



Wazir Textile Index

Half-Yearly Update

H1 FY21

Contents

- Wazir Textile Index – H1 FY21
 - Half-yearly Financial Performance – H1 FY21
 - Q2 Financial Performance – Q2 FY21
- Market Update
 - Key Economic Indicators
 - Export – Import Trend
- Annexure: Wazir Textile Index – Explanation



Wazir Textile Index (WTI) – H1 FY21



List of Companies Included as Part of the Financial Analysis

Top listed textile companies in terms of sales turnover in FY20 have been included for financial analysis.

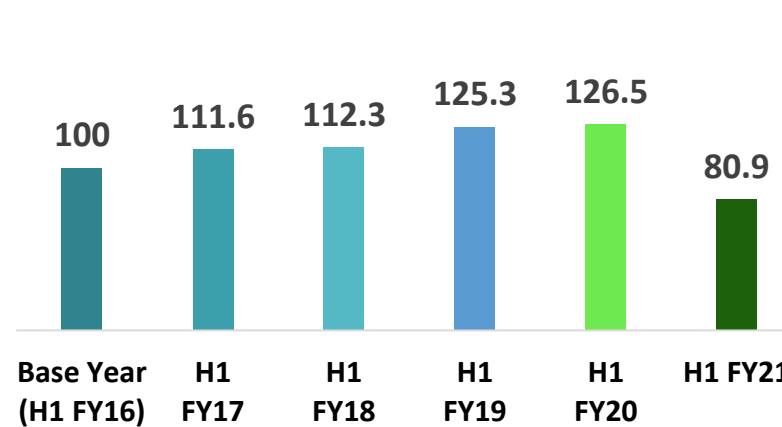
| S. No. | Company Name | Annual Sales* - FY20 (Rs. Crore) |
|--------|----------------|----------------------------------|
| 1 | Arvind | 6,705 |
| 2 | Vardhman | 6,325 |
| 3 | Welspun India | 5,324 |
| 4 | Trident | 4,699 |
| 5 | Raymond | 3,186 |
| 6 | KPR Mill | 2,898 |
| 7 | Filatex | 2,782 |
| 8 | RSWM | 2,771 |
| 9 | Sutlej | 2,379 |
| 10 | Nahar Spinning | 2,083 |

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.

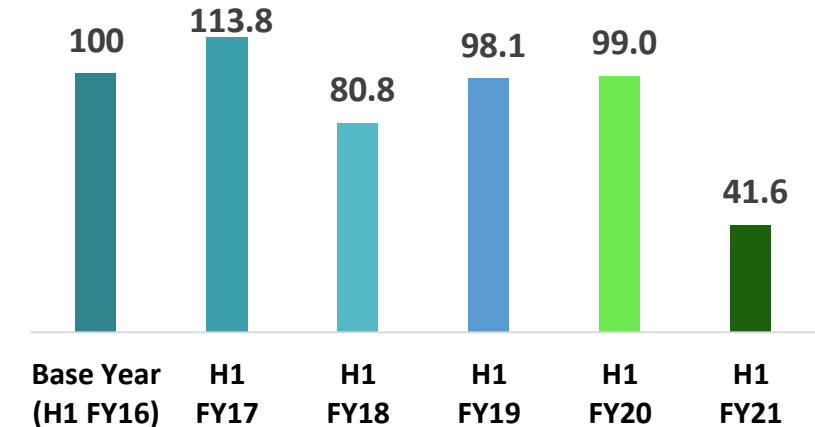
Wazir Textile Index (WTI) – H1 FY21

- The Textile Index has seen a drastic drop in sales and EBITDA in H1 FY21 owing to the COVID-19 pandemic.
- In H1 FY21, overall sales dropped by 36% as compared to that in H1 FY20.
- The overall EBITDA showed a decline of 58% in H1 FY21 as compared to H1 FY20.
- Raw Material cost and manpower cost also decreased by 36% and 23%, respectively during the same period.

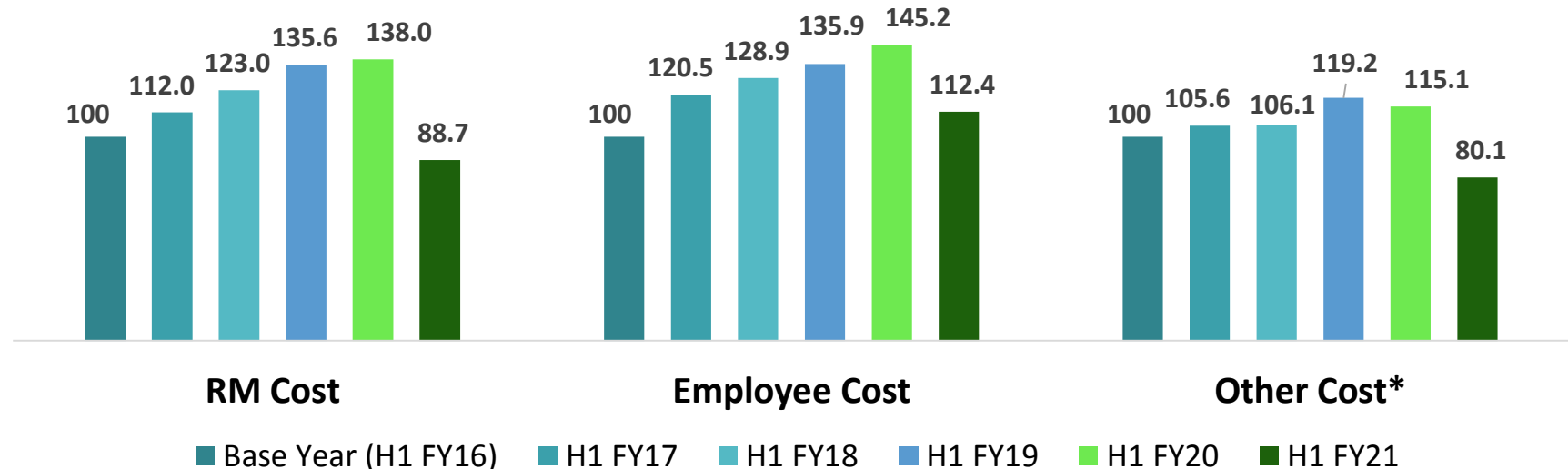
WTI Sales



WTI EBITDA



WTI Cost





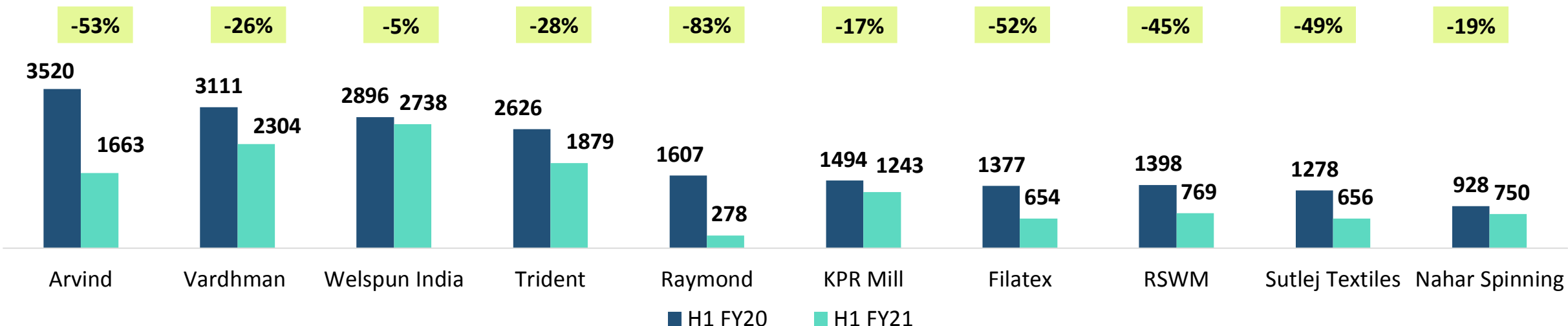
Half Yearly Financial Performance – H1 FY21



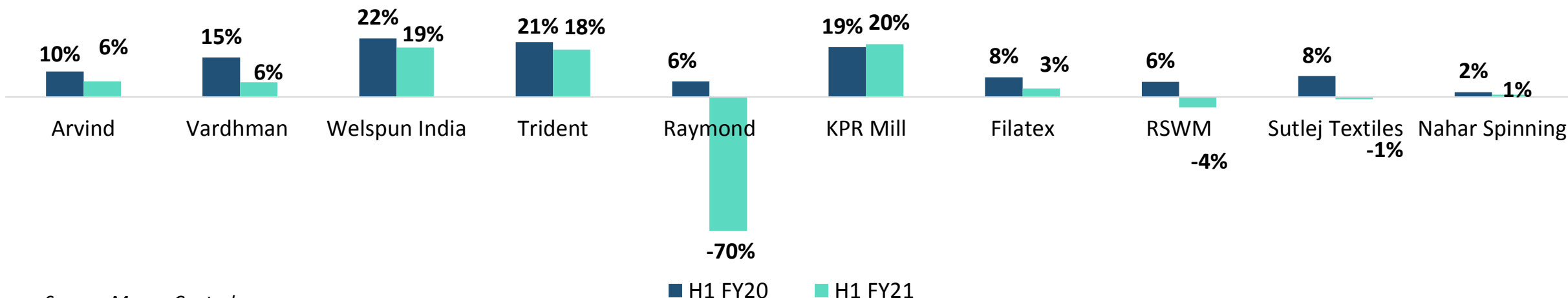
Half yearly Analysis for the Selected Top Players

Half yearly Sales Trend – H1 FY21 (Rs. Crore)

Growth %



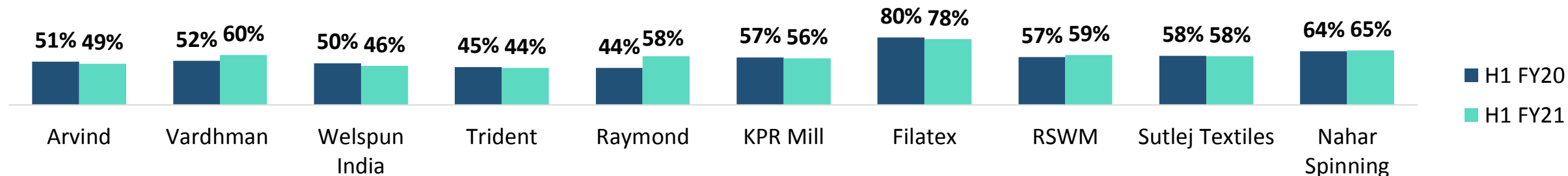
Half yearly EBITDA Margin Trend – H1 FY21



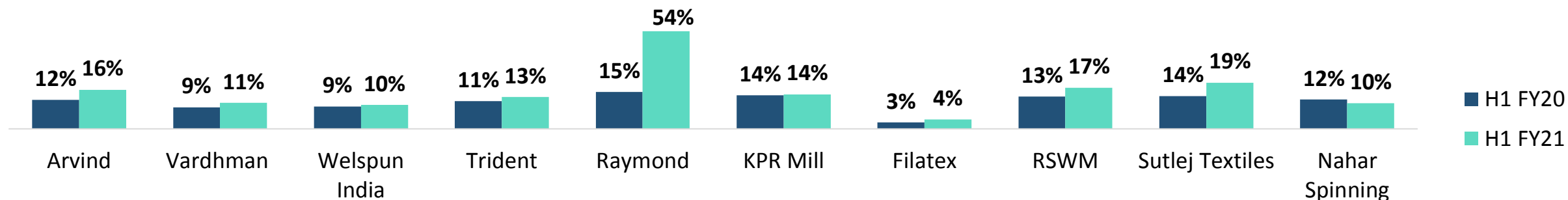
Source: Money Control

Half yearly Analysis - Major Expenses as % of Sales

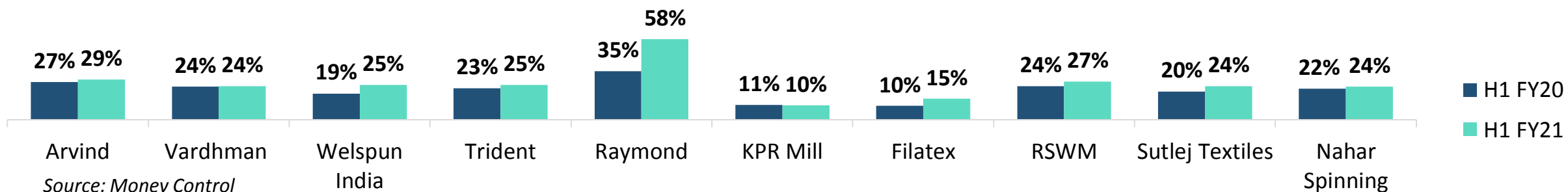
Raw Material Cost - % of Sales



Employee Cost - % of Sales



Other Costs - % of Sales

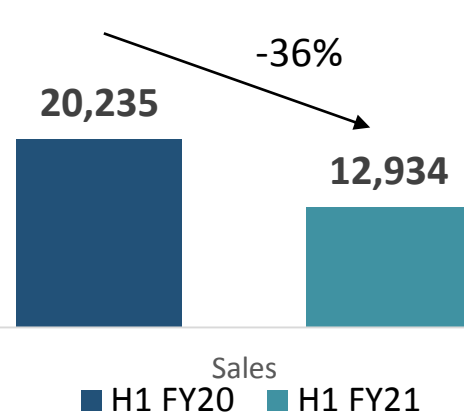


Source: Money Control

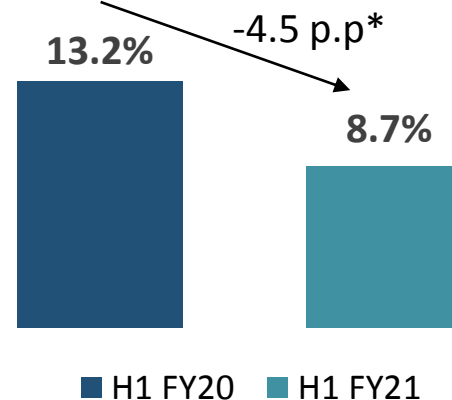
Consolidated Analysis for the Selected Top Players

On consolidated level, sales have decreased by 36% in H1 FY21 as compared to H1 FY20.

Consolidated Sales – Rs. Crore

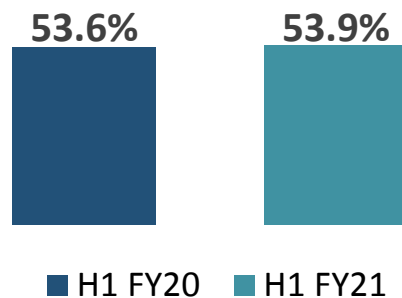


Average EBITDA %



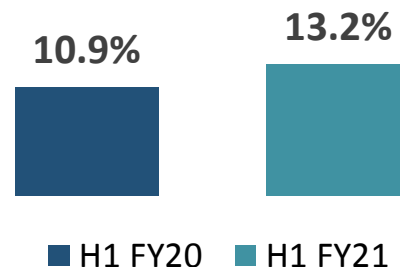
Consolidated EBITDA margin decreased by 4.5 percentage points for the selected top companies.

Average RM Cost - % of Sales



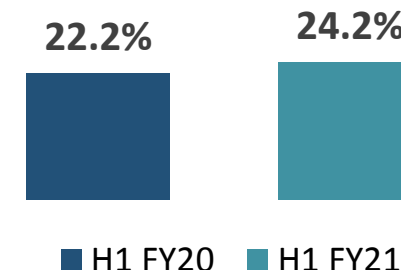
Average RM cost increased by 0.3 percentage points in H1 FY21 as compared to H1 FY20.

Average Employee Cost - % of Sales



Average employee cost increased by 2.3 percentage points in H1 FY21 as compared to H1 FY20.

Average Other Expenses - % of Sales



Other expenses increased by 2.0 percentage points in H1 FY21 as compared to H1 FY20.



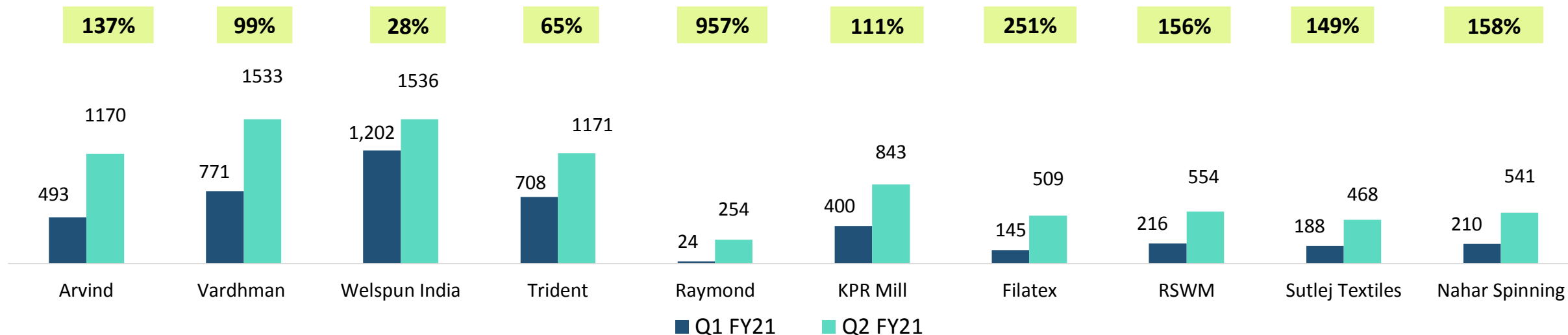
Quarterly Financial Performance – Q2 FY21



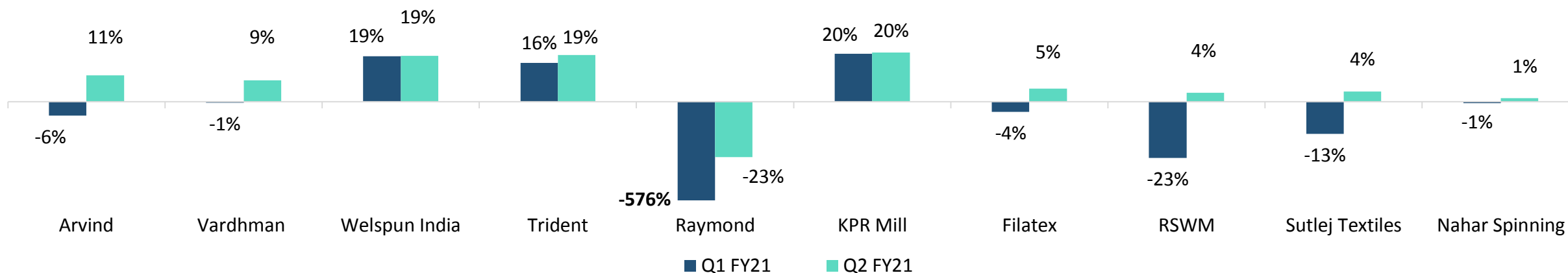
Quarterly analysis for the selected top players

Quarterly Sales* Trend – FY21 (Rs. Crore)

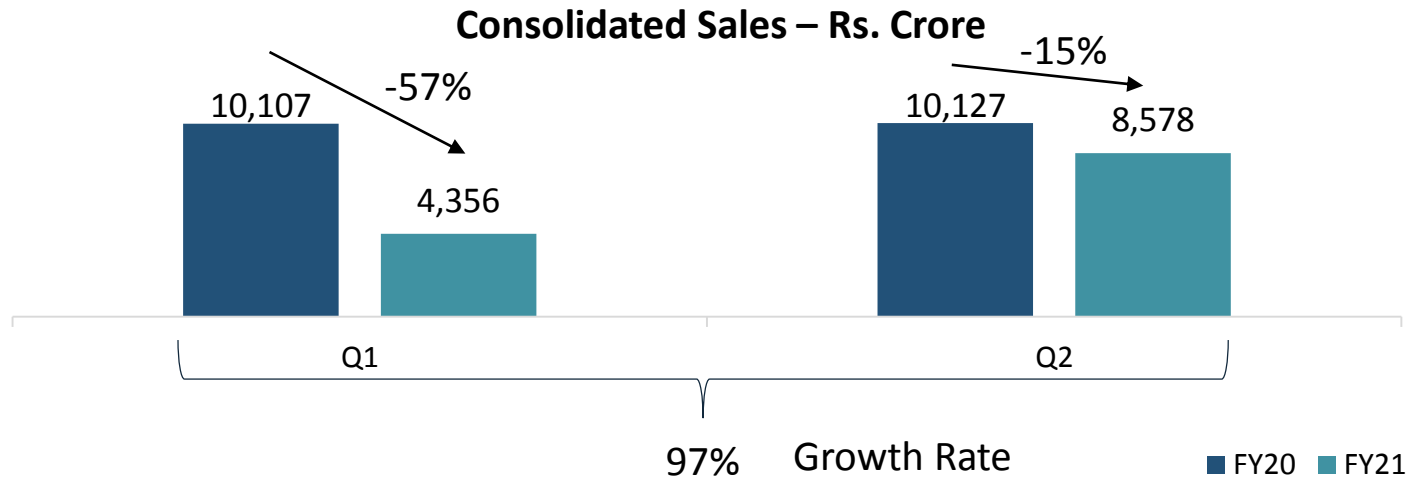
Q1 vs. Q2



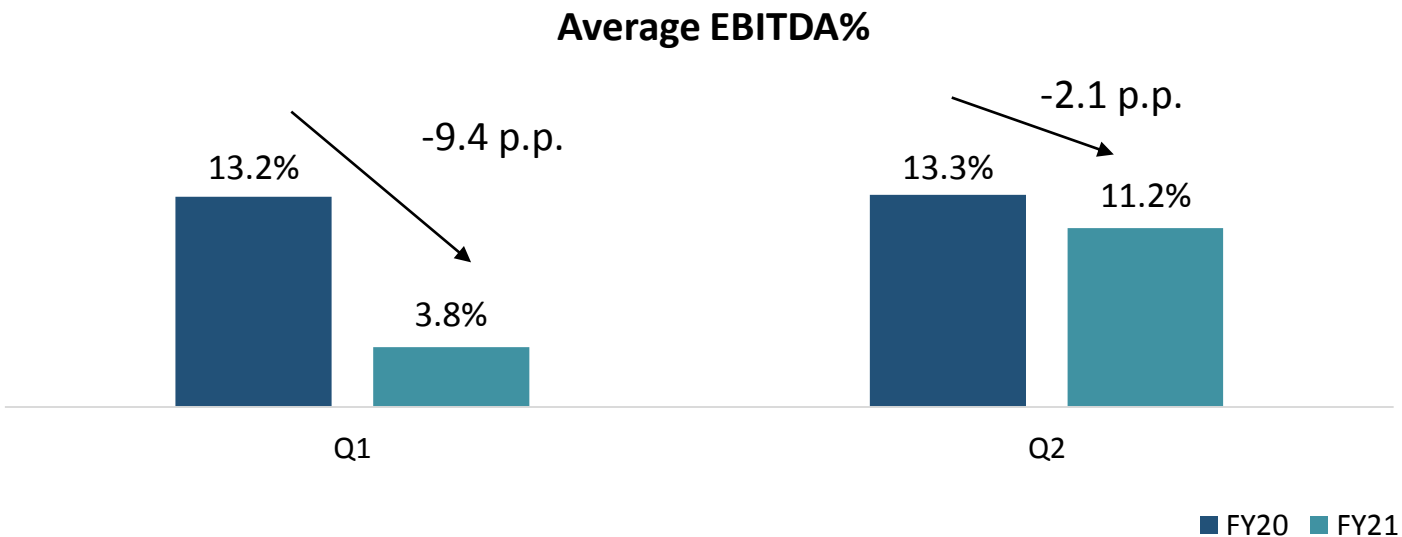
Quarterly EBITDA Margin Trend – FY21



Consolidated sales rebounded by 97% in Q2 FY21 when compared to Q1 FY21



On consolidated level, sales declined in Q1 FY21 due to lockdown in the country but showed a significant recovery in Q2 FY21 when compared to same period, previous year.



Consolidated EBITDA margin declined drastically in Q1 but showed a significant recovery Q2 of FY21 when compared to same period, previous year.

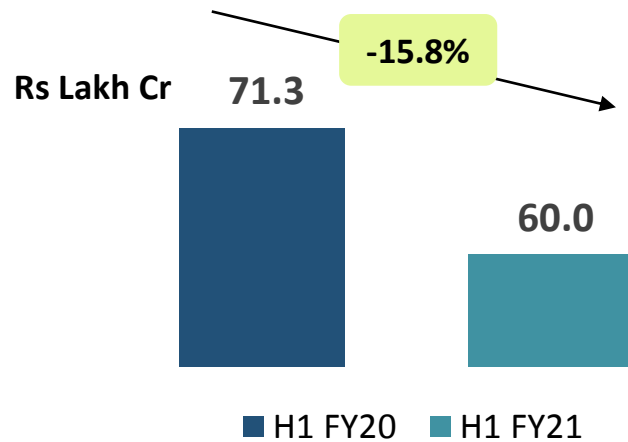


Market Update



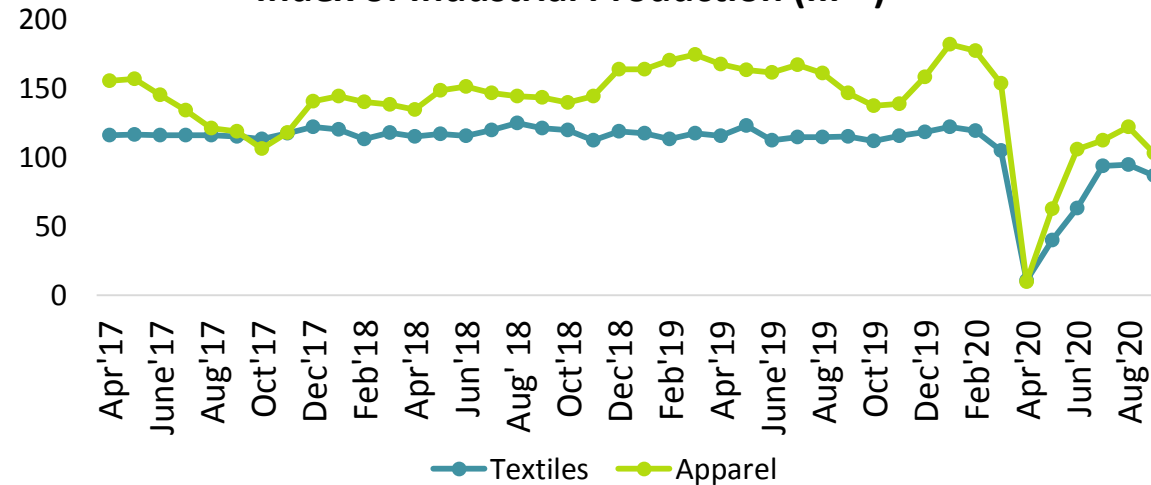
Key Economic Indicators

India's GDP (at constant prices)



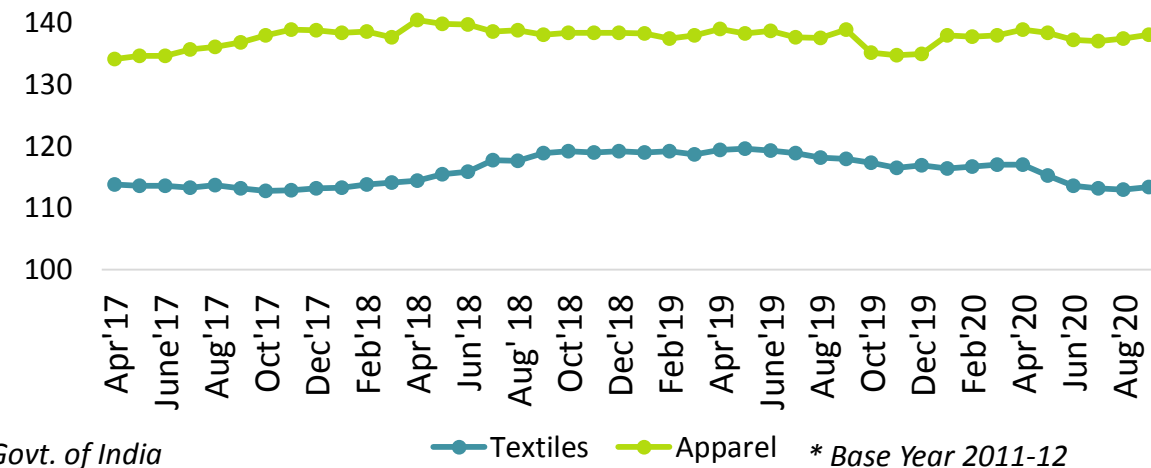
India's real GDP shrinks by 15.8% in H1 FY21 as compared to a growth of 4.8 per cent during the same period last year.

Index of Industrial Production (IIP*)



Average IIP for apparel decreased by 47% in H1 FY21 as compared to H1 FY20, while that of textiles showed a decline of 44%.

Wholesale Price Index (WPI*)



Average WPI for textiles decreased by 4% in H1 FY21 as compared to H1 FY20, while that of apparel declined by 0.4%.

Source: Reserve Bank of India, Economic Advisor, Govt. of India

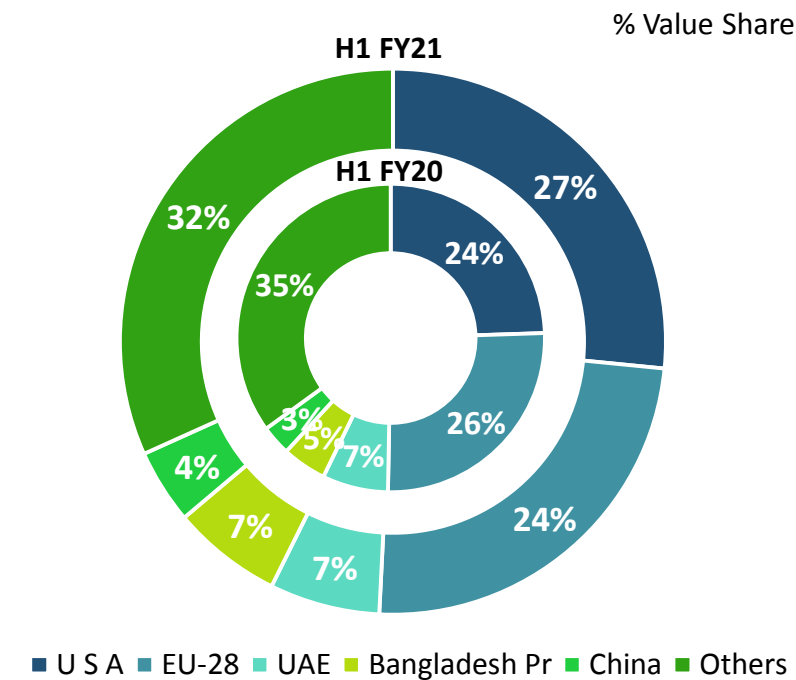
* Base Year 2011-12

India's overall T&A* Exports

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

| Category | Q1 FY20 | Q1 FY21 | % change | Q2 FY20 | Q2 FY21 | % change | H1 FY20 | H1 FY21 | % Change |
|--------------|--------------|--------------|-------------|-------------|--------------|------------|---------------|---------------|-------------|
| Fibre | 382 | 314 | -18% | 284 | 505 | 78% | 666 | 818 | 23% |
| Filament | 299 | 97 | -67% | 288 | 205 | -29% | 587 | 302 | -49% |
| Yarn | 886 | 533 | -40% | 762 | 879 | 15% | 1,648 | 1,413 | -14% |
| Fabric | 1,189 | 504 | -58% | 1254 | 1,099 | -12% | 2,443 | 1,603 | -34% |
| Apparel | 4,172 | 1,448 | -65% | 3708 | 3,343 | -10% | 7,881 | 4,791 | -39% |
| Home Textile | 1,327 | 714 | -46% | 1383 | 1,573 | 14% | 2,710 | 2,287 | -16% |
| Others | 449 | 245 | -45% | 417 | 441 | 6% | 866 | 686 | -21% |
| Total | 8,704 | 3,856 | -56% | 8095 | 8,044 | -1% | 16,799 | 11,900 | -29% |

India's Top T&A Markets



- The T&A exports have shown a decline of 29% in H1 FY 21 as compared to that in H1 FY20.
- Filament witnessed the highest dip of 49%, followed by Apparel with a dip of 39%.
- In Q2 FY21, exports of fibre has shown a significant recovery of 78% y-o-y due to the increase in cotton exports amid US' ban on purchase of cotton products from China. On the home textiles front, exports witnessed a steady recovery in Q2, led by high hygiene and wellness consumption across the US and EU territories.
- USA, EU-28 and UAE remain the top export destinations for India's T&A products with a combined share of 57%.

Source: DGCI&S

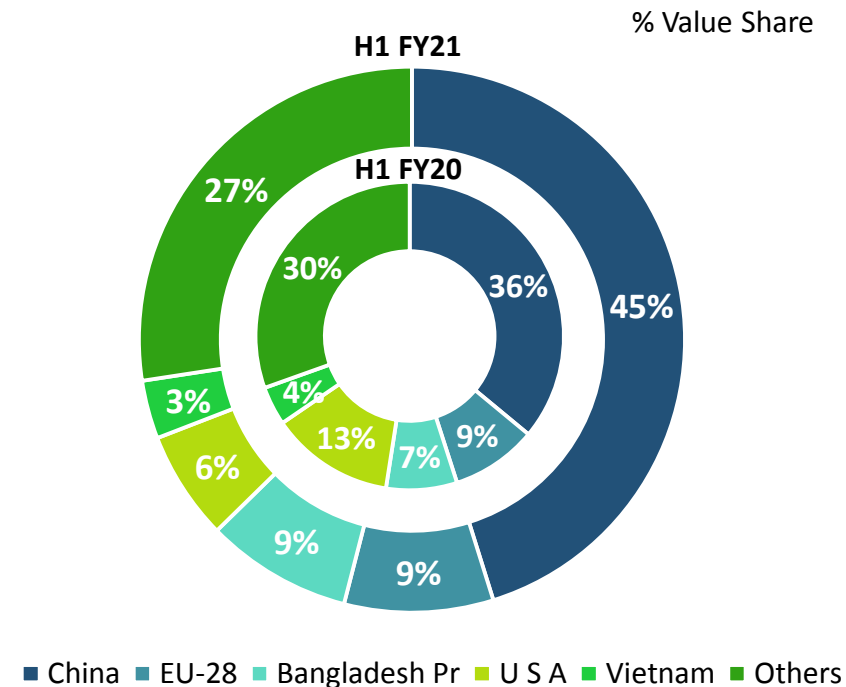
* Textile & Apparel

India's overall T&A* Imports

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

| Category | Q1 FY20 | Q1 FY21 | % change | Q2 FY20 | Q2 FY21 | % change | H1 FY20 | H1 FY21 | % Change |
|--------------|--------------|--------------|-------------|--------------|--------------|-------------|--------------|--------------|-------------|
| Fibre | 579 | 248 | -57% | 984 | 203 | -79% | 1,563 | 451 | -71% |
| Filament | 197 | 86 | -56% | 214 | 86 | -60% | 411 | 173 | -58% |
| Yarn | 112 | 46 | -59% | 144 | 120 | -16% | 256 | 167 | -35% |
| Fabric | 618 | 232 | -63% | 614 | 367 | -40% | 1,232 | 598 | -51% |
| Apparel | 232 | 132 | -43% | 354 | 243 | -31% | 585 | 376 | -36% |
| Home Textile | 63 | 37 | -40% | 93 | 34 | -64% | 156 | 71 | -54% |
| Others | 185 | 228 | 23% | 214 | 193 | -10% | 399 | 422 | 6% |
| Total | 1,985 | 1,010 | -49% | 2,616 | 1,247 | -52% | 4,602 | 2,257 | -51% |

India's Top T&A Import Markets



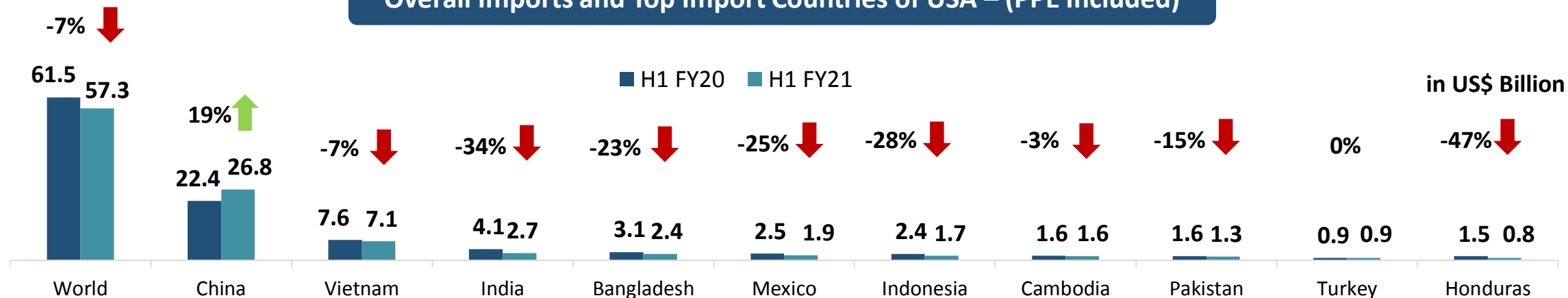
- The overall T&A imports of H1 FY21 have reduced to half as compared to H1 FY20.
- Fibre imports witnessed the highest dip of 71% followed by filament with a dip of 58%, during the same period.
- On the contrary, imports of Others have shown a slight growth of 6% in H1 FY21 as compared to H1 FY20 due to the heavy imports of PPE kits in Q1 which then reduced in Q2 as India excelled in in house manufacturing of the same.
- China continues to be the largest import partner for India with a share of 45% in H1 FY21 which has increased by 9% as compared to H1 FY20.

Source: DGCI&S

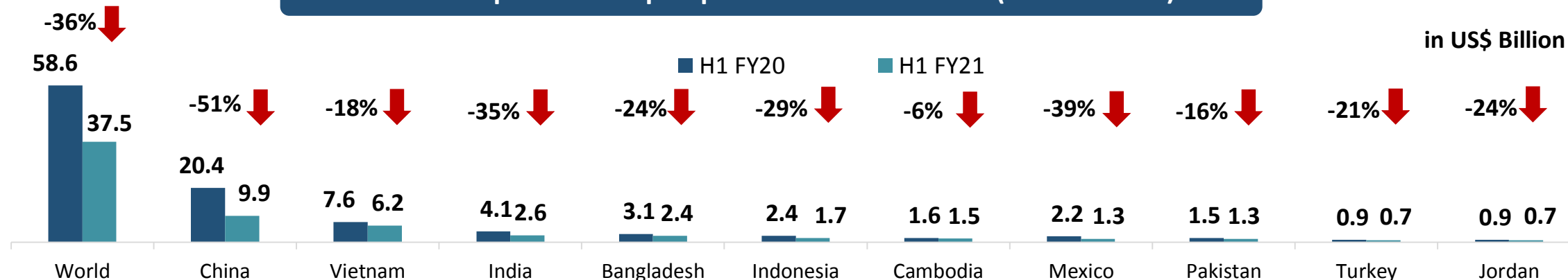
* Textile & Apparel

T&A Imports of USA have declined by 36% in H1 FY21 (Excluding PPE Imports)

Overall Imports and Top Import Countries of USA – (PPE Included)



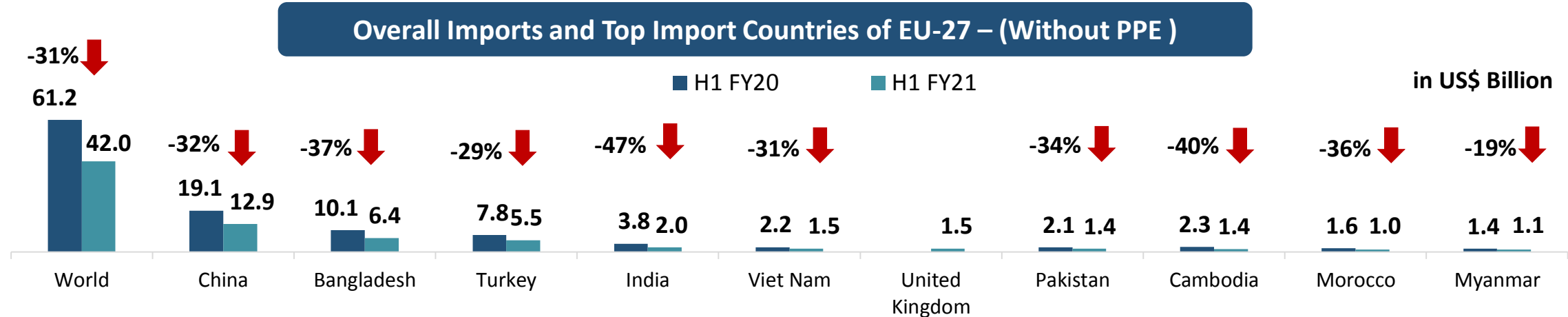
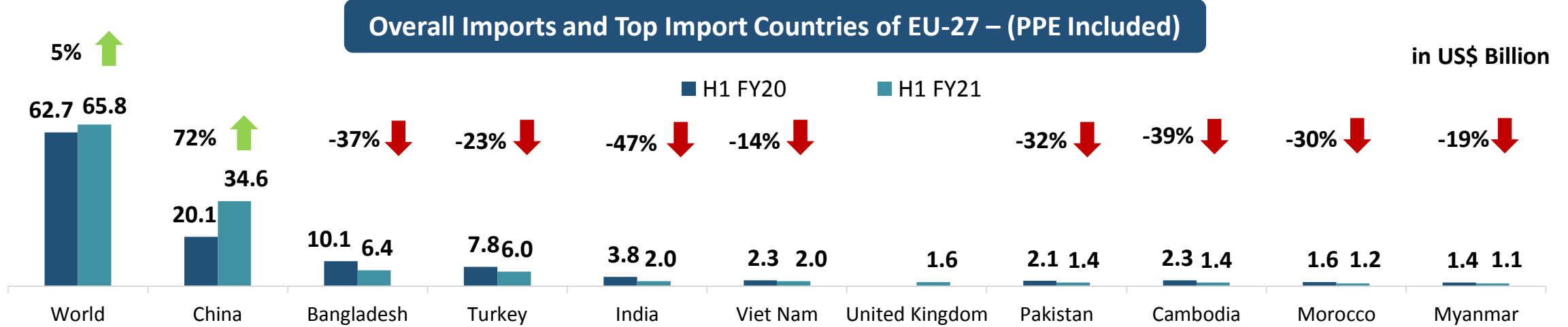
Overall Imports and Top Import Countries of USA – (Without PPE)



USA's T&A imports showed a decline of 7% in H1 FY21 as compared to previous year. The decline is lower than expected primarily due to the significant jump in the imports of PPE kits. In case of without PPE imports, there is an overall decline of 36% in US T&A imports in H1, FY21

Source: OTEXA, UN Comtrade

T&A Imports of EU have declined by 31% in H1 FY21 (Excluding PPE Imports)



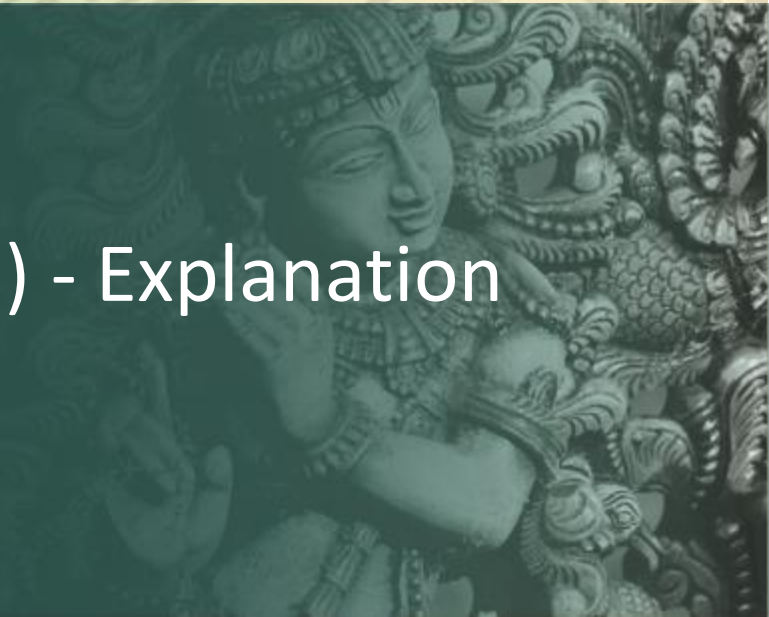
In the first graph, EU’s T&A imports have increased by 5% in H1 FY21 as compared to that in H1 FY20. This is primarily due to the significant jump in the imports of PPE kits, mainly from China. This resulted in tremendous growth of 72% in China’s exports to EU as well. Whereas considering without PPE imports, there is a decline of 31% in EU’s imports in Q1 FY21.

Source: UN Comtrade

UK data is not available for Q1 2019 as it was previously part of EU-28



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
- FY19 – April 2018 to March 2019
- FY20– April 2019 to March 2020
- GDP – Gross Domestic Product
- Q1 FY20 – April 2019 to June 2019
- Q1 FY21 – April 2019 to June 2019
- Q2 FY20 – July 2019 to September 2019
- Q2 FY21 – July 2019 to September 2019
- H1 FY20 – April 2019 to September 2019
- H1 FY21 – April 2020 to September 2020
- 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

Varun Vaid

varun@wazir.in
+91 9899985979

Sanjay Arora

sanjay@wazir.in
+91 9971110566

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