CRISIL’s Customised Research Services in Textiles
Key offerings: Textiles and apparels

- Region-wise domestic demand estimation in yarn, fabric and apparels
- Demand estimation across verticals like home textiles and for segments within technical textiles
- Sizing of export opportunity in terms of potential regions and products
- Assessment of demand for textile machinery
- Feasibility studies to validate/independent opinion on expansion/investment plans
Illustrative Credentials: Textiles Sector
Title:
Market study of Performance Wear Fabrics

Objective:
• The main objective of this study was to assess demand for performance wear fabrics

Approach Adopted:
• Competitive analysis involving identification and profiling of key players in the performance wear fabrics, current installed capacities, production and capacity utilisation levels of key players
• Domestic demand Scenario and demand forecasts for performance wear fabrics involving assessment of overall domestic market size (volume wise and value wise) of performance wears fabrics in 2010-11
• Demand forecasts (volume and value) for performance wear fabrics in the identified product segments over the next 5 years (2011-12 to 2015-16)
• Landed cost of imported performance wear fabrics from China and Korea
• Current Size of exports (value terms) of performance wear fabrics to European and US markets

Value Delivered to Client:
• CRISIL Research assisted the client to assess the demand potential for performance wear fabrics for its proposed manufacturing unit
Illustrative coverage for the engagement

Analytical Framework for the Engagement

Interaction with 5 international product segment players to source information about their garment manufacturers ➔ Adidas, Reebok, Puma, Fila and Nike

Interaction with the garment manufacturers to understand the volume of performance wear fabric being imported and sourced domestically and to get information about their fabric suppliers ➔ After arriving at the current market size of performance wear fabrics, demand forecasts would be based on statistical approach analysing age and income demographics. The following variables would be analysed for the study:
  • Increase in the number of households
  • Increase in disposable income
  • Analysis of population across various income brackets
  • Age demographics
  • Consumer spending pattern on Textiles & apparel

Interaction with fabric suppliers to understand the demand dynamics and past trends ➔

Arrive at the list of fabric suppliers and size the current market for performance wear fabrics ➔ Competition from imports from China and Korea will be factored in the current market sizing
Illustrative coverage for the engagement

Illustrative output for Engagement

Share of Performance Sports Wear Fabric in Sportech Market

- Rs. xx mn
- Rs. xx mn
- Rs. xx mn

2007-08 | 2010-11 | 2013-14

Others | Footwear | Performance Sports Wear Fabric

India Performance Sports Wear Fabric Market (2010-11 to 2015-16)

- Rs. million


Comparison of Landed Cost of 140-160 gsm Performance Fabric vis-a-vis India Manufacturer’s Price

Per kg cost

FOB from China | Landed Price from China | Indian Manufacturer’s Price
Illustrative coverage for the engagement

Illustrative output for Engagement: Value chain analysis: Margins & Cost structures

<table>
<thead>
<tr>
<th>Operating Margin</th>
<th>Domestic Fabric Manufacturers</th>
<th>Third Party Garment Manufacturers</th>
<th>Sports Brand Owners</th>
</tr>
</thead>
<tbody>
<tr>
<td>xx%</td>
<td>~xx%</td>
<td>~xx%</td>
<td>~xx%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Processing Time</th>
<th>Domestic Fabric Manufacturers</th>
<th>Third Party Garment Manufacturers</th>
</tr>
</thead>
<tbody>
<tr>
<td>xx-xx days</td>
<td>xx-xx days</td>
<td></td>
</tr>
</tbody>
</table>

Broad Cost Structure

- Cost Structure–Fabric Manufacturer
  - Profit Margins: xx-xx%
  - Selling/Admin: ~xx%
  - Manufacturing: xx-xx%
  - Raw Material: ~xx%

- Cost Structure–Garment Manufacturer
  - Profit Margins: xx%
  - Selling/Admin: ~xx%
  - Manufacturing: xx-xx%
  - Raw Material: xx-xx%
Title:  
Market study of textile machinery

Objective:  
• Client wanted to evaluate Indian textile industry’s present and future growth prospects and the resultant investments in cotton spinning and polyester manufacturing machinery and equipments

Approach Adopted:  
• CRISIL adopted a bottom-up approach in order to forecast demand for RMG, fabrics and home textiles for both domestic and export markets.
• Factors such as past trends and proposed production of cotton / polyester capacities, price trends in cotton and polyester, global shift between consumption of cotton and polyester, etc was incorporated in our analysis in forecasting the demand break-up between cotton and polyester.
• On the basis of the projected demand –supply situation, utilisation levels and applying industry norms, we forecasted the demand for spinning equipments (spindles) and continuous polymerization (CP).

Value Delivered to Client:  
• CRISIL Research assisted the client to assess the investments in cotton spinning and polyester manufacturing machinery and equipments
Illustrative coverage for the engagement

Analytical Framework for the Engagement

Determining Demand (Forecast domestic cons. & exports)

- Demand from Fabrics, garments & other made ups
  - Fabrics required
    - Net of stock adjustments & imports
  - Yarn required
    - Net of stock adjustments & imports
    - Spun yarn
    - Filament yarn

Estimating capacity required

- Weaving/Knitting
- Processing
- Spinning
- MMF (incl. texturising)

Estimating investments

- Subtract Present capacity
- Add new Capacities required
- Add modernisation Replacement of existing cap
Illustrative coverage for the engagement

Illustrative output for Engagement

Volume growth: Ring frame

Volume growth: Automatic winding machines

Volume growth: Roving frames

Volume growth: Rotor spinning machines
Case Studies: Textiles Sector
Case Study 1

Title:
Evaluation of overall operating mechanism of Technology Upgradation Fund Scheme (TUFS) and assess the impact of TUFS pre and post scenario

Objective:
• The main objective of this study was to assess operating mechanism of Technology Upgradation Fund Scheme (TUFS) and assess the impact of TUFS pre and post scenario

Approach Adopted:
• Segments in the textile and jute sector across SSI and non-SSI sector was assessed to understand the level of investments done through TUFS on the basis of data provided by Ministry of Textiles and secondary sources
• CRISIL Research assessed the mechanism of TUFS based on interactions with Nodal agencies/ bankers, associations and beneficiaries
• CRISIL Research with the help of comprehensive market research survey collated the required data points to assess the impact of TUFS pre and post scenario
• This was supported by our leverage on sectoral understanding of market scenario, production trends, capacity and import-export scenario, opportunities in post quota era etc. developed over past 18 years of rigorous exercise

Value Delivered to Client:
• CRISIL Research assisted the client to assess the operating mechanism of Technology Upgradation Fund Scheme (TUFS) and assess the impact of TUFS pre and post scenario
Case Study 2

Title:
India’s export potential for shirts and trousers to US and EU market

Objective:
• The main objective of this study was to evaluate the export potential of men's' shirts and trousers (cotton, non-cotton) from India to the US and the EU markets (identified 5 countries within EU)

Approach Adopted:
• CRISIL Research analysed import intensity of shirts and trousers in US
• Developed forecasts based on per capita consumption, economic and demographic indicators. Forecasted future trend for shifting pattern of exporting countries based on competitiveness and preparedness of Indian companies
• Analysed current export market share of Indian companies vis-à-vis other countries based on external factors such as policy changes specifically quota abolishment.

Value Delivered to Client:
• CRISIL Research assisted client to understand realistic potential size of export pie
### Title:
Domestic market evaluation of trousers and shirts

### Objective:
- The objective of the study was to assess the demand potential of shirts and trousers across price points in top 24 cities in India and thus the growth potential over five year period

### Approach Adopted:
- CRISIL Research provided demand of shirts (across usage segments-formal, semi formal, casual & party wear) and trousers (across usage segments -formal, semi formal and casual) across price points in top 24 cities in India for five years
- Demand forecasts was based on statistical approach based on demographics and income distribution of 24 states

### Value Delivered to Client:
- CRISIL Research assisted client to understand realistic potential size of the domestic market for formulating effective marketing and planning strategy
Case Study 4

Title:
Evaluation of project feasibility on Yarn Dyeing and Knitted Fabric manufacturing facility

Objective:
• The client wanted CRISIL Research to validate the market and financial feasibility done by the company for its proposed project on Yarn Dyeing and Knitted Fabric manufacturing facility

Approach Adopted:
• CRISIL Research undertook a site visit to evaluate the site with respect to the project
• CRISIL Research validated the market potential and financial numbers provided by the client
• Interactions with industry players were carried on to understand their view on the market potential
• CRISIL Research assisted client to validate the market to further help them formulate strategies

Value Delivered to Client:
• Evaluation of financial feasibility enabled client to understand the risk involved in the identified and new businesses
Case Study 5

Title: Study of viscose staple fibre industry in India

Objective:
• The client wanted CRISIL Research to work on a market assessment on Viscose Staple Fibre (VSF). The assignment would include current trend and potential demand for VSF
• The client also wanted CRISIL Research to mention the risks involved in setting up of a VSF plant in addition to a list of global players involved and technologies used to manufacture VSF

Approach Adopted:
• CRISIL Research provided overall market demand for VSF that included assessment of key demand drivers, current demand and outlook for 3-5 years
• Provided overall supply incorporating major domestic manufacturers, current capacity utilizations, individual market shares, level of imports and forecasted capacity expansion
• CRISIL Research also assessed the entry barriers and provided a brief overview of the manufacturing process and raw materials used in the process

Value Delivered to Client:
• CRISIL Research assisted client to validate the market to further help them formulate strategies
Case Study 6

Title:
Market study of Performance Wear Fabrics

Objective:
- The main objective of this study was to assess demand for performance wear fabrics

Approach Adopted:
- Competitive analysis involving identification and profiling of key players in the performance wear fabrics, current installed capacities, production and capacity utilisation levels of key players
- Domestic demand Scenario and demand forecasts for performance wear fabrics involving assessment of overall domestic market size (volume wise and value wise) of performance wears fabrics in 2010-11
- Demand forecasts (volume and value) for performance wear fabrics in the identified product segments over the next 5 years (2011-12 to 2015-16)
- Landed cost of imported performance wear fabrics from China and Korea
- Current Size of exports (value terms) of performance wear fabrics to European and US markets

Value Delivered to Client:
- CRISIL Research assisted the client to assess the demand potential for performance wear fabrics for its proposed manufacturing unit
Title:
Market study of textile machinery

Objective:
• Client wanted to evaluate Indian textile industry’s present and future growth prospects and the resultant investments in cotton spinning and polyester manufacturing machinery and equipments

Approach Adopted:
• CRISIL adopted a bottom-up approach in order to forecast demand for RMG, fabrics and home textiles for both domestic and export markets.
• Factors such as past trends and proposed production of cotton / polyester capacities, price trends in cotton and polyester, global shift between consumption of cotton and polyester, etc was incorporated in our analysis in forecasting the demand break-up between cotton and polyester.
• On the basis of the projected demand –supply situation, utilisation levels and applying industry norms, we forecasted the demand for spinning equipments (spindles) and continuous polymerization (CP).

Value Delivered to Client:
• CRISIL Research assisted the client to assess the investments in cotton spinning and polyester manufacturing machinery and equipments