

Positive earnings growth of the Textile Sector, a most encouraging sign

It cannot be denied that these are trying times for the textile industry of Pakistan. The exports are stagnant at best and most of the sub sectors are performing below the expectations and targets. Amid this air of gloom and depression due to both internal and external factors, there are some encouraging positive news about Pakistan's textile industry. Textile sector on the bourse registered a strong growth in earnings of 23% in the first half of fiscal year 2009. The biggest growth was seen in the composite sector which registered a hefty 61% earnings growth over same period last year. The weaving sector that faced losses last year also recovered its profitability. The latest export figures released indicate that the cotton fabrics and towels have both shown significant increase in exports.

The spinning sector however faced losses of Rs. 783 million during this period as against profits of 340 million last year. These losses could largely be attributed to the soaring cotton prices the key cost component of the spinning industry. This is a time when the spinners are also actively considering better value to their yarn and to reduce inefficiencies in the production cycle. With new developments spinners can produce extraordinary yarns to meet the demand for high value added yarn for the fashion industry. The mind set of 20 single is no longer viable in this competitive environment.

It must be noted that the composite sector accounts for 67% of the textile industry's market capitalization on the bourse. Generally the companies represented by this sector are financially strong and actively marketing their products abroad and in Pakistan as well. The devaluation of Rupee certainly helped the export based textile sector particularly the composite and weaving sector showing improved margins. However, a resulting increase in the cost of financing as well the higher cost of imported inputs subdued the earnings growth to an extent.

Positive earnings growth is an indication of the inherent strength of Pakistan's vibrant textile industry which is struggling hard in the current recessionary global environment. It is indeed a time of reckoning for the industry and the positive signals from the industry are encouraging. If the present government's efforts in gaining better market access to the European and American markets are successful, we can expect a better and brighter future for the industry that is the backbone of our economy. ♦

Destination Istanbul, onwards to Shanghai

Pakistan Textile Journal will participate in the two major textile machinery exhibitions, ITM in Istanbul in Turkey from June 6-10 and in Shanghaiex from June 12-16. As always the team of Pakistan Textile Journal' booth will welcome visitors from Pakistan and abroad to our booths in these major textile machinery events. These events are taking place at a time when the global economy is in recession and all the textile producing countries including China and India are affected by it. It would indeed be most interesting to meet global textile industry players in these exhibitions and to gain their unique perspective. Pakistan Textile Journal will once again bring first hand coverage and interviews most relevant to our readers. ♦



125th Anniversary of Oerlikon Schlafhorst

2009 marks the 125th anniversary of Oerlikon Schlafhorst. Founded by Wilhelm Schlafhorst under the name of W. Schlafhorst, this Monchengladbach (Germany) based company, presently hold a proven market share of 65% and is considered as a leader in the spinning machinery and technology.

Pakistan Textile Journal would like to congratulate the Schlafhorst Oerlikon and its agent Moonaco for its continued support to the textile spinning industry of Pakistan. A special editorial by Mr. Ralph Knecht from Oerlikon Schlafhorst is included in Pakistan Textile Journal (See page 12) for the interest of our readers. The attached advertisement from our archives department dates back to May 1957. Ed.