

Cotton yarn

Summary

The spinning sector saw robust capacity addition in 2008-09 in anticipation of buoyant demand; however the demand slowdown has aggravated the overcapacity scenario. Cheaper polyester prices will encourage substitution and continue to limit the pricing flexibility of spinners and put pressure on margins. CRISIL Research is of the opinion that the overall credit profile of spinning companies will remain weak over the medium term.

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Contents

Part A: Credit profile of cotton yarn spinners to remain weak; Tamil Nadu players to be most impacted

Executive summary	A-1
Cotton yarn: Outlook on demand and supply	A-3
Outlook on cotton	A-9
Impact of tightening of cotton supply in the long run on spinners	A-17
Margins and profitability	A-23

Part B: State of the industry

Demand-supply	B-1
Cost factors	B-9
Cotton	B-11
Industry structure	B-15
Manufacturing process	B-21
Government policies	B-27

Part C: Industry statistics C-1

Opinion

Sections

Executive summary	A-1
1.0 Cotton yarn: Outlook on demand and supply	A-3
2.0 Outlook on cotton	A-9
- Supply	A-9
- Demand	A-10
3.0 Impact of tightening of cotton supply in the long run on spinners	A-17
4.0 Margins and profitability	A-23

Chart

<u>3.0 Impact of tightening of cotton supply in the long run on spinners</u>	
01 Yarn varieties and their production process	A-21

Figures

<u>1.0 Cotton yarn: Outlook on demand and supply</u>	
01 Cotton yarn — Demand outlook	A-3
02 Cotton yarn consumption mix	A-3
03 Demand — Cotton yarn vs. PFY	A-4
04 Cotton yarn to PFY price ratio	A-4
05 Income versus textile expenditure	A-5
06 India's cotton textile exports	A-5
07 Expected derived cotton yarn demand	A-5
08 Major destinations for yarn export	A-6
09 Yarn exports to show muted growth	A-7
10 Expected capacity additions	A-7
11 Spinning disbursement under TUFS	A-7
<u>2.0 Outlook on cotton</u>	
01 Cotton acreage to increase	A-9
02 MSP of Cotton and competing crops	A-9
03 State-wise deviation of rainfall from normal (June 1 to Aug 10)	A-10
04 State-wise share in cotton production	A-10
05 Cotton consumption break-up	A-11

Continued...

Figures

06	Cotton export vis-à-vis cotton yarn	A-11
07	Prices — Domestic vs. International	A-11
08	Destination wise export break-up	A-12
09	China's cotton consumption	A-12
10	China — Destination-wise cotton imports	A-12
11	US cotton availability	A-13
12	Bangladesh cotton and cotton yarn imports	A-14
13	Bangladesh spinning capacity additions	A-14
14	Global ending stock and price movement	A-15
15	India — Cotton DD-SS	A-15
<u>3.0</u>	<u>Impact of tightening of cotton supply in the long run on spinners</u>	
01	Fabric demand	A-17
02	India's consumption mix	A-18
03	Limited availability to result in a deficit scenario (by 2018-19)	A-19
04	State-wise yield	A-19
05	India — Cotton DD-SS	A-20
06	India — Fibre-wise consumption mix	A-20
07	Global — Fibre-wise consumption mix	A-21
08	MMF demand mix	A-22
09	Segment-wise demand growth	A-22
<u>4.0</u>	<u>Margins and profitability</u>	
01	Limited pricing flexibility for cotton yarn players	A-23
02	Margin pressure expected to continue	A-24
03	State-wise spinning capacity	A-25
04	State-wise TUFs disbursement (Rs 610 bn)	A-25
05	Level of fragmentation of spinning units	A-25
06	Operating rate lower for TN based companies	A-26
07	Gearing higher for TN based companies	A-26
08	Asset turnover continues to decline	A-26

State of the industry

Sections

1.0 Demand-supply	B-1
- Cotton yarn composition	B-1
- Growth in yarn production gained momentum after the removal of quota	B-3
2.0 Cost factors	B-9
- Raw material costs: Key determinant of profitability	B-9
- Capital costs: Spinning is capital-intensive	B-10
3.0 Cotton	B-11
- Introduction	B-11
- Availability	B-11
- India's cotton balance sheet	B-11
- Pricing	B-11
- India - highest in acreage, but lowest in yield	B-12
- Production comparison	B-13
- Bt cotton: <i>Bacillus thuringiensis</i> cotton	B-13
4.0 Industry structure	B-15
- Cotton yarn: Industry structure	B-15
5.0 Manufacturing process	B-21
- Introduction	B-21
- Process	B-22
- Outputs	B-25
6.0 Government policies	B-27
- Recent government measures	B-27
- Government regulations affecting specific segments in the cotton tiles chain	B-29

Boxes

<u>5.0 Manufacturing process</u>	
01 Open-ended spinning vis-à-vis ring spinning	B-24
02 Latest developments in spinning technology	B-24

Charts

<u>4.0 Industry structure</u>	
01 Textiles value chain	B-15
02 Industry structure	B-16
<u>5.0 Manufacturing process</u>	
01 Manufacturing process a glance	B-21

Continued...

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Figures

<u>1.0 Demand-supply</u>		
01	Segment-wise demand (2008-09)	B-1
02	Cotton-based apparel exports	B-2
03	Cotton-based apparel exports	B-2
04	Cotton-based made-ups exports	B-2
05	Cotton yarn exports	B-3
06	Domestic yarn production - Proportion	B-4
07	Comparative prices	B-5
08	Comparative excise duties	B-5
09	Domestic fabric production - Proportion	B-7
<u>3.0 Cotton</u>		
01	Domestic prices traces international prices	B-12
02	Maharashtra has the highest acreage characterised with lowest yield	B-13
03	Rise in yield on account of increased area under Bt cotton cultivation	B-14
<u>4.0 Industry structure</u>		
01	Region-wise cotton production (CS 2008-09)	B-17
02	Region-wise cotton yarn production in 2008-09	B-18
03	Fragmentation in the textiles industry	B-18
<u>6.0 Government policies</u>		
01	Total amount disbursed under TUFS as on March 2009	B-28

Tables

<u>1.0 Demand-supply</u>		
01	Domestic yarn production	B-4
02	Count-wise production data	B-6
03	Domestic fabric production - Absolute	B-6
04	India - Spinning capacities - Organised mill sector (SSI and non-SSI)	B-7
05	Spinning industry - Capacity utilisation rates	B-8
<u>2.0 Cost factors</u>		
01	Cost structure	B-9
<u>3.0 Cotton</u>		
01	India's cotton balance sheet	B-11
02	India has the highest acreage under cotton	B-12
03	India has the lowest yield	B-12
<u>4.0 Industry structure</u>		
01	Spun yarn region-wise capacities	B-17
02	Fabric production by sector	B-19

Industry statistics

Tables

01	Cotton: Monthly mill consumption (SSI and Non-SSI)	C-1
02	State-wise cotton production in million kg	C-1
03	Cotton: State-wise area under cultivation	C-2
04	Cotton: Region-wise yield	C-2
05	Cotton: Country-wise production	C-2
06	Cotton: Country-wise consumption	C-2
07	Cotton: Country-wise exports	C-3
08	Cotton: Country-wise imports	C-3
09	Import of raw cotton by India: Major countries (including waste)	C-3
10	Export of raw cotton: Major countries (including waste)	C-4
11	Production of spun yarn	C-4
12	Domestic deliveries of cotton yarn	C-4
13	Export of cotton yarn to major countries	C-5
14	Cotton Balance sheet	C-5
15	Excise duty on fibre, yarn and filament yarn	C-6
16	Customs duty on fibre, yarn and filament yarn	C-6
17	Eleventh Plan projections	C-7
18	Segment-wise progress under TUFs as on 31/03/2009 (provisional)	C-8
19	Year-wise progress of TUFs	C-8
20	Closure of cotton/man-made fibre textile mills (non-SSI)	C-9
21	Aggregates	C-9
22	Bannari Amman Spinning Mills Ltd	C-10
23	Cheslind Textiles Ltd	C-10
24	Eurotex Industries & Exports Ltd	C-11
25	G T N Industries Ltd	C-11
26	Gangotri Textiles Ltd	C-12
27	Kandagiri Spinning Mills Ltd	C-12
28	Katara Spinning Mills Ltd.	C-13
29	Nitin Spinners Ltd	C-13
30	Precot Meridian Ltd	C-14
31	Prime Textiles Ltd	C-14
32	R M Mohite Textiles Ltd	C-15
33	Rajapalayam Mills Ltd	C-15
34	Ramaraju Surgical Cotton Mills Ltd	C-16
35	Super Spinning Mills Ltd	C-16
36	Vardhman Textiles Ltd	C-17