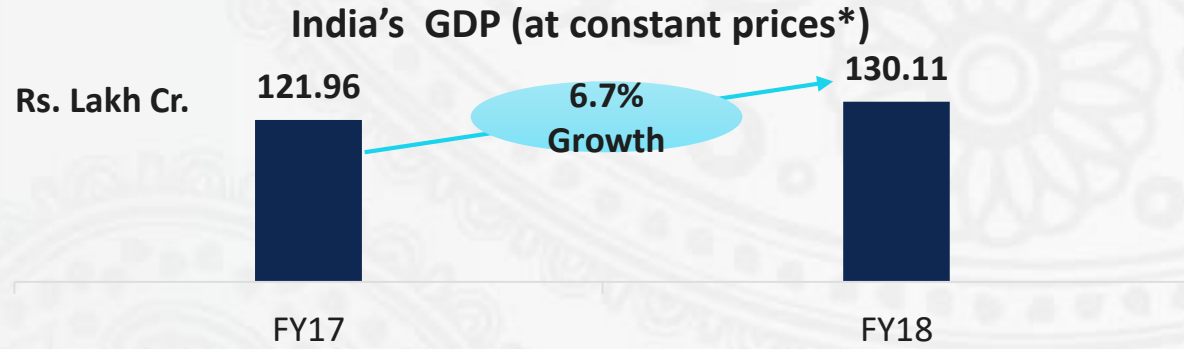
* pp: Percentage Points



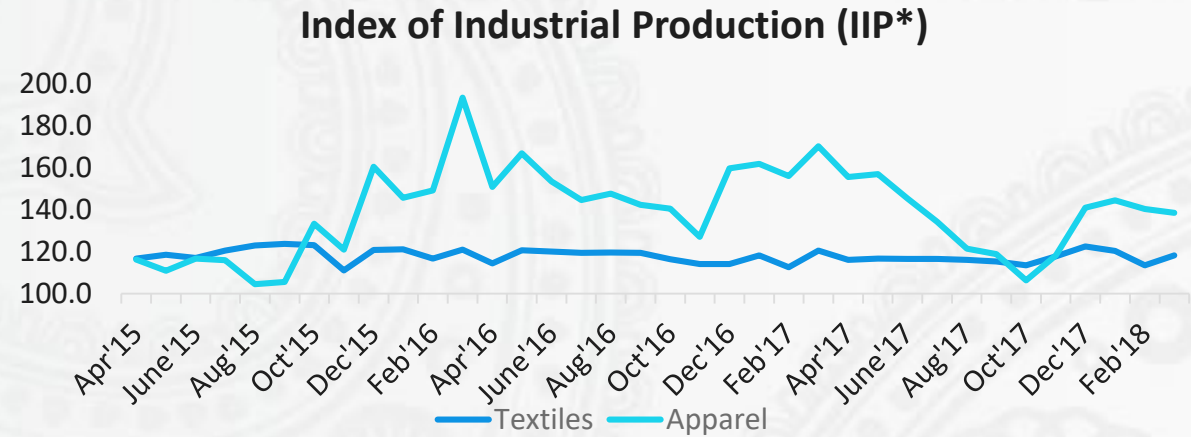
Market Update



Key Economic Indicators



India's real GDP has grown by 6.7% in FY18 as compared to FY17



Average IIP for textiles has declined by 0.5% while IIP for apparel has declined by 11% in FY18 compared to FY17



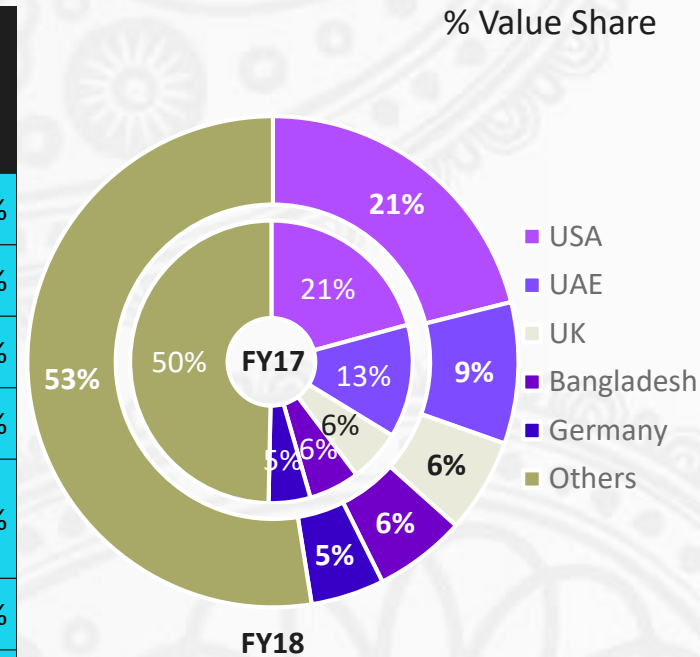
Average WPI for textiles has shown an increase of 2% in FY18 compared to FY17

India's overall T&A* exports have increased marginally in FY18, however there has been a decline in exports post- GST

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

Categories	H1 FY17	H1 FY18	% change	H2 FY17	H2 FY18	% change	FY17	FY18	% change
Apparel	8,464	9,183	8%	8,924	7,533	-16%	17,388	16,716	-4%
Fabric	2,278	2,316	2%	2,243	2,268	1%	4,521	4,584	1%
Fibre	720	1,002	39%	1,781	1,790	1%	2,501	2,792	12%
Filament	530	580	9%	576	651	13%	1,106	1,231	11%
Home Textiles	2,536	2,659	5%	2,584	2,528	-2%	5,120	5,187	1%
Yarn	1,857	1,886	2%	2,274	2,383	5%	4,131	4,269	3%
Others	828	955	15%	881	968	10%	1,710	1,923	12%
Grand Total	17,214	18,581	8%	19,263	18,122	-6%	36,477	36,703	0.6%

India's T&A Top Export Markets



- Export of all the categories except apparel have grown in FY18 as compared to FY17. Fibre exports have grown significantly at a rate of 12% in FY18 driven by cotton fibre exports growth of ~14%.
- While India's Apparel exports increased by 8% y-o-y in H1 FY18, the same declined by 16% during H2. Post GST issues like reduction in duty drawback, slow refund of input credit etc. had significant impact in apparel exports reduction.
- India's overall exports grew 10% y-o-y in FY18, while India's T&A exports saw marginal growth of 0.6% during the same period.

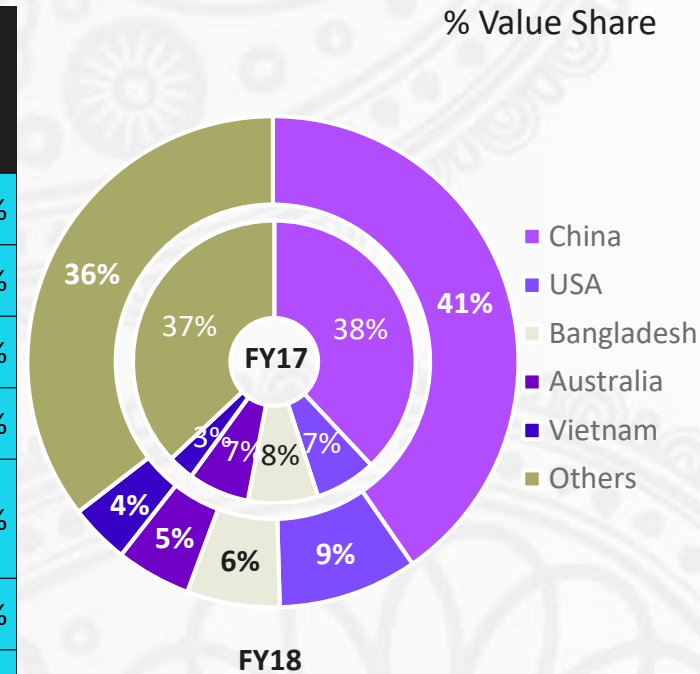
India's T&A* imports have increased by 16% in FY18.

Post GST, significant increase in imports of apparel, home textiles and fabrics is seen. One of the reasons is reduced effective import duty with removal of CVD and credit available for IGST

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

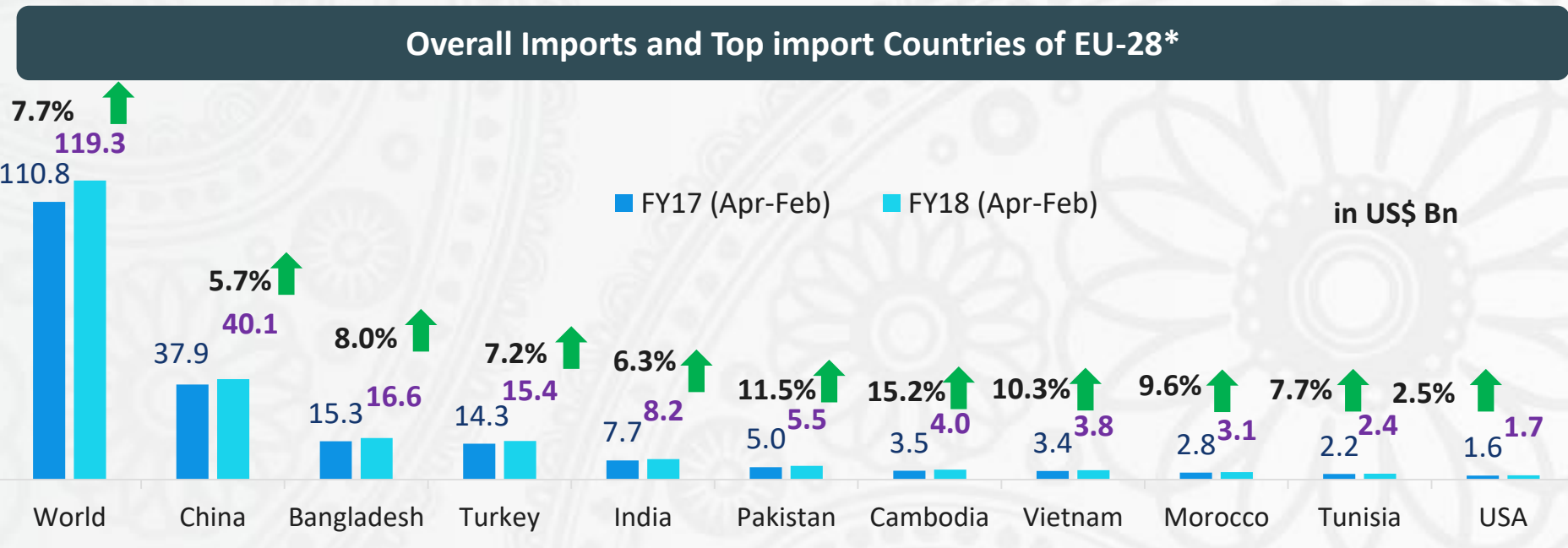
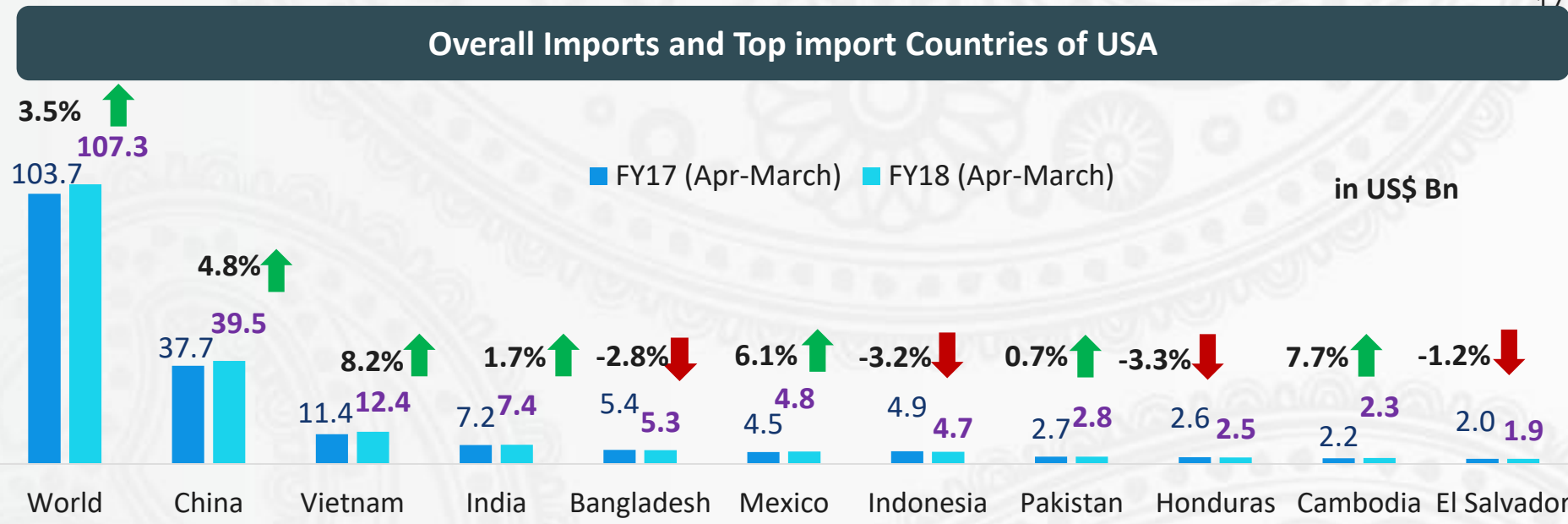
Categories	H1 FY17	H1 FY18	% change	H2 FY17	H2 FY18	% change	FY17	FY18	% change
Apparel	308	347	13%	287	425	48%	595	773	30%
Fabric	946	1,147	21%	888	1,189	34%	1,834	2,336	27%
Fibre	1,111	1,254	13%	809	696	-14%	1,920	1,950	2%
Filament	281	314	12%	272	324	19%	553	639	16%
Home Textiles	139	144	4%	122	151	24%	260	295	13%
Yarn	179	205	15%	153	228	49%	332	433	31%
Others	272	283	4%	279	324	16%	551	607	10%
Grand Total	3,236	3,695	14%	2,810	3,336	19%	6,045	7,032	16%

India's T&A Top Import Markets



- Import of all categories have increased in FY18.
- Spun yarn import increased driven by increasing imports of man-made spun yarn.
- China continues to be the largest import partner for India contributing to more than 40% share.
- Import share of USA has increased significantly from 7% to 9%, primarily due to increase in cotton imports.

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

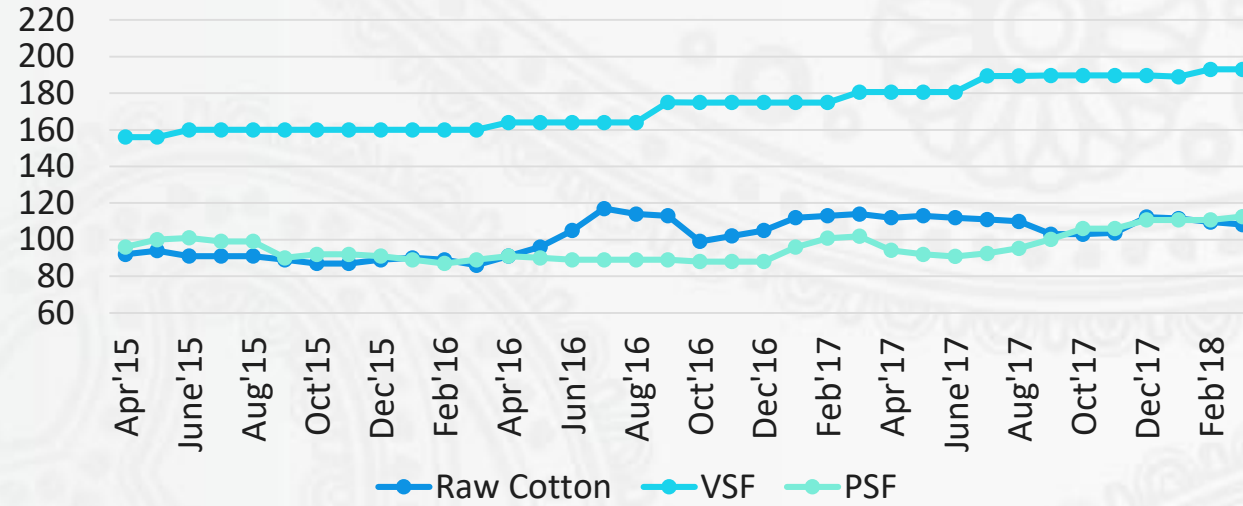


Source: OTEXA, EUROSTAT

* EU-28 data excludes intra EU trade

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

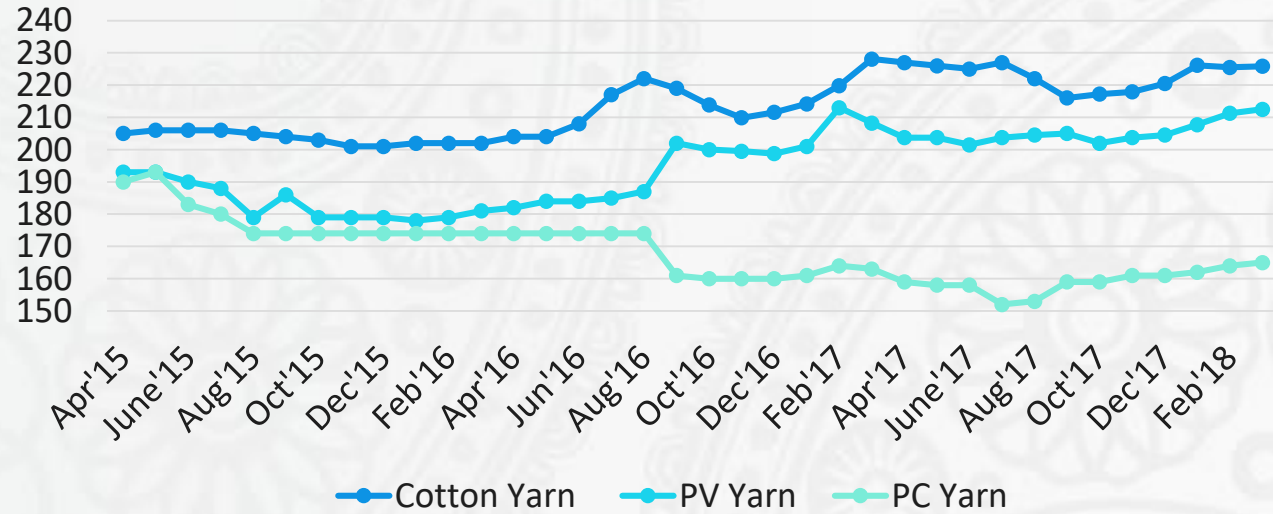
Fibre Prices Rs./Kg



Average price change in FY18 as compared to FY17

- 2% increase in raw cotton
- 10% increase in VSF
- 11% increase in PSF

Yarn Prices Rs./Kg



Average price change in FY18 as compared to FY17

- 4% increase in cotton yarn
- 5% increase in PV yarn
- 4% decrease 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

- EBITDA – Earnings Before Interest Tax Depreciation & Amortization
- EU – European Union
- FY – Financial Year
- FY 18 – April 2017 to March 2018
- FY 17 – April 2016 to March 2017
- FY 16 – April 2015 to March 2016
- GDP – Gross Domestic Product
- H1 17 – April 2016 to September 2016
- H1 18 – April 2017 to September 2017
- H2 17 – October 2016 to March 2017
- H2 18 – October 2017 to March 2018
- 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

CONTACT

Prashant Agarwal

Joint Managing Director
prashant@wazir.in
+91 9871195008

Sanjay Arora

Business Director
sanjay@wazir.in
+91 9971110566

Varun Vaid

Associate Director
varun@wazir.in
+91 9899985979

B.Prakash

Associate Director
prakash@wazir.in
+91 9810866927

Website:

www.wazir.in



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



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Wazir Advisors Pvt. Ltd

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

Tel : +91 124 4590 300