# Integrated Approach

## Fabric ❯ Garment ❯ Retail ❯ Branding

WORLD TEXTILE CONFERENCE

MUMBAI, INDIA, MAY 6-7, 2011

ALOK INDUSTRIES LIMITED

INTEGRATED TEXTILE SOLUTIONS

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Chief Financial Officer

May 6, 2011

# BIG Picture - Global Textile Industry

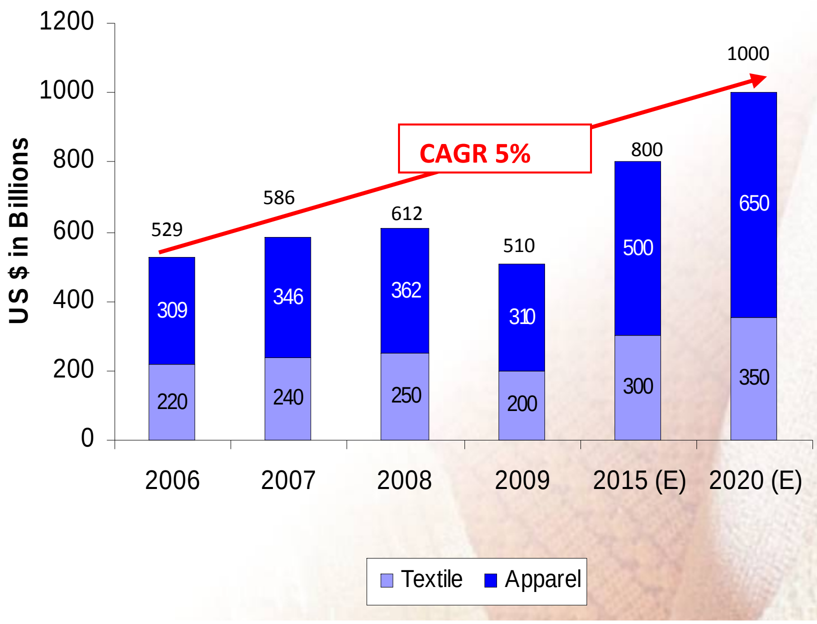
## 2009

- Global trade in textiles and clothing increased to US$ 510 bn from US$ 355 bn. in 2000 - CAGR of 4.63%

## 2020

- Global trade expected to grow to US$ 1000 bn from US$ 510 bn in 2009 - CAGR of 6.3%

**Global Textile & Approval Trade**



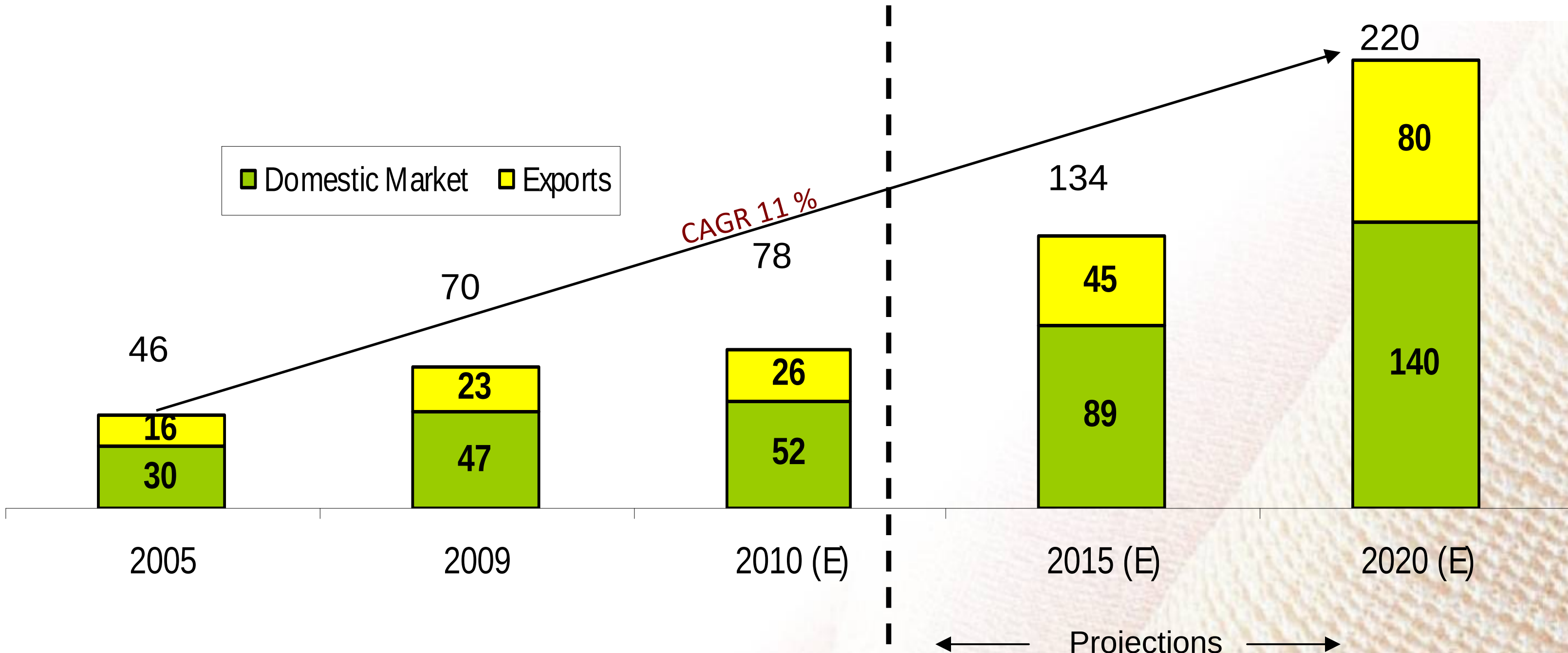

USD bn.

| Top Exporters | Amount US$ BN. | % |
|---|---|---|
| Europe | 162 | 31.76% |
| China | 189 | 37.06% |
| **India** | **23** | 4.51% |
| Others | 136 | 26.67% |
| **Total** | **510** | **100.00%** |

Source: - UN Comtrade, OTEXA, Eurostat & Technopak Analysis



# BIG Picture - Indian Textile Industry



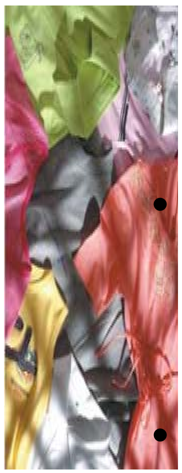

- The domestic textile market in India is projected to grow from USD 52 bn. in 2010 to USD 140 bn. by 2020 at a CAGR of 10.5%
- The export market in textiles is projected to grow from USD 26 bn. in 2010 to USD 80 bn. by 2020 at a CAGR of 12%
- The total Indian Textile Industry is projected to grow from USD 78 bn. in 2010 to USD 220 bn. by 2020 at a CAGR of 11%
- In order to meet the additional estimated demand (US$ 150 bn) created for Textile and Apparel by 2020,investments to the tune of Rs.320,000 Crores (US$ 68 bn) across the Textile supply chain will be required.
- India has the potential to increase its export share in world trade from the current 4.50% to 8.00% by 2020.
- The high growth for Indian exports is possible due to increased sourcing shift from developed countries to Asia and India’s strengths as a suitable alternative to China for global buyers.

Source: - Technopak

# BIG Picture - Indian Apparel Industry

| | 2005 | 2009 | 2010(E) | 2015(E) | 2020(E) |
|---|---|---|---|---|---|
| Apparel | US$ 22bn<br>INR Cr 1,01,000 | US$ 33 bn<br>INR cr 1,54,000 | US$ 36 bn<br>INR cr 1,70,900 | US$ 61bn<br>INR cr 2,88,800 | US$ 100bn<br>INR cr 4,70,000 |
| Men | US$ 10 bn.<br>INR Cr 45700 | US$ 14 bn.<br>INR Cr 66300 | US$ 15 bn.<br>INR Cr 72700 | US$ 24.5 bn.<br>INR Cr 115800 | US$ 38 bn.<br>INR Cr 176860 |
| Women | US$ 8 bn.<br>INR Cr 36000 | US$ 12.5 bn.<br>INR Cr 57800 | US$ 14 bn.<br>INR Cr 65000 | US$ 25 bn.<br>INR Cr 117000 | US$ 43 bn.<br>INR Cr 202300 |
| Kids | US$ 4 bn.<br>INR Cr 19300 | US$ 6.5 bn.<br>INR Cr 29900 | US$ 7 bn.<br>INR Cr 33200 | US$ 11.5 bn.<br>INR Cr 56000 | US$ 19 bn.<br>INR Cr 90840 |

- The current domestic apparel market of US$ 22 bn is expected to grow @ 11% annually to reach US$ 100 bn by 2020
- The main drivers of domestic growth are increasing population, increasing income levels, rapid urbanization, improving demographics, increased organized players and increasing penetration of retailers into smaller cities



# BIG Picture -Indian Retail Industry

| Particulars | 2008-09 | 2013-14 | CAGR |
|---|---|---|---|
| Total Retail (Rs. Crores) | 14,40,000 | 27,20,000 | 13.5% |
| Organised Retail (Rs. Crores) | 93,900 | 2,57,000 | 22.3% |
| Organised Retail Penetration (%) | 6.5% | 9.4% | |

- Retail sector in India grew at 10%-14% CAGR between 2004-05 and 2007-08 on the backdrop of favourable demographics, rising disposable income and increasing urbanisation

- Organised retail grew faster at 28% led by new entrants, low penetration and large expansions by existing players

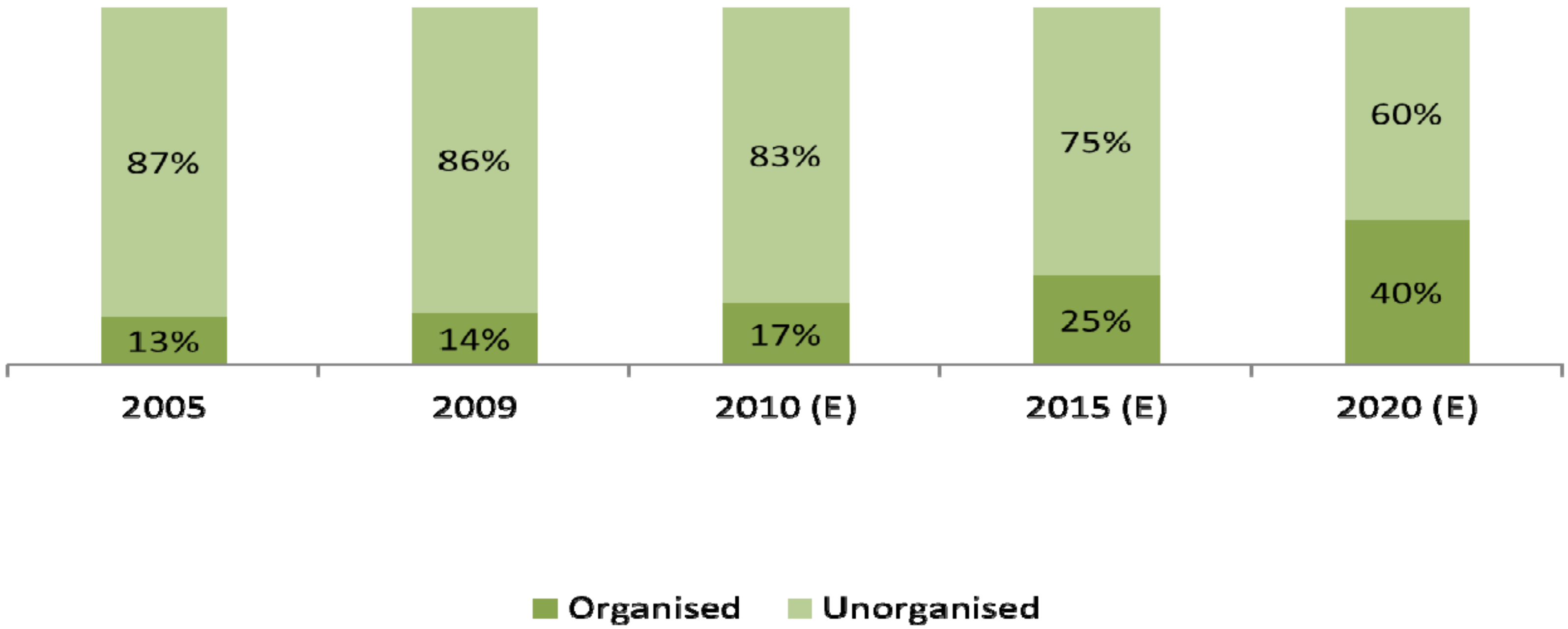
- Going forward, Indian retail is expected to grow at 13.5% CAGR over the next 5 years and almost double to Rs.27,20,000 cr. from its existing 14,40,000 cr.

- Organised retail is expected to grow faster at 22.3% increase its share in retail to 9.4% by 2014 from the existing 6.5%



Source: Crisil Research

# BIG Picture - Apparel Retail

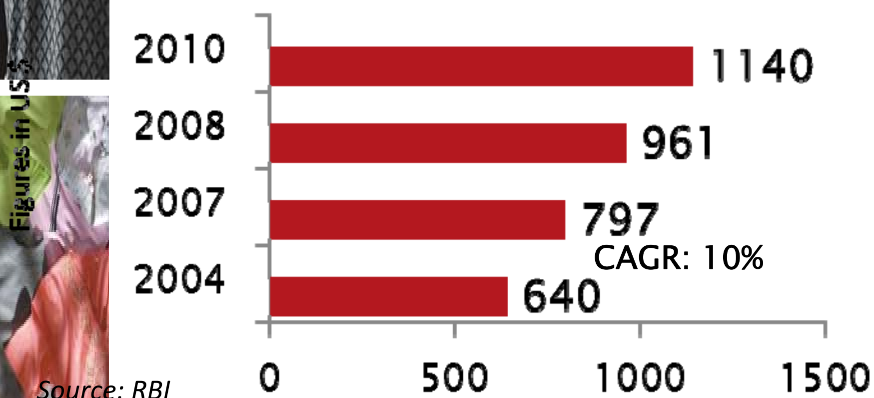



- Apparel retail has the highest share of about 35% in the overall organised retail market
- Current estimated size of the organised apparel retail market is about Rs. 35000 crores
- The share of organised retail is growing rapidly and it would be 40% of the total apparel retail by 2020

Source: Technopak Analysis

# Domestic market is standing on strong fundamentals…

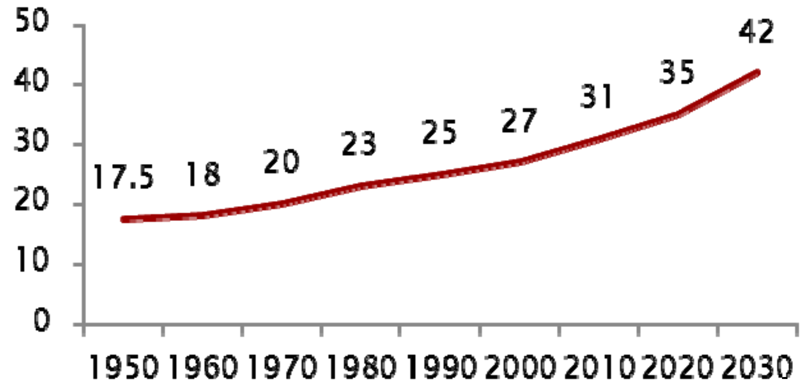
## Rising Incomes: Per capita Income (US$)




*Source: RBI*

## Rapid Urbanization

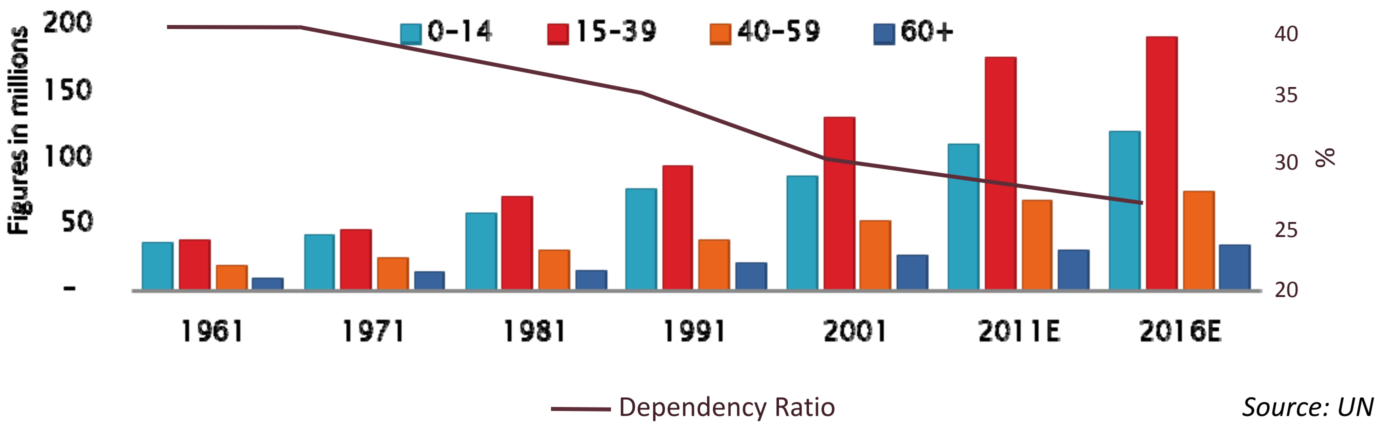
(Urban Percentage of Total Population)




*Source: Census*

## Dropping Dependency Ratio

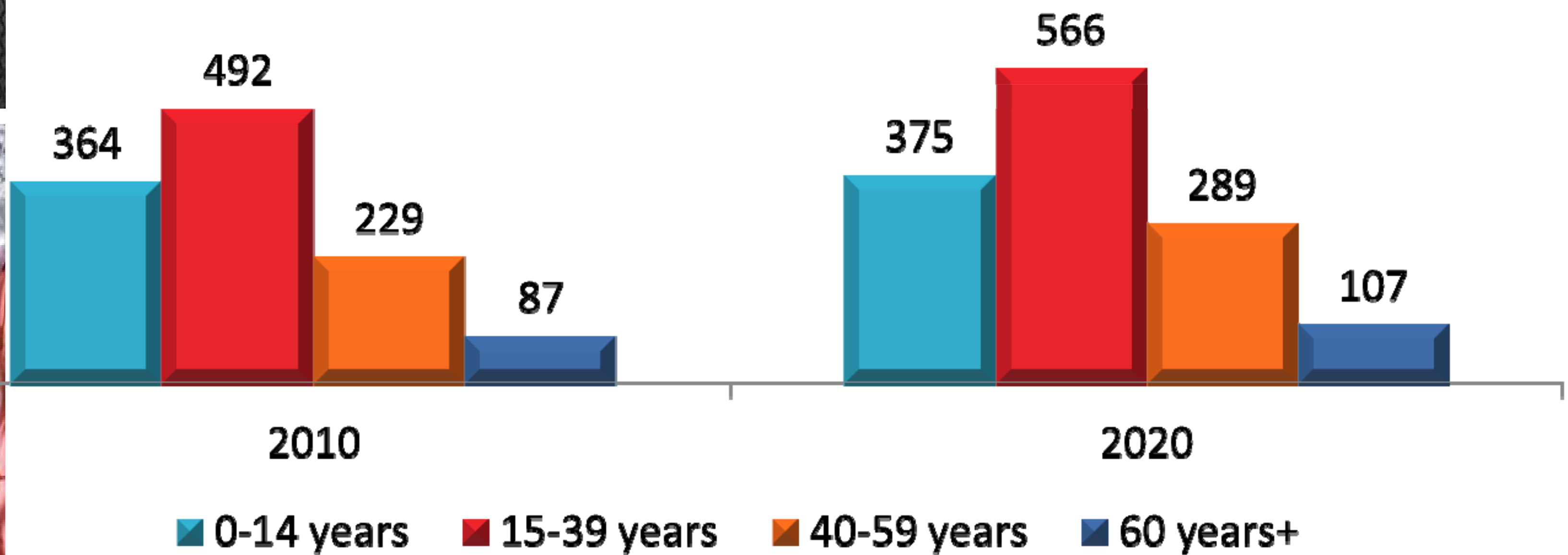
(Urban Population across Age Groups)




*Source: UN*

# India Will Add ~130 Million People In The Consuming Age Group in Coming 10 years

Median Age: 26 | Median Age: 29




- Unlike any other top-10 economy (including China), India will have the lowest median age and the trend will be even more pronounced by 2020 as most other populations age even more rapidly
- This population is more aspirational and aware and with higher spending power and will consume more number of categories than their parents

Source: Technopak Analysis

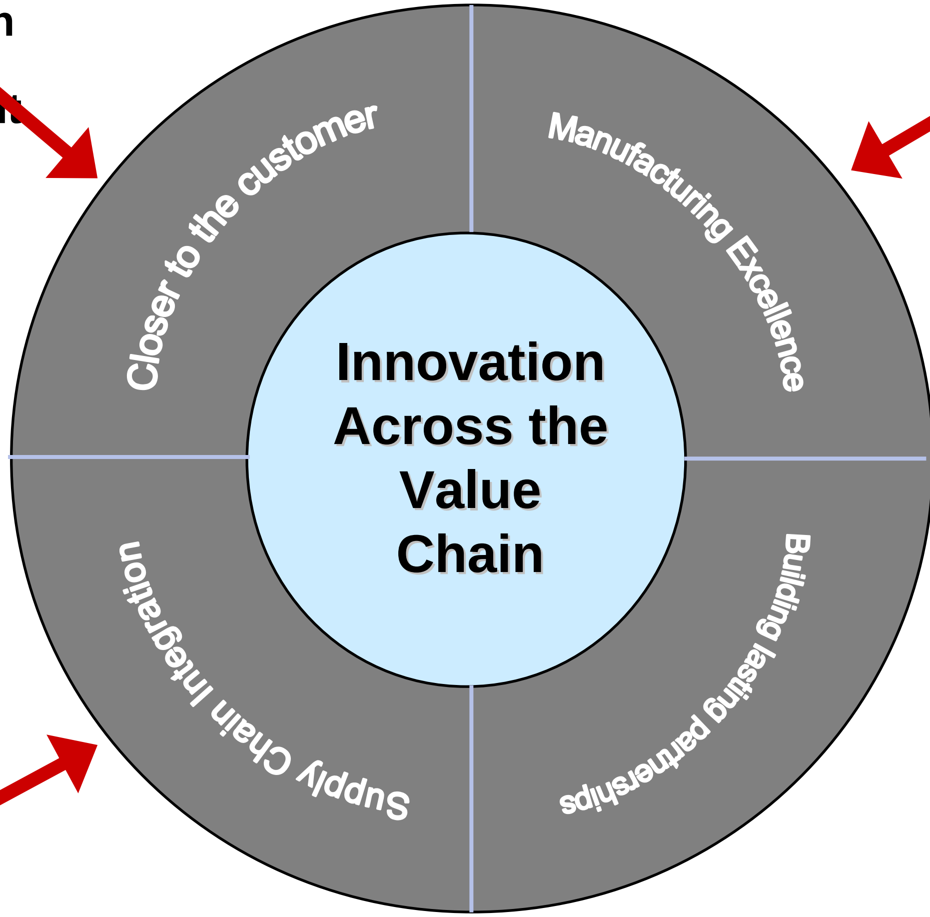
# Fabrics for Fashion

Wovens and Knits

# Fabric Manufacturing Strategy

Marketing, Design and constant endeavor on Product Development

Research and Development




Vertical Integration

Global sized plants



# Need of the day for Fabric manufacturers

- Speedier execution yet being cost effective

- Innovation
  - Processes
  - Products
  - Brands
  - Channels

- Understand the needs and concerns of RMG manufacturers and align yourself accordingly



# Fabric for fashion

- India’s fabric production is 55000 mn. Sq. mtrs.
- It is increasing at a CAGR of about 3% in the last 3 years
- 5% of the fabric produced is exported and is growing at 14% CAGR
- About 22% of ythe fabric production is knitted fabric growing at a CAGR of 5%
- About 55% of the fabric production is non-cotton
- To meet estimated demand additional 50 bn. Sq. mtr. Of woven fabric (1.4 lakh looms) and 76 bn. Sq. mtr. Of knitted fabric (1.4 lakh machines)

# Garments

- Currently  mens wear is the biggest segment of the market with   estimated market size of 73000 crores
- Shirts and Trousers forms almost 50% of the mens segment. High growth categories in men market include active wear, T-shirts, Innerwear and shirts
- Women wear is growing faster than other apparel segment and  estimated at about 65000 crores
- Sarees and salwar kameez form almost 60% of the womens segment. The high growth category in womens segment include innerwear, tops and T-shirts and sarees and salwar kameez
- Kids wear market is also growing rapidlyand estimated at 33000 crores. Girls wear is growing rapidly and the fast growing segments are T-shirts, bottom wear and uniforms



# Retail Stores

Retail is the most important chain in the clothing segment.

•A new and exciting store on the high street/mall should provide inspiration, choice & value and is relevant to shoppers in today's climate

•Product ranges should constantly change to offer styles that the customer expects...on trend yet wearable, versatile yet different and above all **incredible value**

• Fashion, style & value are important - they want clothes that fit and makes them look good

•Equally important is the shopping environment

•Above all the customer is the heart of business and therefore approach everything from customers point of view and create a proposition to give them what they want

**….lots of new ideas, style and value to be brought in the brand**

# Popular Store Brands

lifestyle
YOUR STYLE. YOUR STORE.

Raymond

pantaloons

globus

JACK & JONES

SHOPPERS STOP

BOMBAY DYEING
Established 1879

H&A

SHEETAL
fine dining

planet fashion
the mens store

GINI & JONY

CANTABIL
International Clothing

# Product Brand

Louis Philippe
The upper crest.

ARROW
USA·1851

ZODIAC

Lilliput
WEAR IT. LOVE IT!

BLACKBERRYS
sharp. smooth. sure.

fabindia

Park Avenue

hakoba
Embroidery beyond your imagination

LERROS

provogue

NIKE

adidas

## Branding

- What is brand?

Name, Sign, symbol intended to identify goods and services of one seller from another

**Branding is decommodification of a product**

Brand Identity – Perspectives of Marketer

Brand Image – Perspective of Consumer



# Brand proposition

| | |
|---|---|
| Market Positioning | *Value, ideas, style* |
| Brand Personality | *Simple , confident, friendly* |
| Brand Attributes | *Honest, ideas led, choice, quality* |
| Brand Differentiator | *Doesn’t dictate – ‘Wear it your way’* |



# Conclusion

- Domestic clothing consumption is growing rapidly and likely to touch USD 100 bn. by 2020
- Organised retail is growing at a CAGR of 20% p.a. and would be 40% of the total retail market
- Clothing retail is major portion of organised retail forming about 35%
- Indian textile and clothing industry needs to gear up for this growth and expand capacities
- Estimated investments for clothing alone is USD 40 bn.
- TUF scheme should be continued till 2020 to promote this investment
- Integration of fabric to retailing and branding is inevitable for the growth of the industry

# Conclusion…



- Fabric manufacturers have to produce at the right time, right quality and at right price
- Garment manufacturers have to keep in pace with the latest fashion trends and produce as per retail requirement
- Retailers have to form strategy and position themselves to the targeted audience
- Brand building is the order of the day
- Iindustry players needs to find out their own niche and strength and position at the right part of the integration chain
- Core competency and simplicity of the business model would be the success mantra
- Finally ROCE to be the main driver for the business



Thank you

Lets build the Indian Textile Brand