

TEXTILE & APPAREL COMPENDIUM 2015

technopak



About the Compendium

Technopak's Textile & Apparel (T&A) Compendium 2015 brings together key statistics on the global, as well as Indian, T&A industry. It comprises three sections: the first, titled Global T&A Industry Overview, highlights the global trade in T&A, trade growth across the value chain, installed machinery in various countries, and the trade profiles of major consuming and producing countries. The next section, Indian T&A Industry Overview, details the Industry size, contribution of various segments to the domestic market, growth projections for domestic markets, the home textiles market, the Indian textile supply scenario, the technical textiles market, employment in the textile and allied sectors, textile machinery production, and growth projections for Indian exports. Lastly, the section titled Trends & Opportunities in Indian Apparel Retail discusses corporatized retail in apparel, the growth of alternative retail channels, the emergence of heterogeneous consumer groups, and the acceptance of Private Labels by consumers, besides new product opportunities.

We hope that this document will provide a quantitative understanding of the industry, and will thus be useful to both the experienced professional as well as the generally knowledgeable layperson.

Authors:

Amit Gugnani | Sr. Vice President

Kanti Prakash Brahma | Principal Consultant

Design & Development:

Arvind Sundriyal | Manager-Design

Sonali Rawat Sharma | Graphic Designer

Contents

Executive Summary	01
Global T&A Industry Overview	04
<ul style="list-style-type: none">• Global T&A Trade• Product-wise Share of T&A Exports• Product-wise Share of T&A Imports• Trade Growth Across the Value Chain• Global Fabric and Apparel Trade Break-up• Installed Capacity of Spinning and Weaving Machinery	
Profiles of Selected T&A Markets	12
Profiles of Select T&A Producing Countries	18
India's Domestic T&A Industry	28
<ul style="list-style-type: none">• T&A's Contribution to India's GDP• T&A Industry size• Domestic T&A Market• Indian Apparel Market: Size & Growth• Segment-wise Market Projections• Home Textiles Market Overview• Technical Textiles Market Overview• Textiles Production Scenario• Textiles Imports Scenario• Textiles Exports Scenario• Production of Textiles Machinery• Employment in the T&A Sector• India's T&A Exports: Projections	
Trends and Opportunities in Indian Apparel Retail	46
Annexure: Assumptions & Definitions	53
About Technopak	56

Global T&A Industry Overview

- The T&A trade was worth USD 773 billion, in 2013, and is expected to grow at a CAGR of 5% over the next decade. The growth of the apparel trade is expected to outpace that of the fabric trade
- China dominates global T&A exports with a 40% share of made-ups, 37% of apparel, and 39% of fabric. India, Bangladesh, Vietnam, Turkey, Pakistan, etc. are the other major T&A exporters
- The global fabric trade was worth USD 137 billion in 2013 while the global apparel trade was worth USD 428 billion. It is expected that the rate of growth of the trade in knit fabric and apparel will be higher than that for the woven counterparts
- Asia is the leader in terms of the installed capacity of textile machinery; 86% of short-staple spindles, 45% of long-staple spindles, 55% of rotor spinning machines, 73% of shuttleless looms, and 85% of shuttle looms are installed in Asia alone. China, India, Pakistan, Indonesia, and Thailand are among the leaders in terms of this installed capacity
- The US, EU-27 countries, and Japan remain the key apparel importers. However, the apparel imports of emerging countries like Russia, China, and India have registered some momentum in recent times

Indian T&A Industry Overview

- The Indian T&A market was estimated at INR 3,20,000 crore (USD 58 billion), in 2013, and is projected to grow at a CAGR of 9% to INR 7,57,000 crore (USD 138 billion) by 2023
- Menswear contributes 42% of the Indian apparel market, and is followed by womenswear (38%), and kidswear (20%). Due to the higher growth rates of womenswear and kidswear, the share of menswear, womenswear, and kidswear are expected to change to 39%, 39%, and 22%, respectively, by 2023
- The INR 21,160 crore (USD 4 billion) domestic home textiles market is expected to grow at a CAGR of 8% to reach INR 43,970 crore (USD 8 billion) by 2023
- India's technical textiles market is estimated to be worth INR 70,880 crore (USD 13 billion), and, at an estimated CAGR of 8%, is expected to reach INR 1,52,000 crore (USD 28 billion) in 2023
- India's T&A exports are expected to grow at a CAGR of 9%, from USD 40 billion in 2013, to USD 95 billion in 2023

Trends and Opportunities in Indian Apparel Retail

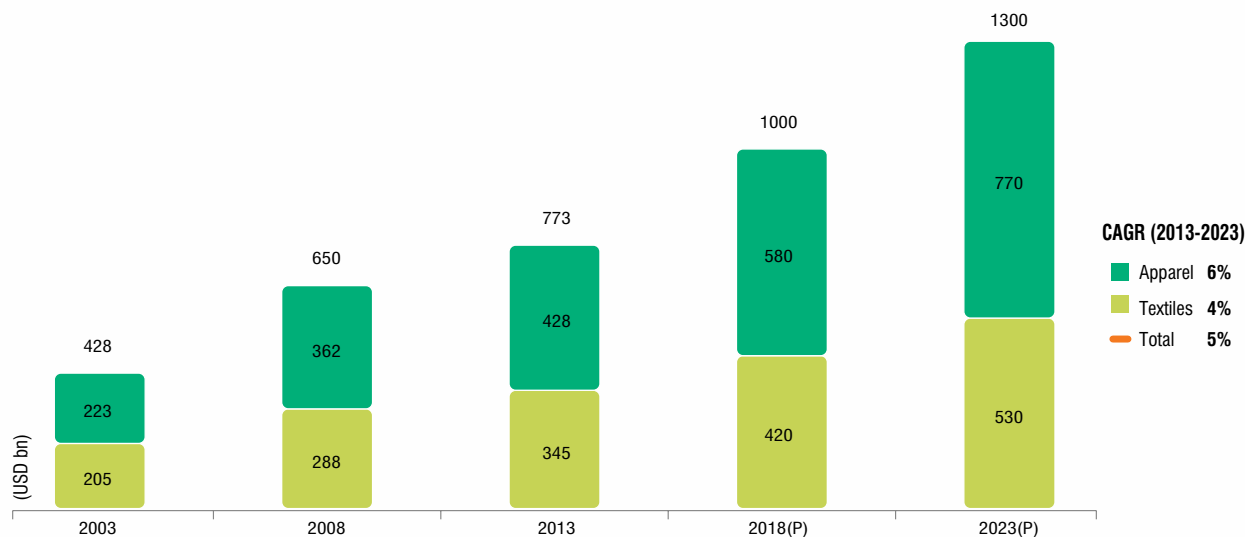
- Apparel retail has high receptivity towards corporatized retail, due to which the share of corporatized retail in Apparel has increased from 14%, in 2008, to 19%, in 2013
- With the disruptive growth of direct selling, home shopping, and e-tailing channels, the fashion and lifestyle segment is witnessing a shift away from traditional channels towards alternative retailing avenues
- Apparel consumers are increasingly getting more heterogeneous and forcing apparel brands and retailers to customize their products and/or services in order to address this heterogeneity
- The acceptance of Private Labels is growing rapidly owing to their affordable prices and reasonable quality

Global T&A Industry Overview



Global T&A Trade

- The global T&A trade is expected to grow at a CAGR of 5%
- The growth of the apparel trade is expected to outpace that of the textiles trade



*Textiles include Fibers, Yarn, Fabrics, and Made-ups

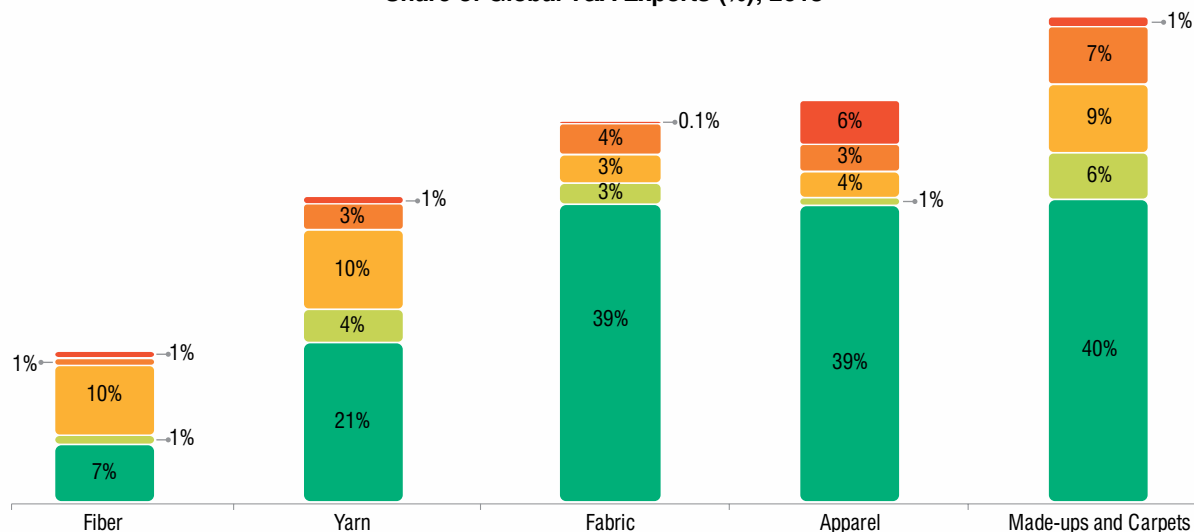
P – Projected figures

Source: ITC, UN Comtrade, Technopak Analysis

Product-wise Share of Global T&A Exports of Select Producing Countries

- China dominates T&A exports, with the highest share of yarn, fabric, apparel, and made-ups exports
- India's share of global exports is comparatively higher in fiber, yarn, and made-ups and carpets

Share of Global T&A Exports (%), 2013



Indonesia, Thailand, Cambodia, Mexico, Taiwan, and Vietnam are other major T&A exporters

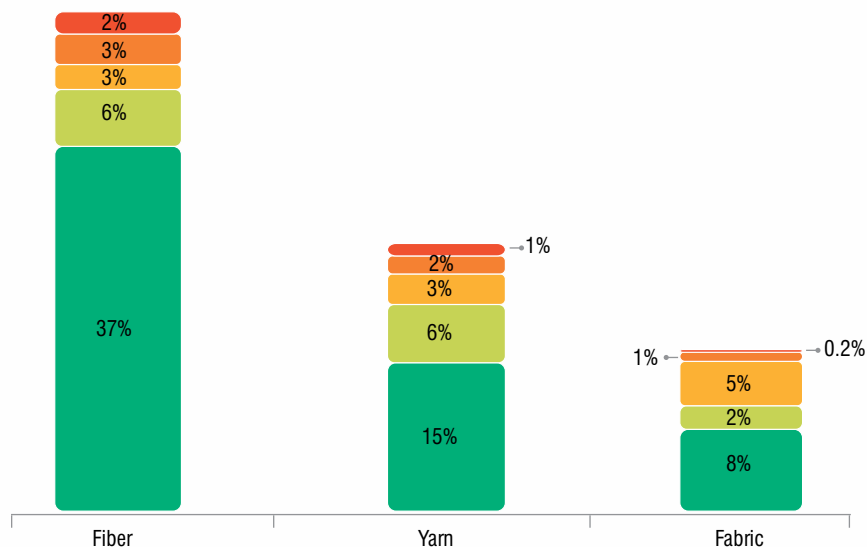
■ Bangladesh ■ Turkey ■ India ■ Pakistan ■ China

Source: UN Comtrade, Technopak Analysis

Product-wise Share of Global T&A Imports of Select Producing Countries

- Among the major producers, China has the highest share of textile imports
- The shares of textile imports of Bangladesh and Turkey are also high, indicating lower backward integration in these countries

Share of Global T&A Imports (%), 2013



US, Germany, Italy, Vietnam, Indonesia, and Mexico are other major textiles importers

■ Pakistan ■ India ■ Bangladesh ■ Turkey ■ China

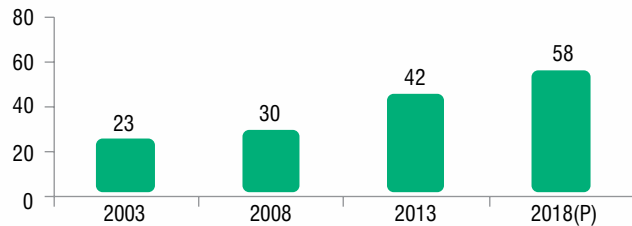


Source: UN Comtrade, Technopak Analysis

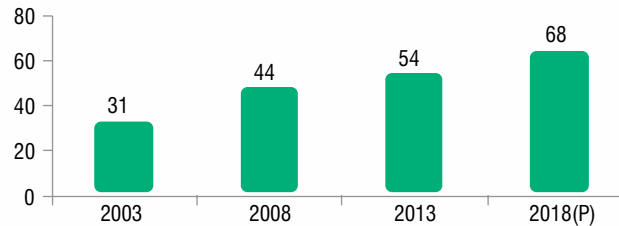
Trade Growth Across the Value Chain

- Overall, global trade is expected to grow across the value chain; however, the growth rate will be higher for apparel and fibers

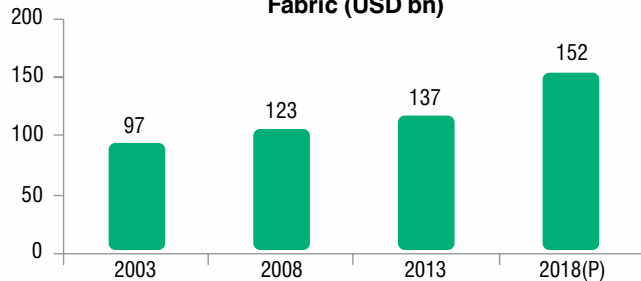
Textile Fibers (USD bn)



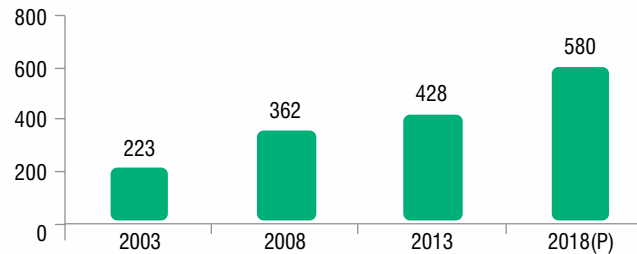
Yarn (USD bn)



Fabric (USD bn)



Apparel (USD bn)



*Yarn includes both filament and spun yarn

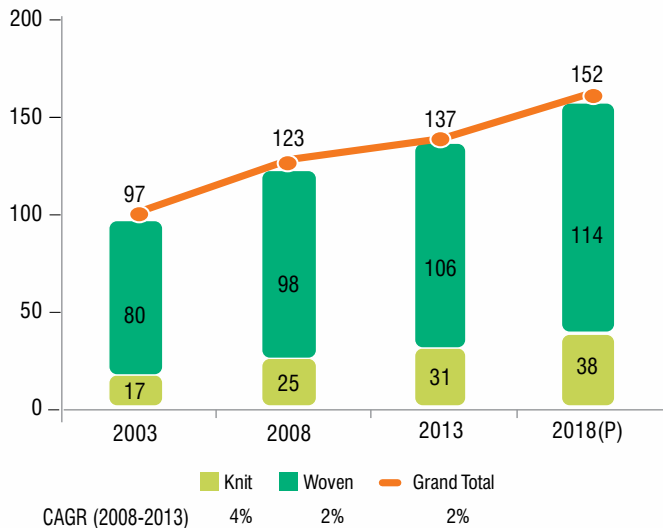
All numbers are rounded-off

Source: Fiber Year, Textile Intelligence, UN Comtrade, Secondary Research, Technopak Analysis

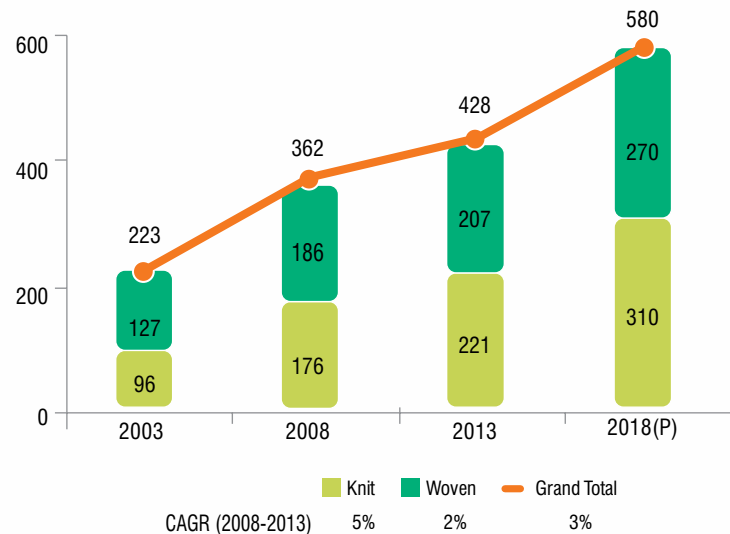
Global Fabric & Apparel Trade Breakup

- For both fabric and apparel, the growth of the trade in knits is expected to be higher than that of the trade in wovens
- The universal trend, of the increasing acceptance of casualwear, will continue to drive the growth in the global trade of both knit fabric and apparel

Global Fabric Trade (USD bn)



Global Apparel Trade (USD bn)



All numbers are rounded-off

Source: UN Comtrade, Secondary Research, Technopak Analysis

Installed Capacity of Spinning Machinery

- Asia dominates in terms of the installed capacity of spinning machinery with its share being 86%, 45%, and 57%, for short-staple, long-staple, and rotor spinning machinery, respectively
- China's share of installed capacity has improved substantially for both ring and rotor spinning

Installed capacity figures ('000 units)

Country	Ring Spindles (2007)	% Share of Worldwide Capacity	Ring Spindles (2012)	% Share of Worldwide Capacity	Open-End Rotors (2007)	% Share of Worldwide Capacity	Open-End Rotors (2012)	% Share of Worldwide Capacity
China	92,600	42%	1,23,623	47%	1,840	23%	2,450	31%
India	36,510	17%	49,181	19%	448	6%	765	10%
Pakistan	10,476	5%	11,797	4%	156	2%	196	2%
Indonesia	8,103	4%	9,338	4%	120	2%	117	1%
Turkey	7,243	3%	7,275	3%	577	7%	600	8%
Bangladesh	5,500	2%	8,715	3%	126	2%	230	3%
Brazil	4,952	2%	5,234	2%	320	4%	364	5%
Mexico	3,767	2%	3,767	1%	103	1%	103	1%
Italy	3,862	2%	3,855	1%	71	1%	71	1%
Thailand	3,784	2%	3,687	1%	50	1%	48	1%
Rest of the World	40,837	19%	38,377	14%	4,235	53%	2,981	37%
World	217,724		264,849		7,975		7,925	

All numbers are rounded-off

Source: International Textile Manufacturers Federation (ITMF), Technopak Analysis

Installed Capacity of Weaving Machinery

- 74% of shuttleless looms, and 86% of shuttle looms, are installed in Asia
- China's share of the installed capacity for weaving machinery has improved, especially for shuttle-less looms

Installed Capacity of Weaving Machinery*

Country	Shuttleless Looms (2007) (Cotton)	% Share of Worldwide Capacity	Shuttleless Looms (2012) (Cotton)	% Share of Worldwide Capacity	Shuttle Looms (2007) (Cotton)	% Share of Worldwide Capacity	Shuttle Looms (2012) (Cotton)	% Share of Worldwide Capacity
China	370,000	38%	620,000	52%	6,40,000	41%	6,50,000	42%
Pakistan	27,800	3%	27,500	2%	2,98,000	19%	2,89,000	19%
Indonesia	29,000	3%	51,736	4%	1,90,000	12%	1,94,450	13%
Thailand	68,100	7%	78,140	7%	62,000	4%	52,090	3%
Brazil	44,000	5%	46,937	4%	12,000	1%	26,416	2%
Russia	71,500	7%	55,900	5%	5,200	0.3%	2,000	0.1%
India	16,507	2%	19,977	2%	63,710	4%	52,167	3%
Turkey	28,000	3%	40,000	3%	20,000	1%	20,000	1%
Mexico	14,500	2%	14,500	1%	35,000	2%	35,000	2%
Taiwan	32,155	3%	23,067	2%	n/a	n/a	409	0.03%
Rest of the World	268,467	27%	217,700	18%	236,371	16%	2,10,483	15%
World	970,029		1,195,457		1,562,281		15,32,015	

*Automatic and non-automatic looms, 75cm or wider, installed in mills (does not include figures for the non-mill sector), n/a: Not Available
Source: ITMF, Technopak Analysis

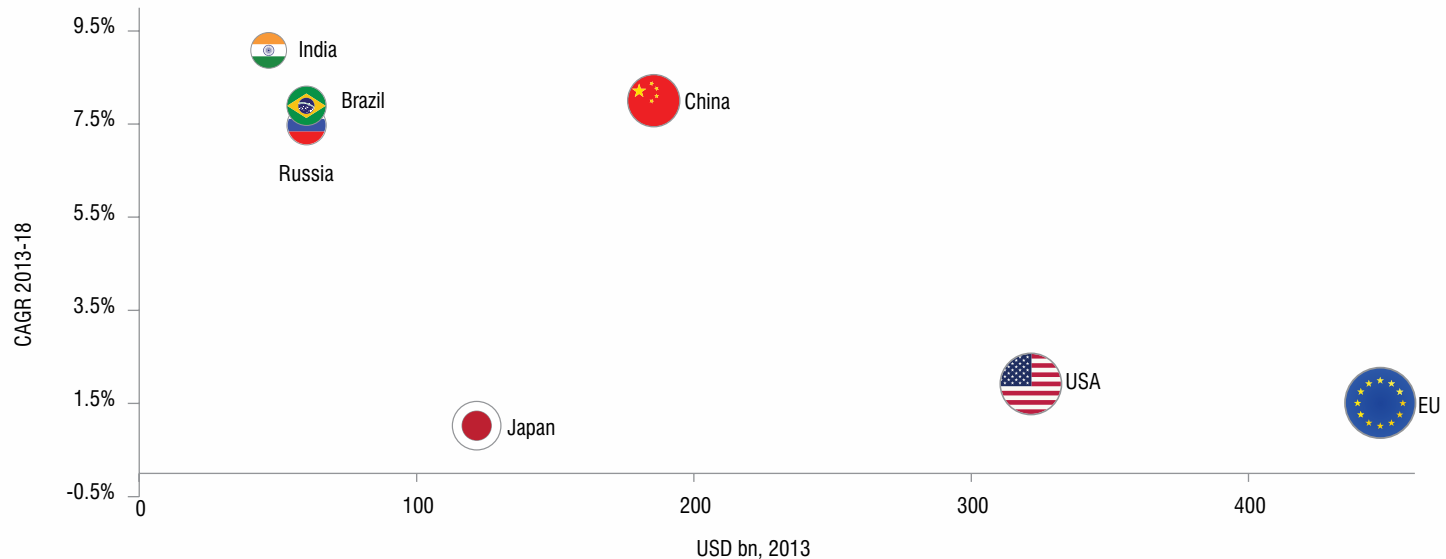
Profiles of Selected T&A Markets



EU, USA & Japan Remain As The Biggest Apparel Market

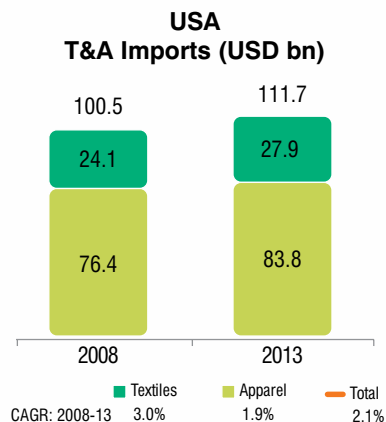
- Growth of apparel market is stagnating in the traditional consuming hubs of EU, USA and Japan
- Countries like China, India, Russia & Brazil are emerging as apparel retail markets and will form significant alternate markets to US, EU /Japan

Apparel Market Size Vs Growth Rate

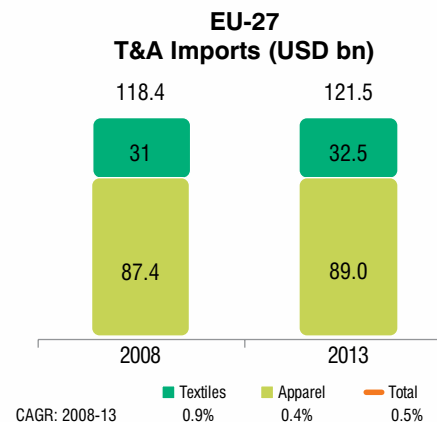
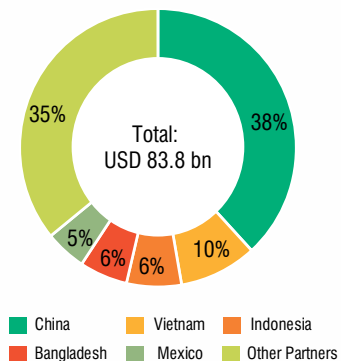


Source: US Census Bureau, EU CBI, NBS China, Technopak Analysis

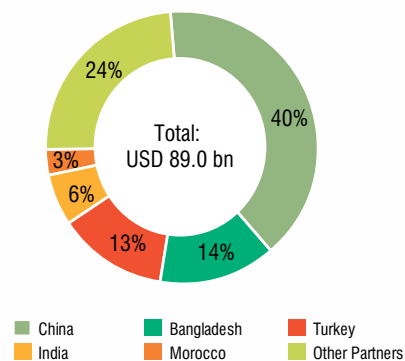
T&A Imports



Top Apparel Supplying Partners, 2013

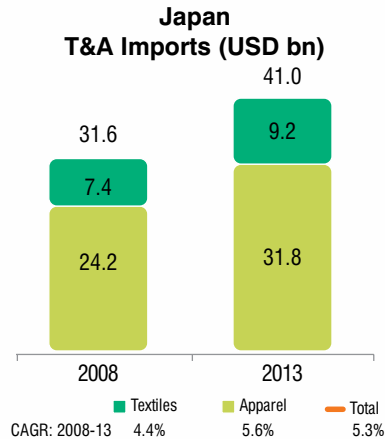


Top Apparel Supplying Partners, 2013

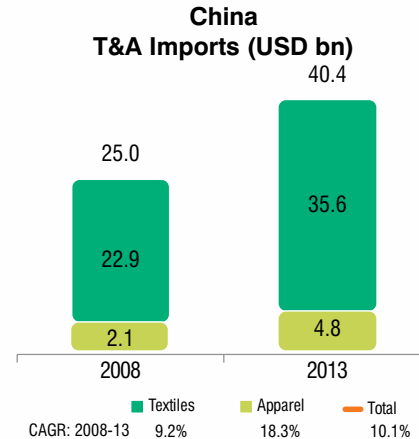
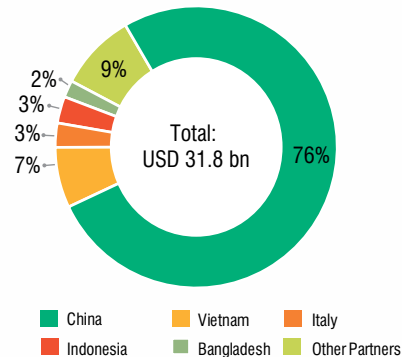


* Includes Intra-EU Trade
Source: UN Comtrade, Technopak Analysis

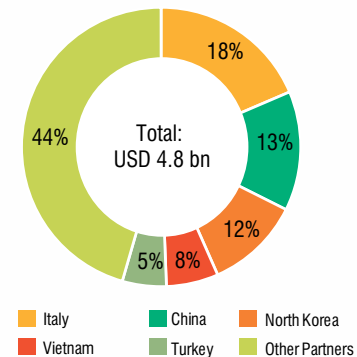
T&A Imports



Top Apparel Supplying Partners, 2013



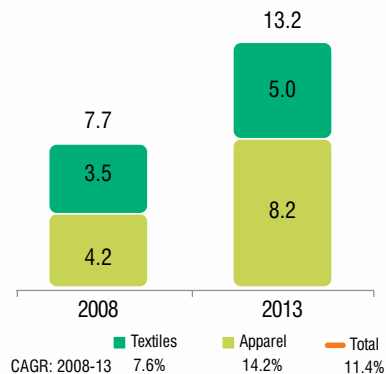
Top Apparel Supplying Partners, 2013



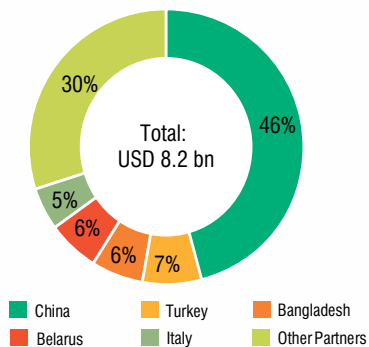
Source: UN Comtrade, Technopak Analysis

T&A Imports

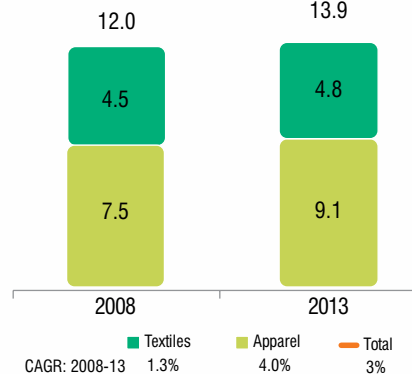
Russian Federation T&A Imports (USD bn)



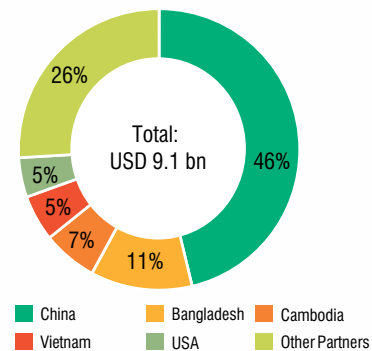
Top Apparel Supplying Partners, 2013



Canada T&A Imports (USD bn)



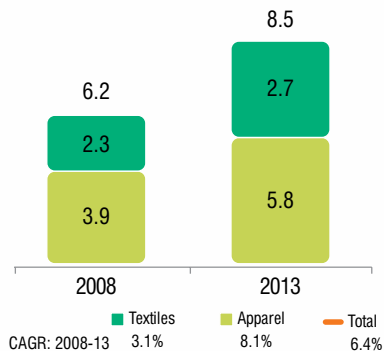
Top Apparel Supplying Partners, 2013



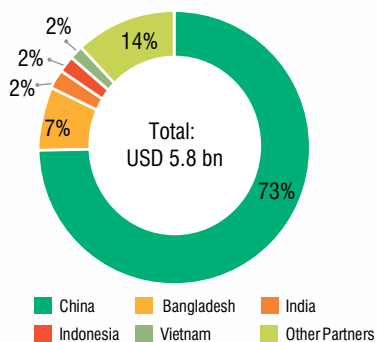
Source: UN Comtrade, Technopak Analysis

T&A Imports

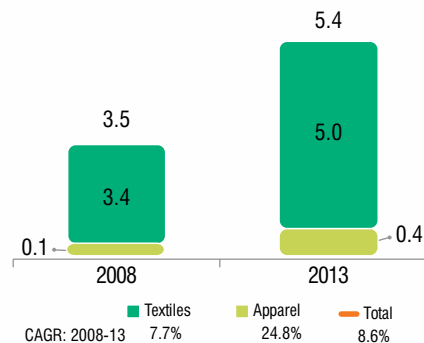
Australia T&A Imports (USD bn)



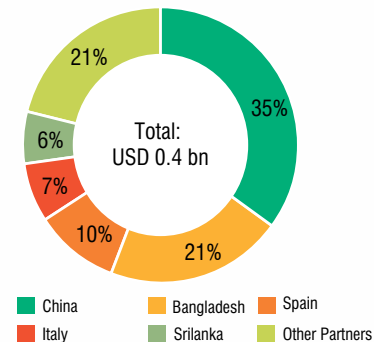
Top Apparel Supplying Partners, 2013



India T&A Imports (USD bn)



Top Apparel Supplying Partners, 2013



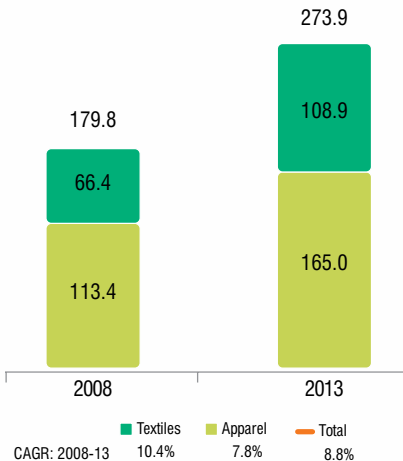
Source: UN Comtrade, Technopak Analysis

Profiles of Select T&A Producing Countries

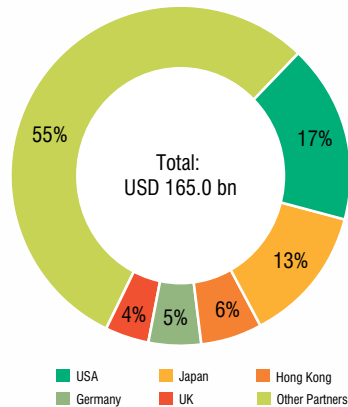


- China is the biggest producer and exporter of T&A products
- The country has a vertically integrated supply chain and produces a diverse range of products
- The increasing cost of manufacturing and unavailability of labor are emerging as challenges to China's T&A industry

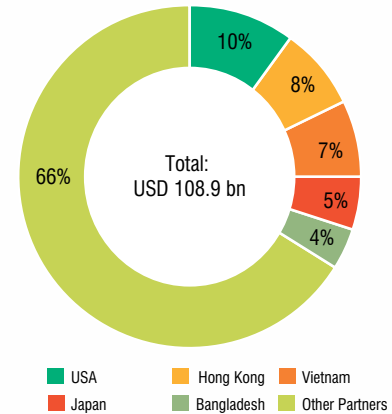
T&A Exports (USD bn)



Top Apparel Export Partners, 2013



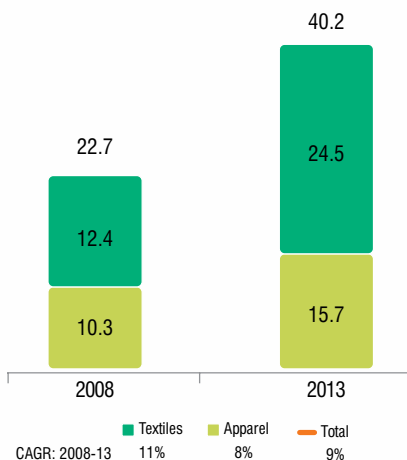
Top Textiles Export Partners, 2013



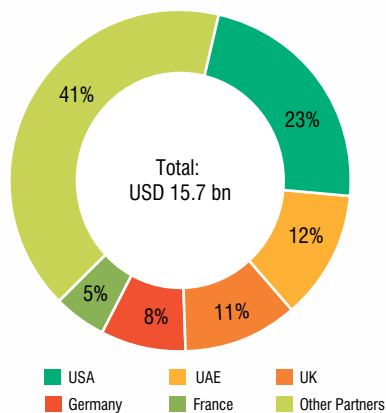
Source: UN Comtrade, Technopak Analysis

- India is the second largest exporter of T&A products
- India has a vertically integrated supply chain and produces a diverse range of products
- The share of textiles in India's exports (60%) is much higher than that of apparel (40%)

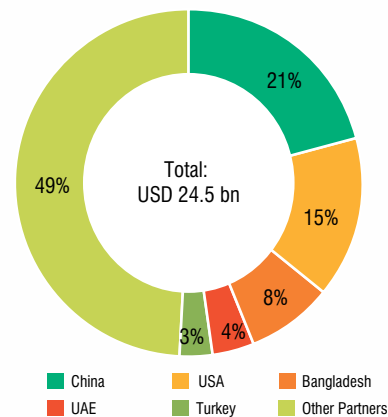
T&A Exports (USD bn)



Top Apparel Export Partners, 2013



Top Textiles Export Partners, 2013

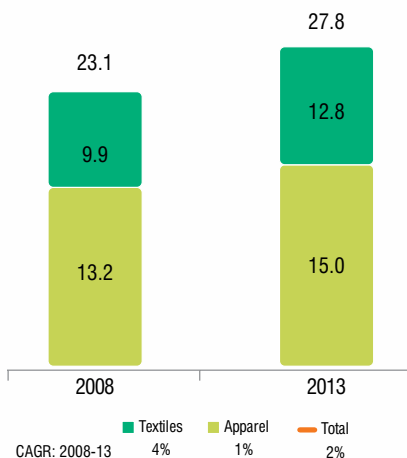


Source: UN Comtrade, Technopak Analysis

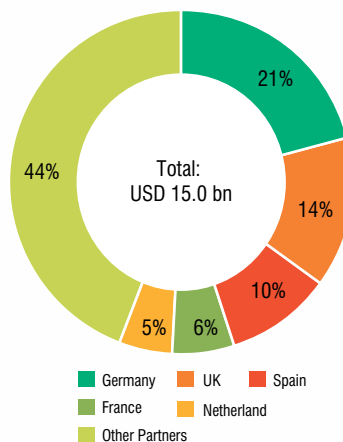
Turkey

- Turkey's T&A industry draws its strength from the country's proximity to EU markets
- Turkey is known for its value-added products aimed at the high-end fashion market

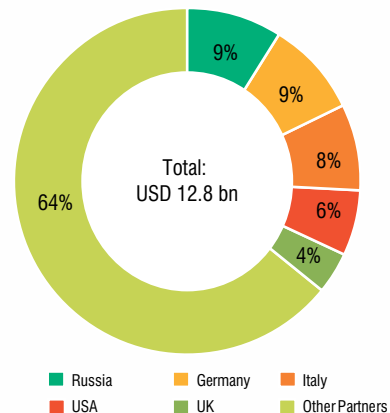
T&A Exports (USD bn)



Top Apparel Export Partners, 2013



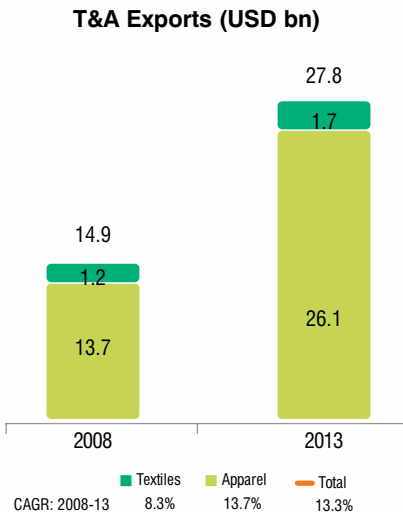
Top Textiles Export Partners, 2013



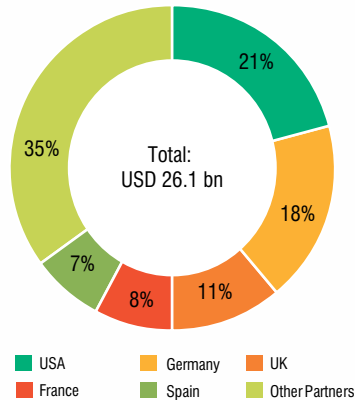
Source: UN Comtrade, Technopak Analysis

Bangladesh

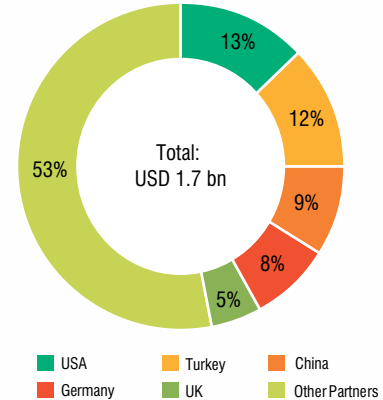
- Bangladesh's T&A industry is primarily based on low-cost apparel manufacturing
- Frequent incidents of social unrest, increasing demand for labor wage revision, and issues like fire-breaks and building collapses are the key challenges for the country



Top Apparel Export Partners, 2013

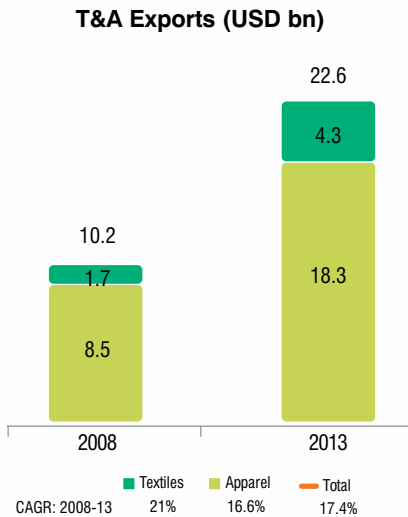


Top Textiles Export Partners, 2013

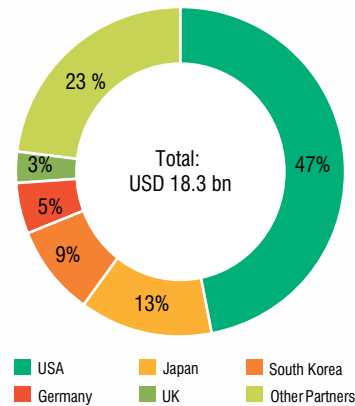


Source: UN Comtrade, Technopak Analysis

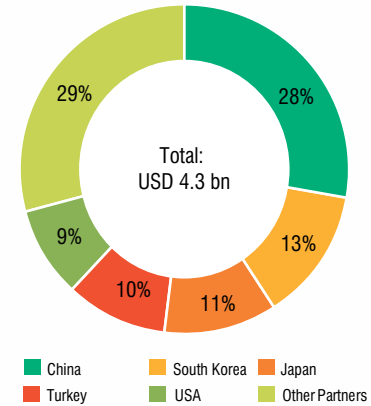
- Vietnam is known for its apparel industry; however, the country lacks vertical integration
- Over 60% of the country's apparel exports go to the US and Japan



Top Apparel Export Partners, 2013



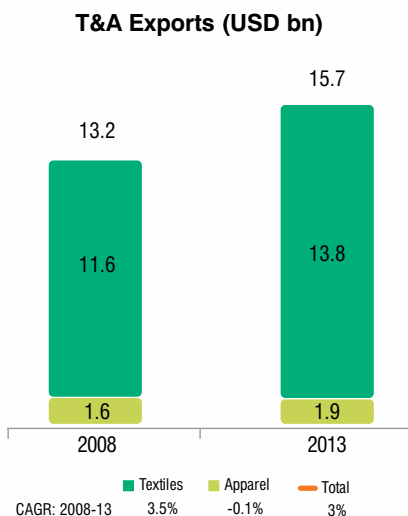
Top Textiles Export Partners, 2013



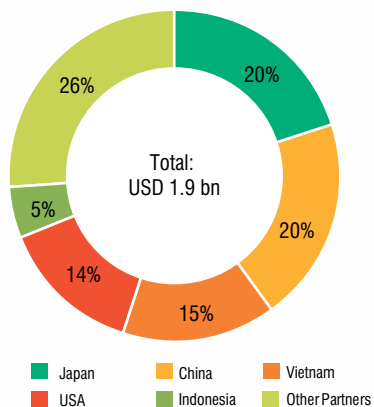
Source: UN Comtrade, Technopak Analysis

South Korea

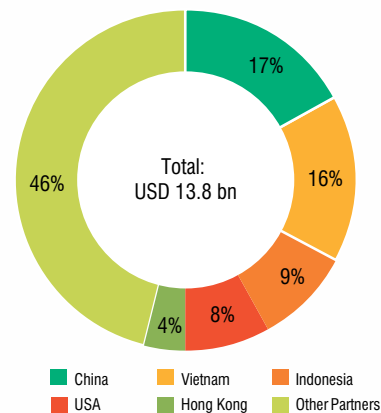
- South Korea is among the leading exporters of synthetic fiber knits, polyester filament fabric, and technical textiles products
- The textile industry in South Korea is increasingly concentrating on high-end products and high performance fiber/fabric



Top Apparel Export Partners, 2013

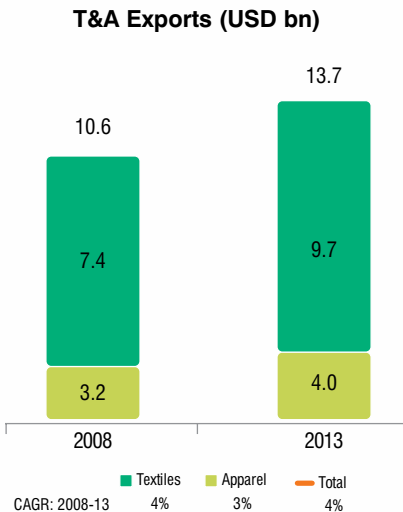


Top Textiles Export Partners, 2013

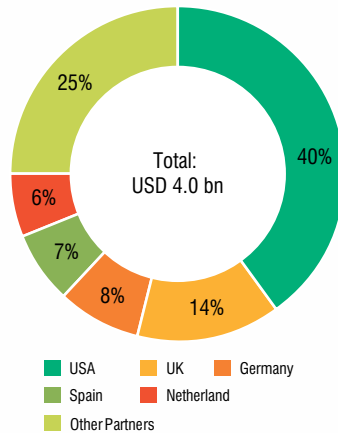


Source: UN Comtrade, Technopak Analysis

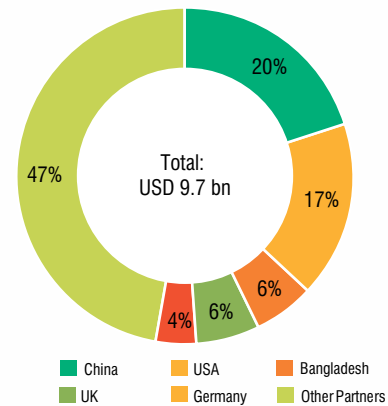
- Pakistan's T&A industry is based on its cotton production, in which the country ranks fourth worldwide; after China, India, and the US
- The country's strength in textiles has aided its establishment as a sourcing destination for denim jeans, home textiles, etc.
- The EU's awarding the GSP-plus status to Pakistan, effective from January 1, 2014, is expected to boost Pakistan's exports to the EU



Top Apparel Export Partners, 2013



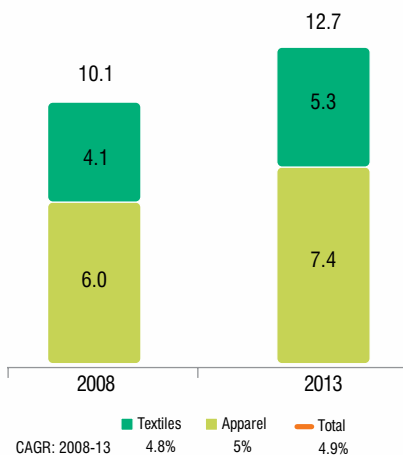
Top Textiles Export Partners, 2013



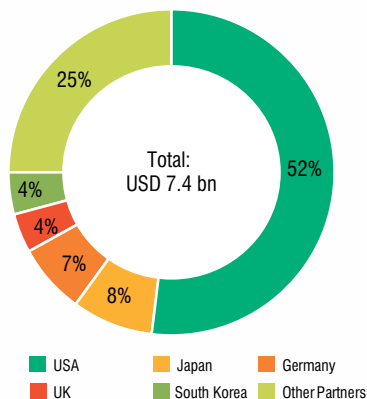
Source: UN Comtrade, Technopak Analysis

- Indonesia's T&A industry benefits from a high degree of vertical integration
- While the country has a well-developed manmade fiber industry, it heavily depends on imports for its cotton fiber requirements
- The industry is mainly concentrated on the island of Java

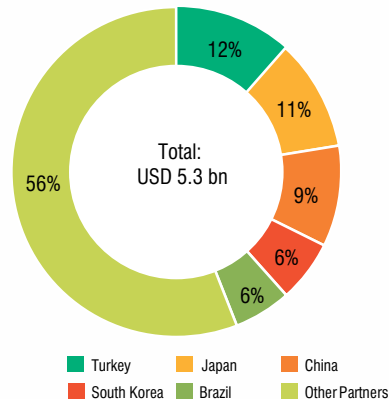
T&A Exports (USD bn)



Top Apparel Export Partners, 2013



Top Textiles Export Partners, 2013



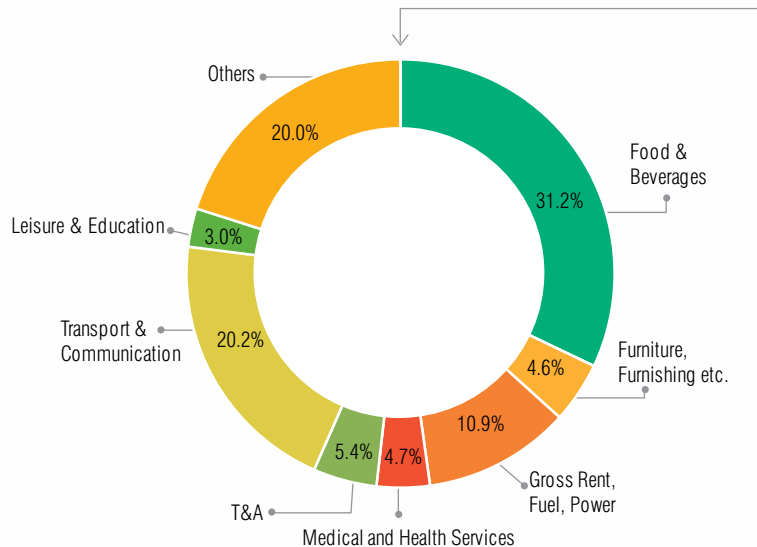
Source: UN Comtrade, Technopak Analysis

India's Domestic T&A Industry

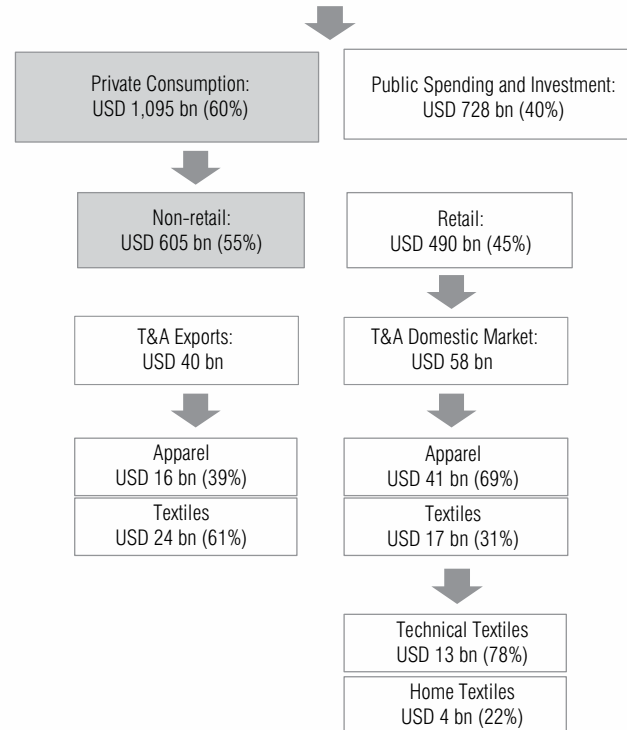


T&A's Contribution to India's GDP

T&A comprises 5.2% of India's GDP



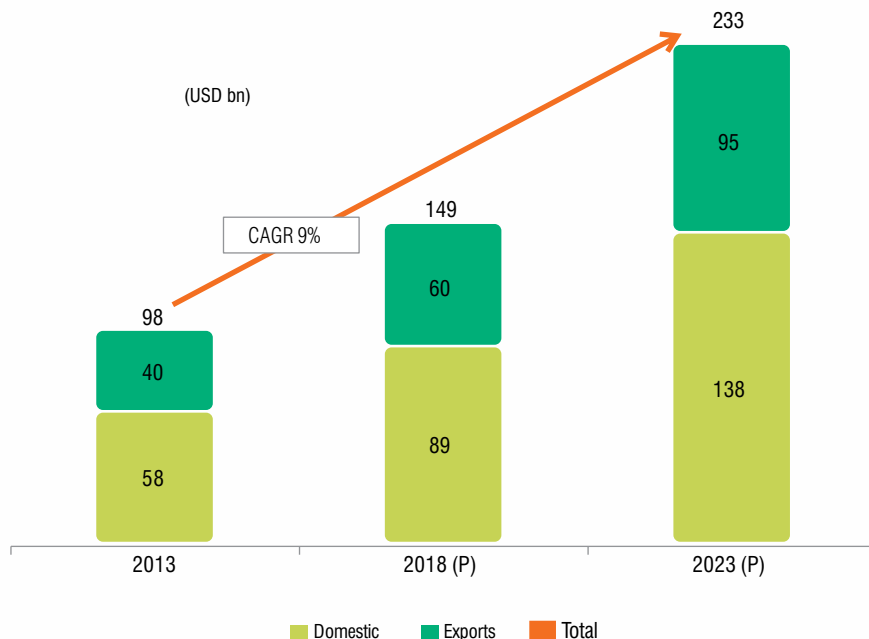
GDP: USD 1,823 bn (2013)



Source : Technopak Analysis

Size of the India's T&A Industry

- India's T&A industry was estimated to be worth USD 98 billion (INR 5,40,000 crore) in 2013, including both domestic consumption and exports, and is projected to grow at a CAGR of 9% to reach USD 233 billion (INR 12,80,000 crore), by 2023



*All numbers are rounded-off

E: Estimate P: Projection

Source: Technopak Analysis

Domestic T&A Market

- At present, the domestic T&A market is worth USD 58 billion (INR 3,19,980 crore), and is expected to grow at 9% annually to reach USD 138 billion (INR 7,57,080 crore), by 2023

2013	Apparel USD 41 bn (INR 2,27,940 cr)	Home Textiles USD 4 bn (INR 21,160 cr)	Technical Textiles USD 13 bn (INR 70,880 cr)	Total USD 58 bn (INR 3,19,980 cr)
2018 (P)	Apparel USD 64 bn (INR 3,54,570 cr)	Home Textiles USD 5 bn (INR 29,440 cr)	Technical Textiles USD 19 bn (INR 1,03,000 cr)	Total USD 89 bn (INR 4,87,010 cr)
2023 (P)	Apparel USD 102 bn (INR 5,61,110 cr)	Home Textiles USD 8 bn (INR 43,970 cr)	Technical Textiles USD 28 bn (INR 1,52,000 cr)	Total USD 138 bn (INR 7,57,080 cr)
CAGR 2013-23	9%	8%	8%	9%

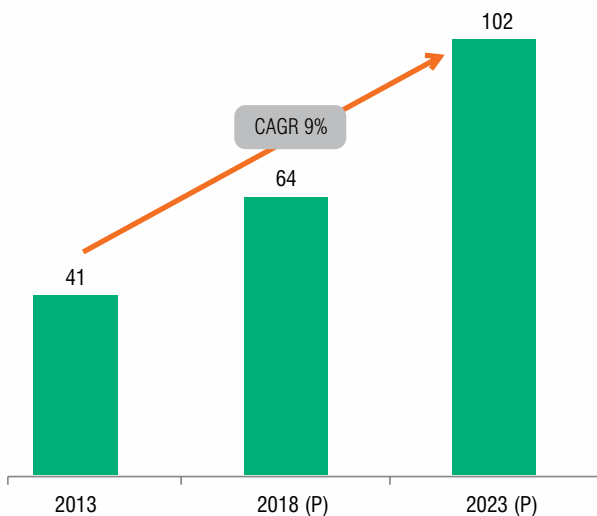
*The values provided for apparel and home textiles are at the retail end, while those for technical textiles are a combination of B2C and B2B, depending on the category's end use

*All numbers are rounded-off
Source: Technopak Analysis

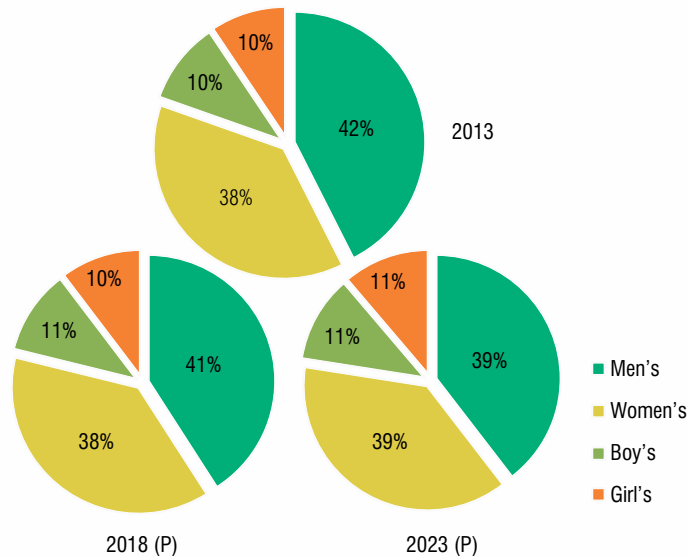
India's Apparel Market: Size and Growth

- India's domestic apparel market is expected to grow at a CAGR of 9%. The growth will be driven by increases in both the per capita consumption and the average spend on apparel

Total Apparel Market (USD bn)



Segment Split

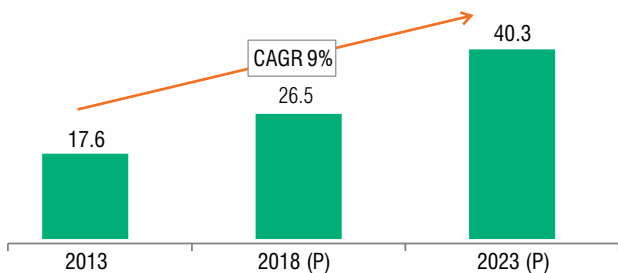


*All numbers are rounded-off
Source: Technopak Analysis

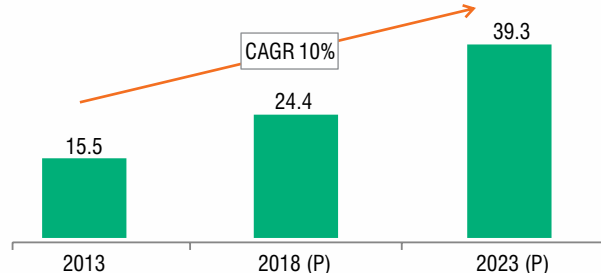
Segment-wise Market Projections

- Currently, menswear is the biggest segment within the apparel market; however, kidswear and womenswear are growing more rapidly. It is estimated that, within another decade, the womenswear category will catch up with menswear, in terms of size

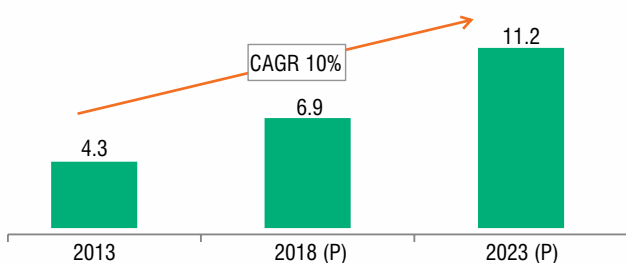
Menswear (USD bn)



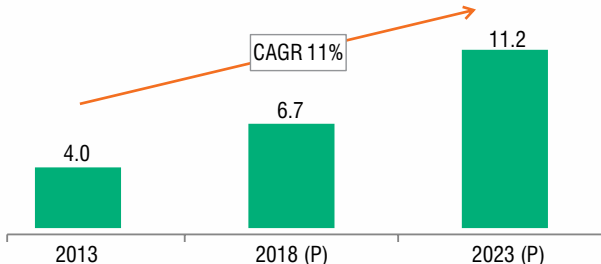
Womenswear (USD bn)



Boyswear (USD bn)



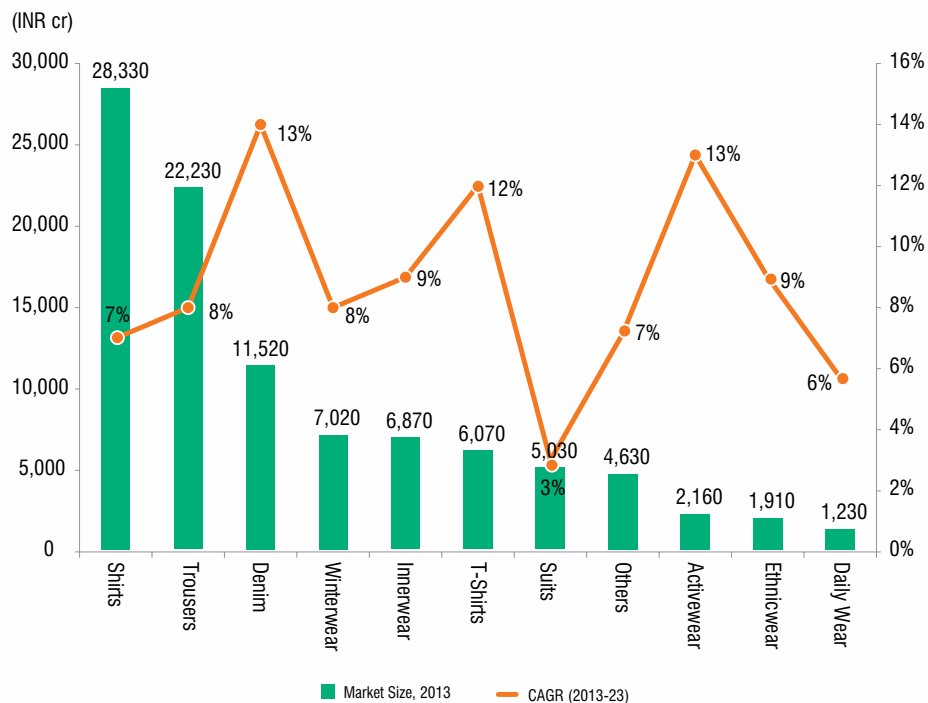
Girlswear (USD bn)



*All numbers are rounded-off
Source: Technopak Analysis

Menswear Market

- Denim, Activewear, and T-shirts are the high growth categories within the Menswear segment

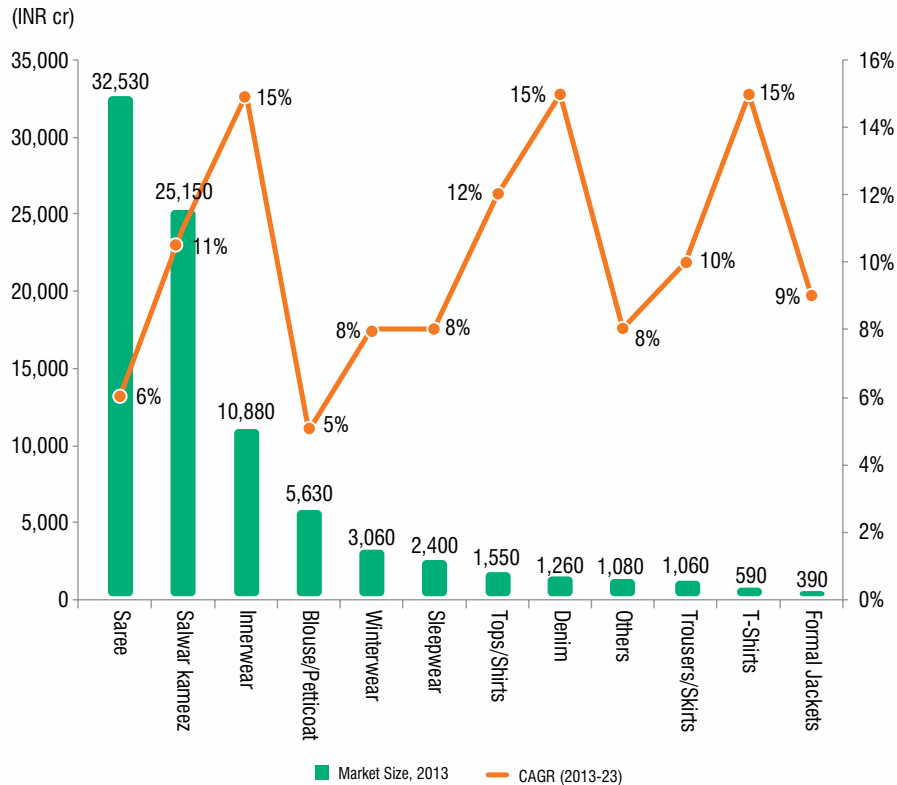


*All numbers are rounded-off
 E- Estimated Figures
 Source: Technopak Analysis



Womenswear Market

- Denim, T-shirts, Innerwear, and Tops/Shirts are the high growth categories in Womenswear

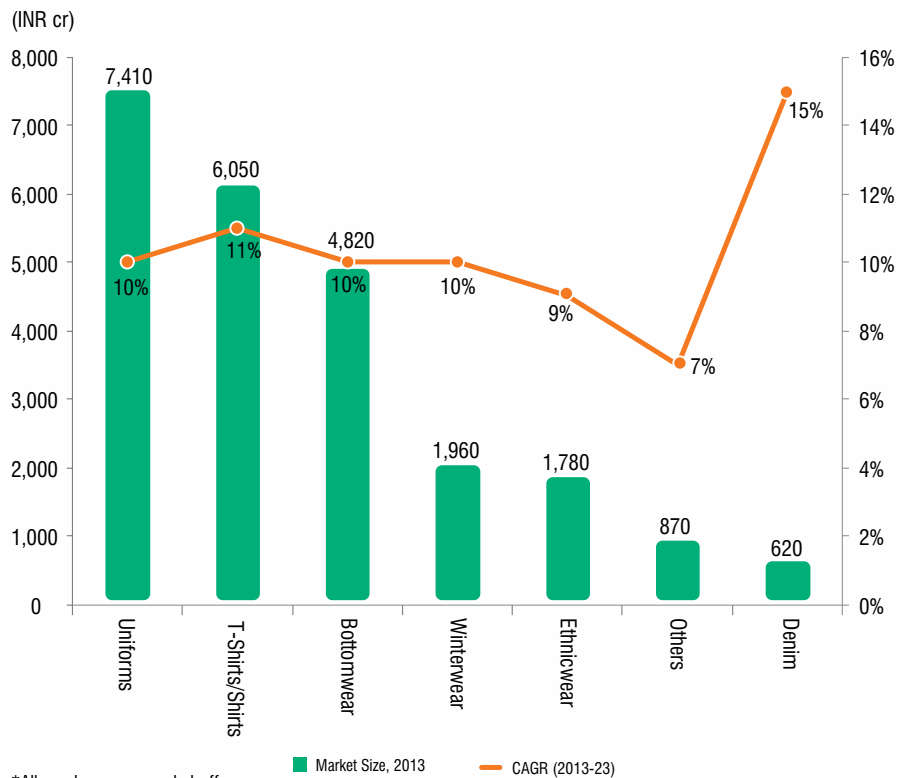


*All numbers are rounded-off
 E- Estimated Figures
 Source: Technopak Analysis



Boyswear Market

- In the Boyswear segment, the growth rate is higher for Denims, followed by T-shirts

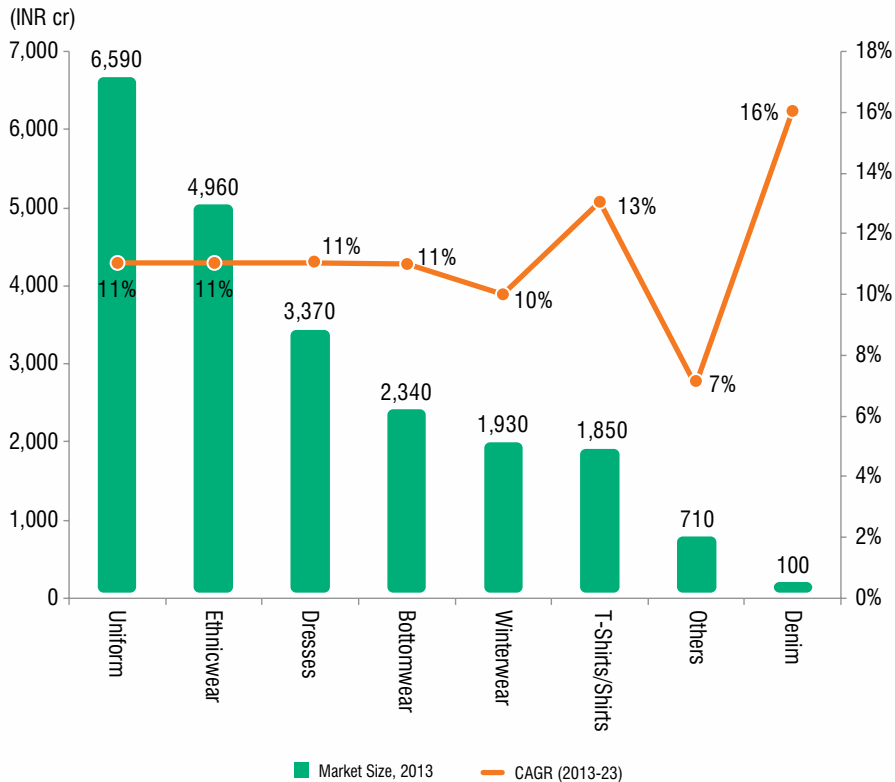


*All numbers are rounded-off
E- Estimated Figures
Source: Technopak Analysis



Girlswear Market

- Within Girlswear, the growth rate is higher for Denims, with T-shirts ranked second



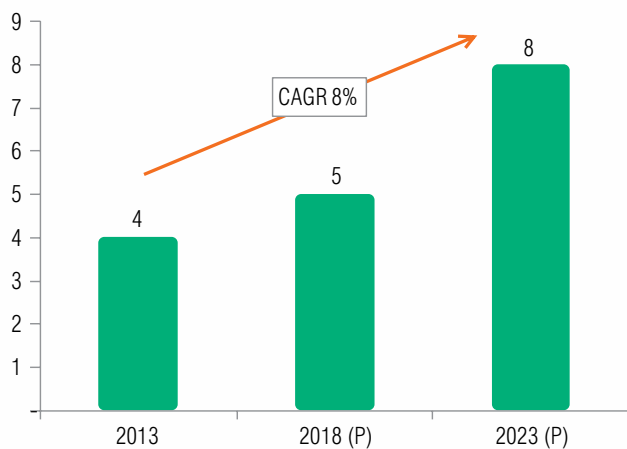
*All numbers are rounded-off
E- Estimated Figures
Source: Technopak Analysis



Home Textiles Market

- The Home Textiles market is expected to grow at a CAGR of 8% over the next decade

Domestic Home Textiles Market (USD bn)



Category-wise Market Break-up (INR cr)

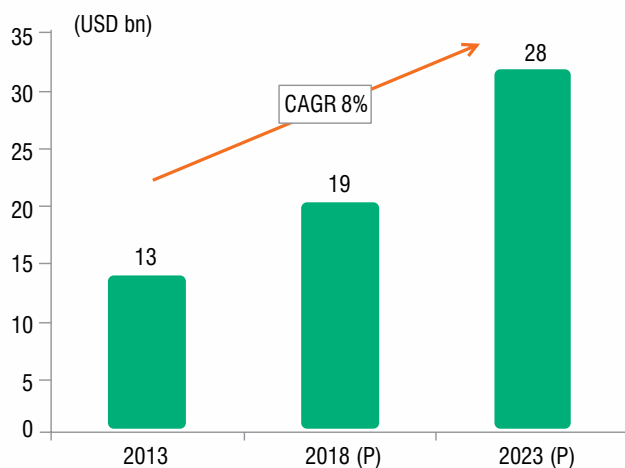
Categories	2013 (E)	2016 (P)	2021 (P)	CAGR (2011-21)
Bed Linen	10,260	14,100	20,710	7%
Towels	3,800	5,220	7,670	7%
Curtains	2,150	3,210	5,170	9%
Blankets	1,680	2,200	3,080	6%
Upholstery	1,410	2,090	3,360	9%
Kitchen Linen	1,270	1,740	2,570	7%
Rugs & Carpets	590	880	1,410	9%
Total	21,160	29,440	43,970	8%

*All numbers are rounded-off
Source: Technopak Analysis

Technical Textiles Market

- India's Technical Textiles market is worth USD 13 billion (INR 70,880 Crores) and is expected to grow at a CAGR of 8%

Domestic Technical Textiles Market



Category-wise Market Break-up (INR cr)

Segment	2013	2018 (P)	2023 (P)	CAGR (2013-23)
Packtech	26,995	43,480	70,020	10%
Homotech	6,304	9,700	14,920	9%
Clothtech	8,469	9,820	11,380	3%
Mobiltech	6,743	10,380	15,960	9%
Indutech	7,045	8,570	10,430	2%
Buildtech	3,568	5,490	8,450	9%
Protech	1,340	2,160	3,480	10%
Sporttech	4,536	5,520	6,710	4%
Meditech	4,591	5,860	7,480	5%
Agrotech	788	1,210	1,870	9%
Geotech & Oekotech	503	810	1,300	10%
Total	70,882	1,03,000	1,52,000	8%

*All numbers are rounded-off

Source: Interim Report on Baseline Survey of Technical Textiles, Ministry of Textiles (India), Technopak Analysis

Textile Production Scenario

- India's production of textile fiber, yarn, and fabric has grown at a CAGR of ~2-4% from 2008-09 to 2012-13. The growth of spun yarn production has been higher than that of filament yarn. Similarly, the growth of knit fabric has outpaced the growth of woven fabric production

Fiber Type	Production ('000 tons)		Production Growth
	2008-09	2013-14	5-yr CAGR
Viscose	233	272	3.1%
Polyester	750	639	-3.2%
Acrylic	80	75	-1.3%
Polypropylene	3	5	10.8%
Total MMF	1,066	991	-1.4%
Cotton	4,930	6,375	5.3%
Silk	18	24	5.9%
Jute	1,476	1,710	3.0%
Wool	43	46	1.4%
Total Natural Fiber	6,467	8,155	4.7%
Total Fiber	7,533	9,146	4.0%

Yarn Type	Production ('000 tons)		Production Growth
	2008-09	2013-14	5-yr CAGR
100% cotton spun yarn	2,948	3,583	4.0%
Cotton blend spun yarn	677	828	4.1%
100% non cotton spun yarn	378	457	3.9%
Total Spun Yarn	4,003	4,868	4.0%
Viscose Filament yarn	51	9	-29.7%
Polyester Filament yarn	1,420	1,288	-1.9%
Nylon Filament yarn	28	23	-3.7%
Polypropylene Filament yarn	11	19	12.8%
Total Filament yarn	1,510	1,339	-2.4%
Total Yarn	5,513	6,206	2.4%

Fabric Type	Production (mn sq.m.)		Production Growth
	2008-09	2013-14	5-yr CAGR
Cotton knit	10,178	13,078	5.1%
Blended knit	1,458	1,956	6.1%
Non-cotton knit	441	897	15.3%
Knit Fabric	12,077	15,931	5.7%
Cotton woven	16,720	22,361	6.0%
Blended woven	5,308	8,051	8.7%
Non-cotton woven	20,093	16,978	-3.3%
Woven Fabric	42,121	47,390	2.4%
Total Fabric	54,198	63,321	3.2%

Source: Ministry of Textiles, India, Technopak Analysis

Textile Imports Scenario

- In 2012-13, India imported fibers worth USD 1.4 billion, yarn worth USD 1 billion and fabric worth USD 1.8 billion

Fiber Imports	Imports (USD mn)		Import Growth
	2007-08	2012-13	5-yr CAGR
Cotton	226	456	15%
Wool	283	345	4%
Manmade Fiber	119	282	19%
Silk	186	233	5%
Others	51	90	12%
Total	865	1,406	10%

Fabric Imports	Imports (USD mn)		Import Growth
	2007-08	2012-13	5-yr CAGR
Knit Fabric			
Cotton	30	15	-13%
Others	43	103	19%
Manmade Fiber	68	271	32%
Wool	0.09	0.13	8%
Woven Fabric			
Cotton	321	297	-2%
Others	318	554	12%
Manmade Fiber	307	440	7%
Wool	41	39	-1%
Silk	173	67	-17%
Total	1,301.3	1,786	7%

Yarn Imports	Imports (USD mn)		Import Growth
	2007-08	2012-13	5-yr CAGR
Cotton	22	53	19%
Others	32	139	34%
Silk	34	15	-15%
Manmade Fiber	480	828	12%
Wool	7	5	-7%
Total	575	1,040	13%

Source: Ministry of Textiles, India, Technopak Analysis

Textiles Exports Scenario

- India's exports of textile fibers and yarn grew by a CAGR of 12% from 2007-08 to 2012-13. Fabric exports grew by only 7% in the same period

Fiber Exports	Exports (USD mn)		Export Growth
	2007-08	2012-13	5-yr CAGR
Cotton	2,226	3,748	11%
Manmade fiber	286	516	13%
Wool	36	63	12%
Silk	5	12	19%
Others	34	130	31%
Total	2,587	4,469	12%

Fabric Exports	Exports (USD mn)		Export Growth
	2007-08	2012-13	5-yr CAGR
Knit Fabric			
Cotton	63	158	20%
Others	19	51	21%
Manmade fiber	7	9	5%
Wool	0.6	0.4	-7%
Woven Fabric			
Cotton	1,052	1,656	9%
Others	164	217	6%
Manmade fiber	1,355	1,916	7%
Wool	33	33	0%
Silk	332	141	-16%
Total	3,027	4,182	7%

Yarn Exports	Exports (USD mn)		Export Growth
	2007-08	2012-13	5-yr CAGR
Cotton	1,911	3,553	13%
Manmade fiber	1,125	1,859	11%
Wool	46	79	11%
Silk	9	3	-17%
Others	77	74	-1%
Total	3,168	5,567	12%

Source: Ministry of Textiles, India, Technopak Analysis

Production of Textile Machinery

- About 44% of India's total textile machinery demand is met by indigenous machines
- The production of both synthetic filament yarn machines and processing machines has demonstrated higher growth from 2007-08 to 2012-13, in value terms

Production of Textile Machinery (INR cr)

Category	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	CAGR (2007-08 to 2012-13)
Spinning & Allied Machines	3,662	2,417	2,105	3,500	2,570	2,310	-9%
Synthetic Filament Yarn Machines	625	413	830	900	925	965	9%
Weaving & Allied Machines	622	410	495	600	480	445	-6%
Processing Machines	635	419	460	700	750	960	9%
Misc. (Spinning, Weaving, and Processing) Machines	185	122	120	50	100	120	-8%
Textile Testing & Measuring Instruments	122	80	30	50	65	80	-8%
Hosiery Machines/ Hosiery Needles	50	33	35	50	20	45	-2%
Spares & Accessories	253	167	170	200	370	725	23%
Total Production	6,155	4,063	4,245	6,150	5,280	5,650	-2%
Exports	699	614	556	883	1,523	1,462	16%
Imports	5,995	4,411	4,357	5,000	7,500	8,558	7%
Total Indigenous Demand	11,451	7,860	8,046	10,267	11,257	12,746	2%
%share of Demand met by Indigenous Industry	54%	52%	53%	60%	47%	44%	

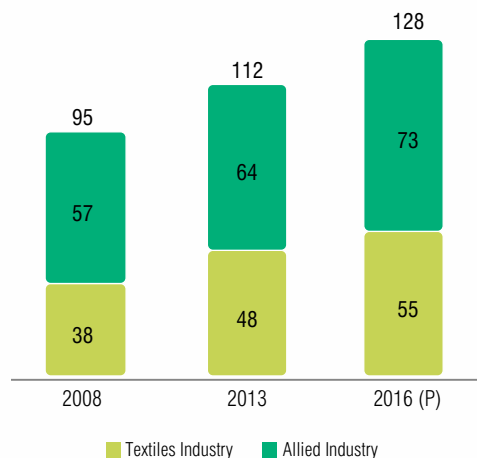
*All numbers are rounded-off

Source: Textile Machinery Manufacturers' Association, India

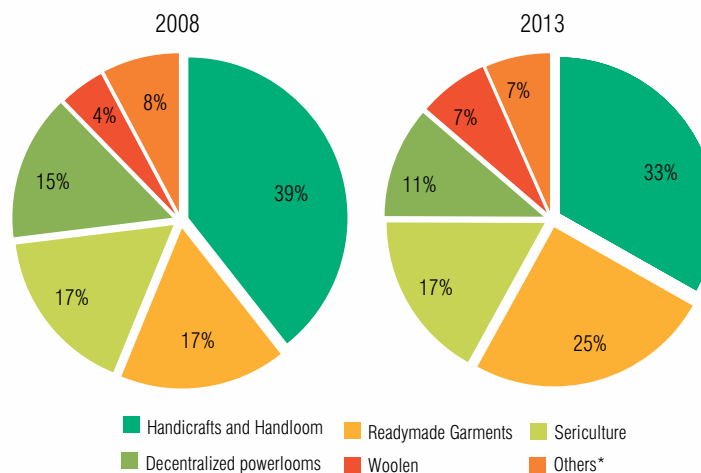
Employment in the T&A Sector

- The T&A sector is the second largest employment provider, next only to agriculture
- The contribution of this sector, to the total industrial workforce, is 19%

Employment (mn)



Break-Up of Employment in Core Textiles Industries



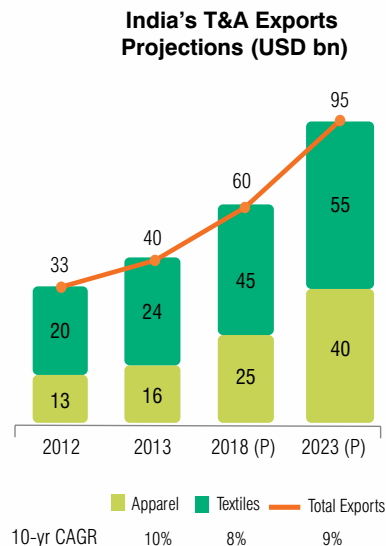
*Others include Cotton/Manmade Fiber/Yarn Textile/Mill sector, Manmade fiber/Filament Yarn Industry, Knitting and Processing sector, Jute industry

*All numbers are rounded-off

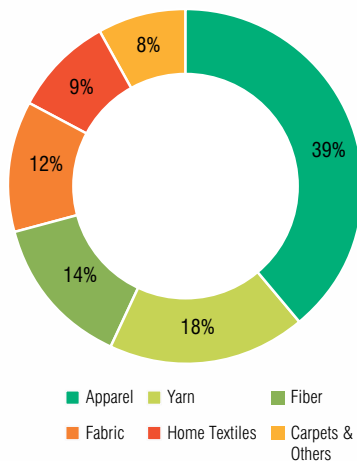
Source: Office of Textile Commissioner, India, Technopak Analysis

India's T&A Exports: Projections

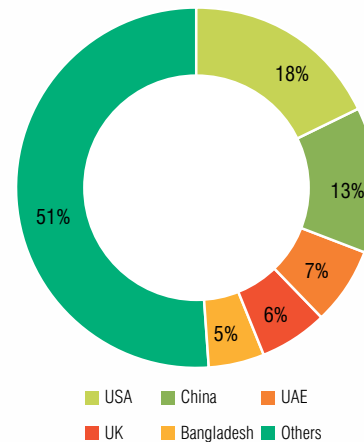
- Overall, exports from India are expected to grow at a CAGR of 9% over the next decade
- The rate of growth of apparel exports will continue to be higher than that of textiles



Product-wise Exports Break-Up (2013)



Country-wise T&A Exports Break-Up (2013)



*All numbers are rounded-off
Source: UN Comtrade, Technopak Analysis

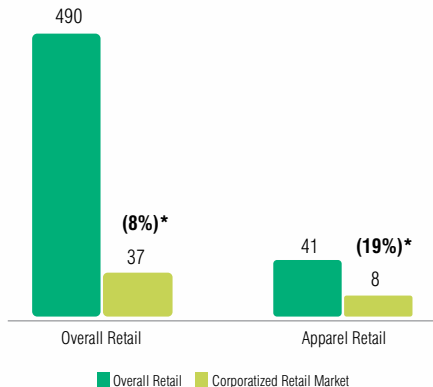
Trends and Opportunities in Indian Apparel Retail



High Receptivity of Apparel Towards Corporatized Retail

- The share of corporatized retail in apparel has increased from 14%, in 2008, to 19% in 2013
- The comparatively high corporatization in apparel retail has resulted in higher formalization of the apparel retail ecosystem
- The growing reach beyond the major urban centers and the development of alternative retail channels will continue to drive the growth of the apparel category

Share of Corporatized Retail in Apparel, 2013 (USD bn)



*Numbers in brackets indicate share of corporatized retail
Source: Technopak Analysis



Rapid Growth of Alternate Retail in Fashion & Lifestyle Categories

- The Indian apparel retail landscape is currently at an evolutionary phase, with radical changes occurring in apparel retailing and distribution
- The disruptive growth of direct selling, home shopping, and e-tailing channels are the factors contributing to the growth of alternative retail
- Fashion and fashion accessories have a 15% share within the ~USD 0.2 billion Home Shopping (through TV) market in India. Lifestyle categories have a 35% share in the overall e-tailing market, which is worth ~USD 1 billion
- The rapid penetration of Internet-supporting devices is contributing immensely to the growth of alternative retail

Users of Internet-enabling Devices (mn)

	2013	2023 (P)
PC/Laptop Users	57	226
Mobile Phone Users	402	675
Smartphone Users	54	607
Tablet Users	5	82

Source: Secondary Sources



Emergence of Heterogeneous Consumer

- The apparel consumer base has always been heterogeneous due to income disparities, regional preferences, and ethnicity. But, in recent years, a consumer base has emerged that demonstrates heterogeneity even within the same income group, region, and ethnicity
- As a result, the traditional classification of Indian apparel consumers into two broad groups, viz. urban and rural, is no longer useful in identifying precise target segments
- The women's apparel market is a case in point demonstrating the trend of brand heterogeneity
 - » The wardrobe of a typical urban Indian woman comprises a blend of ethnicwear, fusionwear, and westernwear. Within these categories, one can find products with a wide price range, including both branded and unbranded apparel, purchased from multiple retail channels



Increasing Acceptance of Private Labels

- India's economy has been facing many challenges in recent years. The decline in GDP growth, from 8% to a mere 5%, has dampened consumer sentiments in the country
- The intense economic pressure, coupled with double-digit food price inflation, has forced consumers to trade-down on price and shift from premium products to value products
- Consumers have become more demanding, and seek improved look and functionality at smart pricing propositions
- To tap into this value-seeking consumer base, most retailers are actively promoting private labels which offer reasonable quality at affordable prices and are consequently finding increasing acceptance among apparel consumers



Retailer	Name of the Private Label
Shoppers Stop	STOP Kashish LIFE Vettorio Fratini Elliza Donatein Acropolis
Lifestyle	Ginger Melange
Pantaloons	John Miller Scullers Indigo Nation Lombard Bare DJ & C Buffalo Rig
Westside	Ascot Richmond Gia Wardrobe Westside Westsport Nuon Zuba

Source: Technopak Analysis

Annexure: Assumptions & Definitions



Assumptions & Definitions

Key Assumptions

- Growth for market is in nominal terms
- Exchange rate (USD to INR) maintained at INR 55 for both 2013 and for future projections
- All figures have been rounded-off

Definitions

- CAGR: Compound Annual Growth Rate
- P: Projection for future years
- E: Estimates
- EBITDA: Earnings Before Interest, Tax , Depreciation and Amortization
- INR: Indian Rupee
- MMF: Manmade Fibers
- MMFY: Manmade Filament Yarn
- mn: Million
- bn: Billion

Definitions: Apparel Product Categories

- The following are the broad categories of apparel and respective products in each category

Menswear (Male > 14 yrs)	
Shirts	Woven shirts (full- and half-sleeve)
Trousers	Woven trousers (formalwear, casualwear)
Suits	Formal suits, Safari suits, Coats
Winterwear	Sweaters, Jackets, Jerseys, Shawls, etc.
T-Shirts	Knitted T-shirts
Denim	Jeans, Denim tops
Dailywear	Woven & knitted pyjamas/shorts worn daily
Activewear	Sportswear, Gymwear, Swimwear, etc.
Ethnicwear	Kurta Pyjamas, Sherwanis, Dhotis, Lungis, etc.
Innerwear	Men's briefs, Vests, etc.
Others	Ties, Socks, Handkerchiefs, Gloves and other accessories

Boyswear (<14 yrs)	
Tees/Shirts	Boys' T-shirts, Woven shirts
Denim	Boys' Jeans, Denim shirts, etc.
Bottomwear	Boys' Trousers, Shorts, Corduroys, Cargos, etc.
Ethnicwear	Boys' Kurta-pyjamas, Sherwanis, etc.
Winterwear	Boys' Sweaters, Jerseys, Jackets, etc.
Uniforms	School uniforms
Others	Accessories like socks, gloves, etc.

Womenswear (Female > 14 yrs)	
Sarees	Sarees
Salwar-kameez	Salwaar-Kameez-Dupattas, Lehengas, Churidars, Dresses, etc.
Tops and Shirts	Woven tops/shirts/dresses mostly for formal wear
T-Shirts	Knitted T-shirts for casual wear/party wear
Denim	Jeans, Denim tops
Formal Jackets	Suits jackets for formalwear
Sleepwear	Nightwear including maxi, nighties, etc.
Trousers and Skirts	Trousers (formal and casual), Capris, Skirts, etc.
Innerwear	Lingerie items (bras, panties, camisoles, etc.)
Blouses and Petticoats	Woven blouses, Petticoats
Winterwear	Sweaters, Jackets, Shawls, etc.
Others	Accessories including bags, gloves, handkerchiefs, etc.
Girlswear (<14 yrs)	
Bottomwear	Trousers, Skirts, etc.
Ethnicwear	Salwaar-kameez-dupattas, Churidar, etc.
Tee/Shirts	T-shirts, Woven shirts
Denim	Jeans, Denim tops, etc.
Dresses	Frocks, Dresses, etc.
Winterwear	Sweaters, Jackets, etc.
Uniforms	School uniforms
Others	Accessories like socks, scarves, etc.

Definitions: Technical Textiles and Home Textiles Categories

Technical Textiles

Agrotech	Agriculture, Horticulture, and Forestry
Buildtech	Building and Construction
Clothtech	Technical Components of shoes and clothing
Geotech	Geotextiles, Civil Engineering
Homotech	Components of furniture, Household textiles, Floor coverings
Indutech	Filtration, Cleaning, Other industrial usage
Meditech	Hygiene and Medical applications
Mobiltech	Automobiles, Shipping, Railways, Aerospace
Oekotech	Environmental protection
Packtech	Packaging
Protech	Personal and property protection
Sporttech	Sport and leisure



Home Textiles

Bed Linen	Bedsheets, Bed covers, Quilts, Duvets, Comforters, Pillows, etc.
Blankets	Blankets used as warm covering during sleep
Curtains	Made-ups hung to cover doors and windows
Kitchen Linen	Aprons, Table mats, Oven mitts, etc.
Rugs and Carpets	Textiles, Floor coverings
Towels	Bath towels, Bathrobes, etc.
Upholstery	Sofa covers



About Technopak

India's leading management consulting firm with more than 20 years of experience in working with organizations across consumer goods and services.

Founded on the principle of “concept to commissioning”, we partner our clients to identify their maximum-value opportunities, provide solutions to their key challenges and help them create robust and high growth business models.

We have the ability to be strategic advisors providing customized solutions during the ideation phase, implementation guides through start-up assistance, and be a trusted advisor overall.

Drawing from the extensive experience of close to 125 professionals, Technopak focuses on four major divisions, which are Retail & Consumer Products, E-tailing; Fashion (Textile, Apparel & Engineering); Food Services & Agriculture, and Education.

Our key services are:

Business Strategy: Assistance in developing value creating strategies based on consumer insights, competition mapping, international benchmarking and client capabilities.

Start-Up Assistance: Leveraging operations and industry expertise to 'commission the concept' on turnkey basis.

Performance Enhancement: Operations, industry & management of change expertise to enhance the performance and value of client operations and businesses.

Capital Advisory: Supporting business strategy and execution with comprehensive capital advisory in our industries of focus.

Consumer Insights: Holistic consumer & shopper understanding applied to offer implementable business solutions.

About Fashion - Textile & Apparel Division

With almost 20 years of experience in delivering end-to-end solutions to the entire gamut of the textile industry, right from fibre to retailing, the Fashion division at Technopak assists the textile and apparel organizations in optimizing their profits through enhancement and expansion. Many leading Indian and international Textile manufacturers and Apparel brands have benefited from our offerings in the areas of business planning and strategy, apparel operations, supply chain management and strategic alliances. Our team consists of top calibre advisors who have worked closely with a diverse group of clients comprising textile manufacturers, apparel retailers, garment manufacturers and exporters, apparel sourcing organizations, trade promotion councils, industry associations, international development bodies, and financial institutions as well as central and state governments.

Technopak is WGSN's partner in the South Asia region comprising India, Pakistan, Bangladesh and Sri Lanka looking after their sales, marketing and customer relationships.

WGSN (www.wgsn.com) is the world's leading fashion forecaster providing trend forecasting and analysis to the largest and most influential businesses in the world. Launched in 1998, today WGSN has 6000+ clients across the world which include, leading brands, retailers, design houses, buying agencies, textile companies. WGSN's inspiration and insights are available through online subscriptions and bespoke advisory services.

Textile Services - Fibre, Yarn, Fabrics

Strategy and Planning

- Market Entry Strategy
- Business Growth Strategy
- Business Realignment Strategy
- Diversification Strategy
- Marketing & Product Strategy
- Business Roll-out Plan

About Fashion - Textile & Apparel Division

Feasibility Study/Due Diligence

- Evaluation of Business Plans
- Assessment of Business potential
- Financial and commercial Due Diligence
- Preparation of techno-economic feasibility reports for submission to banks for getting term loans

Mergers & Acquisitions

- Partner Search
- Due Diligence & Investment Valuation
- Partnership Structure

Performance Evaluation/Improvement

- Business Performance Analysis
- Benchmarking with Industry
- Business and Financial Performance Improvement

Market Research & Industry Analysis

- Market Demand and Supply Dynamics
- Industry Structure Analysis
- Key Trends and Future Outlook
- Supply Chain Analysis
- International Trade Analysis
- Competition Analysis
- Location Analysis
- Risk Assessment

About Fashion - Textile & Apparel Division

Apparel Operations Services

Strategy and Planning

- Business Entry and Growth Strategy
- Business Plan, Resource Requirement, and Key Business Numbers
- Manufacturing and Supplying Capabilities

Performance Enhancement

- Productivity/Efficiency Enhancement
- Material Utilization and Quality Enhancement
- Streamlining Merchandising and Pre-production Activities
- Lean Manufacturing Tools
- Visual Control and SOPs
- Total Quality Management

Start-up Assistance

- Planning and Design of Factory
- Implementation of Layouts and Process
- Selection and Training of Middle Management
- Efficiency and Production Build-up

Setting-up Operator Training Center

- Program Design and Team Profile Development
- Setting-up Selection and Recruitment Criteria and Procedures for Operators
- Training Operators on AAMT Methodology

About Fashion - Textile & Apparel Division

Capacity Building

- Training Need Assessment
- Middle Management training on Master Plato
- Merchandisers, Quality Personnel, and Industrial Engineer's training
- Establish Training Methodology

Pre-production Process Streamlining

- Capacity Analysis
- Operator Remunerations
- Setting Time and Method Standards
- Layout and Method Improvements
- Production Planning

Incentive Schemes

- Monitoring of Individual Operator Performance and Efficiency
- Designing performance-based Incentive Schemes for Operators
- Development of KPI-based appraisal for Middle Management

Sourcing Services

- Industry Landscape and Product Strategy
- Selection of Key Positions
- Identification, Due diligence, Training, and Analysis of Vendors

Our Other Divisions

Retail, Consumer Products & E-tailing

Technopak aids retailers and consumer product companies in formulating growth strategy and performance enhancement mandates. Over the past two decades, we have worked on various facets such as entry into the Indian market, development of new category, activation of new retail formats, channel development, product extension, region expansion etc. One key reason why Technopak is considered the industry leader is the relentless focus on the Indian Market. We help clients understand the market dynamics in India and help them arrive at the best method to grow business in India. Our Retail and Consumer product expertise helps gain a competitive edge by providing execution capabilities and corporate strategies.

Food Services & Agriculture

Technopak's Food Services & Agriculture team comprises of established domain experts who build and enhance the business performance of organizations which are either working in the segment or are willing to enter it. Our end-to-end solutions are customized as per the business's requirements and capabilities. We continuously strive to create strong industry relationships and work for a global footprint by delivering a wide range of services to organizations that operate or wish to operate in the Food and Agriculture sector, in India as well as internationally.

Education

Technopak's Education division has a vast understanding of the sector in terms of industry environment, growth potential, regulation and policy, which has enabled us to become a thought leader in the sector. Technopak caters to all the education segments – K-12, Higher Education, Vocational Training and ancillaries. Innovative business models and government thrust on privatization has led to assertive participation by private organizations. Such participation spans various levels of investment and operational scale, be it organization planning for expansion in the country or foreign institutions aiming to foray into the Indian education sector.

Disclaimer

- This information package is distributed by Technopak Advisors Private Limited (hereinafter "Technopak") on a strictly private and confidential and on 'need to know' basis exclusively to the intended recipient. This information package and the information and projections contained herein may not be disclosed, reproduced or used in whole or in part for any purpose or furnished to any other person(s). The person(s) who is/are in possession of this information package or may come in possession at a later day hereby undertake(s) to observe the restrictions contained herein.
- The information contained herein is of a general nature and is not intended to address the facts and figures of any particular individual or entity. The content provided here treats the subjects covered here in condensed form. It is intended to provide a general guide to the subject matter and should not be relied on as a basis for business decisions . No one should act upon such information without taking appropriate additional professional advise and/or thorough examination of the particular situation. This information package is distributed by Technopak upon the express understanding that no information herein contained has been independently verified. Further, no representation or warranty (expressed or implied) is made nor is any responsibility of any kind accepted with respect to the completeness or accuracy of any information as maybe contained herein. Also, no representation or warranty (expressed or implied) is made that such information remains unchanged in any respect as of any date or dates after those stated here in with respect to any matter concerning any statement made in this Information package. Technopak and its directors , employees, agents and consultants shall have no liability (including liability to any person by reason of negligence or negligent misstatement) for any statements, opinions, information or matters (expressed or implied) arising out of, contained in or derived from, or of any omissions from the information package and any liability whatsoever for any direct, indirect, consequential or other loss arising from any use of this information package and/or further communication in relation to this information package.
- All recipients of the information package should make their own independent evaluations and should conduct their own investigation and analysis and should check the accuracy, reliability and completeness of the information and obtain independent and specified advise from appropriate professional adviser, as they deem necessary.

Price: INR 36,000 | USD 600 | Euro 500 | Pounds 400

For further information, please contact:

Amit Gugnani

Sr. Vice President

amit.gugnani@technopak.com

Mobile: +91 9871755992

Kanti Prakash Brahma

Principal Consultant

kanti.brahma@technopak.com

Mobile: +91 7503167605

www.technopak.com

Technopak Advisors Pvt. Ltd.

Regd. Office: 3 Padmini Enclave, Hauz Khas, New Delhi-110 016

Corporate Office: 4th Floor, Tower A, Building 8, DLF Cyber City, Phase II, Gurgaon 122 002

T: +91-124-454 1111 | F: +91-124-454 1198

Corporate Identification Number: U74140DL1994PTC61818