TEXTILES AND APPAREL

CONTENTS
- Executive Summary.................................3
- Advantage India.................................5
- Market Overview and Trends.....................7
- Porters Five Forces Analysis...............21
- Strategies Adopted.............................23
- Growth Drivers.................................25
- Opportunities.................................38
- Success Stories...............................41
- Useful Information..............................47
The domestic textile and apparel industry in India is estimated to reach USD141 billion by 2021 and USD100 billion by 2017 from USD67 billion in 2014.

Textile and apparel exports from India is expected to increase to USD82 billion by 2021 and to USD65 billion by 2017 from USD40 billion in 2014.

Total cloth production in India is expected to grow to 112 billion square metres by FY17 from 63.5 billion square metres in FY14.

Source: Ministry of Textiles, Make in India, Technopak, TechSci Research
Notes: CAGR - Compound Annual Growth Rate, E – Estimate, P – Provisional
* Indicated- 2015- up to Sept’ 14

Rising per capita income, favourable demographics and a shift in preference to branded products to boost demand.

Favourable trade policies and superior quality to drive textile exports.

Increase in domestic demand set to boost cloth production.

Notes: CAGR – Compound Annual Growth Rate, E – Estimate, P – Provisional

* Indicated- 2015- up to Sept’ 14
In the 12th Five Year Plan, the Government plans to provide a budgetary support to textiles of USD 4.25 billion against USD 4.18 billion in the 11th Five Year Plan.

Rising government focus and favourable policies to support the industry

Source: Ministry of Textiles, Technopak, TechSci Research
Note: CAGR - Compound Annual Growth Rate
Robust demand

- Increased penetration of organized retail, favorable demographics, and rising income levels to drive textile demand
- Growth in building and construction will continue to drive demand for non-clothing textiles

Increasing investments

- Huge investments are being made by Government under Scheme for Integrated Textile Parks (SITP) - (USD184.98 Million) and Technology Upgradation Fund Scheme (TUFS) - (term loan sanctioned in Feb, 2015-USD2198.45 Million) to encourage more private equity and to train workforce.

Competitive advantage

- Abundant availability of raw materials such as cotton, wool, silk and jute
- India enjoys a comparative advantage in terms of skilled manpower and in cost of production relative to major textile producers

Policy support

- 100 per cent FDI (automatic route) is allowed in the Indian textile sector
- Under Union Budget 2015-16, government has allocated USD39.81 million for integrated parks in India
- Free trade with ASEAN countries and proposed agreement with European Union will boost exports

Source: PHD Camber of Commerce; Federation of Indian Chambers of Commerce and Industry, TechSci Research
Notes: SITP - Scheme for Integrated Textile Park; FDI - Foreign Direct Investment, ASEAN - Association of Southeast Asian Nations, E – Estimate

Market Value: USD99 billion

Market Value: USD226 billion

TEXTILES AND APPAREL

ADVENTAGE INDIA

AUGUST 2015

For updated information, please visit www.ibef.org
For updated information, please visit www.ibef.org
The textile and apparel industry can be broadly divided into two segments:

- Yarn and fibre (include natural and man-made)
- Processed fabrics (including woollen textiles, silk textiles, jute textiles, cotton textiles and technical textiles), Readymade Garments (RMGs) and apparel

Key segments of the textile industry:

- Raw material
- Ginning
- Spinning
- Weaving/knitting
- Processing
- Garment/apparel production
- Cotton, jute, silk, wool
- Fibre*
- Yarn
- Fabric
- Processed fabric
- Final garment/Apparel

Segments in Textile and Apparel Sector:

- Woollen textiles
- Silk textiles
- Jute textiles
- Technical textiles

Source: TechSci Research
Note: * Including cotton, jute, silk, wool and manmade fibres

For updated information, please visit www.ibef.org
KEY FACTS

* The fundamental strength of the textile industry in India is its strong production base of wide range of fibre/yarns from natural fibres like cotton, jute, silk and wool to synthetic/man-made fibres like polyester, viscose, nylon and acrylic.

* According to UN Comtrade data released in June, 2014
  - India was announced as the world’s second largest exporter of textiles and clothing in the world
  - And 6th largest exporter of clothing only

* India accounts 63 per cent of the market share of textiles and garments

* India is the 2nd biggest producer of silk and cotton

* Indian textile industry accounts for about 24 per cent of the world’s spindle capacity and 8 per cent of global rotor capacity

* India has the highest loom capacity (including hand looms) with 63 per cent of the world’s market share

* India accounts for about 14 per cent of the world’s production of textile fibres and yarns (largest producer of jute, second largest producer of silk and cotton; and third largest in cellulosic fibre)

Source: Textile Ministry, Make in India, TechSci Research
**TEXTILES AND APPAREL**

THE SECTOR HAS BEEN POSTING STRONG GROWTH OVER THE YEARS

- Textile plays a major role in the Indian economy
- It contributes 14 per cent to industrial production and 4 per cent to GDP
- With over 45 million people, the industry is one of the largest source of employment generation in the country
- The industry accounts for nearly 13 per cent of total exports
- The size of India’s textile market in 2014 was USD99.0 billion which is expected to touch USD226 billion market by 2023 at a CAGR of 8.7 per cent between 2009-23E

**India's textile market size (USD billion)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Market Size (USD billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>70</td>
</tr>
<tr>
<td>2010</td>
<td>78</td>
</tr>
<tr>
<td>2011</td>
<td>89</td>
</tr>
<tr>
<td>2014</td>
<td>99</td>
</tr>
<tr>
<td>2023E</td>
<td>226</td>
</tr>
</tbody>
</table>

*CAGR: 8.7%*

Source: Technopak, Make in India, News articles, Ministry of Textiles, TechSci Research

Notes: CAGR - Compound Annual Growth Rate, E – Estimated,

AUGUST 2015

For updated information, please visit [www.ibef.org](http://www.ibef.org)
MARKET SHARE: APPAREL HAS THE LARGER SHARE

* Apparel constitute a large share in the overall sector

  * As per the latest data available, in 2012, apparel had a share of 69 per cent of the overall market; textiles contributed the remaining 31 per cent

  * To improve technical skills in apparel industry government established 75 apparel training and design centres across India

  * National Institute of Fashion Technologies played pioneering role in growth of apparel industry and exports

  * To promote apparel exports 12 locations has been approved by the government to set up apparel parks for exports

Shares in India’s textile and apparel sector in 2012

Source: Technopak, TechSci Research

Note: NIFT - National Institute of Fashion Technology
COTTON PRODUCTION OVER THE PAST FEW YEARS HAS BEEN VOLATILE

* Production of raw cotton grew to 35.9 million bales in FY14, up from about 28.0 million bales in FY07. Till 3rd advance estimates for FY15, production of raw cotton in FY15 was 35.3 million bales.

* During the same period, production expanded at a CAGR of 2.9 per cent

* During FY14, of the overall amount of raw cotton produced in the country, domestic consumption totaled 29.3 million bales, while in FY15, 17.8 million bales was the domestic consumption between October 2014 to April 2015

Production of raw cotton (million bales)

<table>
<thead>
<tr>
<th>Year</th>
<th>Production (Million Bales)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY07</td>
<td>28</td>
</tr>
<tr>
<td>FY08</td>
<td>30.7</td>
</tr>
<tr>
<td>FY09</td>
<td>29</td>
</tr>
<tr>
<td>FY10</td>
<td>30.5</td>
</tr>
<tr>
<td>FY11</td>
<td>33.9</td>
</tr>
<tr>
<td>FY12</td>
<td>35.3</td>
</tr>
<tr>
<td>FY13</td>
<td>35.6</td>
</tr>
<tr>
<td>FY14</td>
<td>35.9</td>
</tr>
<tr>
<td>FY15*</td>
<td>35.3</td>
</tr>
</tbody>
</table>

CAGR: 2.9%

Source: The Cotton Corporation of India Ltd, TechSci Research
Notes: CAGR - Compounded Annual Growth Rate,
One Bale - 170 kilogram
*FY15: 3rd Advance Estimates for 2014-15

- Raw cotton and man-made fibres are major segments in this category
- Raw wool and raw silk are other components – their production levels are much lower

For updated information, please visit www.ibef.org
PRODUCTION OF MAN-MADE FIBRE HAS BEEN RISING

* Production of man-made fibre has also been on an upward trend

* Production stood at 1.28 million tonnes in FY14 with the figure reinforcing a recovery from 2009 levels

* During the period of FY07-14, production increased at a CAGR of 1.7 per cent

Production of man-made fibre (million tonnes)

Source: Ministry of Textiles, TechSci Research
COTTON IS THE MAJOR SEGMENT IN YARN AND FABRIC … (1/2)

- Production of yarn grew to 489.11 Lakh Kgs in FY14 from 346.03 Lakh Kgs in FY11, implying a CAGR of 12.2 per cent
- Production of yarn between April to December’15 stood at 385.06 Lakh Kg
- Cotton yarn accounts for the largest share in total yarn production; in FY14, the segment’s share amounted to 74 per cent

Production of yarn (Lakh Kg)

<table>
<thead>
<tr>
<th>Year</th>
<th>Production (Lakh Kg)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY11</td>
<td>346.03</td>
</tr>
<tr>
<td>FY12</td>
<td>350.2</td>
</tr>
<tr>
<td>FY13</td>
<td>427.98</td>
</tr>
<tr>
<td>FY14</td>
<td>489.11</td>
</tr>
<tr>
<td>FY15*</td>
<td>385.06</td>
</tr>
</tbody>
</table>

*data of FY15 is from April to December
Source: Ministry of Textiles, TechSci Research
COTTON IS THE MAJOR SEGMENT IN YARN AND FABRIC … (2/2)

* Fabric production rose to 63,319 million square metre in FY14 from 52,665 million square metres in FY07, implying a CAGR of 2.7 per cent

* The major segment in FY14 is cotton yarn, which accounted for more than 56 per cent

Fabric production (million square metre)

```
<table>
<thead>
<tr>
<th></th>
<th>FY07</th>
<th>FY08</th>
<th>FY09</th>
<th>FY10</th>
<th>FY11</th>
<th>FY12</th>
<th>FY13</th>
<th>FY14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cotton</td>
<td>26,238</td>
<td>27,196</td>
<td>26,898</td>
<td>28,790</td>
<td>31,201</td>
<td>30,570</td>
<td>33,871</td>
<td>35,439</td>
</tr>
<tr>
<td>100% Non Cotton</td>
<td>6,882</td>
<td>6,888</td>
<td>6,766</td>
<td>7,769</td>
<td>8,135</td>
<td>8,468</td>
<td>9,283</td>
<td>10,006</td>
</tr>
<tr>
<td>Blended</td>
<td>19,545</td>
<td>21,173</td>
<td>20,534</td>
<td>22,438</td>
<td>21,669</td>
<td>20,567</td>
<td>18,812</td>
<td>17,874</td>
</tr>
</tbody>
</table>
```

Source: Ministry of Textiles, TechSci Research
Exports have been a core feature of India’s textile and apparel sector, a fact corroborated by trade figures.

Exports grew to USD35.4 billion in FY14 from USD17.6 billion in FY06, implying a CAGR of 9.1 per cent.

Exports during FY15 (between April-November) touched USD14.6 billion.

However, in FY14 India’s Textile Exports crossed the mark of FY12 also and touched USD35.4 Billion.

**Source:** Ministry of Textiles, Budget 2015, TechSci Research

**Note:** * FY15 Export data till November’14
FY15 Import (April-Oct’14)
FY14 Import (April-Oct)
TEXTILES AND APPAREL

READYMADE GARMENTS AND COTTON TEXTILES DOMINATE EXPORTS

* Readymade garments was the largest contributor to total textile and apparel exports from India in FY15 the segment had a share of 40 per cent

* Cotton and man-made textiles were the major contributors with shares of 31 per cent and 16 per cent, respectively

Shares in India’s textile exports (FY15)

- Ready Made Garments: 40%
- Cotton Textiles: 31%
- Man Made Textiles: 16%
- Handicrafts (Carpet, Handloom, Coir, Handicrafts excluding carpets): 10%
- Others (Silk, Wool, Jute): 3%

Source: Ministry of Textiles, Budget 2015, TechSci Research
Notes: Others include coir & coir manufacturers and jute. P - Data for FY12 is provisional
### TEXTILES AND APPAREL

#### KEY PLAYERS IN THE INDUSTRY

For updated information, please visit [www.ibef.org](http://www.ibef.org)

**Source:** Annual Reports, TechSci Research

<table>
<thead>
<tr>
<th>Company</th>
<th>Business areas</th>
</tr>
</thead>
<tbody>
<tr>
<td>Welspun India Ltd</td>
<td>Home textiles, bathrobes, terry towels</td>
</tr>
<tr>
<td>Vardhman Group</td>
<td>Yarn, fabric, sewing threads, acrylic fiber</td>
</tr>
<tr>
<td>Alok Industries Ltd</td>
<td>Home textiles, woven and knitted apparel fabric, garments and polyester yarn</td>
</tr>
<tr>
<td>Raymond Ltd</td>
<td>Worsted suiting, tailored clothing, denim, shirting, woollen outerwear</td>
</tr>
<tr>
<td>Arvind Mills Ltd</td>
<td>Spinning, weaving, processing and garment production (denims, shirting, khakis and knitwear)</td>
</tr>
<tr>
<td>Bombay Dyeing &amp; Manufacturing Company Ltd</td>
<td>Bed linen, towels, furnishings, fabric for suits, shirts, dresses and saris in cotton and polyester blends</td>
</tr>
<tr>
<td>Garden Silk Mills Ltd</td>
<td>Dyed and printed fabric</td>
</tr>
</tbody>
</table>
NOTABLE TRENDS IN INDIA’S TEXTILE SECTOR

**Increasing investment in TUFS**
- Ministry of Textiles is encouraging investments through increasing focus on schemes such as Technology Up-gradation Fund Scheme (TUFS) and cluster development activities
- TUFS for the textile sector to continue in the 12th Five Year plan with an investment target of USD24.8 billion

**Multi-Fibre Arrangement (MFA)**
- With the expiry of MFA in January 2005, cotton prices in India are now fully integrated with international rates. In 2014, the government has cleared 13 proposal of new textile parks in different states.

**Public-Private Partnership (PPP)**
- The Ministry of Textiles commenced an initiative to establish institutes under the Public-Private Partnership (PPP) model to encourage private sector participation in the development of the industry

**Technical textiles**
- Technical textiles, which has been growing at around twice the rate of textiles for clothing applications over the past few years, is now expected to post a CAGR of 20 per cent over FY11-17
- USD70.83 million has been allocated to promote the use of Geotechnical textiles in the North East states. In FY14

Source: Ministry of Textiles, TechSci Research
Note: TUFS - Technology Upgradation Fund Scheme
# TEXTILES AND APPAREL

## PORTER'S FIVE FORCES ANALYSIS

<table>
<thead>
<tr>
<th>Competitive Rivalry</th>
<th>Threat of New Entrants</th>
<th>Substitute Products</th>
<th>Bargaining Power of Suppliers</th>
<th>Bargaining Power of Customers</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Intense competition between established brands and private label brands</td>
<td>• 100 per cent FDI (automatic route) is allowed in the Indian textile sector</td>
<td>• Low cost substitute products from countries like Pakistan and Bangladesh</td>
<td>• Significant presence of small suppliers has reduced the bargaining power</td>
<td>• Major clothing brands have better bargaining power over textile manufacturers, as the product differentiation is low and number of players are high and fragmented</td>
</tr>
<tr>
<td>• Industry is highly fragmented with organised sector contributing only 31 per cent in 2011</td>
<td>• A few large suppliers are focusing on forward integration</td>
<td>• Threat from unorganised sector</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: PricewaterhouseCoopers, Techopak, TechSci Research

For updated information, please visit [www.ibef.org](http://www.ibef.org)
**Focus on high growth domestic market**

- Welspun India is currently focusing on setting up a shop-in-shop strategy, where it will open shops in large retail stores, curtailing capex and risk, to focus on the domestic market

**Focus on backward integration**

- Welspun India plans to increase its internal supply of yarn and greige from ~35 per cent in February 2014 to 70-75 per cent by June 2014, through its backward integration strategy

**Focus on forward integration**

- Vardhman Textiles Ltd has entered into garment manufacturing business through a collaboration with Nisshinbo, a Japanese manufacturer of yarns

**Diversification**

- Raymond group under its group company J.K.Helene Curtis is looking to ramp up male grooming segment by unleashing new variants of shampoos and deos

*Source: Annual Reports and Company Presentations TechSci Research*
TEXTILES AND APPAREL

GROWTH DRIVERS

AUGUST 2015
STRONG FUNDAMENTALS AND POLICY SUPPORT AIDING GROWTH

Growing demand:
- Rising demand in exports
- Increasing demand in domestic market due to changing taste and preferences
- Growing population driving demand for textiles

Policy support:
- 100 per cent FDI in textile sector
- Government setting up SITPs and Mega Cluster Zones
- Increasing loans under TUFS

Increasing investments:
- Growing domestic and foreign investments
- Commitment of USD140 billion of foreign investments
- Government investment schemes (TCIDS and APES)

Source: Ministry of Textiles, TechSci Research
Notes: TCIDS - Textile Center Infrastructure Development Scheme, APES - Apparel Park for Exports Scheme

AUGUST 2015
CONTINUED SUPPORT TO TEXTILE SECTOR BY THE GOVERNMENT IN FY16 BUDGET

Source: Union Budget FY15-16, Ministry of Textile
Notes: SITP - Scheme for Integrated Textile Parks, TUFS - Technology Upgradation Fund Scheme, NER – North East Region

Some of the key tax reliefs in Budget FY16:
- Zero excise duty for the cotton products
- Structure of the excise duty on Man-Made Fibre has been same

Union Budget

- Stress on mechanisation
- Tax sops and financial package
- Infrastructure support

- USD252 million has been allocated for TUFS scheme
- USD24.8 million has been allocated for National Handloom Development Program
- USD33.34 million has been allocated for Human Resource Development
- Allocation of USD39.8 million for apparel parks under SITP
- USD26.05 million have been allocated for NER Textile Promotion Scheme
- USD1.33 million has been allocated to Trade Facilitation Centre and Craft Museum
- USD252 million has been allocated for TUFS scheme
- USD24.8 million has been allocated for National Handloom Development Program
- USD33.34 million has been allocated for Human Resource Development

For updated information, please visit www.ibef.org
CHANGING DEMOGRAPHICS HAS ALSO CONTRIBUTED SIGNIFICANTLY TO THE SECTOR

* By 2014, India’s population had almost doubled compared to figures 30 years before
  * The IMF expects India’s population to touch 1.34 billion by end-2019 as compared to 1.34 billion in 2014
* India’s growing population has been a key driver of textile consumption growth in the country
* Moreover, according to World Bank, urban population accounts for 32 per cent of the total population of India. This also works as demand driver due to changing taste and preferences in the urban part of India
* It has been complemented by a young population which is growing and at the same time is exposed to changing tastes and fashion
  * Complementing this factor is rising female workforce participation in the country

![India's population in billions](image)

Source: World Bank, TechSci Research
Note: F - Forecasts
RISING INCOMES AND A GROWING MIDDLE-CLASS HAVE BEEN KEY DEMAND DRIVERS

* Rising incomes has been a key determinant of domestic demand for the sector; with incomes rising in the rural economy as well, the upward push on demand from the income side is set to continue

* Rising industrial activity would support the growth in the per capita income

Trends in per-capita income in India (USD)

Changing economic fortunes by income segments

Source: IMF, Mckinsey Global Institute, TechSci Research
Notes: E - Estimates, F - Forecasts
EXPORTERS GAINING FROM STRONG GLOBAL DEMAND

- Capacity built over years has led to low cost of production per unit in India’s textile industry; this has lent a strong competitive advantage to the country’s textile exporters relative to key global peers.

- The sector has also witnessed increasing outsourcing over the years as Indian players moved up the value chain from being mere converters to vendor partners of global retail giants.

- The strong performance of textile exports is reflected in the value of exports from the sector over the years. Textile exports grew by 11.7 per cent to USD35.4 billion in FY14. However, there is a growth (CAGR) of 9.13 per cent over the period of FY07 to FY14.

- In the coming decades, Africa and Latin America could very well turn out to be key markets for Indian textiles.

Growing Textile and Clothing Exports from India (USD billion)

Source: Ministry of Textiles, Budget 2015, TechSci Research

(*data shown for FY15 is from April to November only)
The major service offerings of the technical textile industry include thermal protection and blood-absorbing materials, seatbelts and adhesive tapes.

The technical textile industry is expected to expand at a CAGR of 9.6 per cent during FY14–23 to USD32 billion in FY23.

The targeted market size would be achieved by targeting non-woven technical textiles.

Healthcare and infrastructure sectors are major drivers of the technical textile industry.

India is expected to be a key growth market for the technical textile sector due to cost-effectiveness, durability and versatility of technical textiles.

The government has supported the technical textile industry with an allotment of USD1 billion for SMEs and an exemption in custom duty for raw materials used by the sector.

USD70.83 million has been allocated to promote the use of Geotechnical textiles in the North East states in FY14.

Technical textile industry (USD billion)

<table>
<thead>
<tr>
<th></th>
<th>FY14</th>
<th>FY23E</th>
</tr>
</thead>
<tbody>
<tr>
<td>CAGR: 9.6%</td>
<td>14</td>
<td>32</td>
</tr>
</tbody>
</table>

Source: Chamber of Commerce, Indian Technical Textile Association, TechSci Research
Notes: SME - Small and Medium Enterprises, E - Estimates
India’s home textile industry is expected to expand at a CAGR of 8.3 per cent during 2014–21 to USD8.2 billion in 2021 from USD4.7 billion in 2014.

India accounts for 7 per cent of global home textiles trade. Superior quality makes companies in India a leader in the US and the UK, contributing two-third to their exports.

Indian products has gained a significant market share in global home textiles in the past few years.

The growth in the home textiles would be supported by growing household income, increasing population and growth of end use sectors like housing, hospitality, healthcare etc.

In 2014, the home textile industry at global level was valued at USD45 billion. Of these, India’s share was 11 per cent against China’s share of 34 per cent.

Source: Ministry of Textiles, Welspun Presentation, Technopak, TechSci Research
Note: E - Estimates
**TEXTILES AND APPAREL**

**POLICY SUPPORT HAS BEEN A KEY INGREDIENT TO GROWTH**

<table>
<thead>
<tr>
<th><strong>Technology Up-gradation Fund Scheme (TUFS)</strong></th>
<th><strong>National Textile Policy - 2000</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>- TUFS for the textile sector to continue in the 12&lt;sup&gt;th&lt;/sup&gt; Five Year Plan with an investment target of USD24.8 billion</td>
<td></td>
</tr>
<tr>
<td>- Investment was made to promote modernisation and up-gradation of the textile industry by providing credit at reduced rates</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Foreign Direct Investment</strong></th>
<th><strong>Scheme for Integrated Textiles Parks (SITP)</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>- FDI of up to 100 per cent is allowed in the textile sector through the automatic route</td>
<td></td>
</tr>
<tr>
<td>- SITP was set up in 2005 to provide necessary infrastructure to new textile units; under SITP, 40 projects (worth USD900 million) have been sanctioned</td>
<td></td>
</tr>
<tr>
<td>- The planned outlay for the textiles and apparel sector under the 11&lt;sup&gt;th&lt;/sup&gt; Five Year Plan (20012–17) was USD2.9 billion</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Technical textile industry</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>- Government of India has planned an increase in the fund outlay for technical textiles industry to more than USD117 million during the current 12&lt;sup&gt;th&lt;/sup&gt; Five Year Plan (2012-17)</td>
</tr>
</tbody>
</table>
There are in total 55 SEZs pan India for textiles and apparel industry

<table>
<thead>
<tr>
<th>Name of SEZ and status</th>
<th>State</th>
<th>Area (hectares)</th>
<th>Sector</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mahindra City SEZ</td>
<td>Tamil Nadu</td>
<td>607.1</td>
<td>Apparel and fashion accessories</td>
<td>Mahindra City is India’s first integrated business city, divided into business and lifestyle zones. It is a cluster of three sector specific SEZs in Tamil Nadu, for apparels and fashion accessories; IT and hardware; and auto ancillary. The business zone provides plug-n-play working spaces. This zone comprises a SEZ (primarily for exporters) and Domestic Tariff Area (DTA) for companies targeting domestic market</td>
</tr>
<tr>
<td>(Functional)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Surat Apparel Park</td>
<td>Gujarat</td>
<td>56.0</td>
<td>Textiles</td>
<td>Key industrial units include Safari Exports, Venus Garments, Benchmark Clothings, P. K. International, Tormal Prints, J.R. Fashion and Ganga Export</td>
</tr>
<tr>
<td>(Functional)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brandix India</td>
<td>Andhra Pradesh</td>
<td>404.7</td>
<td>Textiles</td>
<td>BIAC is an integrated apparel supply chain city, managed by Brandix Lanka Ltd. It aims to be a end-to-end apparel solution provider</td>
</tr>
<tr>
<td>Apparel City (BIAC)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Functional)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(KIADB)</td>
<td>Karnataka</td>
<td>16,129.0</td>
<td>Several sectors</td>
<td>Karnataka Industrial Areas Development Board (KIADB) is a wholly owned infrastructure agency of Government of Karnataka. Till date, KIADB has formed 132 industrial areas spread all over the state</td>
</tr>
<tr>
<td>(Functional)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: SEZ India invest.com, TechSci Research
Notes: KIADB - Karnataka Industrial Areas Development Board, SEZ - Special Economic Zone
KEY TEXTILES AND APPAREL ZONES IN INDIA

- North: Kashmir, Ludhiana and Panipat account for 80 per cent of woollens in India
- West: Ahmedabad, Mumbai, Surat, Rajkot, Indore and Vadodara are the key places for cotton industry
- South: Tirupur, Coimbatore and Madurai for hosiery.
- East: Bihar for jute, parts of Uttar Pradesh for woollen and Bengal for cotton and jute industry
- Bengaluru, Mysore and Chennai for silk

Source: TechSci Research, Note: All figures as of 2011-12
M&A activity in the sector has been picking up pace over the years. During 2014, the number of M&A deals in the textiles and apparel industry stood at 19.

Some of the major M&A deals* are listed below:

<table>
<thead>
<tr>
<th>M&amp;A scenario - details</th>
<th>Period: January 2000 to December 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deals</td>
<td>Acquirer name</td>
</tr>
<tr>
<td>-------</td>
<td>----------------</td>
</tr>
<tr>
<td>1</td>
<td>Biba Apparels Pvt Ltd</td>
</tr>
<tr>
<td>2</td>
<td>Future Lifestyle Fashions Ltd</td>
</tr>
<tr>
<td>3</td>
<td>Grasim Industries</td>
</tr>
<tr>
<td>4</td>
<td>Madura Garments</td>
</tr>
<tr>
<td>5</td>
<td>Himachal Fibres</td>
</tr>
<tr>
<td>6</td>
<td>BR Machine Tools Pvt Ltd</td>
</tr>
<tr>
<td>7</td>
<td>Group of investors</td>
</tr>
<tr>
<td>8</td>
<td>M C Spinners Pvt Ltd</td>
</tr>
</tbody>
</table>

Source: “M&A,” Thompson ONE Banker, Grant Thornton, CMIE, TechSci Research
Note: * The value for 290 deals were not disclosed

For updated information, please visit www.ibef.org
100 per cent FDI is approved in the sector

Indian Textile industry experienced noticeable growth in the FY15, as FDI increased to USD1587.83 million in FY15 from USD1424.92 million in FY14. In addition, till May’15 FDI inflow in Textile industry stood at USD1647.09 million.

During FY10-15, FDI in textiles and apparel industry grew at a CAGR of 14.21 per cent

The textiles industry in India is experiencing a significant increase in collaboration between global majors and domestic companies

International apparel giants, such as Hugo Boss, Liz Claiborne, Diesel and Kanz, have already started operations in India

Source: Ministry of Commerce and Industry, DIPP, TechSci Research
* FY16- Till May’15
<table>
<thead>
<tr>
<th>Opportunities</th>
<th>Description</th>
</tr>
</thead>
</table>
| Immense growth potential | • The Indian textile industry is set for strong growth, buoyed by both strong domestic consumption as well as export demand  
• The sector is expected to be reached to USD226 billion by FY2023  
• Population is expected to reach to 1.34 billion by FY2019  
• Urbanisation is expected to support higher growth due to change in fashion and trends |
| Private sector participation in silk production | • The Central Silk Board sets targets for raw silk production and encourages farmers and private players to grow silk  
• To achieve these targets, alliances with the private sector, especially major agro-based industries in pre-cocoon and post-cocoon segments has been encouraged |
| Proposed FDI in multi-brand retail | • For the textile industry, the proposed hike in FDI limit in multi-brand retail will bring in more players, thereby providing more options to consumers  
• It will also bring in greater investments along the entire value chain – from agricultural production to final manufactured goods  
• With global retail brands assured of a domestic foothold, outsourcing will also rise significantly |
Retail sector offers growth potential

- With consumerism and disposable income on the rise, the retail sector has experienced a rapid growth in the past decade with several international players like Marks & Spencer, Guess and Next having entered Indian market.

- The organised apparel segment is expected to grow at a Compound Annual Growth Rate (CAGR) of more than 13 per cent over a 10-year period.

Centers of Excellence (CoE) for research and technical training

- The CoEs are aimed at creating testing and evaluation facilities as well as developing resource centres and training facilities.

- Existing four CoEs, BTRA for Geotech, SITRA for Meditech, NITRA for Protech and SASMIRA for Agrotech, would be upgraded in terms of development of incubation centre and support for development of prototypes.

- Fund support would be provided for appointing experts to develop these facilities.

Foreign investments

- The government is taking initiatives to attract foreign investments in the textile sector through promotional visits to countries such as Japan, Germany, Italy and France.

TEXTILES AND APPAREL

RAYMOND: A LONG JOURNEY OF SUCCESS

- Vertical integration in multi-fibres, 1964
- Organic growth in textiles
- Capacity of 40 MM - 1996
- Acquisition of ColorPlus - 2002
- JV with GAS in India - 2007
- Launch of the Makers brand - 2011
- FY15 USD891.59 million turnover
- With a retail presence of 956 stores across all formats at the end of FY14, the company is looking to modernise and aggressively expand its store network
- FY08 USD595 million turnover
- 1980 Transformed into industrial conglomerate

Source: Company Presentation, TechSci Research
Notes: JV - Joint Venture, MM - Million Meters

AUGUST 2015

For updated information, please visit www.ibef.org
ALOK INDUSTRIES: INTEGRATED TEXTILE SOLUTIONS

1986 - Cotton and blended yarn
1988 - Polyester yarn
1990 - Home textile
1992 - Garments - woven & knitted
1993 - Embroidery
1995 - Apparel fabric
2003 - FY15
2004 - Tie-ups With Global Retail Giants
2005
2006 - FY05 USD272 million turnover
2007 - 2007 ISO 9001, 2000 and three other international accreditations
2008 - JV with NTC
2007 - Acquisition of QS to gain retail holding in the UK
2009 - Organic growth in textiles
2010 - Focus on speciality fabrics; plans to enter in technical textiles
2011
2012
2013
2014
2015

Source: Company Annual Reports and Presentation, TechSci Research
Notes: NTC - National Textile Corporation *In 1995 Alok industries had set up financial and technical collaboration with Grabal, Albert Grabher GmbH & Co of Austria to make embroidered products through a joint venture company, Grabal Alok Impex Ltd
Welspun India was incorporated in 1985, with presence in more than 50 countries. The company is the world leader in a range of home textiles products.

**Growth Strategy**

- **Global Brand**
- **Focus on Innovation**
- **Wide Distribution Network**
- **Focused Approach on Home Textiles**
- **Association with Top Brands and Clients**

**Terry Towels**
- Capacity – 45,000 MT/Year
- Location - Anjar/Vapi
- Capacity utilisation - 99 per cent

**Bed Linen Products**
- Capacity - 55 million metre/Year
- Location - Anjar
- Capacity utilisation - 89 per cent

**Rugs**
- Capacity – 12,000 MT/Year
- Location - Vapi
- Capacity utilisation - 68 per cent

*Source: Company Presentation, TechSci Research*
**WELSPUN INDIA: WORLD’S LARGEST HOME TEXTILE COMPANY … (2/2)**

- Welspun ranked 1st in home textile supplies to US
- Company exported 95 per cent of the production in FY15
- During FY10-15, revenue of Welspun increased at a CAGR of 12.2 per cent in USD terms
- During FY10-15, EBITDA of Welspun increased at a CAGR of 24.2 per cent in USD terms

**Revenue (USD million)**

<table>
<thead>
<tr>
<th>FY10</th>
<th>FY11</th>
<th>FY12</th>
<th>FY13</th>
<th>FY14</th>
<th>FY15</th>
</tr>
</thead>
<tbody>
<tr>
<td>495</td>
<td>537</td>
<td>612</td>
<td>672</td>
<td>725</td>
<td>880</td>
</tr>
</tbody>
</table>

CAGR: 12.2%

**EBITDA (USD million)**

<table>
<thead>
<tr>
<th>FY10</th>
<th>FY11</th>
<th>FY12</th>
<th>FY13</th>
<th>FY14</th>
<th>FY15</th>
</tr>
</thead>
<tbody>
<tr>
<td>77</td>
<td>65</td>
<td>100</td>
<td>118.54</td>
<td>170.09</td>
<td>227.12</td>
</tr>
</tbody>
</table>

CAGR: 24.2%

*Source: Company Presentation, TechSci Research*
The city has more than 5,000 garment manufacturing and job work units, and is one of the most organized processing and finishing garment clusters in India.

Its hosiery hub became the first textile cluster in India to comply with zero liquid discharge guidelines.

- The textiles industry in Tirupur contributes about 80 per cent to India’s hosiery exports and around 3 per cent to total export trade.
- Exports from Tirupur increased at a CAGR of 8.3 per cent from USD1.4 billion in FY05 to USD3 billion in FY14.
- The Government of India granted the city the status of Town of Export Excellence.
- To diversify from cotton, firms in Tirupur is evaluating the process to manufacture swim wear and sports wear.

Exports from Tirupur (USD billion)

<table>
<thead>
<tr>
<th>FY05</th>
<th>FY06</th>
<th>FY07</th>
<th>FY08</th>
<th>FY09</th>
<th>FY10</th>
<th>FY11</th>
<th>FY12</th>
<th>FY13</th>
<th>FY14</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.4</td>
<td>1.9</td>
<td>2.4</td>
<td>2.5</td>
<td>2.5</td>
<td>2.4</td>
<td>2.7</td>
<td>2.6</td>
<td>2.4</td>
<td>3.0</td>
</tr>
</tbody>
</table>

Source: Ministry of Textiles, News articles, TechSci Research
The Textile Association (India) (TAI)
72-A, Santosh, Dr M B Raut Road, Shivaji Park, Dadar,
Mumbai- 400 028
Telefax: 91 22 24461145
Website: www.textileassociationindia.org

The South India Textile Research Association (SITRA)
13/37, Avanashi Road, Coimbatore - 641 014, Tamil Nadu
Phone: 91 422 2574367, 6544188, 4215333
Fax: 91 422 2571896, 4215300
E-mail: sitraindia@dataone.in
Website: www.sitra.org.in

Northern India Textile Mills’ Association (NITMA)
121, Gagandeep Building (First Floor), 12, Rajendra Palace,
New Delhi- 110 008
E-mail: nitma@vsnl.net, nitma@airtelmail.in
Website: www.nitma.org
GLOSSARY … (1/2)

• **BTRA**: Bombay Textile Research Association
• **CAGR**: Compound Annual Growth Rate
• **FDI**: Foreign Direct Investment
• **FY**: Indian Financial Year (April to March)
• **GOI**: Government of India
• **INR**: Indian Rupee
• **NITRA**: Northern India Textile Research Association
• **NTC**: National Textiles Corporation
• **NTP**: National Textile Policy
• **SASMIRA**: Synthetic & Art Silk Mills Research Association
• **SEZ**: Special Economic Zone
• **SITP**: Scheme for Integrated Textile Park
GLOSSARY ... (2/2)

* **SITRA**: South India Textile Research Association
* **TUFS**: Technology Upgradation Fund Scheme
* **TMC**: Technology Mission on Cotton
* **USD**: US Dollar
* Wherever applicable, numbers have been rounded off to the nearest whole number
# Textiles and Apparel

## Exchange Rates

### Exchange rates (Fiscal Year)

<table>
<thead>
<tr>
<th>Year</th>
<th>INR equivalent of one USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004–05</td>
<td>44.81</td>
</tr>
<tr>
<td>2005–06</td>
<td>44.14</td>
</tr>
<tr>
<td>2006–07</td>
<td>45.14</td>
</tr>
<tr>
<td>2007–08</td>
<td>40.27</td>
</tr>
<tr>
<td>2008–09</td>
<td>46.14</td>
</tr>
<tr>
<td>2009–10</td>
<td>47.42</td>
</tr>
<tr>
<td>2010–11</td>
<td>45.62</td>
</tr>
<tr>
<td>2011–12</td>
<td>46.88</td>
</tr>
<tr>
<td>2012–13</td>
<td>54.31</td>
</tr>
<tr>
<td>2013–14</td>
<td>60.28</td>
</tr>
<tr>
<td>2014-15(Expected)</td>
<td>60.28</td>
</tr>
</tbody>
</table>

### Exchange rates (Calendar Year)

<table>
<thead>
<tr>
<th>Year</th>
<th>INR equivalent of one USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>43.98</td>
</tr>
<tr>
<td>2006</td>
<td>45.18</td>
</tr>
<tr>
<td>2007</td>
<td>41.34</td>
</tr>
<tr>
<td>2008</td>
<td>43.62</td>
</tr>
<tr>
<td>2009</td>
<td>48.42</td>
</tr>
<tr>
<td>2010</td>
<td>45.72</td>
</tr>
<tr>
<td>2011</td>
<td>46.85</td>
</tr>
<tr>
<td>2012</td>
<td>53.46</td>
</tr>
<tr>
<td>2013</td>
<td>58.44</td>
</tr>
<tr>
<td>2014</td>
<td>61.03</td>
</tr>
<tr>
<td>2015(Expected)</td>
<td>61.03</td>
</tr>
</tbody>
</table>

Average for the year

---

For updated information, please visit [www.ibef.org](http://www.ibef.org)
India Brand Equity Foundation ("IBEF") engaged TechSci to prepare this presentation and the same has been prepared by TechSci in consultation with IBEF.

All rights reserved. All copyright in this presentation and related works is solely and exclusively owned by IBEF. The same may not be reproduced, wholly or in part in any material form (including photocopying or storing it in any medium by electronic means and whether or not transiently or incidentally to some other use of this presentation), modified or in any manner communicated to any third party except with the written approval of IBEF.

This presentation is for information purposes only. While due care has been taken during the compilation of this presentation to ensure that the information is accurate to the best of TechSci and IBEF’s knowledge and belief, the content is not to be construed in any manner whatsoever as a substitute for professional advice.

TechSci and IBEF neither recommend nor endorse any specific products or services that may have been mentioned in this presentation and nor do they assume any liability or responsibility for the outcome of decisions taken as a result of any reliance placed on this presentation.

Neither TechSci nor IBEF shall be liable for any direct or indirect damages that may arise due to any act or omission on the part of the user due to any reliance placed or guidance taken from any portion of this presentation.