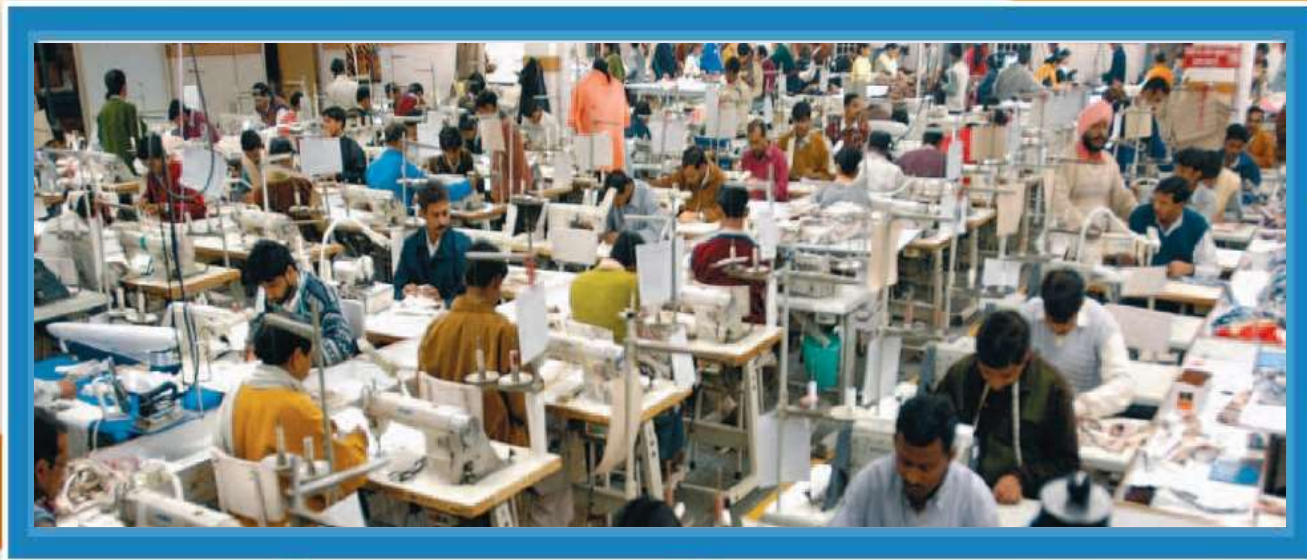


# TEXTILES AND APPAREL



NOVEMBER 2016

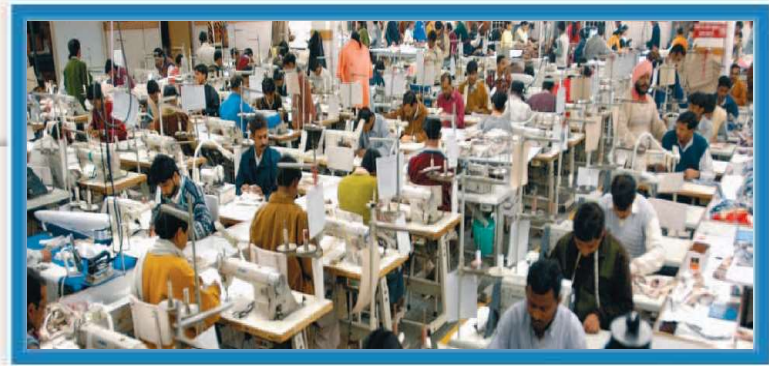
For updated information, please visit [www.ibef.org](http://www.ibef.org)

# TEXTILES AND APPAREL



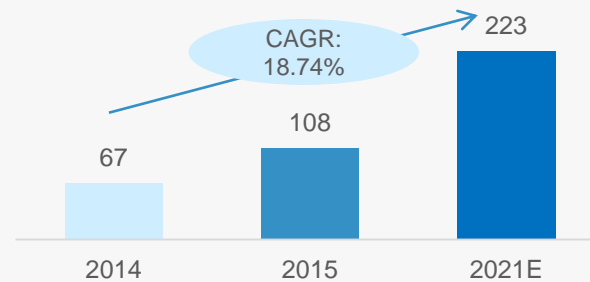
## CONTENTS

- ❖ [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](#)



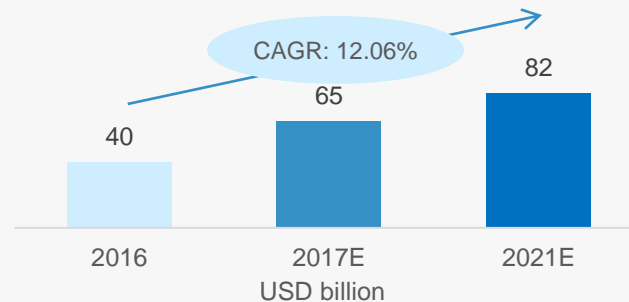
## EXECUTIVE SUMMARY ... (1/2)

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



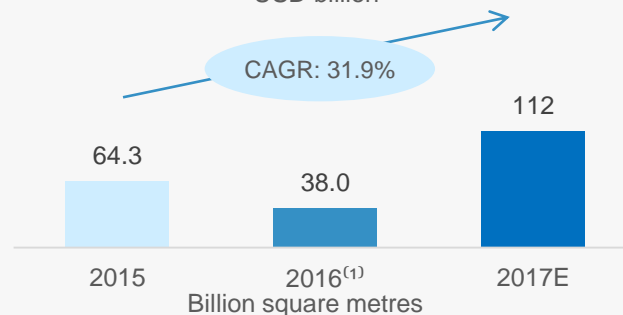
The domestic textile and apparel industry in India is projected to reach USD123 billion by 2021. The domestic textile industry stood at USD108 billion in 2015, witnessing growth from USD67 billion in 2014

Favourable trade policies and superior quality to drive textile exports



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 2016

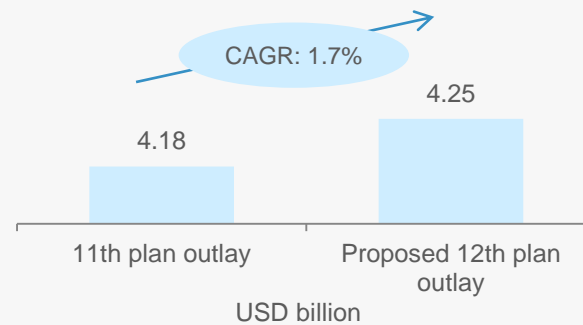
Increase in domestic demand set to boost cloth production



Total cloth production in India is expected to grow to 112 billion square metres by FY17 from 64.3 billion square metres in FY15

## EXECUTIVE SUMMARY ... (2/2)

Rising government focus and favourable policies to support the industry



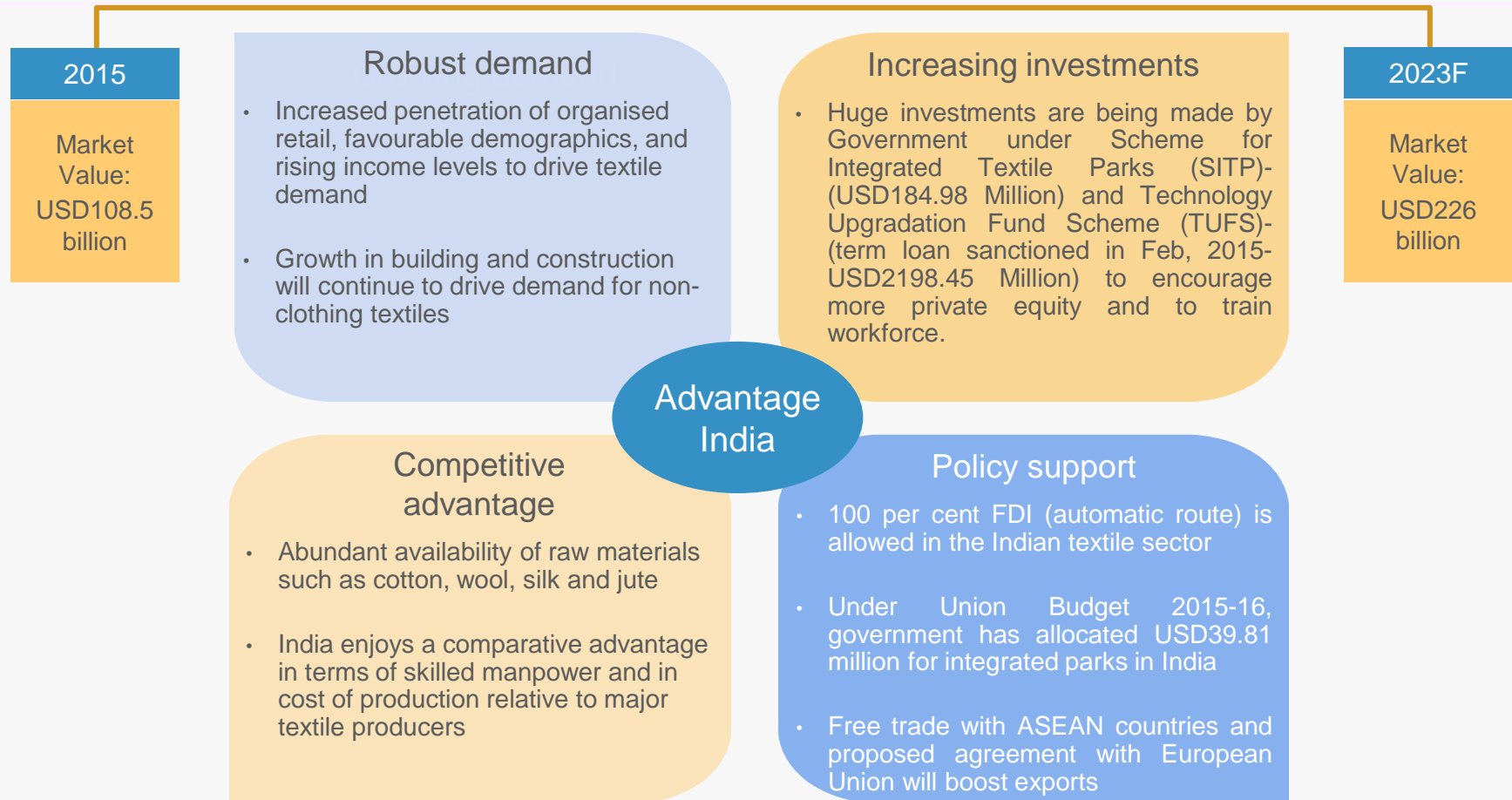
In the 12<sup>th</sup> Five Year Plan, the Government plans to provide a budgetary support to textiles of USD 4.25 billion against USD 4.18 billion in the 11<sup>th</sup> Five Year Plan

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

# TEXTILES AND APPAREL



## ADVANTAGE INDIA



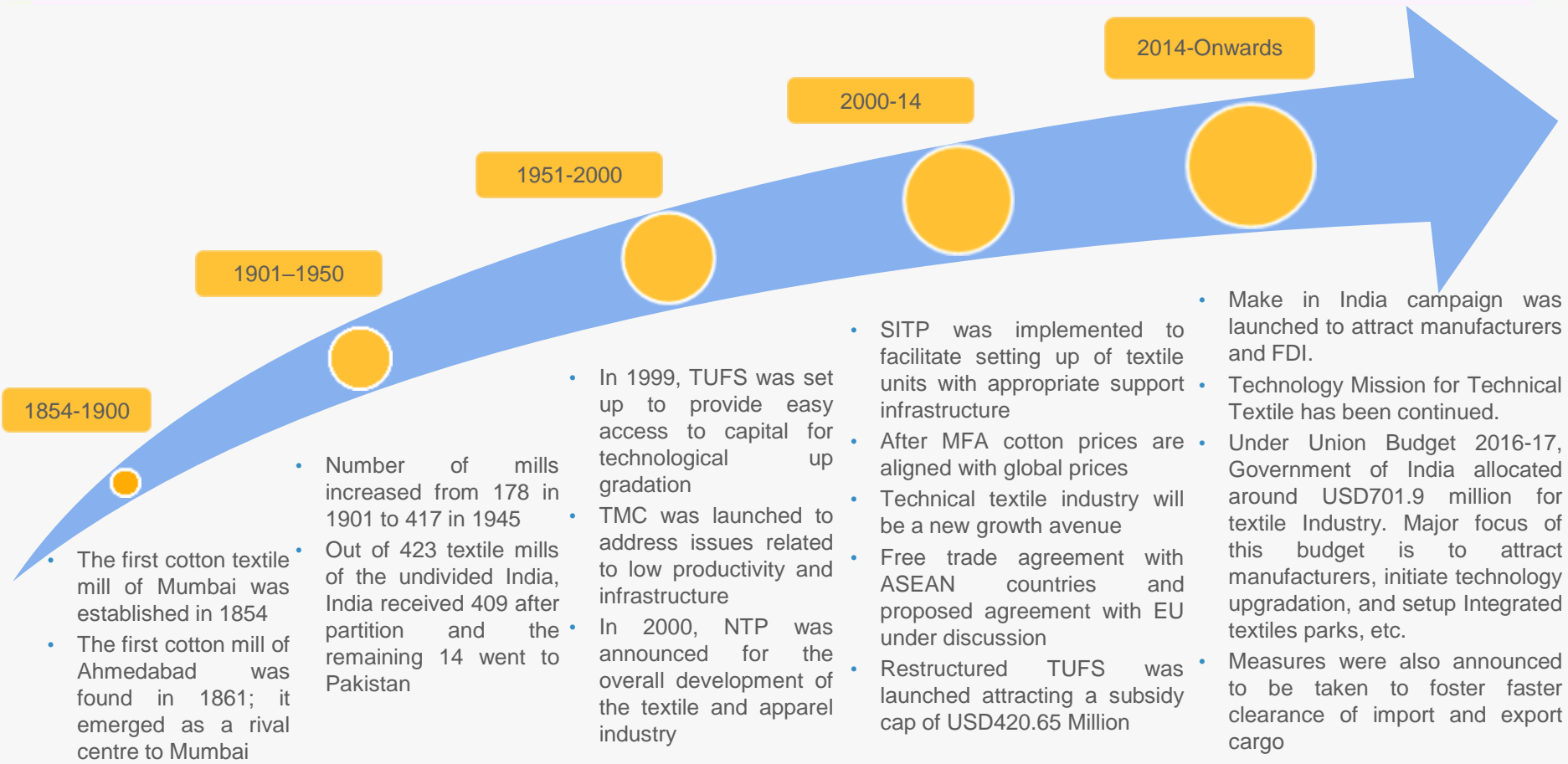
Source: PHD Camber of Commerce; Federation of Indian Chambers of Commerce and Industry, TechSci Research  
Notes: SITP - Scheme for Integrated Textile Park; FDI - Foreign Direct Investment, ASEAN - Association of Southeast Asian Nations, E – Estimate; F-Forecasted

# TEXTILES AND APPAREL



## MARKET OVERVIEW AND TRENDS

## EVOLUTION OF THE INDIAN TEXTILE SECTOR

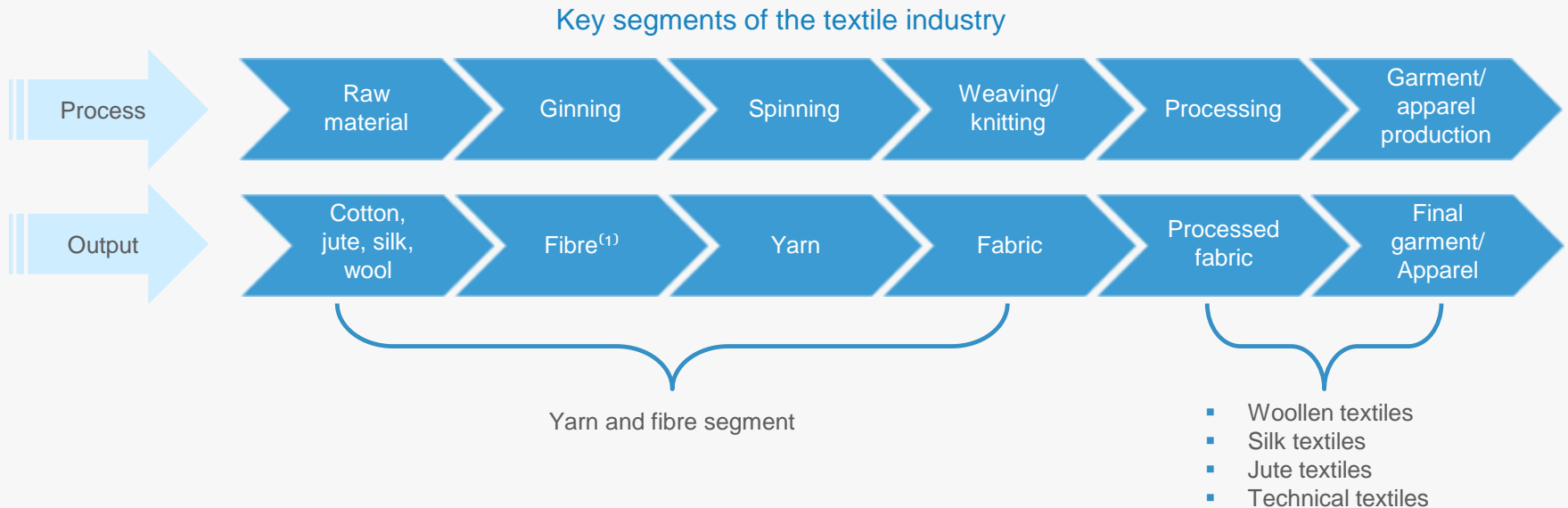


Notes: NTP - National Textile Policy; NTC - National Textiles Corporation; ASEAN - Association of Southeast Asian Nations, TUFS - Technology Upgradation Fund Scheme; TMC - Technology Mission on Cotton, EU - European Union, Source: Union Budget 2015-16, Make In India



## SEGMENTS IN TEXTILE AND APPAREL SECTOR

- \* 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



Source: TechSci Research

Note: <sup>(1)</sup> Including cotton, jute, silk, wool and manmade fibres

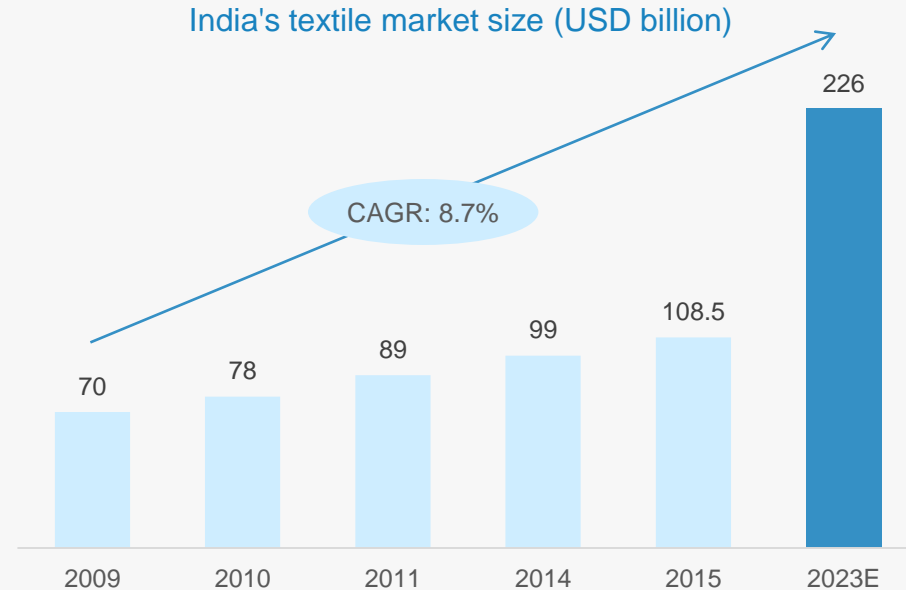
## KEY FACTS

- \* 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 6<sup>th</sup> largest exporter of clothing only
- \* India accounts 63 per cent of the market share of textiles and garments
- \* India is the 2<sup>nd</sup> 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  
*Note:* Figures are as per latest data available

## 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 2015 was around USD108.5 billion, which is expected to touch USD226 billion market by 2023, growing at a CAGR of 8.7 per cent between 2009-23E

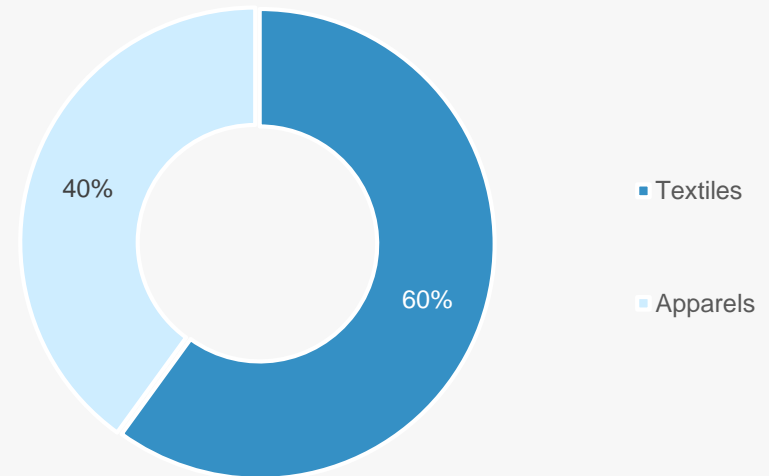


Source: Technopak, Make in India, News articles, Ministry of Textiles, TechSci Research  
Notes: CAGR - Compound Annual Growth Rate, E – Estimated,

## EXPORT MARKET SHARE: TEXTILES HAS THE LARGER SHARE

- \* In 2014, textiles had a share of 60 per cent of the export market; apparels contributed the remaining 40 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 have been approved by the government to set up apparel parks for exports
- \* The government is planning to conduct roadshows to promote the country's textiles in non-traditional markets such as South America, Russia and select countries in West Asia

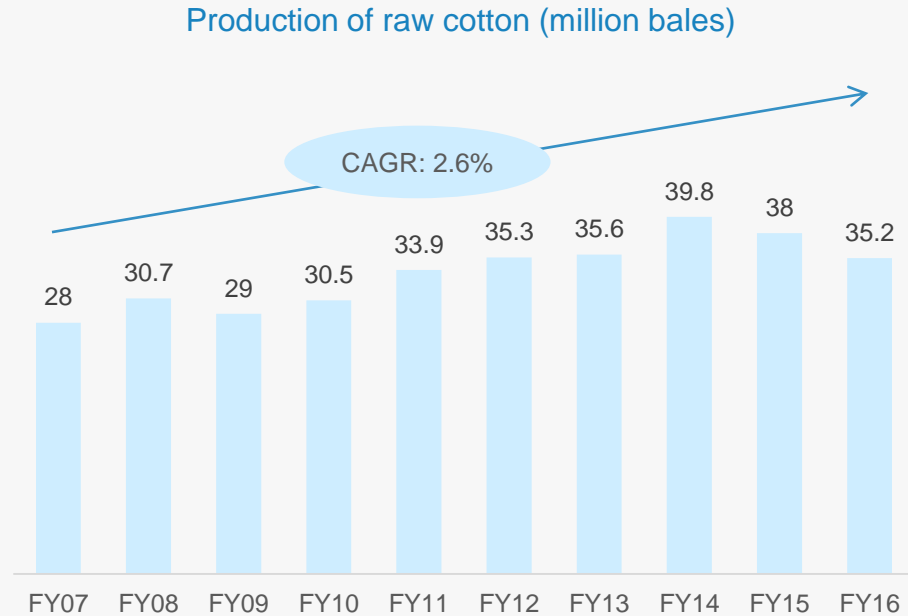
Shares in India's textile and apparel exports in 2014



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 in India grew from 28 million bales in FY07 to 38 million bales in FY15 and further increased to 35.2 million bales in FY16
- \* During FY07-16, raw cotton production expanded at a CAGR of 2.6 per cent
- \* During FY16<sup>(1)</sup>, of the overall amount of raw cotton produced in the country, domestic consumption totaled to 30 million bales, while in FY15<sup>(1)</sup>, the domestic consumption of raw cotton stood at 30.4 million bales



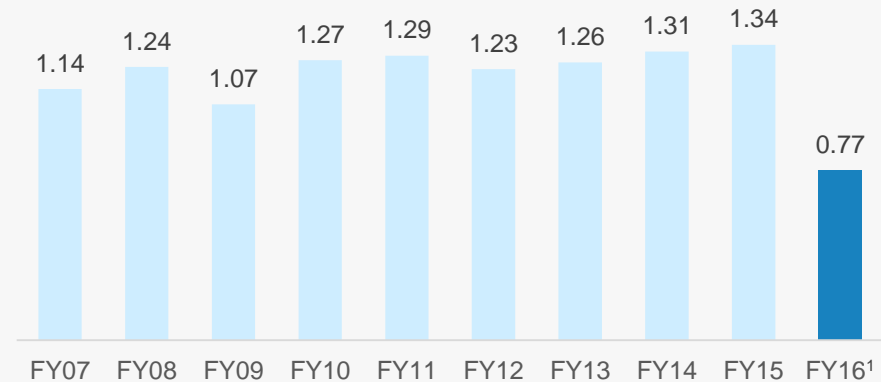
Source: The Cotton Corporation of India Ltd, TechSci Research  
Notes: CAGR - Compounded Annual Growth Rate, <sup>(1)</sup> Projected Data  
One Bale - 170 kilogram

- 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

## PRODUCTION OF MAN-MADE FIBRE HAS BEEN RISING

- \* Production of man-made fibre has also been on an upward trend
- \* Production stood at 1.34 million tonnes in FY15 with the figure reinforcing a recovery from 2009 levels
- \* During the period of FY07-15, production increased at a CAGR of 2.0 per cent
- \* During FY16 (April-October 2015), production stood at 0.77 million tonnes

Production of man-made fibre (million tonnes)

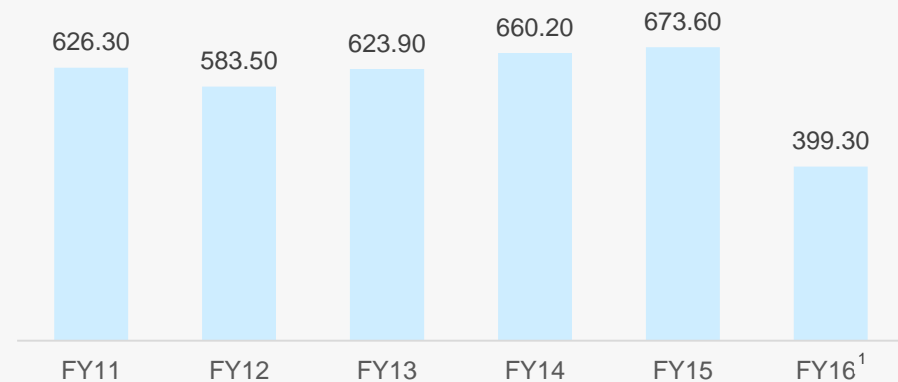


Source: Ministry of Textiles, TechSci Research  
Note: FY16<sup>(1)</sup> - Data is for April-October 2015

## COTTON IS THE MAJOR SEGMENT IN YARN AND FABRIC ... (1/2)

- \* Production of yarn grew to 673.60 Lakh Kgs in FY15 from 626.30 Lakh Kgs in FY11, implying a CAGR of 1.8 per cent
- \* Production of yarn between April to October'15 stood at 399.30 Lakh Kg
- \* Cotton yarn accounts for the largest share in total yarn production; in FY15, the segment's share amounted to 61 per cent

Production of yarn (lakh kg)

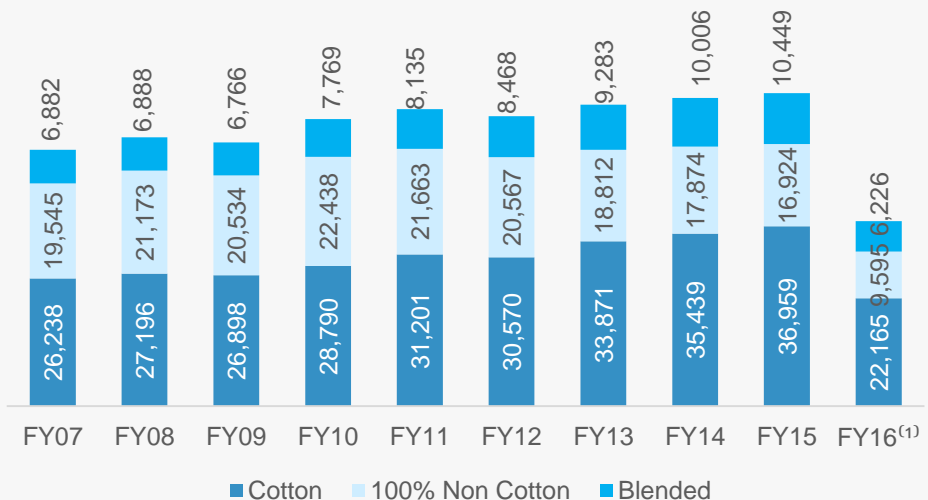


Source: Ministry of Textiles, TechSci Research  
Note: FY16<sup>(1)</sup> - Data is for April-October 2015

## COTTON IS THE MAJOR SEGMENT IN YARN AND FABRIC ... (2/2)

- \* Fabric production in the country rose to 64,332 million square metre in FY15 from 52,665 million square metres in FY07, implying a CAGR growth of 2.53 per cent. In Addition, fabric production in India stood at 37,986 million square meter in FY16<sup>(1)</sup>
- \* Cotton yarn, a major segment in FY15, accounted for more than 57 per cent share in fabric production, with the share reaching to 58.4 per cent in FY16<sup>(1)</sup>

Fabric production (million square metre)



Source: Ministry of Textiles, TechSci Research  
 Note: Figures mentioned are as per latest data available  
<sup>(1)</sup> Data is from April – October



## EXPORTS HAVE POSTED STRONG GROWTH OVER THE YEARS

- \* Exports have been a core feature of India's textile and apparel sector, a fact corroborated by trade figures
- \* Exports grew to USD41.4 billion in FY15 from USD17.6 billion in FY06, implying a CAGR of 9.97 per cent
- \* Exports during FY16 (between April-September 2015) touched USD19.1 billion
- \* However, in FY15, India's textile exports surpassed FY14 exports, reaching USD41.4 billion.
- \* Exports in textile and apparel sector stood at USD40 billion in FY16 in comparison with USD41.4 billion in FY15
- \* As of November 2016, the government has extended the duty drawback facility on all textile products and increased the rates in some cases for one year to boost exports in the sector

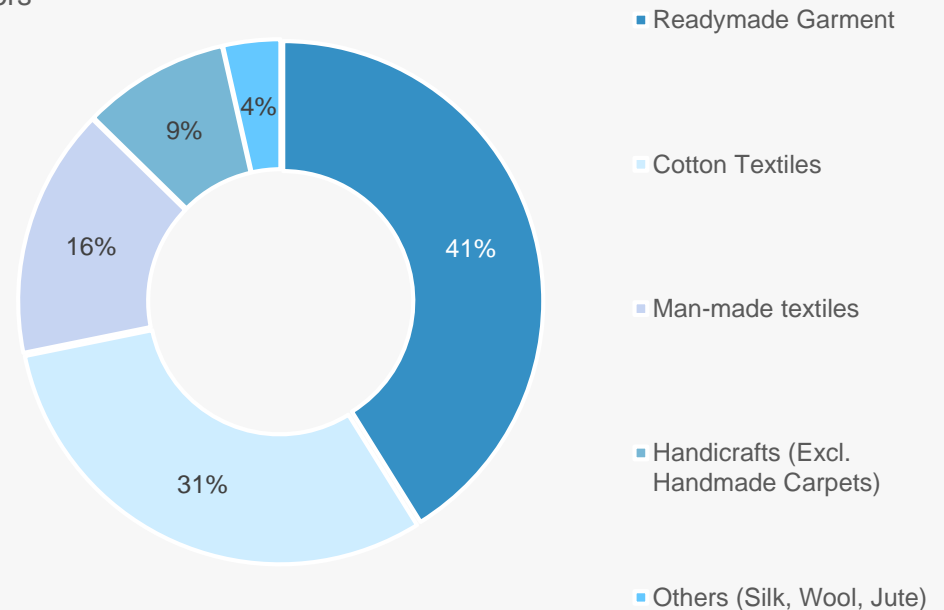


Source: Ministry of Textiles, Budget 2015, TechSci Research  
 Note: FY16 <sup>(3)</sup> Data for April-September 2015  
 FY15 <sup>(2)</sup> Import (April-Oct'14)  
 FY14 <sup>(1)</sup> Import (April-Oct'13)

## 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 41 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<sup>(1)</sup>)



Source: Ministry of Textiles, TechSci Research  
Notes: Others include coir & coir manufacturers and jute  
FY15<sup>(1)</sup> - Data is for April-December 2014

## KEY PLAYERS IN THE INDUSTRY

	Company	Business areas
	Welspun India Ltd	Home textiles, bathrobes, terry towels
	Vardhman Group	Yarn, fabric, sewing threads, acrylic fiber
	Alok Industries Ltd	Home textiles, woven and knitted apparel fabric, garments and polyester yarn
	Raymond Ltd	Worsted suiting, tailored clothing, denim, shirting, woollen outerwear
	Arvind Mills Ltd	Spinning, weaving, processing and garment production (denims, shirting, khakis and knitwear)
	Bombay Dyeing & Manufacturing Company Ltd	Bed linen, towels, furnishings, fabric for suits, shirts, dresses and saris in cotton and polyester blends
	Garden Silk Mills Ltd	Dyed and printed fabric

Source: Annual Reports, TechSci Research

## 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 12<sup>th</sup> 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.

Source: Ministry of Textiles, Geotechnical, TechSci Research  
Note: TUFS - Technology Upgradation Fund Scheme

# TEXTILES AND APPAREL



# PORTER FIVE FORCES ANALYSIS

## PORTERS FIVE FORCES ANALYSIS

### Competitive Rivalry

- Intense competition between established brands and private label brands
- Industry is highly fragmented with organised sector contributing only 31 per cent in 2011

### Threat of New Entrants

- 100 per cent FDI (automatic route) is allowed in the Indian textile sector
- A few large suppliers are focusing on forward integration

### Substitute Products

- Low cost substitute products from countries like Pakistan and Bangladesh
- Threat from unorganised sector

### Bargaining Power of Suppliers

- Significant presence of small suppliers has reduced the bargaining power

### Bargaining Power of Customers

- Major clothing brands have better bargaining power over textile manufacturers, as the product differentiation is low and number of players are high and fragmented



Source: PricewaterhouseCoopers, Techopak, TechSci Research

# TEXTILES AND APPAREL



## STRATEGIES ADOPTED

## STRATEGIES ADOPTED

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

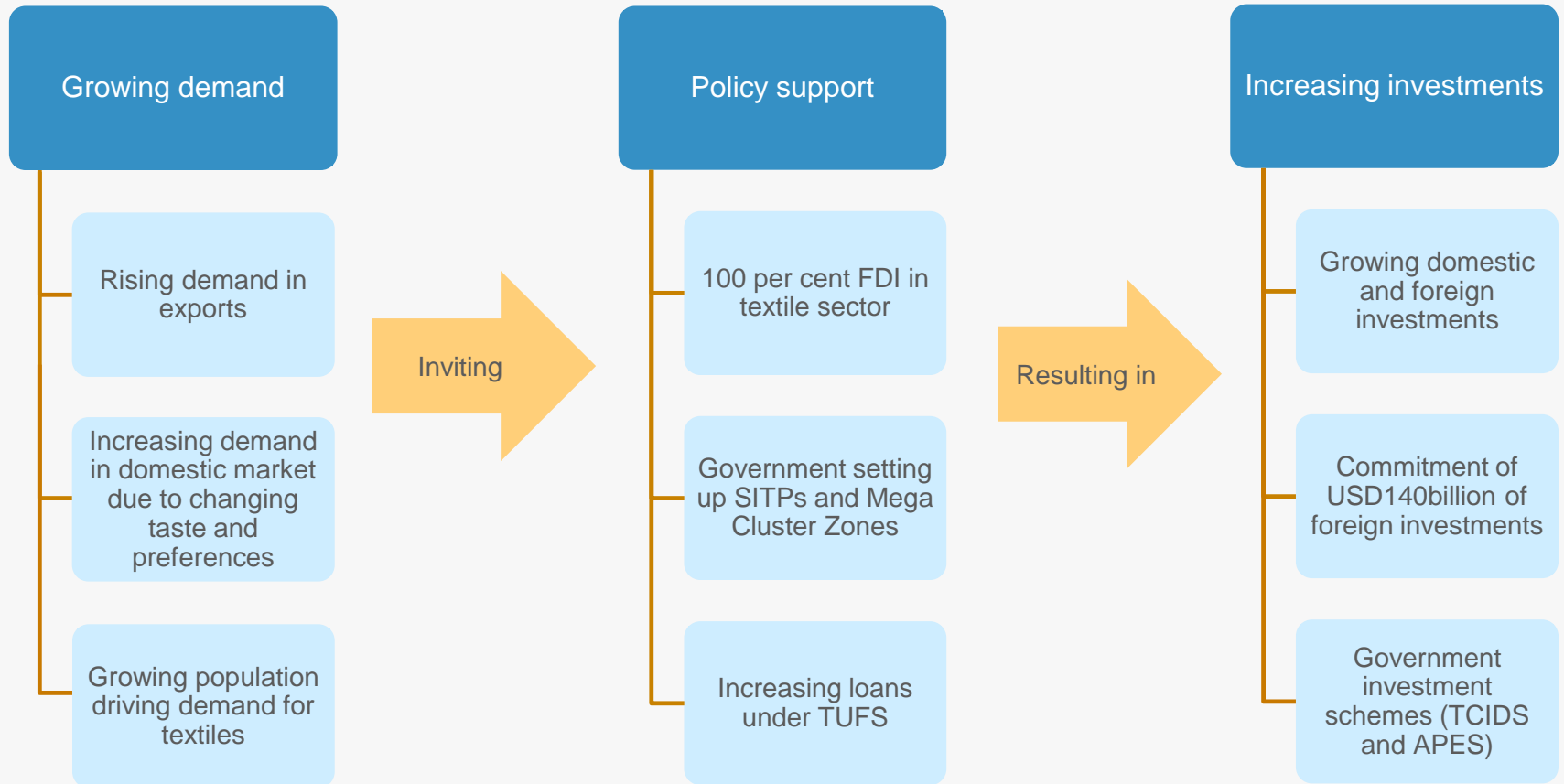


# TEXTILES AND APPAREL



## GROWTH DRIVERS

## STRONG FUNDAMENTALS AND POLICY SUPPORT AIDING GROWTH



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

## CONTINUED SUPPORT TO TEXTILE SECTOR BY THE GOVERNMENT IN FY16 BUDGET

- 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

Stress on mechanisation

- Under Union Budget 2016-17, USD226.1 million has been allocated for ATUF scheme for FY2016-17
- USD701.9 million has been allocated to the Ministry of Textiles in order to support various schemes covering the textile industry

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

Tax sops and financial package

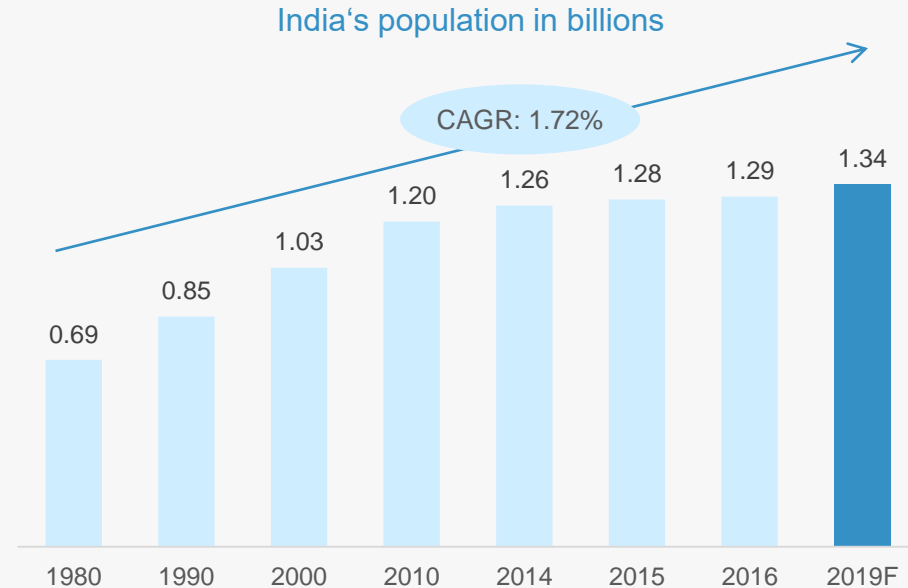
Union Budget

Infrastructure support

- 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

## 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 1.28 billion in 2015
- \* 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 32.7 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

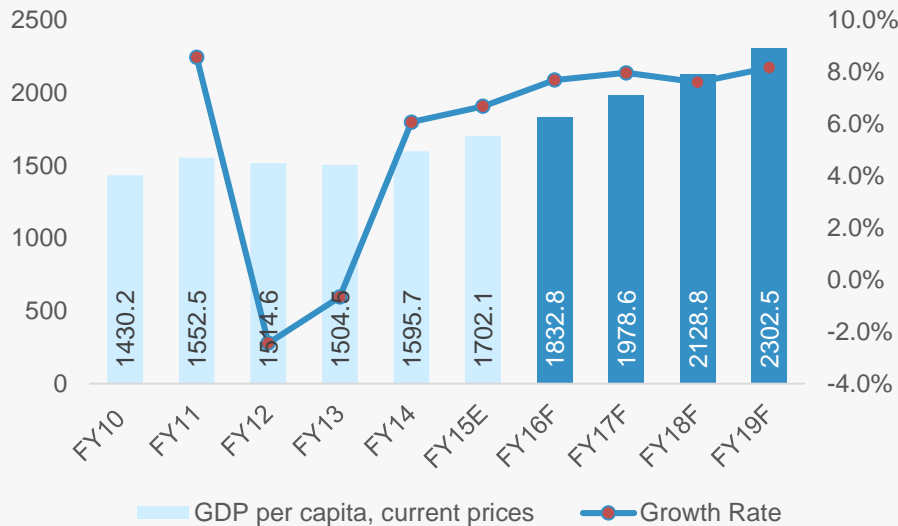


Source: World Bank, TechSci Research  
Note: F - Forecasts

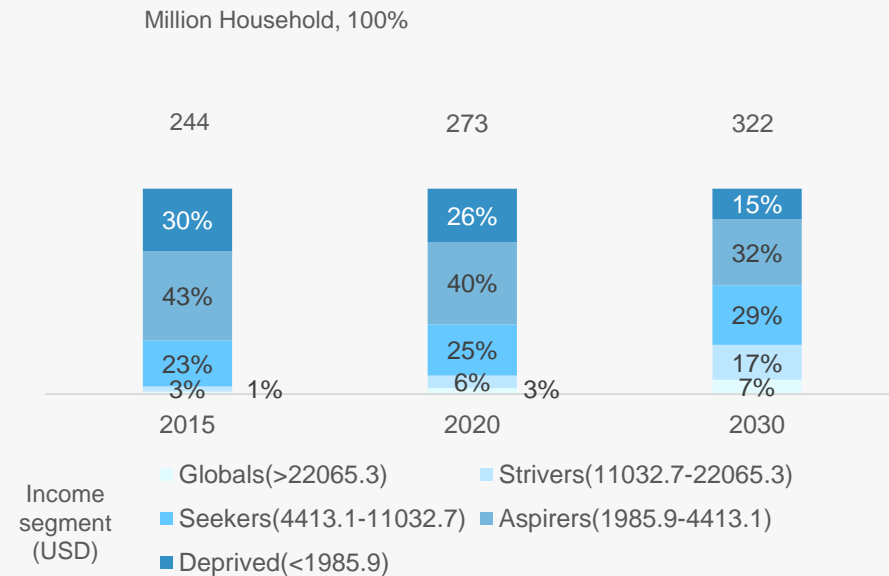
## RISING INCOMES AND A GROWING MIDDLE-CLASS HAVE BEEN KEY DEMAND DRIVERS

- \* 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

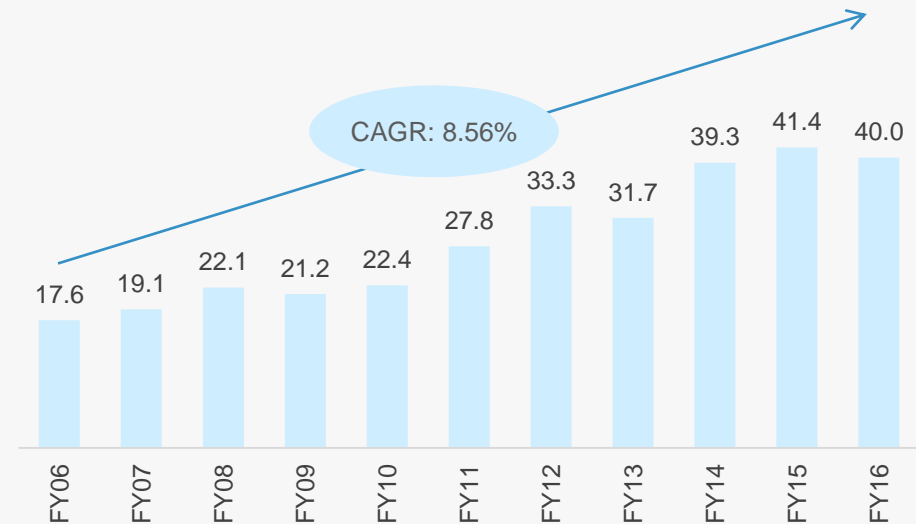


Source: IMF, Mckinsey Global Institute, TechSci Research  
Notes: E - Estimates, F - Forecasts

## 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 witnessed a growth (CAGR) of 8.56 per cent over the period of FY06 to FY16
- \* 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)

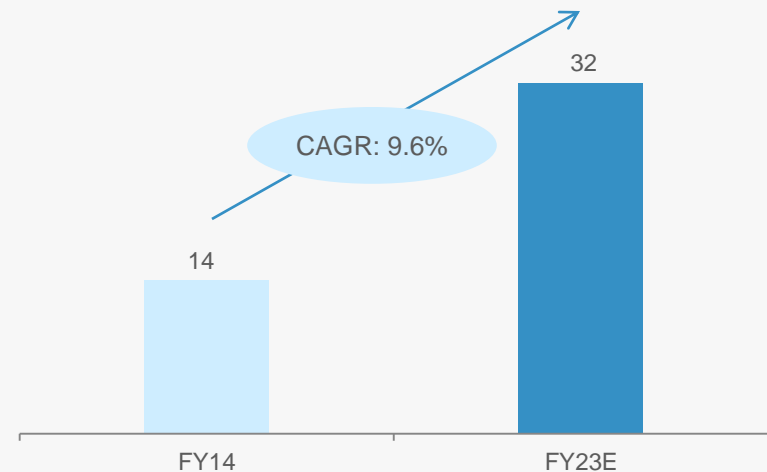


Source: Ministry of Textiles, Budget 2015, TechSci Research

## TECHNICAL TEXTILE INDUSTRY – A NEW ARENA OF GROWTH

- \* 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

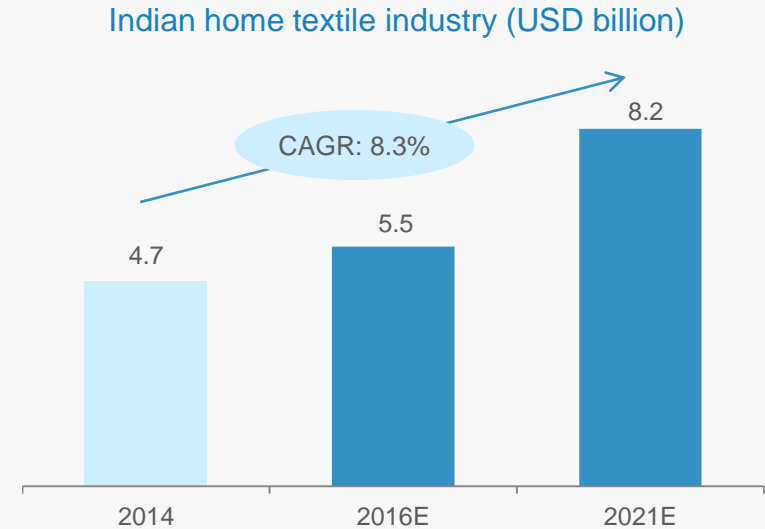
Technical textile industry (USD billion)



Source: Chamber of Commerce,  
Indian Technical Textile Association, TechSci Research  
Notes: SME - Small and Medium Enterprises, E – Estimates;  
Figures mentioned are as per latest data available

## HOME TEXTILE INDUSTRY – GAINING ON DEMAND FOR EXPORTS

- \* 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



## POLICY SUPPORT HAS BEEN A KEY INGREDIENT TO GROWTH

### Technology Up-gradation Fund Scheme (TUFS)

- Investment was made to promote modernisation and up-gradation of the textile industry by providing credit at reduced rates
- USD0.23 billion has been allocated for ATUFS scheme for FY16-17, under Union Budget 2016-17

### National Textile Policy - 2000

- The policy was introduced for the overall development of textile industry
- Key areas of focus include technological upgrades, enhancement of productivity, product diversification and financing arrangements
- New draft for this policy ensures to employ 35 million by attracting foreign investments. It also focuses on establishing a modern apparel garment manufacturing centre in every North Eastern state for which Government has invested an amount of USD3.27 million

### Foreign Direct Investment

- FDI of up to 100 per cent is allowed in the textile sector through the automatic route

### Scheme for Integrated Textiles Parks (SITP)

- SITP was set up in 2005 to provide necessary infrastructure to new textile units; under SITP, 40 projects (worth USD678 million) have been sanctioned
- Out of these 40 projects, 27 have started production. 16 projects has been completed and as on November 2014, Government has invested a total of USD21.96 million for 21 new textile parks and the remaining 13 textile parks has been given the in-principle approval under SITP. In 2015, textile parks set up under the Scheme for Integrate Textile Park (SITP) attracted an investment of USD4.58 billion.

### Technical textile industry

- Government of India has planned an increase in the fund outlay for technical textiles industry to more than USD117 million during the current 12<sup>th</sup> Five Year Plan (2012-17)

## TEXTILE SEZs IN INDIA

\* There are in total 55 SEZs pan India for textiles and apparel industry

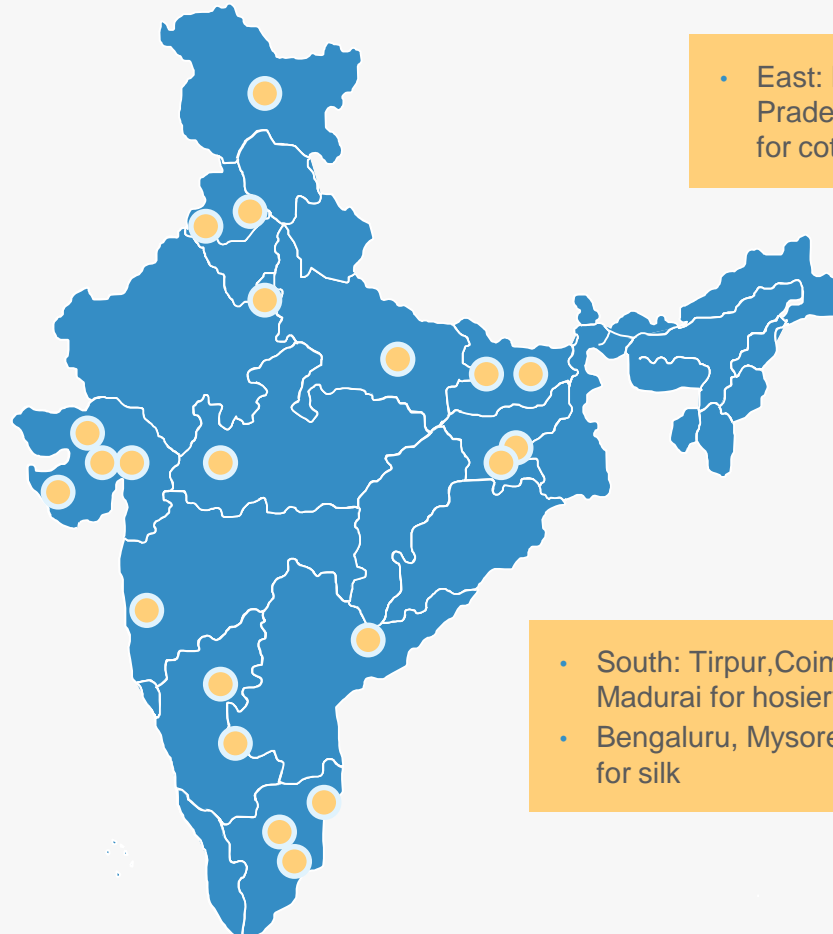
Name of SEZ and status	State	Area (hectares)	Sector	Details
Mahindra City SEZ (Functional)	Tamil Nadu	607.1	Apparel and fashion accessories	Mahindra City is India's first integrated business city, divided into business and lifestyle zones. It is a cluster of three sector specific SEZs in Tamil Nadu, 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
Surat Apparel Park (Functional)	Gujarat	56.0	Textiles	Key industrial units include Safari Exports, Venus Garments, Benchmark Clothings, P. K. International, Tormal Prints, J.R. Fashion and Ganga Export
Brandix India Apparel City (BIAC) (Functional)	Andhra Pradesh	404.7	Textiles	BIAC is an integrated apparel supply chain city, managed by Brandix Lanka Ltd. It aims to be a end-to-end apparel solution provider
(KIADB) (Functional)	Karnataka	16,129.0	Several sectors	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


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

- East: Bihar for jute, parts of Uttar Pradesh for woollen and Bengal for cotton and jute industry



 Major textile and apparel zones

- West: Ahmedabad, Mumbai, Surat, Rajkot, Indore and Vadodara are the key places for cotton industry

- South: Tirpur, Coimabtoire and Madurai for hosiery.
- Bengaluru, Mysore and Chennai for silk

Source: TechSci Research,  
Note: 2011-12 As Per Latest Available Information

## M&A ACTIVITY UP IN THE SECTOR

- \* 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<sup>(1)</sup> are listed below:

M&A scenario - details Period: January 2000 to May 2015		
Acquirer name	Target name	Deal size (USD million)
Oasis Procon Pvt Ltd	Bombay Dyeing & Manufacturing Company Ltd	37.67
Sutlej Textiles & Industries Limited	Birla Textile Mills	NA
Biba Apparels Pvt Ltd	Anjuman Brand Designs Pvt Ltd	NA
Future Lifestyle Fashions Ltd	Unico Retail Pvt Ltd	NA
Grasim Industries	Terrace Bay Pulp	360.0
Madura Garments	Pantaloon Retail	333.3
Himachal Fibres	Balmukhi Textiles Pvt Ltd	NA
BR Machine Tools Pvt Ltd	Bombay Rayon Fashions Ltd	721.1
Group of investors	Provogue (India)Ltd	526.9
M C Spinners Pvt Ltd	Maxwell Industries	8.5

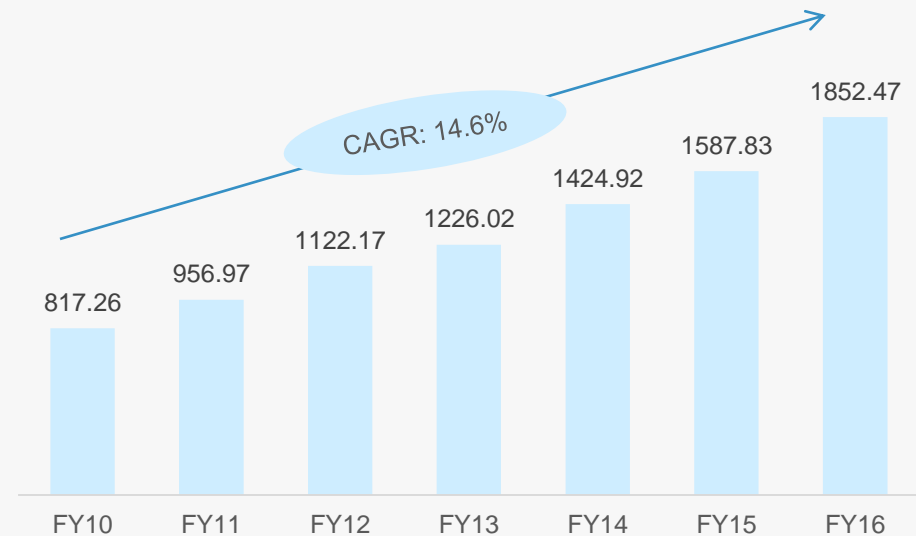
Source: "M&A," Thompson ONE Banker, Grant Thornton, CMIE, TechSci Research

Note: <sup>(1)</sup> The value for 290 deals were not disclosed

## FOREIGN INVESTMENTS FLOWING INTO THE SECTOR

- \* 100 per cent FDI is approved in the sector
- \* Indian textile industry experienced noticeable growth in FY16, as FDI in the sector increased to USD1852.47 million in FY16 from USD1587.83 million in FY15
- \* During FY10-16, FDI in textiles and apparel industry grew at a CAGR of 14.6 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

Trends of FDI in Textile Industry (USD million)



Source: Ministry of Commerce and Industry, DIPP, TechSci Research

# TEXTILES AND APPAREL



# OPPORTUNITIES

## OPPORTUNITIES ... (1/2)

### 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 reach 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

## OPPORTUNITIES ... (2/2)

### 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
- According to the new Draft of the National Textile Policy, the government is planning to attract foreign investments thereby creating employment opportunities to 35 million people
- FDI inflows in textiles sector, inclusive of dyed and printed textile, stood at USD1.85 billion from April 2000 to March 2016

Notes: BTRA - The Bombay Textile Research Association, SITRA - South India Textile Research Association, NITRA - Northern India Textile Research Association, SASMIRA - Synthetic & Art Silk Mills Research Association

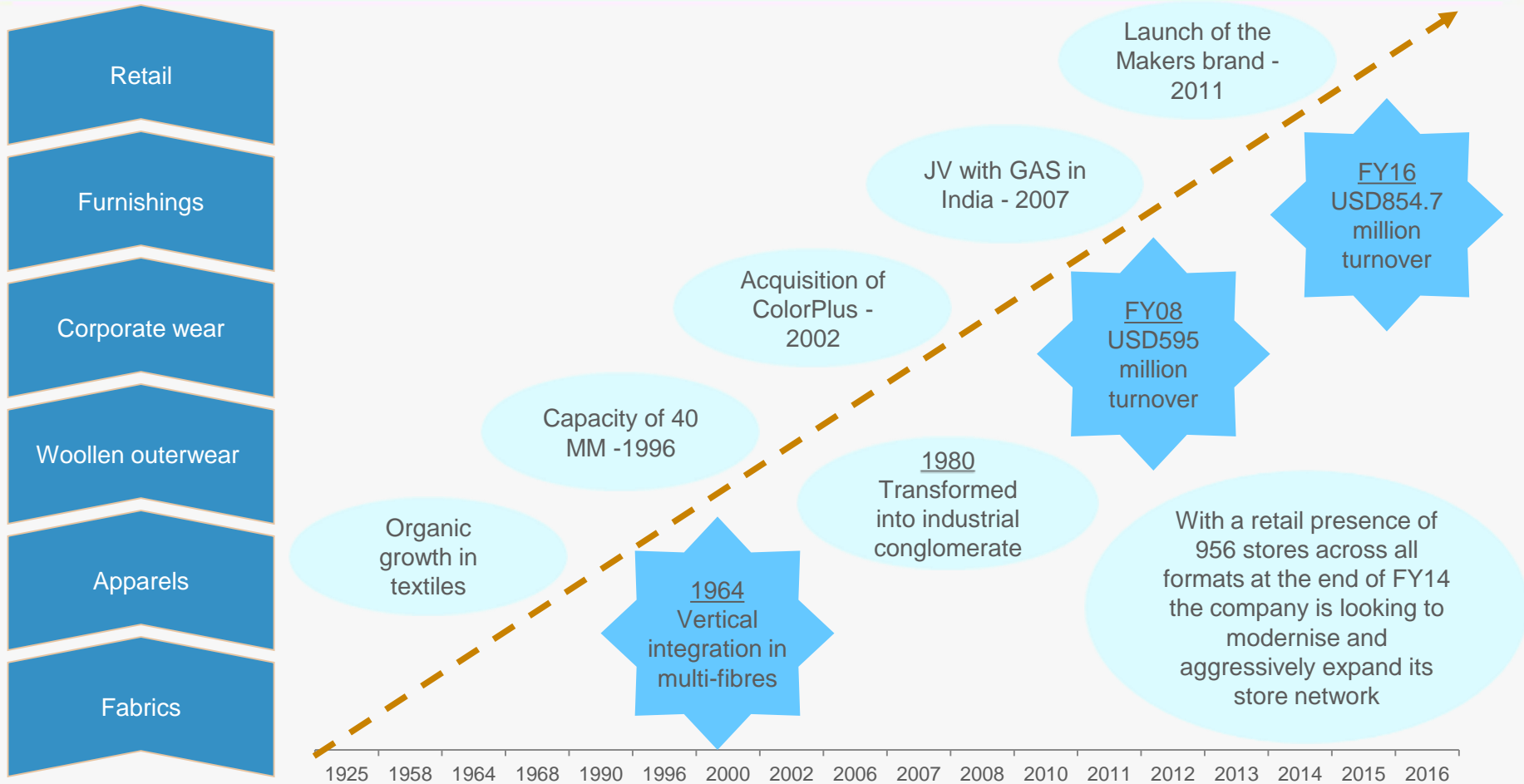


# TEXTILES AND APPAREL

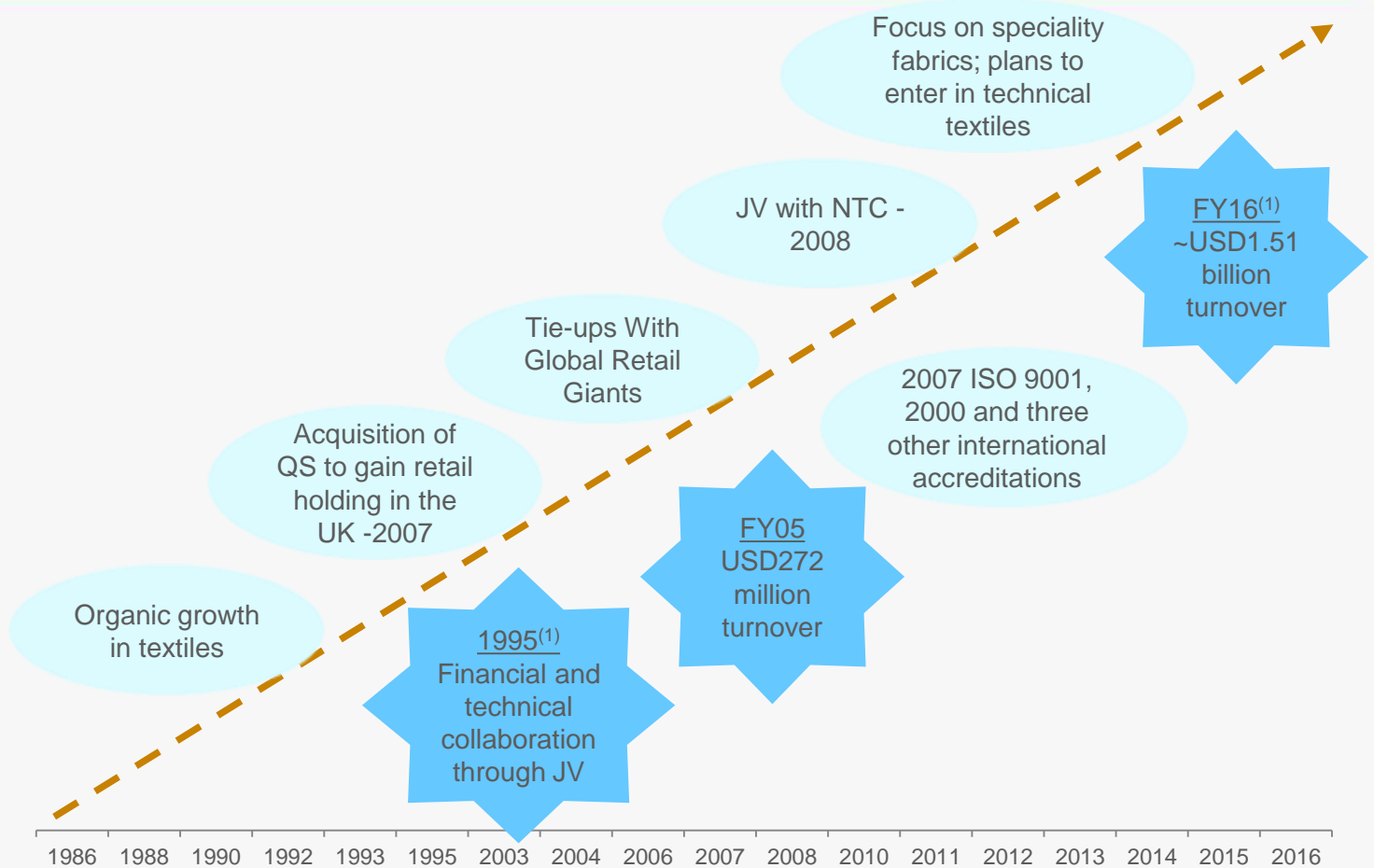
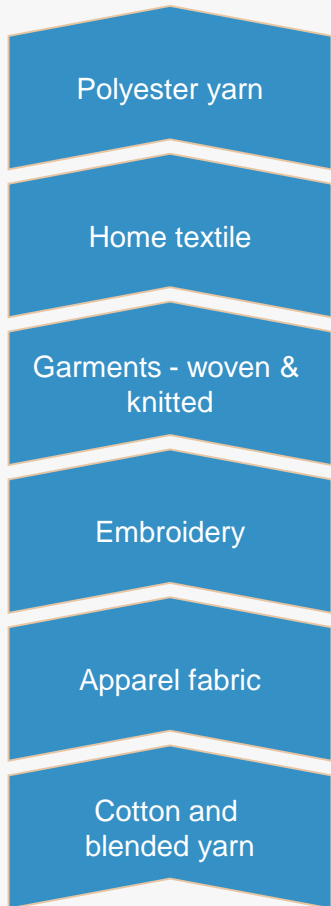


## SUCCESS STORIES

## RAYMOND: A LONG JOURNEY OF SUCCESS



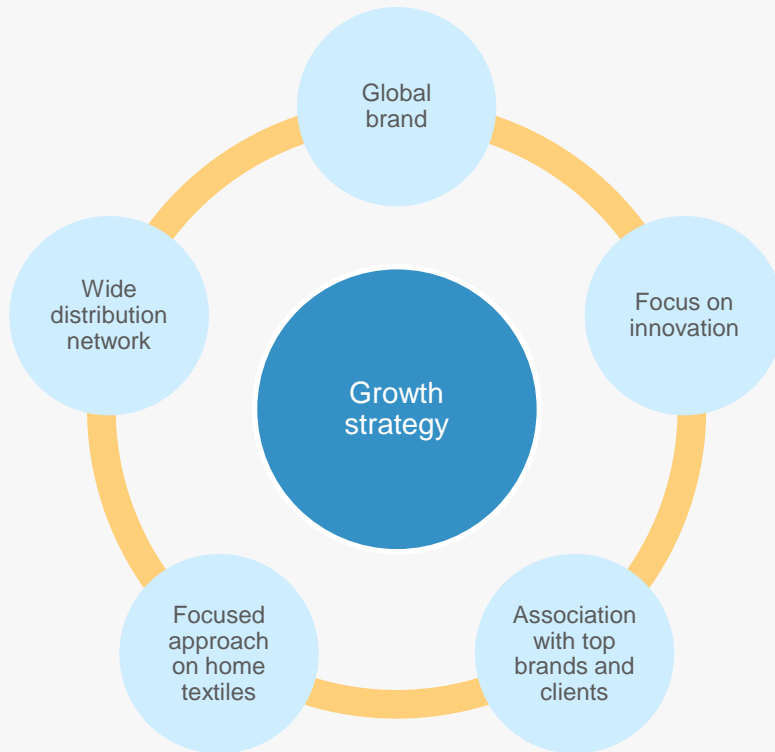
## ALOK INDUSTRIES: INTEGRATED TEXTILE SOLUTIONS



Notes: NTC - National Textile Corporation <sup>(1)</sup> In 1995 Alok industries had sets 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; <sup>(1)</sup> - Data is for nine months ended

## WELSPUN INDIA: WORLD'S LARGEST HOME TEXTILE COMPANY ... (1/2)

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

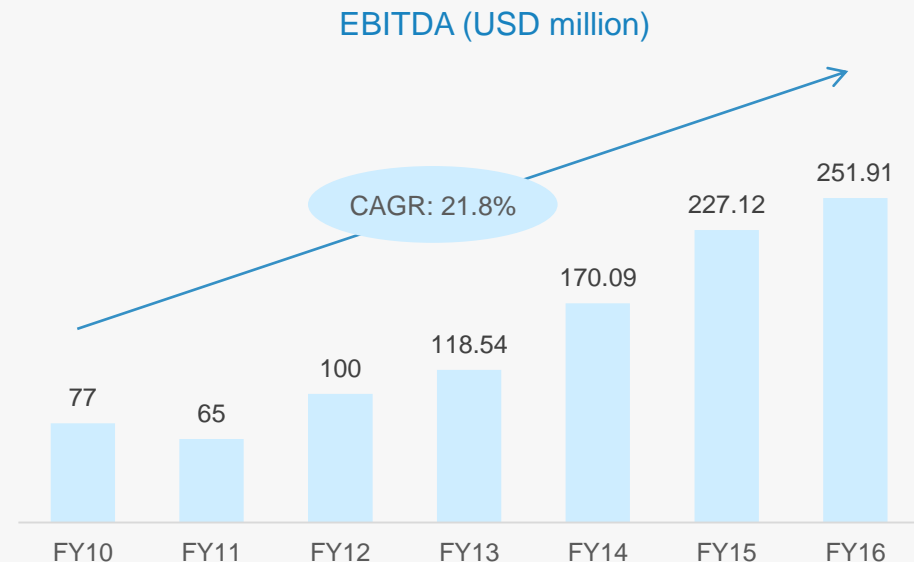
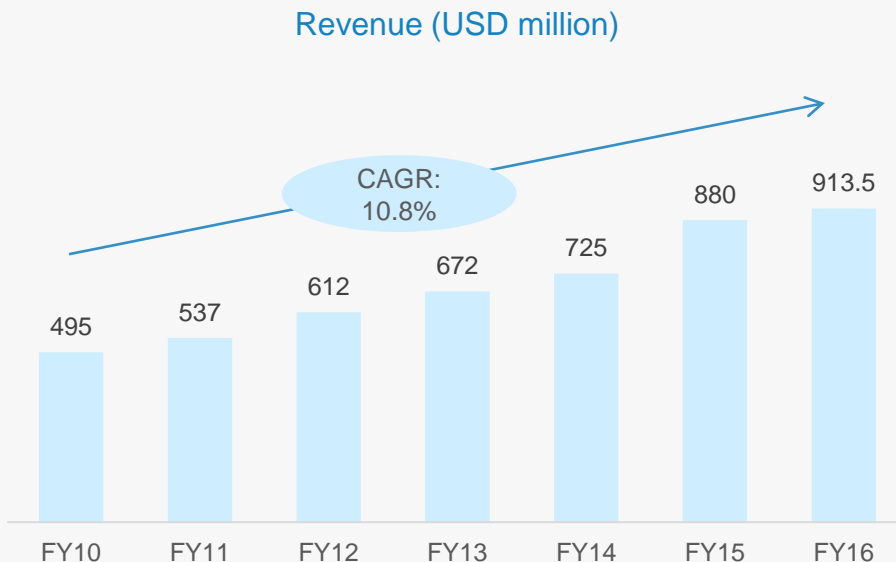


Terry towels	<ul style="list-style-type: none"><li>• Capacity – 60,000 MT/Year</li><li>• Location - Anjar/Vapi</li><li>• Capacity utilisation - 102%</li></ul>
Bed linen products	<ul style="list-style-type: none"><li>• Capacity – 72 million metre/Year</li><li>• Location - Anjar</li><li>• Capacity utilisation - 97%</li></ul>
Rugs	<ul style="list-style-type: none"><li>• Capacity – 8,000 MT/Year</li><li>• Location - Vapi</li><li>• Capacity utilisation - 58%</li></ul>

Source: Company Presentation, TechSci Research

## WELSPUN INDIA: WORLD'S LARGEST HOME TEXTILE COMPANY ... (2/2)

- \* Welspun ranked 1<sup>st</sup> in home textile supplies to US in FY16 by Home & Textiles Today, a leading industry magazine
- \* The company exported 97 per cent of the production in FY15
- \* During FY10-16, revenue of Welspun increased at a CAGR of 10.8 per cent, in USD terms
- \* During FY10-16, EBITDA of Welspun increased at a CAGR of 21.8 per cent, in USD terms



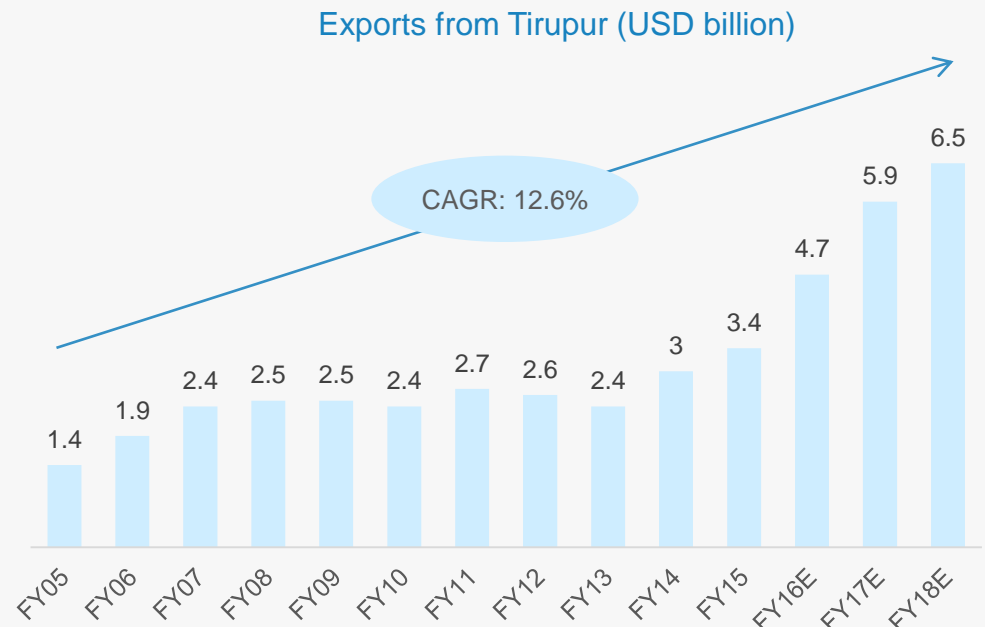
Source: Company Presentation, TechSci Research

Note: EBITDA - Earnings Before Interest, Taxes, Depreciation and Amortization

## TIRUPUR: TEXTILES HUB OF INDIA

- \* The city has more than 5,000 garment manufacturing and job work units, and is one of the most organised 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 9.27 per cent from USD1.4 billion in FY05 to USD3.4 billion in FY15
- Exports are expected to reach USD6.5 billion by 2018
- The city, Tirupur, plans to overtake Bangladesh, China in apparel exports in future
- 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



Source: News articles, TechSci Research  
Note: E-Estimate

# TEXTILES AND APPAREL



## USEFUL INFORMATION

## INDUSTRY ASSOCIATIONS

### **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](http://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](mailto:sitraindia@dataone.in)  
Website: [www.sitra.org.in](http://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](mailto:nitma@vsnl.net), [nitma@airtelmail.in](mailto:nitma@airtelmail.in)  
Website: [www.nitma.org](http://www.nitma.org)



- \* **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

- \* **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

## EXCHANGE RATES

Exchange rates (Fiscal Year)

Year	INR equivalent of one USD
2004-05	44.81
2005-06	44.14
2006-07	45.14
2007-08	40.27
2008-09	46.14
2009-10	47.42
2010-11	45.62
2011-12	46.88
2012-13	54.31
2013-14	60.28
2014-15	61.06
2015-16	65.46
2016-2017E	66.95

Exchange rates (Calendar Year)

Year	INR equivalent of one USD
2005	43.98
2006	45.18
2007	41.34
2008	43.62
2009	48.42
2010	45.72
2011	46.85
2012	53.46
2013	58.44
2014	61.03
2015	64.15
2016 (Expected)	67.22

Source: Reserve bank of India,  
Average for the year

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