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Industry Insights - Financial Performance & Valuation Trends

Textiles Industry
September 23

Background (Coverage & Approach)

Transique Corporate Advisors takes immense pleasure in presenting its fifth Industry Insight report capturing the financial performance and valuation trends over 3 year period of “Textiles” and its Sub Industries including Garments & Apparels, Trading - Textile Products and Other Textile Products. These trends are based on the data of last two audited financial years (FY 2020-21 and FY 2021-22) and trailing twelve months (TTM) consolidated financials as on July 2023.

The purpose of this “Textiles Industry Insight Report” is to provide an executive summary of Textiles Industry including its emerging Industry trends and Investment opportunities, macro understanding of the financial performance and movement in the median valuation multiples of companies operating in Textiles Industry and its Sub-Industries.

For preparation of this Textiles Industry Insight report on we have analysed 340 companies listed on NSE/BSE. After applying our proprietary filtration criteria for eliminating the outliers and adjusting for Infrequently Traded Companies, we have done detailed analysis of 82 companies which has been summarised in this report.

We hope this Industry Report Series: Financial performance and Valuation trends would be of use to the Corporates, Investors and Professionals. If you require any guidance or support or have any feedback, you may write to us at info@transique.in

To read about more such Industry Insights and Valuations of 21 Industries and 193 Sub Industries, click here: https://www.transiqueadvisors.com/transique-insight/

Executive Summary : Textiles Industry

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Background	India's textiles sector is one of the oldest industries in the Indian economy, dating back to several centuries. India is the world's second-largest producer of textiles and garments. It is also the sixth-largest exporter of textiles spanning apparel, home and technical products. India has a 4% share of the global trade in textiles and apparel. This industry contributes to 7% of industrial output in value terms and 12% of the country's export earnings. India enjoys a comparative advantage in terms of skilled manpower and in cost of production relative to other major textile producers.
Contribution to GDP	Approximately 2.3%
Employment Generation	45 million people, both directly and indirectly.
Key Achievements	Under Union Budget 2023-24, the total allocation for the textile sector was Rs.4,389.24 crore (US$ 536.4million). Out of this, Rs.900 crore (US$ 109.99 million) is for Amended Technology Upgradation Fund Scheme (ATUFS), Rs.450 crore (US$ 54.99 million) for National Technical Textiles Mission, and Rs.60 crore (US$ 7.33 million) for Integrated Processing Development Scheme. The establishment of 7 (seven) PM Mega Integrated Textile Region and Apparel (PM MITRA) Parks with a total investment of US$ 541.82million (Rs. 4,445 crore) for the years up to 2027–28 was approved by the government.
Present Scenario	India is the 3rd largest exporter of Textiles & Apparel in the world. India's textiles and clothing industry is one of the mainstays of the national economy. India's textile exports reached US$ 44.4 billion in FY22, a 41% YoY growth. In November 2022, Tamil Nadu Chief Minister Mr. M. K. Stalin announced the establishment of a "Textile City" in Chennai as part of Tamil Nadu's strategy to become a major participant in the global textile industry. Additionally, the state will build a 1,500-acre textile park in the Virudhunagar district, for which SIPCOT will buy land. Exports of readymade garments including cotton accessories stood at US$ 6.19 billion in FY22.
Growth Drivers	In June 2023, Government has approved R&D projects worth US$ 7.4 million (Rs. 61.09 crore) in textile sector. Defence Research and Development Organisation (DRDO) is helping the Indian textile industry to produce yarns and eliminate dependence on import of Chinese and other foreign clothing for military uniforms. In February 2023, the union government approved 1,000 acres for setting up a textile park in Lucknow. The government has approved PLI Scheme of Rs. 10,683 crore (US$ 1.44 billion) for man-made fibre and technical textiles.
Future Outlook	The textile and apparel industry is expected to grow to US$ 190 billion by FY26. Increased awareness of goods, higher disposable incomes, changing customer patterns and some sector-specific growth drivers are estimated to bolster the Indian technical textiles market to US$ 23.3 billion in 2027, up from US$ 14 billion in 2020 in the Asia-Pacific region.

Source: IBEF , Make in India,

Investment Opportunities

- All levels of textile value chain i.e. from fibre/ filament to garment/specialty fabrics manufacturing at large scale are available.
- India has an extensive custom of textile and apparel manufacturing with infrastructure spread across the country in numerous clusters.
- Fabric processing set-ups are for all kind of natural, synthetic and speciality textiles.
- Opportunities for investments in retail brands are immense.
- The seven mega textile parks are announced in the Union Budget 2022-23.
- In February 2023, the union government approved 1,000 acres for setting up a textile park in Lucknow.
- Under the Union Budget 2023-24, the government has allocated:
  - Rs. 900 crore (US$ 109.99 million) is for Amended Technology Upgradation Fund Scheme (ATUFS).
  - Rs. 60 crore (US$ 7.33 million) for Integrated Processing Development Scheme.
  - Rs. 450 crore (US$ 54.99 million) for National Technical Textiles Mission.

Source: Make in India

Financial Performance & Valuation Multiples Trends Analysis- Textiles Industry

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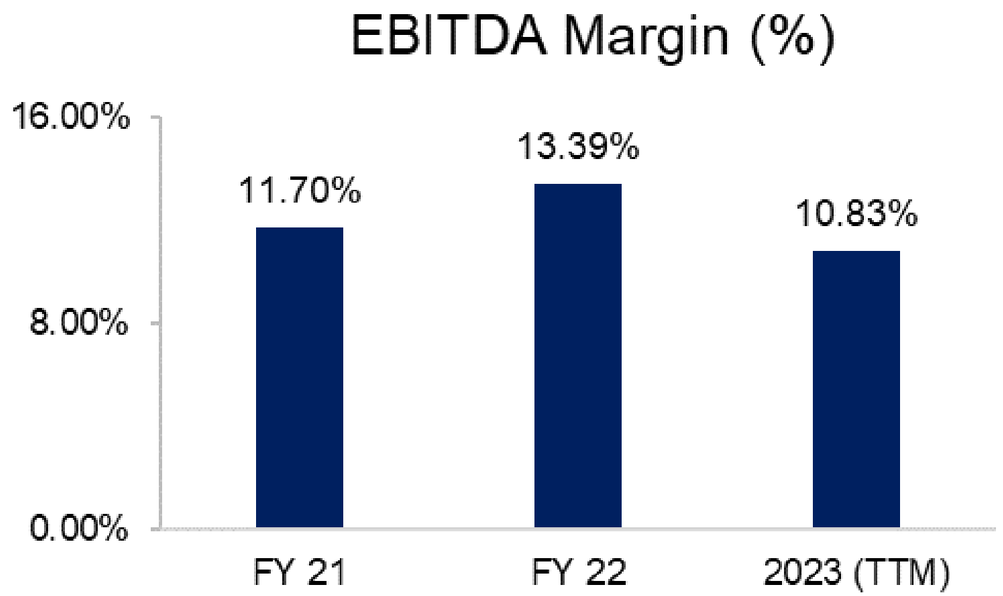
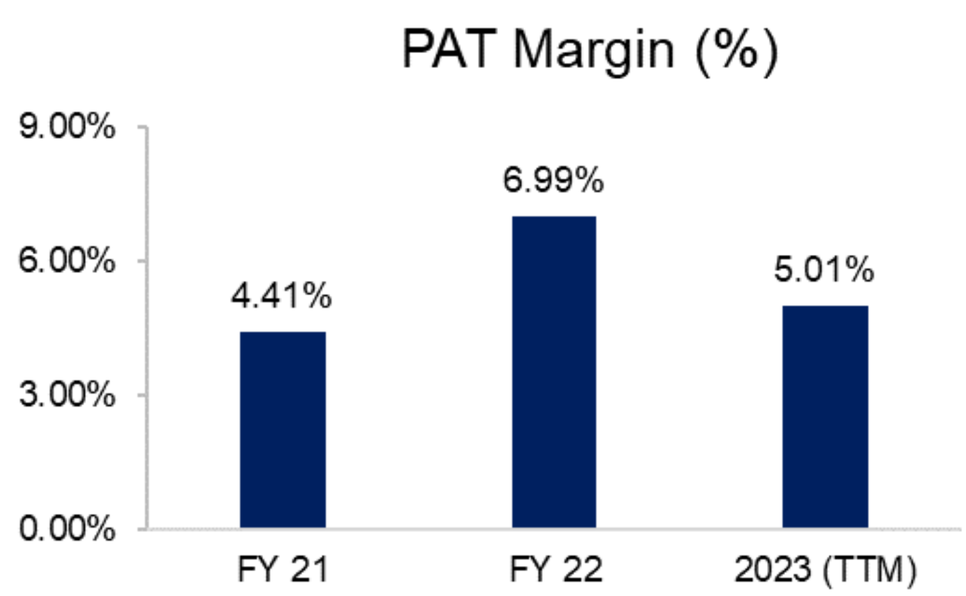
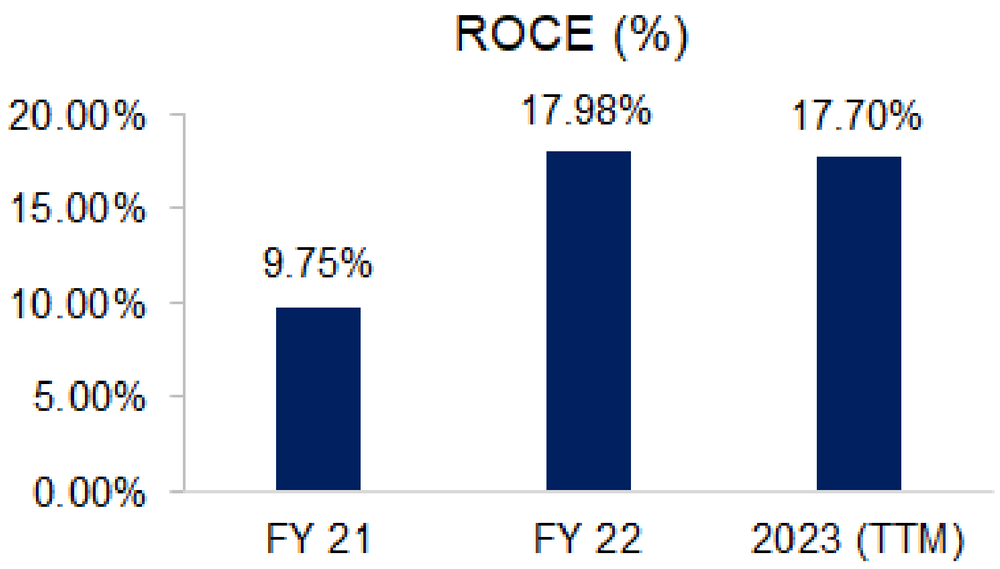
Sub-Industries	Financial Performance			Valuation Multiples
	Revenue Growth	EBITDA Margin	Debt to Market Cap	EV/EBITDA Multiple
Garments & Apparels	From FY 21 to 2023 at CAGR 26%	Decreased to 12% in 2023 from 15% in FY 21	Decreased to 0.08 in 2023 from 0.17 in FY 21	Increased to 14x in 2023 from 9x in FY 21
Trading - Textile Products	From FY 21 to 2023 at CAGR 31%	Decreased to 5% in 2023 from 6% in FY 21	Decreased to 0.36 in 2023 from 0.55 in FY 21	Decreased to 10x in 2023 from 11x in FY 21
Other Textile Products	From FY 21 to 2023 at CAGR 22%	Constant at 11% in 2023 in comparison to FY 21	Decreased to 0.28 in 2023 from 0.62 in FY 21	Increased to 8x in 2023 from 6x in FY 21

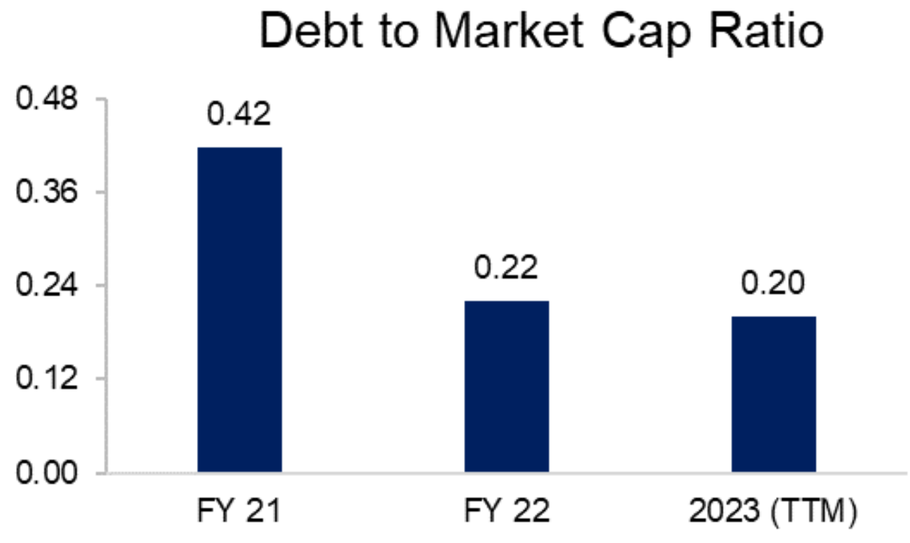
Source: Capitaline
*TTM as on 20 -07-2023

Financial Performance Charts for 3 Years of Textiles Industry



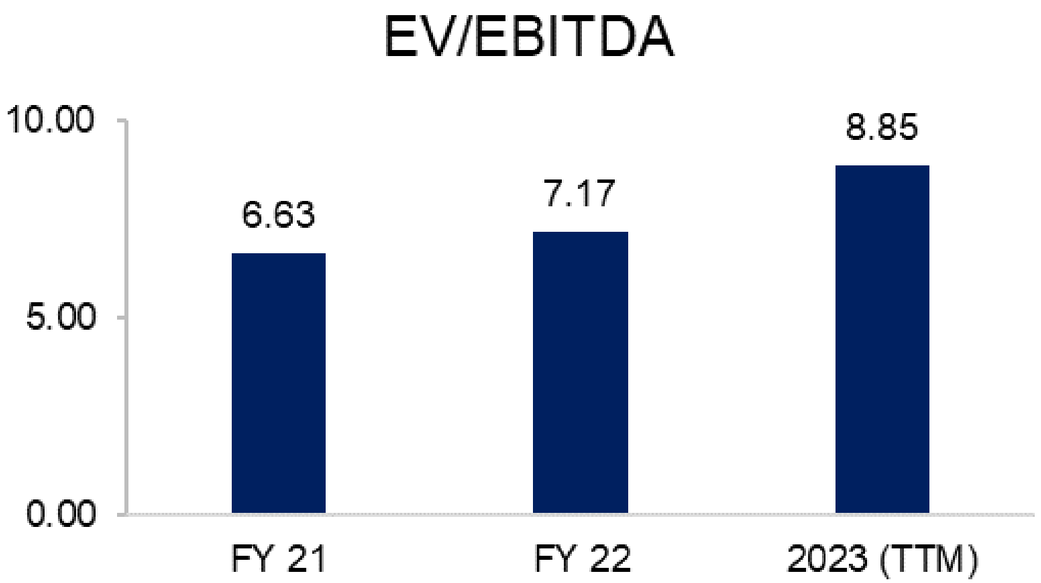


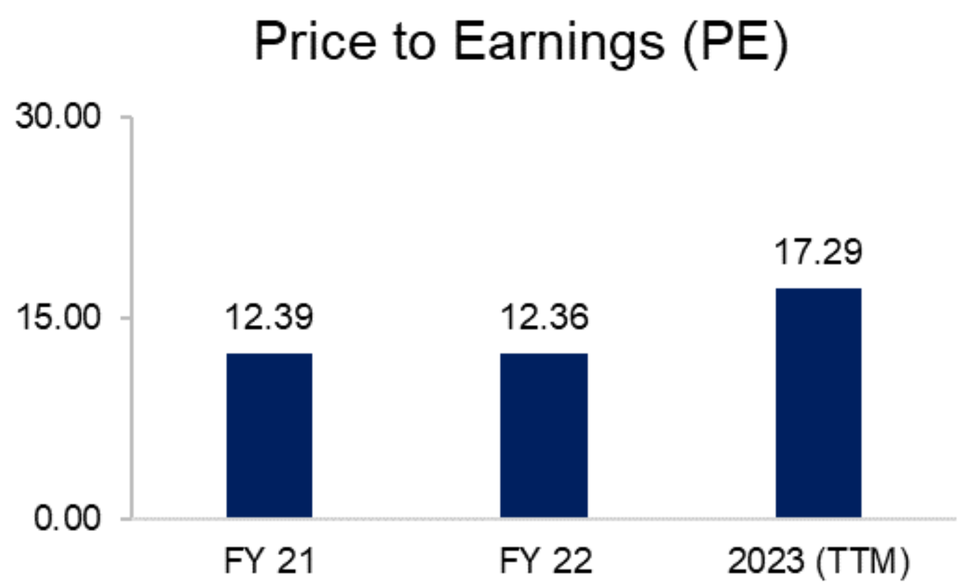


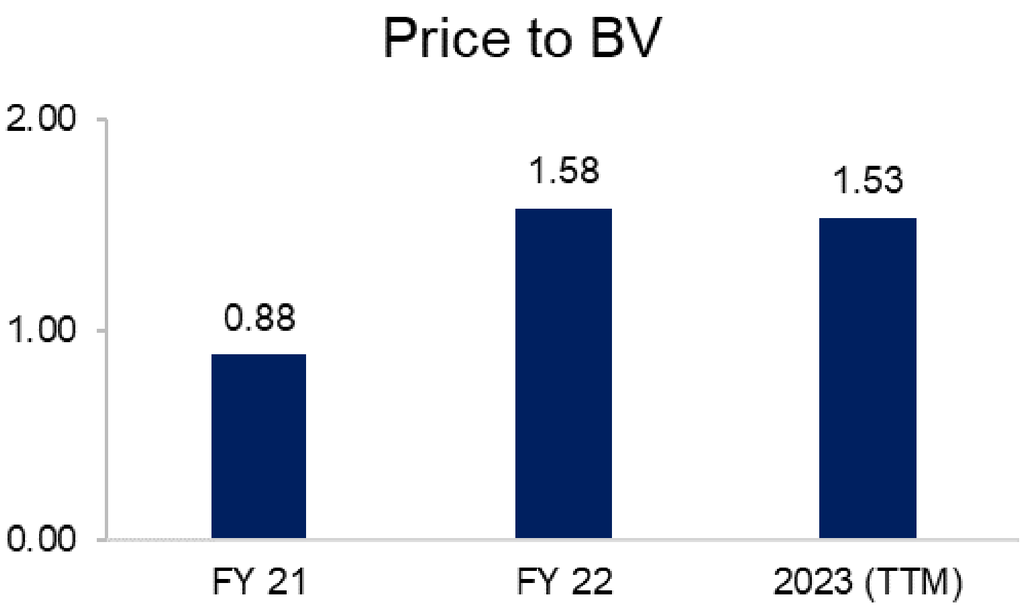


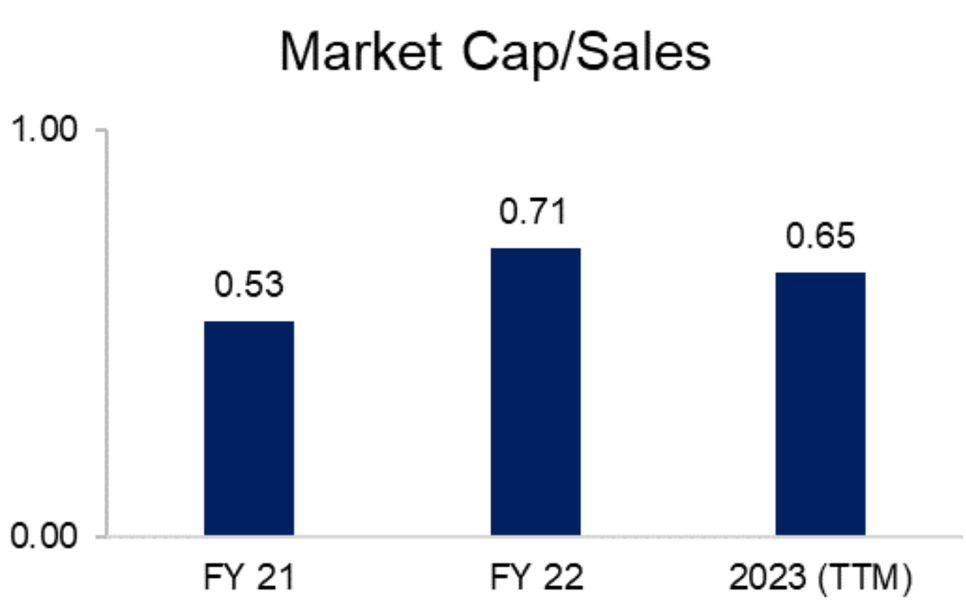
Source: Capitaline
*TTM as on 20 -07-2023

Valuation Multiples Trend analysis for 3 Years of Textiles Industry









Source: Capitaline
*TTM as on 20 -07-2023

Top Performing Companies in Textiles Industry

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Garments & Apparels

PAGE INDUSTRIES LIMITED

KPR Mill Limited

LUX Inners & Casuals

Trading - Textile Products

PDS

SPL Industries Limited

Aarnav inspiring textiles

Other Textile Products

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Vardhmān

Welspun INDIA

Based on Market Capitalization

Industry, Sub Industry & Sub Group Classification

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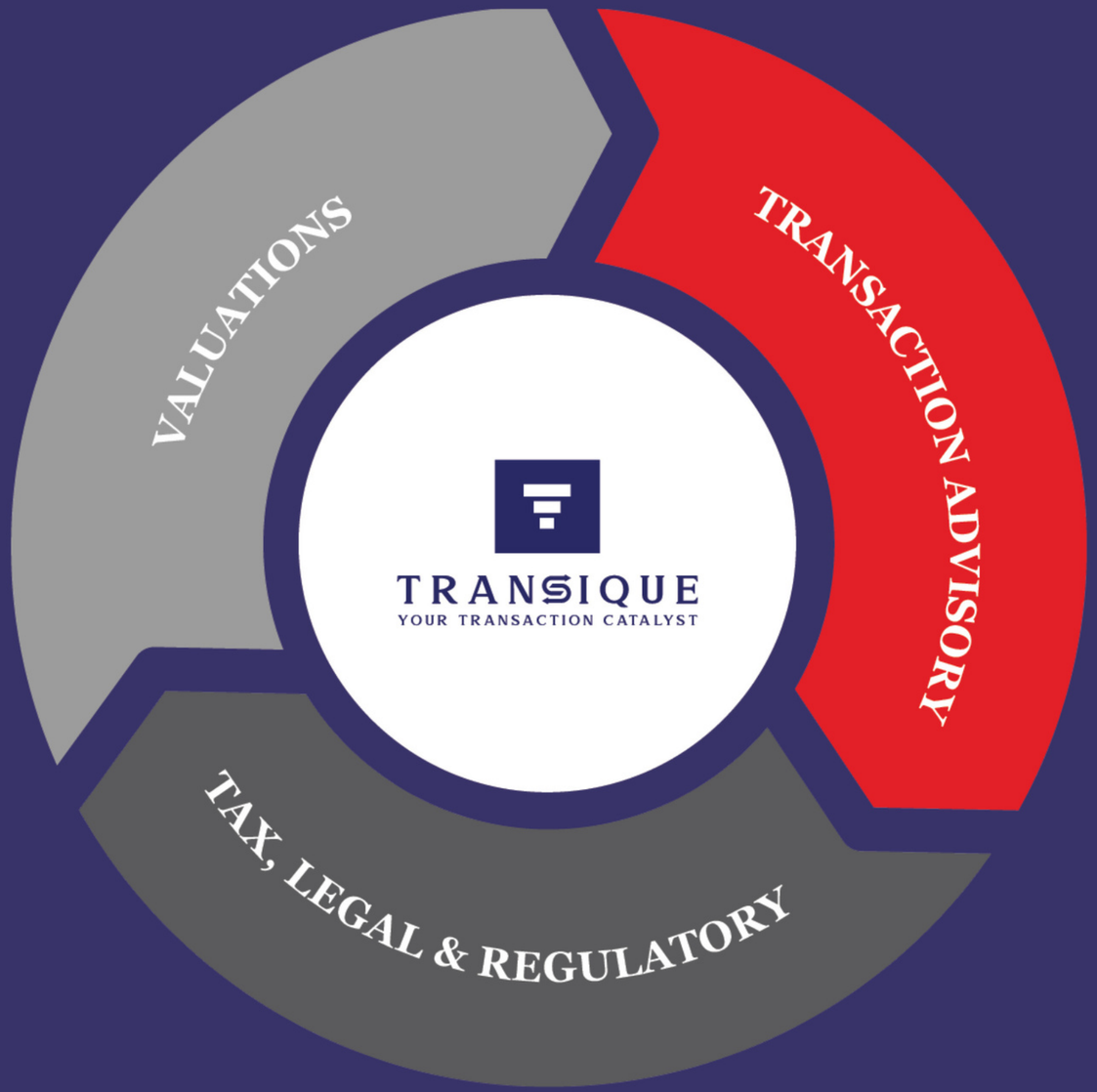
Industry	Sub Industry	Sub Group	No. of Companies
Textiles	Garments & Apparels	Retailing	1
		Textiles - Composite/Cotton/Blended/Fabric - LARGE	1
		Textiles - Others	4
		Textiles - Processing	1
		Textiles - Readymade Apparel	8
		Textiles - Socks	1
	Other Textile Products	Construction - Housing - Medium / Small	1
		Plastics - PU & PU leather	1
		Textiles - Composite/Cotton/Blended/Fabric - M/S	1
		Textiles - Cotton Yarn - 100% EOUs	1
		Textiles - Cotton Yarn - Open-Ended Spinning	2
		Textiles - Embroidery Fabric	1
		Textiles - Hosiery / Knitwear	3
		Textiles - Manmade - PFY / PSF - From Chips	1
		Textiles - Manmade - PFY/PSF - InHouse Poly Condsn	1
		Textiles - Manmade - Polypropylene Filament Yarn	1
		Textiles - Others	9
		Textiles - Processing	2
		Textiles - Socks	1
		Textiles - Spinning - Synthetic / Blended	10
		Textiles - Spinning/Cotton/Blended Yarn - Ring Spg	12
		Textiles - Terry Towels	3
		Textiles - Texturising	5
		Textiles - Weaving	6
		Trading - Medium / Small	1
	Trading - Textile Products	Textiles - Others	1
		Textiles - Readymade Apparel	1
		Trading - Medium / Small	2
		Total Companies	**82**



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