

## Mar'25 Textile exports up 10%YoY

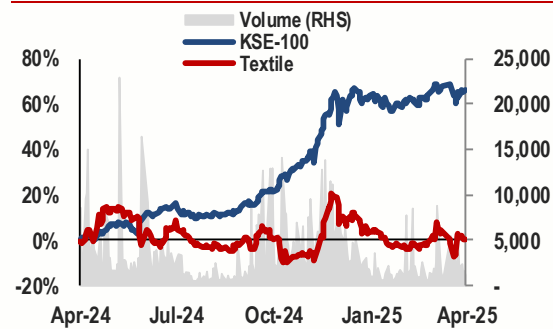
- Textile exports arrived at USD 1.43Bn in Mar'25 as compared to USD 1.3Bn in the SPLY, reflecting a growth of ~10%YoY. Whereas, on a monthly basis it only increased by 1%MoM. The increase was mainly due to the higher exports of cotton yarn, knitwear, bed wear, ready-made garments, art & silk, made-up articles and other textiles up 30%YoY, 15%YoY, 19%YoY, 12%YoY, 9%YoY, 10%YoY and 11%YoY, respectively. Moreover, 9MFY25 textile exports increased 9%YoY to USD 13.6Bn as compared to USD 12Bn in the SPLY.

- In Mar'25, Basic textile exports totaled USD 205Mn, down ~2% YoY, mainly attributed to decline in exports of cotton cloth and yarn. Whereas, value added exports showed a significant increase of 13%YoY along with a 9%YoY increase in other textiles.

## Fortnightly cotton arrivals down 34%YoY

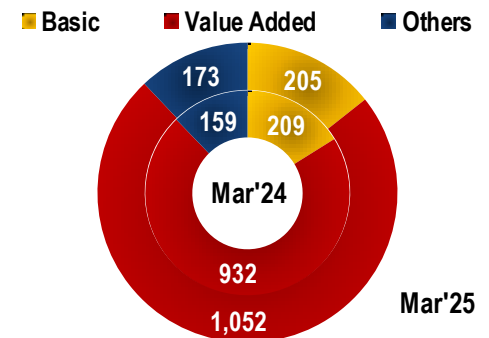
- The cotton arrivals as of Feb'25, have plunged by 34%YoY, arriving at ~5.51Mn bales as compared to ~8.34Mn bales in the SPLY. This sharp decline was mainly attributable to a significant drop in cotton production since the start of FY25, resulting in a notable shortfall in local supply. Therefore, to fill this gap, textile mills have increasingly turned to imported cotton, which has surged significantly. To highlight, cotton imports totaled to USD 854Mn, in 9MFY5 as compared to USD 266Mn in the SPLY.
- Moreover, local cotton prices have declined during Mar'25, now ranging between PKR 16,500-17,000/maund, still higher compared to the international cotton prices, making the case for cotton imports. Adding to the challenge, textile mills are urging the Government to withdraw the 18% sales tax on local inputs in order to make local cotton more competitive.
- Going forward, it is expected that cotton cultivation may increase in the FY26, due to the early sowing of cotton in Punjab. Hence, we believe, this rise in cultivation is likely to boost cotton arrivals in the upcoming season and restore supply stability, potentially reducing the heavy reliance on imported cotton.
- Moreover, the Government has reduced power tariff by PKR 7.41/unit, bringing it down to PKR 40.6/unit. Although, this cut may provide some relief to the sector, but still remains higher than the average of regional competitors.

12M Relative Performance of Textile Sector



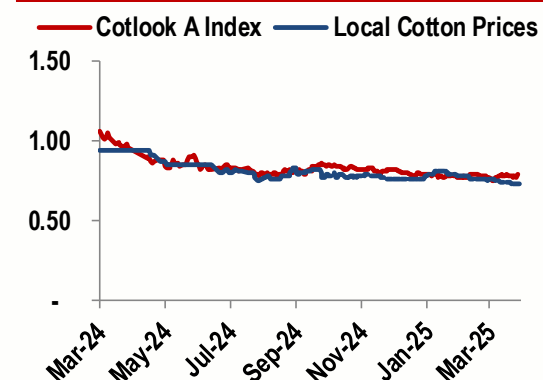
Source: PSX and TSL Research

Textile Exports Composition (USD Mn)



Source: PBS & TSL Research

Cotton Rates (USD')



Source: Bloomberg & TSL Research

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## Insight—Sector Update—Textile

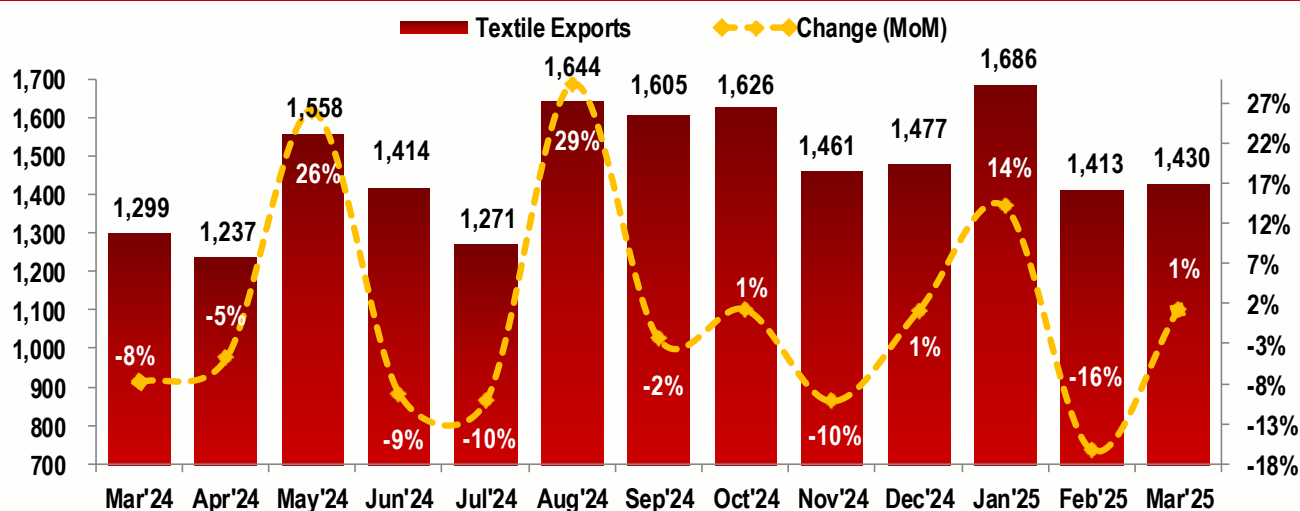
- Furthermore, it is expected that corporate tax rate may be reduced in the upcoming budget. This expected cut will be a major support, helping improve the profitability of the sector already burdened by multiple challenges. However, the reciprocal US tariff of 29%, currently on a pause for three-months, remains a major threat to the sector — as the US is one of the major textile export destinations for the Pakistan.
- Alternatively, the sector may also benefit from capitalizing new orders as a consequence of the higher tariffs put in place on China.

### Textile Exports USD (Mn) - Mar'25

Segments	Mar-25	Mar-24	YoY	Feb-25	MoM	9MFY25	9MFY24	YoY
<b>Basic</b>								
Raw Cotton	0	0	N/M	0	N/M	1	56	N/M
Cotton Yarn	57	44	30%	51	10%	538	792	-32%
Cotton Cloth	146	163	-10%	149	-2%	1,424	1,423	0%
Cotton Carded & Combed Yarn	0	0	N/M	0	N/M	0	1	N/M
Yarn	2	2	-3%	3	-16%	25	27	-4%
<b>Value-Added</b>								
Knitwear	386	337	15%	366	6%	3,785	3,240	17%
Bed Wear	256	215	19%	250	2%	2,374	2,088	14%
Towel	89	93	-4%	97	-8%	819	784	4%
Readymade Garments	321	287	12%	329	-2%	3,092	2,597	19%
<b>Others</b>								
Tents & Canvas	10	11	-14%	8	24%	101	88	14%
Arts & Silk	33	30	9%	34	-3%	304	274	11%
Madeup Articles	65	59	10%	63	3%	588	536	10%
Other Textiles	65	58	11%	64	2%	560	541	4%
<b>Total Textile Exports</b>	<b>1,430</b>	<b>1,300</b>	<b>10%</b>	<b>1,413</b>	<b>1%</b>	<b>13,613</b>	<b>12,446</b>	<b>9%</b>

Source: PBS & TSL Research

### Textile Exports (USD Mn)



Source: PBS & TSL Research

## SECP Research Entity Notification Number: REP-040

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To arrive at our period end target prices, TSL uses different valuation methodologies including

- Discounted cash flow (DCF, DDM)
- Justified price to book (JPB)
- Relative Valuation (P/E, P/B, P/S etc.)
- Equity & Asset return based methodologies (EVA, Residual Income etc.)

SECP JamaPunji Portal link: <https://jamapunji.pk/>

Frequently Used Acronyms

TP	Target Price	DCF	Discounted Cash Flows	FCF	Free Cash Flows
FCFE	Free Cash Flows to Equity	FCFF	Free Cash Flows to Firm	DDM	Dividend Discount Model
SOTP	Sum of the Parts	P/E	Price to Earnings ratio	P/Bv	Price to Book ratio
P/S	Price to Sales	EVA	Economic Valued Added	BVPS	Book Value per Share
EPS	Earnings per Share	DPS	Dividend per Share	DY	Dividend Yield