

# Assessment of apparel industry in India

July 2024

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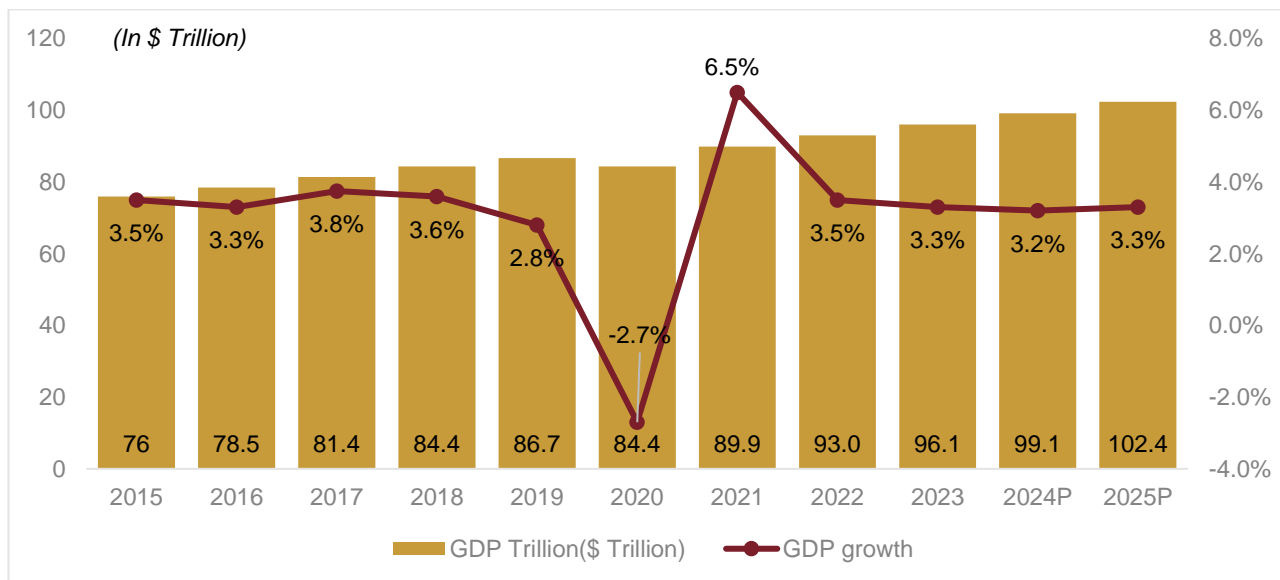
## 1 Global macroeconomic assessment

### Global GDP is estimated to grow at 3.2% in CY 2024 and 3.3% in CY 2025 amid moderating inflation and steady growth in key economies

As per the International Monetary Fund's (IMF) July 2024 update, global gross domestic product (GDP) growth is projected at 3.2%, 3.3% and 3.3% in 2024, 2025 and 2026 respectively. The latest estimate for 2024 is in line with IMF's previous forecast in April 2024, mainly due to stabilization of economic activities and strong first quarter growth in many countries. Emerging market and developing economies are also expected to experience stable growth through 2024 and 2025, with regional differences.

With disinflation and steady growth, the likelihood of a hard landing has receded, and risks to global growth are broadly balanced. Amid favourable global supply developments, inflation has been falling faster than expected, however service inflation is holding up the progress on disinflation. On the upside, faster disinflation could lead to further easing of financial conditions. On the downside, new commodity price spikes from geopolitical shocks and supply disruptions or more persistent underlying inflation could prolong tight monetary conditions.

#### Global GDP trend and outlook (2018-2025P, \$ trillion)



Note: E: Estimated, P: Projection

Source: IMF economic database, CRISIL Market Intelligence and Analytics (MI&A)

### India among the world's fastest-growing key economies

Following the recovery from the COVID-19 pandemic, India exhibited a faster growth rate of 7.2% in FY2023, surpassing both advanced economies at 2.6% and emerging and developing economies at 4.1%. This trend is expected to continue, with India leading the growth compared to its key counterparts.

**United States:** In the United States, growth is projected to shift from 2.5% in 2023 to 2.6% in 2024 and 1.9% in 2025, with the lagged effects of monetary policy tightening, gradual and a softening in labour markets slowing the aggregate demand.

**United Kingdom:** Growth in the United Kingdom is projected to rise modestly from an estimated 0.1% in 2023 to 0.7% in 2024, due to lagged negative effects of high energy prices wane. Then in 2025, as disinflation allows an easing in financial conditions and permits real incomes to recover, the economy is expected to see a growth of 1.5%.

**Euro zone:** Growth in the euro area is projected to recover from 0.5% in 2023, which reflected relatively high exposure to the war in Ukraine, to 0.9% in 2024 and 1.5% in 2025. As per IMF estimates, the growth in is driven by strong household consumption as the energy prices subside and inflation falls, supporting the real income growth. Further, in recent years, the EU technology industry has faced disruptions due to currency fluctuations on account of fall in Euro and Pound against US dollar impacting the imports coupled with Russia-Ukraine conflict disrupting the supply chains which further impacted the sector.

**Real GDP growth comparison among India vs Advanced and emerging economies**

Real GDP growth (Annual % change)	2018	2019	2020	2021	2022	2023	2024P	2025P
China	6.8	6.0	2.2	8.4	3.0	5.2	5.0	4.5
Euro Zone	1.8	1.6	-6.1	5.9	3.4	0.4	0.8	1.5
India*	6.5	3.9	-5.8	9.7*	7.0*	8.2*	7.0*	6.5
Japan	0.6	-0.4	-4.1	2.6	1.0	1.9	0.7	1.0
UK	1.4	1.6	-10.4	8.7	4.3	0.1	0.7	1.5
USA	3.0	2.5	-2.2	5.8	1.9	2.5	2.6	1.9
<b>World</b>	<b>3.6</b>	<b>2.8</b>	<b>-2.7</b>	<b>6.5</b>	<b>3.5</b>	<b>3.3</b>	<b>3.2</b>	<b>3.3</b>

Note: P: Projected. \* Numbers for India are for financial year (2020 is FY2021 and so on) and as per the IMF's forecast. ^India GDP estimate for the FY2024 is 8.2% according to provisional estimates from MoSPI. Note: Projection as per IMF update

Source: IMF economic database, CRISIL Market Intelligence and Analytics (MI&A)

## 2 India's macroeconomic assessment

### India's GDP grew at 5.9% CAGR between FY2012 and FY2024

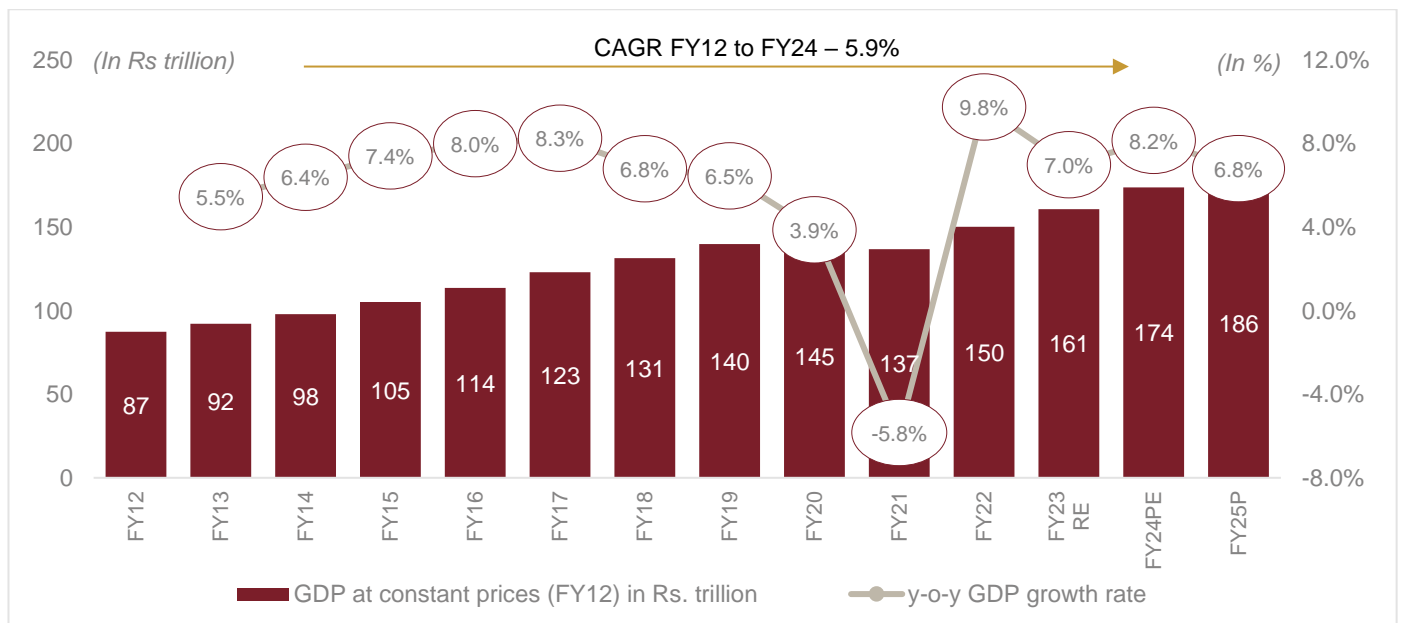
India's GDP grew at 5.9% compounded annual growth rate (CAGR) between FY2012 and FY2024 to Rs 173.8 trillion in FY2024. A large part of the lower growth rate was because of challenges heaped by the Covid-19 pandemic in FY20 and FY2021. In FY2022, the economy recovered with abating of the pandemic and subsequent easing of restrictions and resumption in economic activity.

In FY2023, GDP rose 7% on continued strong growth momentum, propelled by investments and private consumption. The share of investments in GDP was at 33.3% and that of private consumption was at 58.0%.

The National Statistics Office (NSO) in its provisional estimates of Annual Gross Domestic Product (GDP) for FY2024, estimated India's real GDP growth to be 8.2% which is higher than its Second Advanced Estimate of 7.6%. Even as the agricultural economy slowed sharply following a weak monsoon, the surge in non-agricultural economy has more than made up for it. The government's investment push, along with easing input cost pressures for industry, has also played a major role in shoring up growth. However, services have been slowing owing to waning pent-up demand (post the pandemic), with the exception of financial, real estate and professional services, which has powered ahead on the back of robust growth in banking and real estate sectors.

Analysis of the FY2024 year's growth reveal notable dichotomies. Growth has primarily been fueled by fixed investments, exhibiting a robust 9% expansion, while private consumption growth lagged at 4%, trailing overall GDP growth. On the supply side, the manufacturing sector experienced the most substantial growth at ~9.9%, while the agriculture exhibited more modest growth rate of 1.4%. These trends underscore the varied performance across sectors, highlighting the nuanced dynamics shaping India's economic landscape in FY2024. Overall, real GDP of India is estimated to have grown at 8.2% in FY2024 compared with 7.0% in FY2023.

### India real GDP growth at constant prices (new series)



RE – revised estimates, PE – Provision estimates, P – projection

Notes: The values are reported by the government under various stages of estimates

Actuals, estimates and projected data of GDP are provided in the bar graph

Source: Ministry of Statistics and Programme Implementation (MoSPI), CRISIL MI&A

**CRISIL forecasts India’s GDP to grow 6.8% in FY2025**

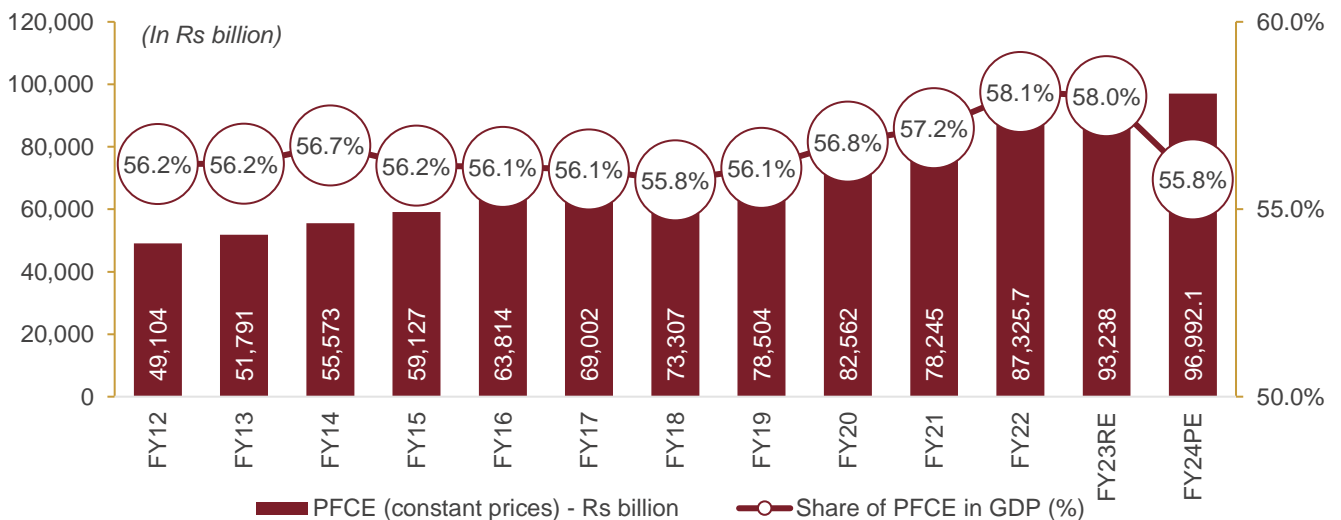
After a strong GDP print in the past three financial years, CRISIL expects GDP growth to moderate in FY2025 as consolidation will reduce the impulse to growth, rising borrowing costs and increased regulatory measures could weigh on demand, net tax impact on GDP is expected to normalize, and exports could be impacted due to uneven growth in key trade partners and any escalation of the Red Sea crisis. On the other hand, another spell of normal monsoon and easing inflation could revive rural demand.

At an overall level, India’s real GDP is expected to be 6.8% in FY2025. This slower growth rate vs. FY2024 will be because of slowing global growth, impact of rising interest rates, waning of pent-up demand for services and increasing geopolitical uncertainty. Still, the manufacturing sector, investments and domestic demand will remain resilient.

**PFCE to maintain dominant share in India’s GDP**

Private final consumption expenditure (PFCE) at constant prices clocked 6% CAGR between FY2012-2023, maintaining its dominant share of ~58.0% in FY2023 (~Rs 93,238 billion in absolute terms, up 6.8% year-on-year). Growth was led by healthy monsoon, wage revisions due to the implementation of the Seventh Central Pay Commission’s (CPC) recommendations, benign interest rates, growing middle age population and low inflation. As of FY2024PE, PFCE is estimated to have further increased to Rs 96,992 billion, registering a y-o-y growth of ~4% and forming ~56% of India’s GDP.

**PFCE at constant prices**



Note: RE: revised estimates; PE: Provisional estimates

Source: MoSPI, CRISIL MI&A

### Robust growth in per capita income over FY2012-2024

India's per capita income, a broad indicator of living standards, rose from Rs 63,462 in FY2012 to Rs 99,404 in FY2023, logging 4.2% CAGR. Growth was led by better job opportunities, propped up by overall GDP growth. Moreover, population growth remained stable at ~1% CAGR. Furthermore, according to FY2024PE, per capita net national income (constant prices) is estimated to have increased to Rs 106,774; thereby registering a year-on-year growth of ~7.4%.

#### Per capita net national income at constant prices

	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21RE	FY22RE	FY23RE	FY24PE
Per-capita NNI (Rs)	63,462	65,538	68,572	72,805	77,659	83,003	87,586	92,133	94,270	86,054	94,054	99,404	106,744
Y-o-Y growth (%)		3.3	4.6	6.2	6.7	6.9	5.5	5.2	2.3	-8.7	9.3	5.7	7.4

Note: RE: revised estimates, PE – Provision estimates

Source: CSO, MoSPI, CRISIL MI&A

### India's per capita GDP grows faster than global average

Between 2018 and 2023, global per capita GDP clocked a CAGR of 3.1% and that of emerging markets and developing economies a higher 4.4%, according to the IMF. Meanwhile, India witnessed a higher per capita GDP CAGR of 4.8% during the same period.

#### GDP per capita, current prices (\$)

Regions	2018	2019	2020	2021	2022	2023	2024P	2025P	CAGR (2018-23)
Canada	46,618	46,431	43,573	52,521	55,613	53,548	54,866	57,021	2.8%
China	9,849	10,170	10,525	12,572	12,643	12,514	13,136	14,037	4.9%
Euro area	39,866	39,014	37,938	42,587	41,062	44,463	45,826	47,322	2.2%
India	1,974	2,050	1,916	2,250	2,366	2,500	2,731	2,984	4.8%
Japan	39,850	40,548	40,172	40,114	34,005	33,806	33,138	34,922	-3.2%
United States	63,165	65,505	64,367	70,996	77,192	81,632	85,373	87,978	5.3%
World	11,472	11,518	11,111	12,527	12,894	13,359	13,836	14,368	3.1%
India	1,974	2,050	1,916	2,250	2,366	2,500	2,731	2,984	4.8%

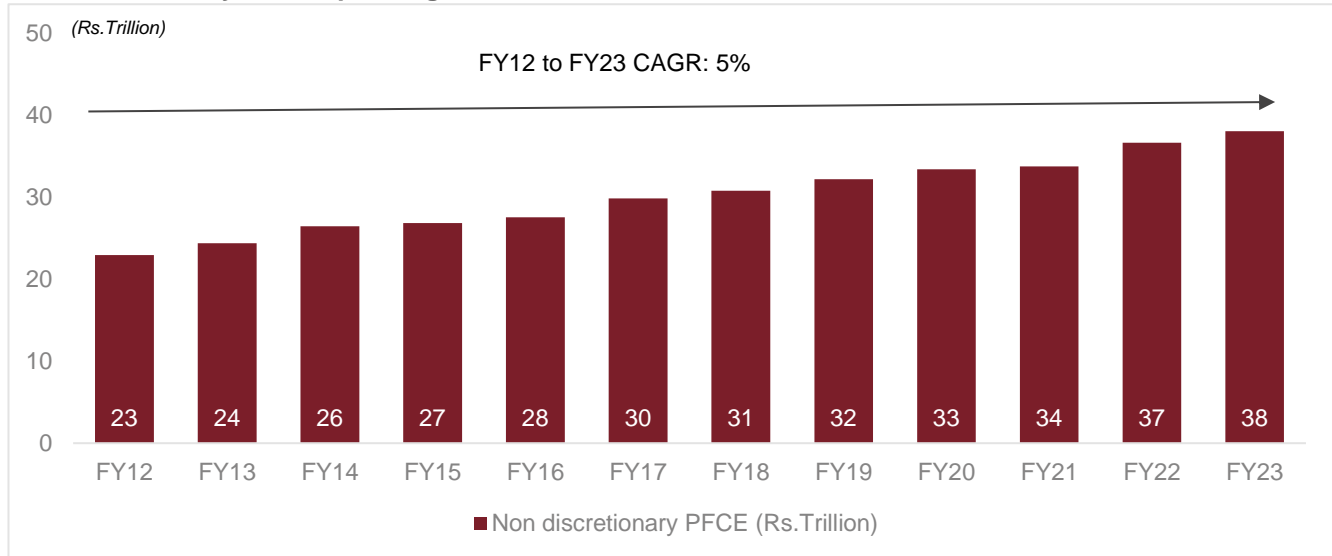
Notes: E – estimated; P – projected

Source: IMF, CRISIL MI&A

**Non-discretionary spendings have risen constantly in the recent years**

Non-discretionary personal consumption expenditure (PFCE) in India exhibited a consistent upward trend from FY2012 to FY2023. In FY2012, the non-discretionary PFCE was Rs. 23 trillion. By FY2023, the non-discretionary PFCE had increased to Rs. 38 trillion, which has grown at 5% CAGR from FY2012 to FY2023 implying growth of the Indian economy, rise in the prices of goods and services, and increase in disposable income of households.

**Non-discretionary PFCE spending**



Source: CSO, MoSPI, CRISIL MI&A

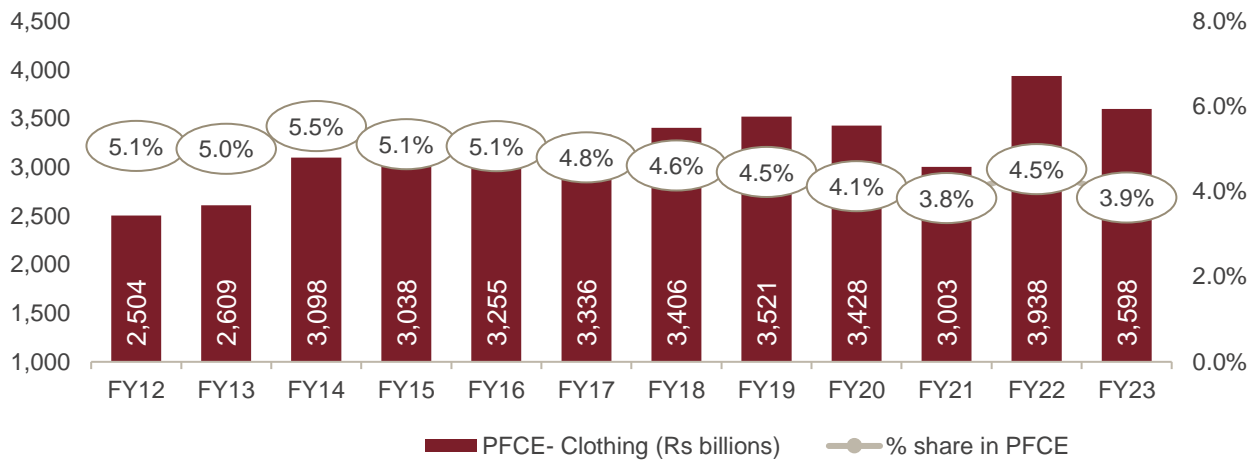
**Share of clothing in overall PFCE has remained constant over years**

Even though the overall share of clothing in PFCE has marginally decreased from 5.1% in FY2012 to 3.9% in FY2023, PFCE on clothes have constantly increased, from Rs 2,504 billion in FY2012 to Rs 3,598 billion in FY2023.

The growth in PFCE on clothing can be majorly contributed to factors like rising incomes, increasing urbanization, and growing awareness of fashion trends. The rising incomes of Indians have led to an increase in disposable income, which has allowed people to spend more on non-essential items such as clothing. Furthermore, growing awareness of new fashion trends like sustainable fashion along with increasing urbanization is further aiding expenditure on clothing. Hence, clothing expenditure in India will continue to grow and form a significant component of personal expenses.



**PFCE – clothing (constant prices)**



Source: CSO, MoSPI, CRISIL MI&A

**Textiles & apparels contributes to more than 5% to industry GVA**

The textile sector is one of the major contributors of the total GVA, especially in the industry sector with a GVA contribution of approximately Rs 2,804 billion in FY2023. Additionally, contribution of textiles, apparels and leather products have been continuously increasing over the years and have contributed to 1.9% to the total GVA, 6.3% to the industry sector GVA and 11.2% to manufacturing GVA in FY2023. Furthermore, it provides employment to millions of people and contributes significantly to the country's exports.

Other major contributors of GVA in industry sectors are food products, beverages, and tobacco, construction, Electricity, Gas, Water supply & Other utility services, and machinery and equipment.

**Breakup of GVA and contribution of Textiles, apparel and leather products in GVA (In Rs billions)**

Rs. Billions	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
<b>TOTAL GVA at basic prices</b>	97,121	104,919	113,283	120,342	127,338	132,361	126,873	138,768	148,049
Agriculture Sector	16,057	16,161	17,260	18,400	18,786	19,943	20,742	21,701	22,723
% of agriculture sector	16.5%	15.4%	15.2%	15.3%	14.8%	15.1%	16.3%	15.6%	15.3%
Services Sector	50,845	55,644	60,353	64,182	68,785	73,207	67,093	73,249	80,585
% of service sector	52.4%	53.0%	53.3%	53.3%	54.0%	55.3%	52.9%	52.8%	54.4%
Industry Sector	30,219	33,113	35,670	37,760	39,767	39,211	39,038	43,818	44,741
% of Industry sector	31.1%	31.6%	31.5%	31.4%	31.2%	29.6%	30.8%	31.6%	30.2%
<b>Textiles, apparel and leather products</b>	<b>2,164</b>	<b>2,589</b>	<b>2,611</b>	<b>2,809</b>	<b>3,000</b>	<b>2,909</b>	<b>2,636</b>	<b>3,129</b>	<b>2,804</b>

% of Textiles, apparels and leather products in Manufacturing GVA	12.9%	13.6%	12.7%	12.7%	12.9%	12.9%	11.3%	12.2%	11.2%
% of Textiles, apparels and leather products in Industry GVA	7.2%	7.8%	7.3%	7.4%	7.5%	7.4%	6.8%	7.1%	6.3%
% of Textiles, apparels and leather products in overall GVA	2.2%	2.5%	2.3%	2.3%	2.4%	2.2%	2.1%	2.3%	1.9%

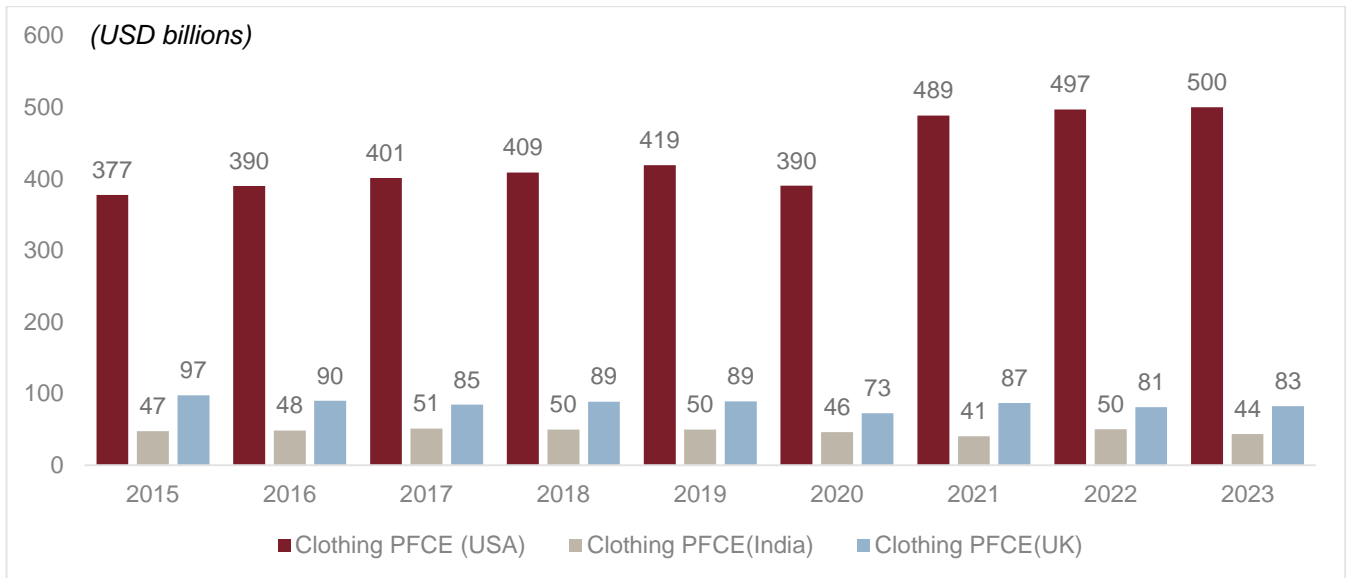
Source: CSO, MoSPI, CRISIL MI&A

### Share of clothing in private spending for key countries – India, USA, UK

Overall, the FCE on clothing has increased in all three countries over the past decade, barring 2020, which saw a decrease in the expenditure on clothing due to Covid 19. However, the growth in clothing expenditure have again picked up in 2021 and by 2022, the expenditure on clothing has surpassed 2020 levels.

Total PFCE expenditure on clothing in India in 2023 was USD 44 billion compared to 83 billion of UK and 500 billion of USA. India has shown a steady growth in PFCE expenditure from 2012 to 2022, mainly due to increase in the disposable income, and economic higher economic growth.

The data presented in the table suggests that the PFCE on clothing is likely to continue to increase in all three countries in the coming years. However, the growth rates are likely to vary depending on the factors discussed above. As of FY2023, share of clothing in PFCE is highest for UK at 5.0% followed by India and USA at 3.9% and 3.2% respectively.



Note: Data for USA and UK is based on calendar year and for India based on financial year(April-march)  
Source: CSO, MoSPI, Bureau of Economic Analysis-USA, ONS-UK, CRISIL MI&A

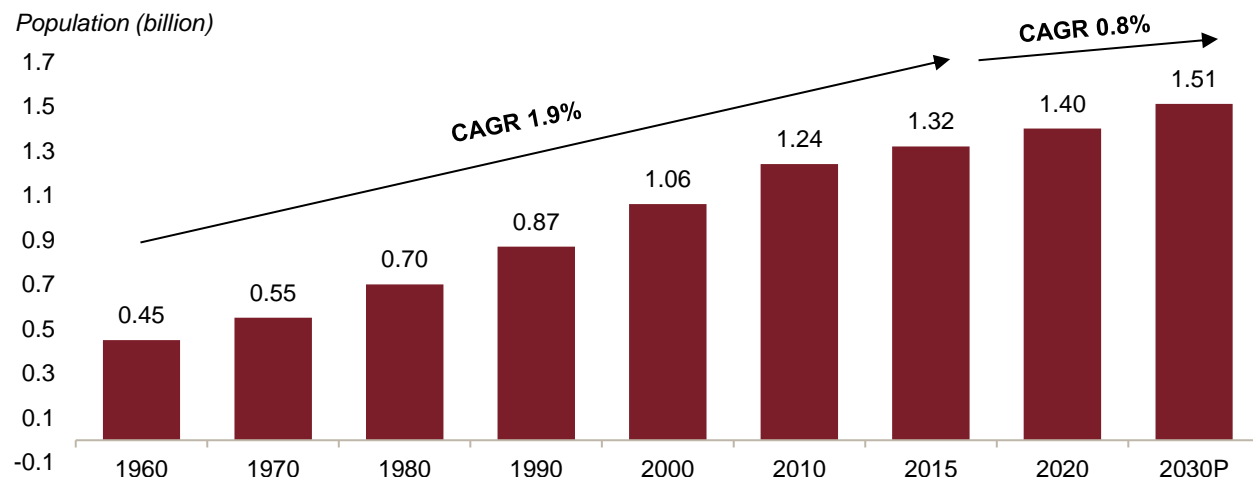
**Demographic factors supporting growth**

**India’s population is projected to grow at a 0.8% CAGR between 2020 and 2030**

India’s population grew to ~1.2 billion, according to Census 2011, at a CAGR of 1.9% between 2001 and 2011. As of 2010 census, the country had ~246 million households.

According to the United Nation’s (UN) World Urbanization Prospects, 2022 revision, India and China - two of the most populous countries - accounted for nearly 36% of the world’s population in 2021. As per United Nations Population Fund’s (UNFPA), "State of World Population Report" of 2023, India’s has surpassed China in terms of population and in 2023 India’s population is estimated to surpass China’s population by around ~2.9 million.

**India’s population growth**



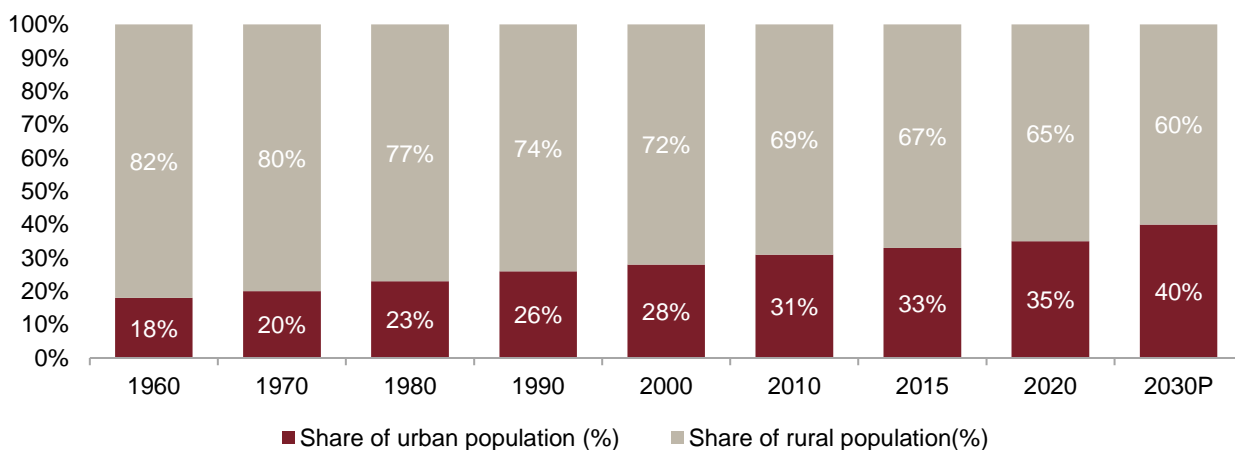
Note: P: Projected

Source: UN Department of Economic and Social Affairs, World Population Prospects 2022, CRISIL MI&A

**Urbanisation likely to reach 40% by 2030**

India’s urban population has been rising over years and is expected to continue with the rise in economic growth. From ~31% of the total population in 2010, it is projected to rise to nearly 40% by 2030, according to a UN report on urbanisation. People from rural areas move to cities for better job opportunities, education, and quality of life. The entire family or only a few individuals (generally an earning member or students) may migrate, while the other members continue to live in their rural homes.

**India’s urban vs rural population**



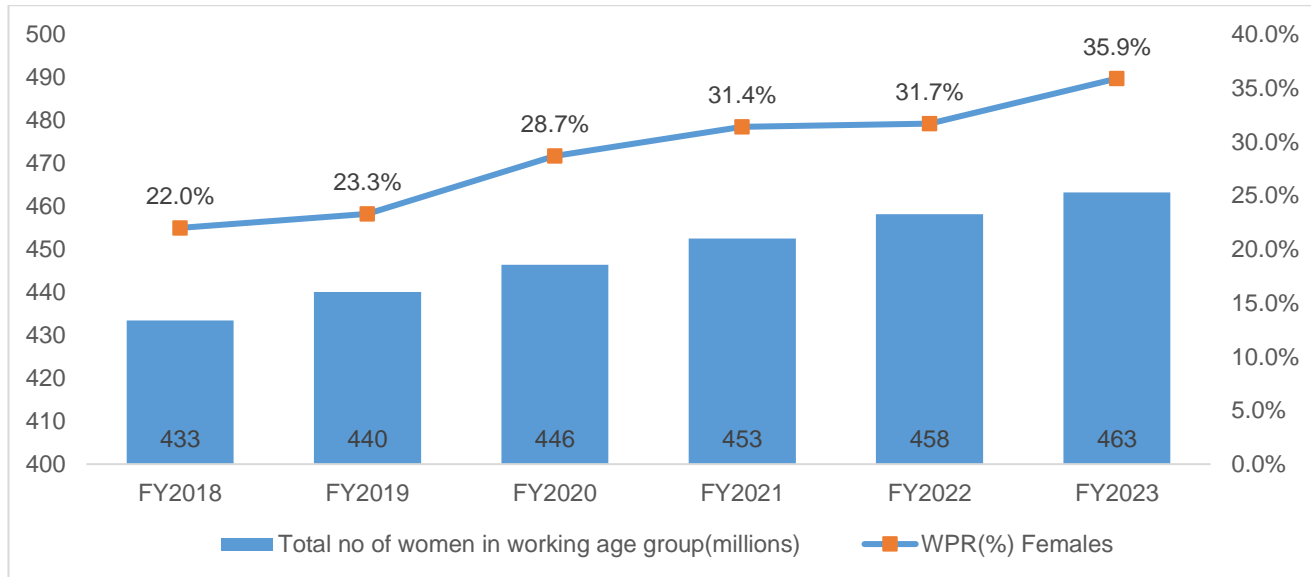
P: projected

Source: World Urbanization Prospects: The 2018 Revision, UN, CRISIL MI&A

**Worker population ratio for women show constant increase**

Female worker population ratio (WPR) in India has been steadily increasing since FY2018. In FY2018, the WPR was 22.0% which has increased to 35.9% in FY2023. The total number of women in the working age group (15-64 years old) has also been increasing over the same period from 433 million women in FY2018 to 463 million in FY2023. This increase in female WPR can be positively contributed to number of factors like, changing social attitude towards working women, increased educational attainment among women and higher disposable income of households. Overall, the data reflects a positive trend in female workforce participation, with incremental improvements in the WPR over the years, which in turn have contributed to overall economic development of India.

**Worker population ratio-Female**



Source: PLFS Report (2020,2021,2022), UN (Department of Economic and Social Affairs)

**Share of working population shows a steady increase**

There has been a general decline in the percentage of the population in the younger age groups (0-4, 5-9, 10-14) for both males and females from 2001 to 2021(projected), which is also in line with the decreasing fertility rate. However, the percentages for the age groups 15-19 and 20-24 remain relatively stable across the years, indicating a consistent representation of young adults in the population. This could be attributed to factors such as the completion of compulsory education and the start of higher education or employment.

Another trend is the slight increase in the percentages for the mid-age groups of 25-29 and 30-34, and old- age groups of 40 and above indicating a growing population in the late twenties and early thirties. This could be attributed to improved healthcare, increased life expectancy, and lower birth rates. Furthermore, the rise in the percentages becomes more prominent in the older age brackets (65 and above), reflecting the demographic shift towards an older population.

**Population Breakup by Age and Sex**

Age	2011		2021		2031	
	Male	Female	Male	Female	Male	Female
<b>0-4</b>	10.0%	9.8%	8.6%	8.1%	7.0%	6.6%
<b>5-9</b>	10.5%	10.2%	8.7%	8.2%	7.4%	7.0%
<b>10-14</b>	10.8%	10.4%	8.8%	8.6%	7.8%	7.4%
<b>15-19</b>	10.3%	9.8%	9.3%	9.0%	8.0%	7.5%
<b>20-24</b>	9.3%	9.2%	9.5%	9.1%	8.0%	7.9%
<b>25-29</b>	8.3%	8.5%	9.0%	8.6%	8.5%	8.2%
<b>30-34</b>	7.4%	7.7%	8.1%	8.0%	8.7%	8.3%
<b>35-39</b>	6.8%	7.0%	7.2%	7.4%	8.1%	7.8%
<b>40-44</b>	6.0%	6.1%	6.4%	6.7%	7.3%	7.3%
<b>45-49</b>	5.1%	5.1%	5.8%	6.0%	6.4%	6.7%

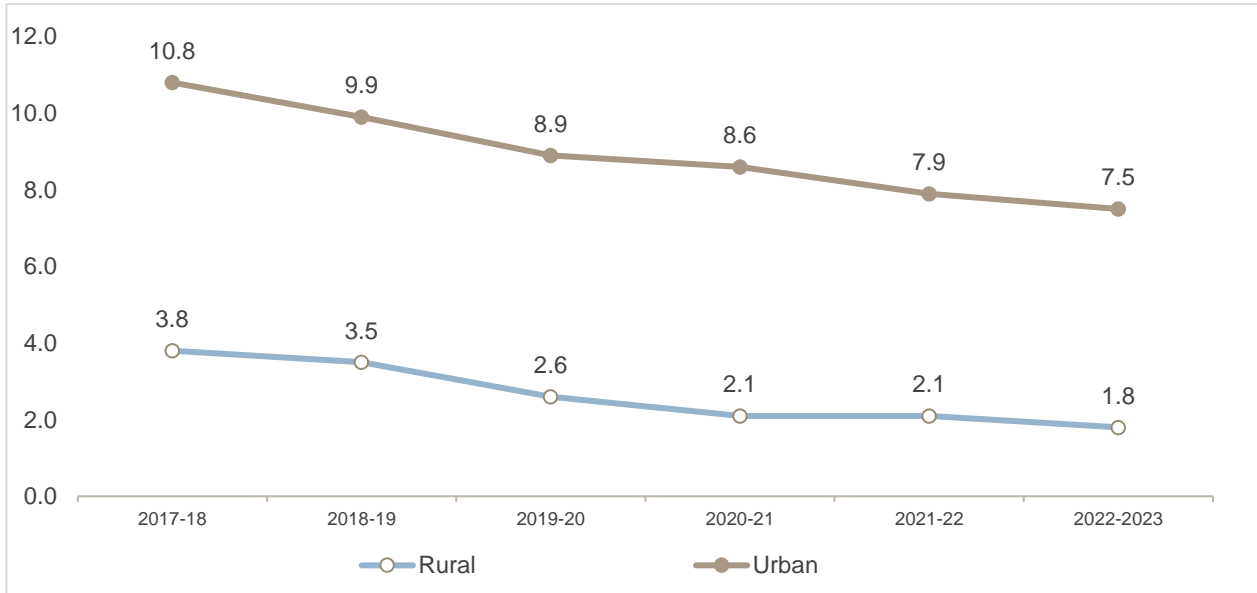
Age	2011		2021		2031	
50-54	4.2%	4.1%	5.0%	5.2%	5.6%	6.0%
55-59	3.4%	3.5%	4.2%	4.3%	4.9%	5.3%
60-64	2.8%	3.0%	3.2%	3.3%	4.1%	4.4%
65-69	2.2%	2.4%	2.4%	2.7%	3.2%	3.4%
70-74	1.7%	1.9%	1.8%	2.1%	2.2%	2.5%
75-79	0.9%	0.9%	1.2%	1.4%	1.4%	1.8%
80+	0.5%	0.6%	1.0%	1.2%	1.3%	1.8%
<b>Total</b>	100%	100%	100.0%	100.0%	100%	100%

Source: Ministry of health and family welfare, census data, CRISIL MI&A

### Unemployment rate of women continuously decreasing

Unemployment rate for women in India has been declining in recent years, both in rural and urban areas. In rural areas, the unemployment rate has fallen from 3.8% in 2017-18 to 1.8% in 2022-23, while in urban areas, the unemployment rate has fallen from 10.8% in 2017-18 to 7.5% in 2022-23. This decline in unemployment rate can be attributed to number of factors including increased education and employment opportunities for woman, changing social norms and increasing disposable income.

### Unemployment rate of females (Rural and Urban)



Source: Periodic Labour Force Survey, National Statistical Office, Ministry of Statistics and Programme Implementation, CRISIL MI&A

### Sustained uptick in weddings continued in FY2024

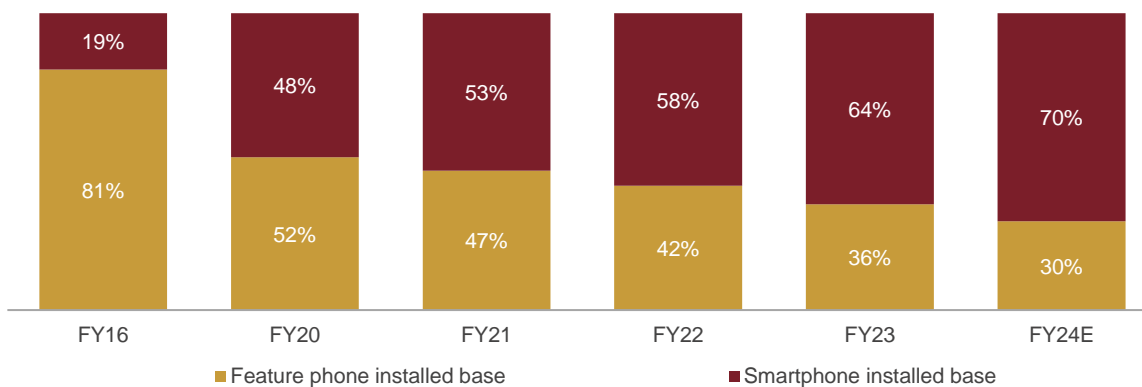
The number of weddings per India stands between 10 - 12 million per year, and usually total cost per wedding ranges from 3 to 15 lakhs, which reflects the grandeur and extravagance associated with wedding functions India.

Additionally, as the number of weddings decreased in FY2021 and FY2022 due to covid and subsequent restrictions on Covid, the number of weddings spiked up in FY2023. The sustained uptick in wedding continued in FY2024. According to CAIT, number of weddings in the wedding season of November-December 2023 is estimated at 3.8 million whereas, 4.2 million weddings are estimated to take place for the wedding season of January-July 2024. Furthermore, as India continues to experience social and economic growth, it is likely that the number of weddings will continue to increase. Factors such as population growth, changing social dynamics, and increased spending power contribute to this upward trend. Additionally, weddings have become a significant driver of economic activity, boosting various industries such as hospitality, tourism, fashion, and jewellery.

**Smartphone penetration estimated at 70% in FY2024**

Higher mobile phone penetration, improved connectivity, faster and cheaper data, supported by Aadhaar and bank account penetration, have supported India’s shift from a cash-dominated economy to a digital economy with a tech-savvy population using UPI and other wallets instead of cash.

**Data-savvy and younger users to drive smartphone adoption**



Note: E: Estimated

Source: CRISIL MI&A Research

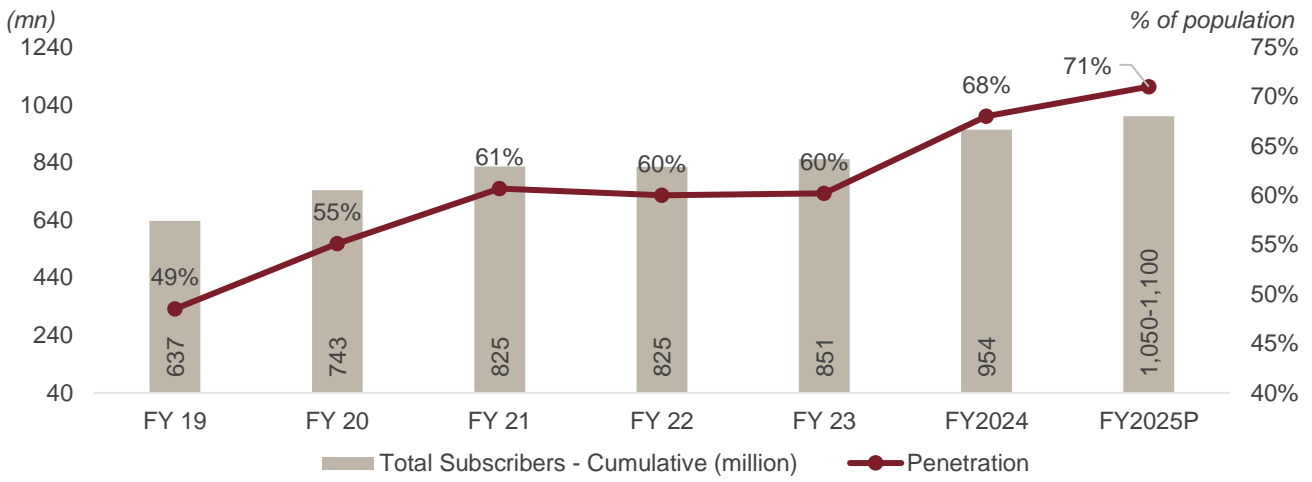
**Steady growth in internet subscribers and data consumption**

Over the years, there has been steady increase in the total number of subscribers, from ~637 million in FY2019 to 954 million in FY2024. Even though there was a marginal decrease in total number of subscribers between FY2021 and 2022, which may have been influenced by the Covid-19 pandemic and its impact on the economy and consumer behaviour, the overall growth trend has remained positive.

Consistent growth in the number of internet subscribers indicates increasing accessibility and adoption of digital services in India. Factors such as improved infrastructure, affordable smartphones and government initiatives like Digital India have also contributed to this growth.

Overall, it is anticipated that as internet subscribers will continue to expand and will cross 1 billion subscribers by FY2025. Furthermore, internet penetration projected to reach 71% by FY2025, indicating a further expansion in digital access and connectivity for a significant portion of the population.

Internet subscribers and penetration in India



Source: Telecom Regulatory Authority of India (TRAI), Company reports, CRISIL MI&A



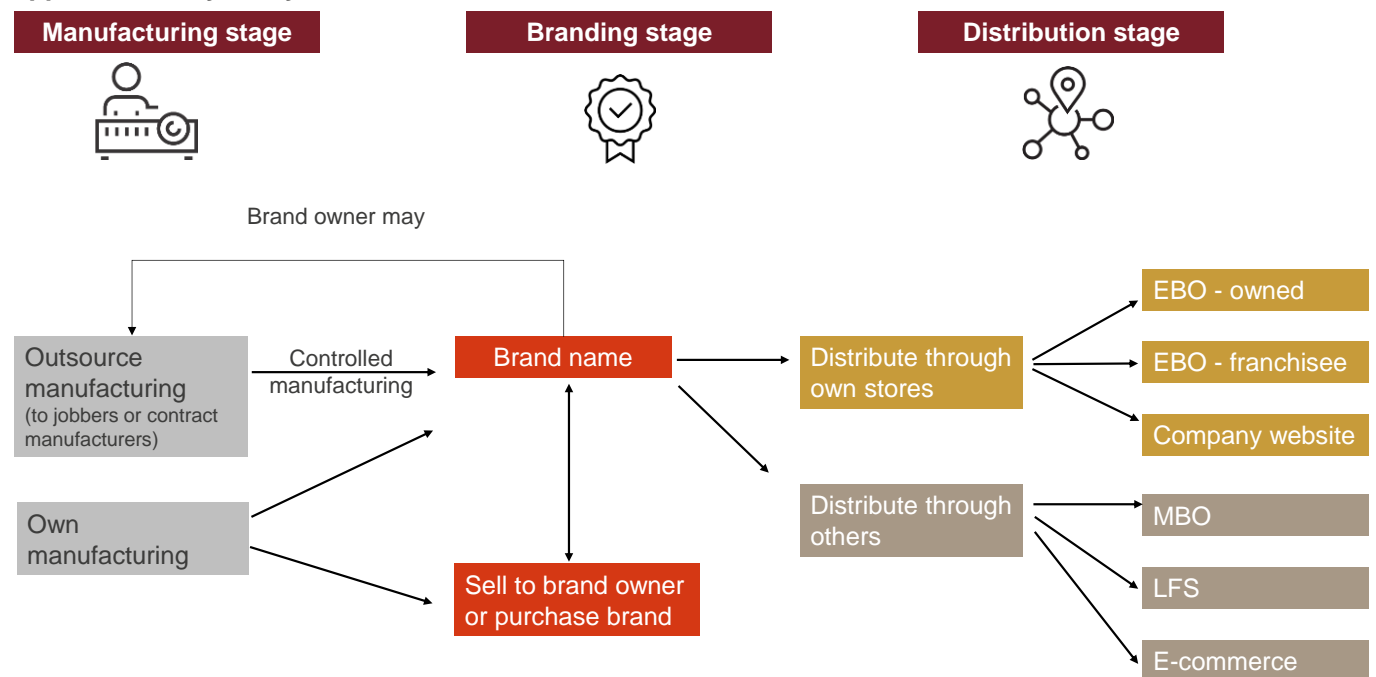
### 3 Assessment of apparel industry in India

The apparel industry comprises companies that design and sell clothes. Within this, the readymade garments (RMG) or apparel segment includes shirts, trousers, T-shirts and jeans. It also comprises ethnic wear, such as kurtas, salwar kameez, lehengas and sarees.

#### 3.1 overview of various distribution models in the industry

Indian apparels players employ various business models. The two key differentiating factors in these models are the strategy used to manufacture or procure (purchase or outsource) apparel, and the strategy used to distribute it. The business models can be analysed by dividing into three stages: manufacturing, branding and distribution. Companies often operate across segments, depending on their strategy and business model.

##### Apparel industry – Key Distribution models



Note: EBO: Exclusive Brand Outlet; MBO: Multi-brand outlet; LFS: Large format stores;

Source: CRISIL MI&A

Furthermore, among ethnic apparel players, supply chain management is as an important aspect. Players manage their vendors as well as contract manufacturers to maintain the quality and output of apparel. Players also associate themselves with jobbers, which only manufacture for a particular company. Among players who opt to manufacture on their own, the working capital requirement is typically higher. Players who are engaged in in-house manufacturing also need to keep a track on the procurement of raw material and inventory.

**Distribution channels key for determining the profitability of apparel industry players**

A distribution channel is a network of outlets through which a product is sold. A company can sell its products through one or more distribution channels. The selection of a distribution channel(s) is a key management strategy that determines a company’s costs and revenues.

**Distribution channel**



Note: EBO: Exclusive Brand Outlet; MBO: Multi-brand outlet; LFS: Large format stores;

Source: CRISIL MI&A

**Exclusive brand outlets (EBOs)**

EBOs or own stores are a direct medium of selling apparel to consumers, wherein garments are sold from owned (or rented or leased) retail shops. The main advantage of selling through this channel is higher realisation on the garments sold since the middle agency for selling apparel to end-users can be bypassed (except for franchisee owned EBOs). It not only helps a brand to manage inventory better, but also enables it in customising inventory to suit the needs of customers and create a balance across product portfolios.

**Multi-brand outlet (MBO) / large-format stores (LFS)**

This distribution channel is gaining momentum in India. In this channel, apparel is sold by an RMG player to multi-brand outlets (MBOs) and large-format stores (LFS) that sell apparel of several brands through large retail spaces, located in prime locations of cities and towns. Usually, the MBOs/LFSs are present in shopping-mall chains or are standalone stores with a presence in more than one location, e.g., Shoppers Stop, Pantaloons Retail, Westside

(Trent), Globus, Lifestyle and Pyramid. Realisations from this channel are lower than those earned by selling to retailers, as MBOs/LFS keep higher margins than retailers while purchasing garments, with their costs being higher. In terms of distribution, players can also sell garments through distributors, which, in turn, sell them either to retailers or MBOs/LFSs. The retailers or MBOs/LFSs sell the apparel to end-users. Since two middle agencies figure between the seller and end-users, realisations from this channel are lower than those earned by selling through retailers, because in this case both the distributor and retailer or MBO/LFS provide for their costs and profits while purchasing an apparel.

#### **Factory outlets**

Factory outlets are generally owned by brands and these follow a model similar to discount stores. This concept is used for selling apparel at lower prices to attract large volumes. In some cases, factory outlets are located near the manufacturing units.

#### **Exports**

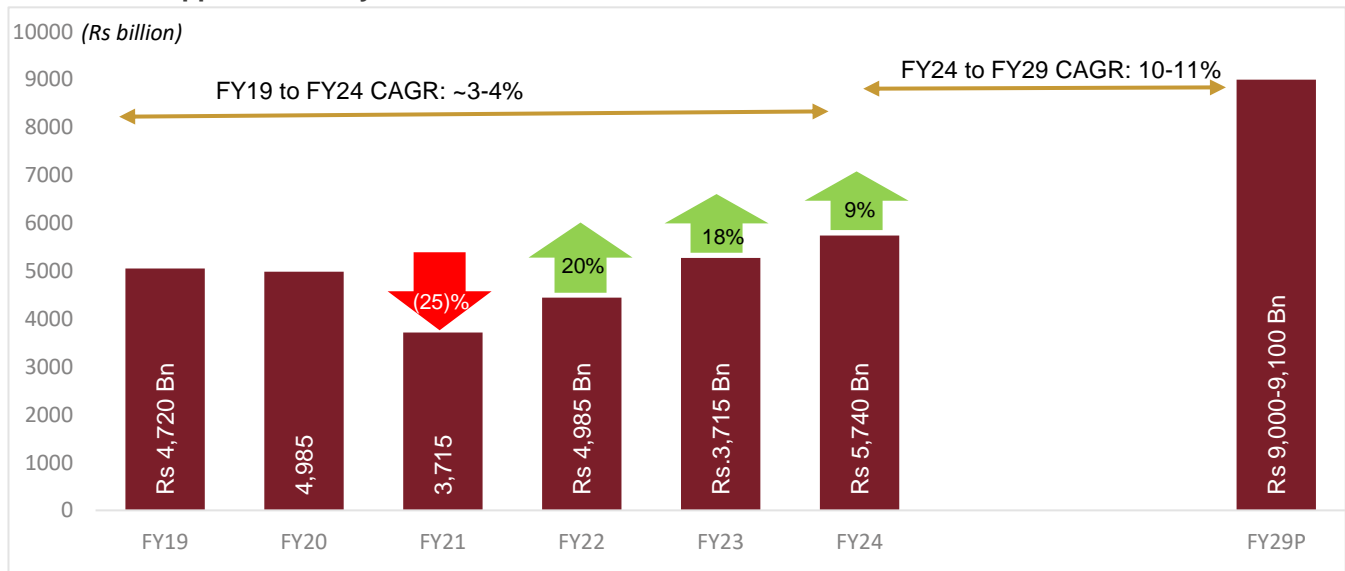
Garments are exported either directly to companies or through overseas buying offices. In the case of overseas buying offices, export orders are forwarded to domestic textile manufacturing units. These units manage the manufacturing part and strictly adhere to buyers' requirements. After final checking for quality and performance, the consignment is dispatched to the overseas customers.

### 3.2 overview of apparel industry in India

After recovery from covid-19 stress in FY2023, apparel market recorded robust growth of ~9% in FY2024 to grow at steady 10-11% CAGR from FY2024 to FY2029

The size of the apparel market in India is estimated to have grown at a CAGR of ~3-4% between FY2019 and FY2024. The segment faced consumption slowdown in FY2020. Growth in the market was impacted in FY2021 because of pandemic-induced slowdown and the ban on sale of non-essentials during the financial year. Further, lower discretionary spending, delays in the opening of malls and lower footfalls impacted demand. FY2021 witnessed a decline of ~25% due to the impact of the pandemic. The market recovered in FY2022 as economy started to open up and there was gradual recovery in the market going in to FY2023 as people started returning to retail shops. In FY2024, market the apparel market in India showed robust growth of 9% on account of sustained demand recovery in the domestic market. Additionally, apparel market in India is expected to grow at a CAGR of 10-11% CAGR by FY2029 owing to combination of factors, including the revival of international trade, improved market conditions, and increase in the disposable income of Indian households.

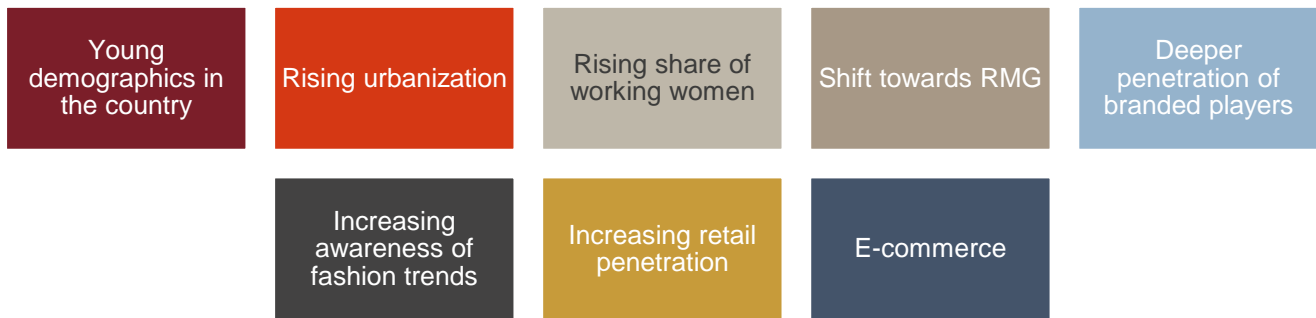
#### Overview of apparel industry in India



Note: P-Projected

Source: Industry, CRISIL MI&A

**Factors contributing to the growth in domestic apparel retail market**



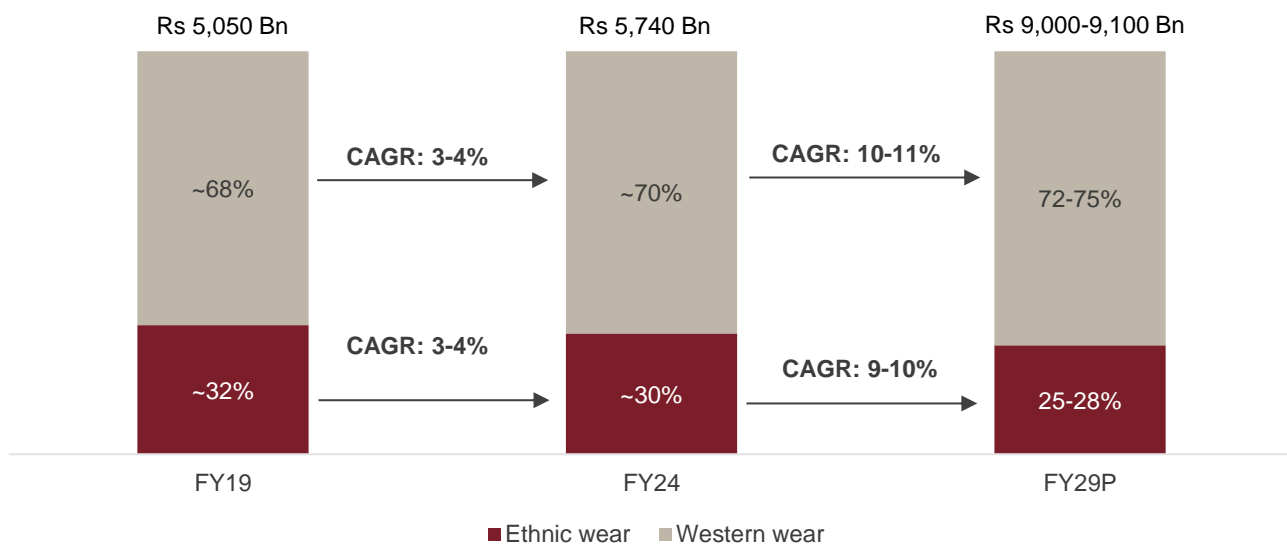
Source: CRISIL MI&A

Long-term growth in the domestic market will be driven by rising working population and income levels, higher penetration of organised retail stores and e-commerce, and growing preference for RMG over tailor-made garments.

**Ethnic wear contributed to 30% of total apparel market in FY2024**

Ethnic wear contributed to approximately 30% of the overall apparel market in India. The ethnic wear segment mainly consists of casual and celebration ethnic wear for both men and women. However with changing consumer preference for western wear and ethnic wear being constrained to celebration/wedding wear, the share of ethnic wear in overall apparel industry is expected to decrease going ahead with share falling to ~25-28% by FY2029. Western wear in comparison is expected to grow at a faster rate than ethnic wear and hence is expected to occupy major share in the overall apparel industry and will constitute approximately 72-75% of the overall market by FY2029.

**Split between western and Indian wear**



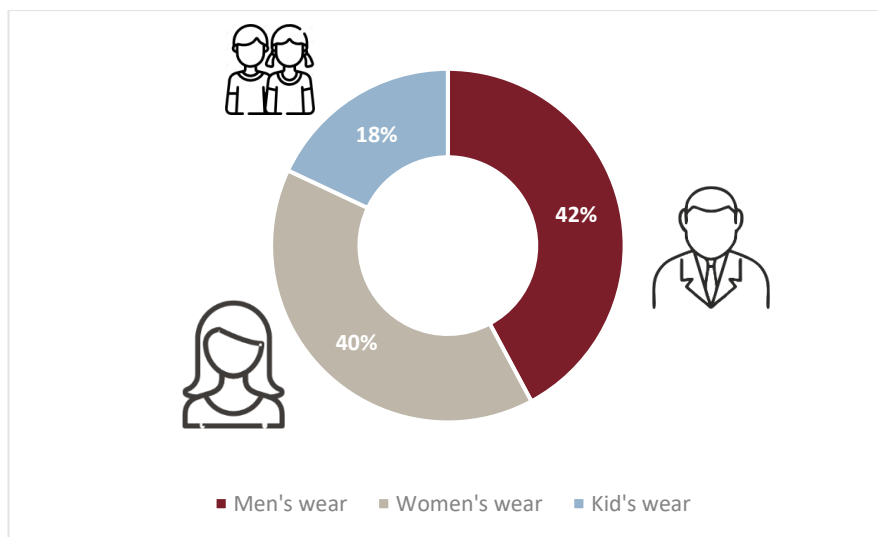
Note :P-Projected

Source: CRISIL MI&A

### Men's wear is the biggest contributor of apparel industry in India

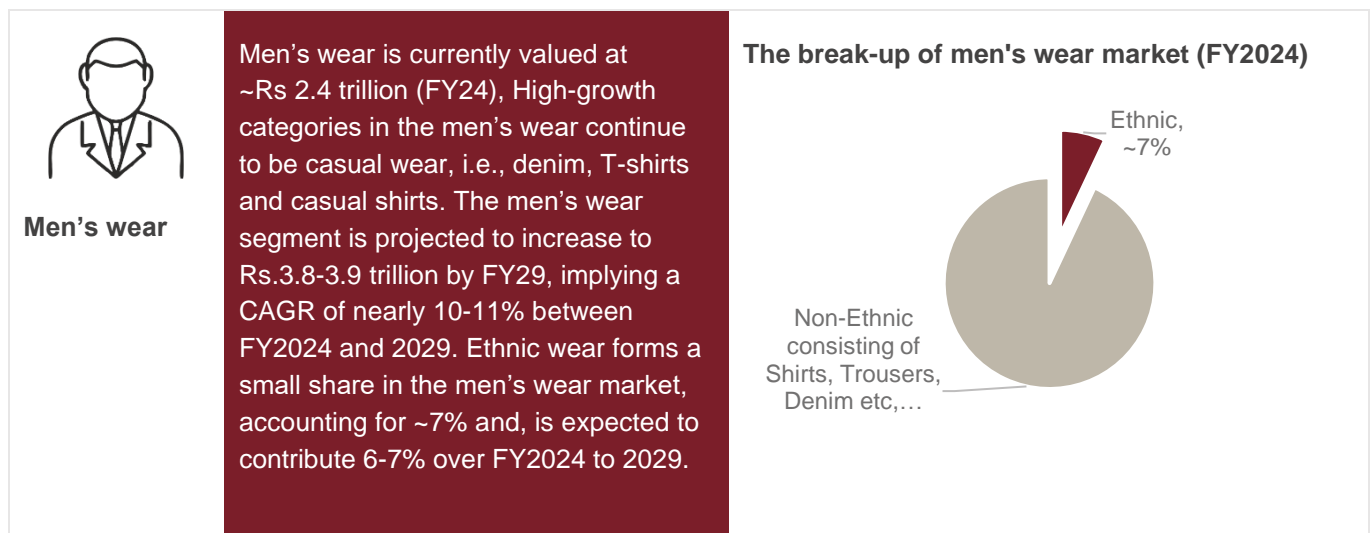
Men's wear dominates the market with a substantial share of 42% in FY2024. This signifies that men's clothing holds a prominent position in the Indian apparel industry, indicating a robust demand and popularity among male consumers. Women's wear closely follows men's wear representing about 40% of the market, reflecting its strong presence and demand in the industry. It further highlights the importance of offering diverse and fashionable options to cater to the evolving tastes and preferences of female consumers. The Kid's wear segment captures a market share of 18% indicating a significant but relatively smaller portion of the overall pie.

#### Split between men's, women's and kid's wear-FY2024



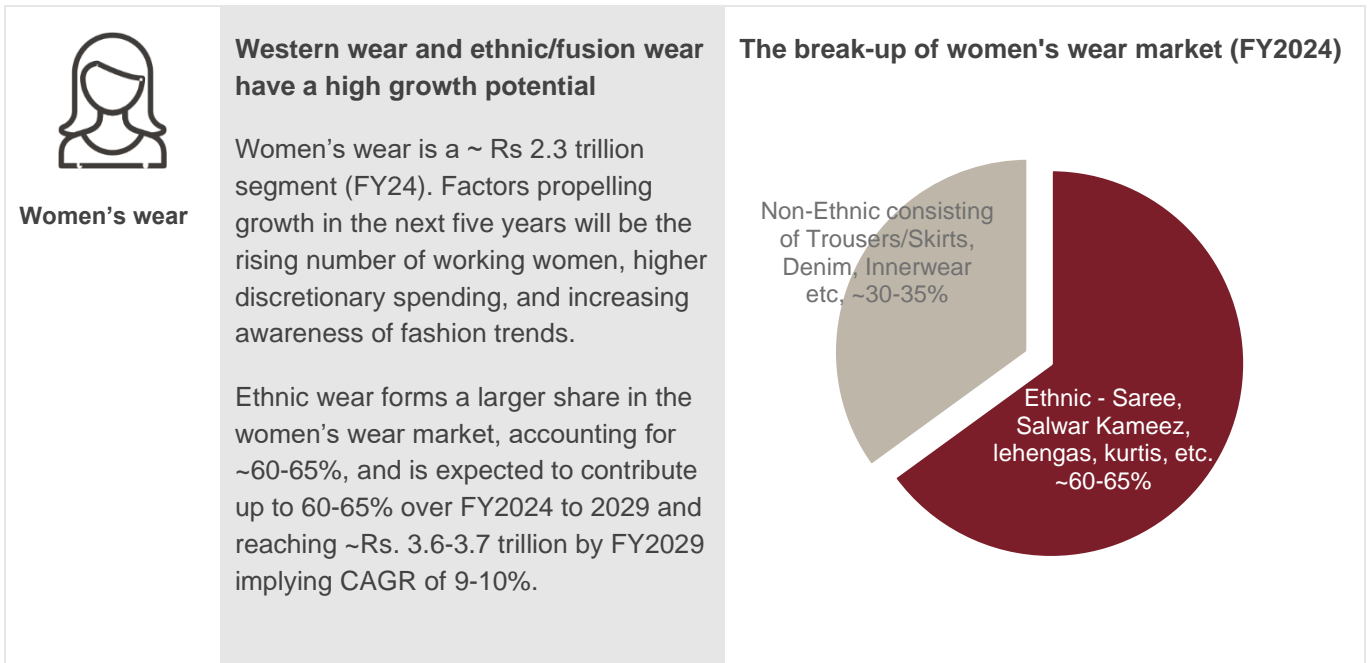
Source: CRISIL MI&A

#### Split of Men's, Women's and Kids category in to ethnic and western wear

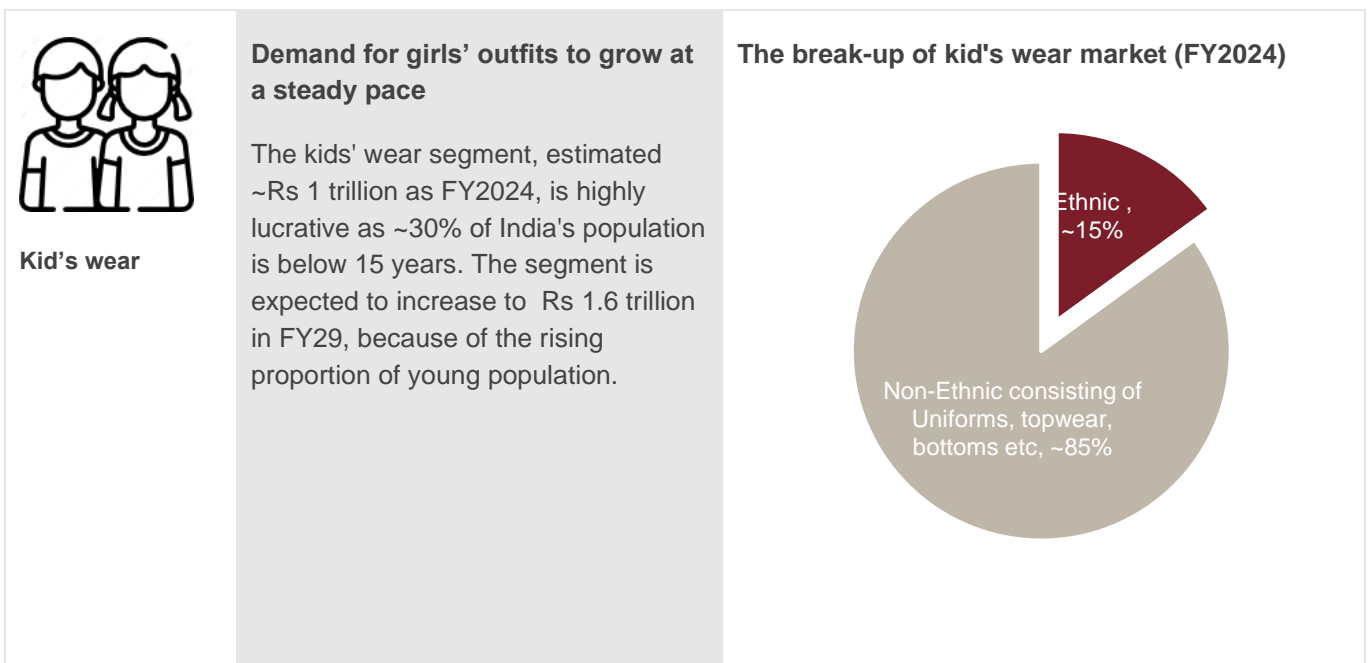


Source: CRISIL MI&A

The share of ethnic wear segment in overall men’s wear stands at ~7%. The segment mainly comprises of casual and Indian wedding and celebration wear. The Men’s ethnic wear segment is driven by increasing trend of multi-day wedding, wider acceptance of traditional outfits during festival celebrations and the emergence of organised brands in the Indian wedding and celebration wear market.



Source: CRISIL MI&A



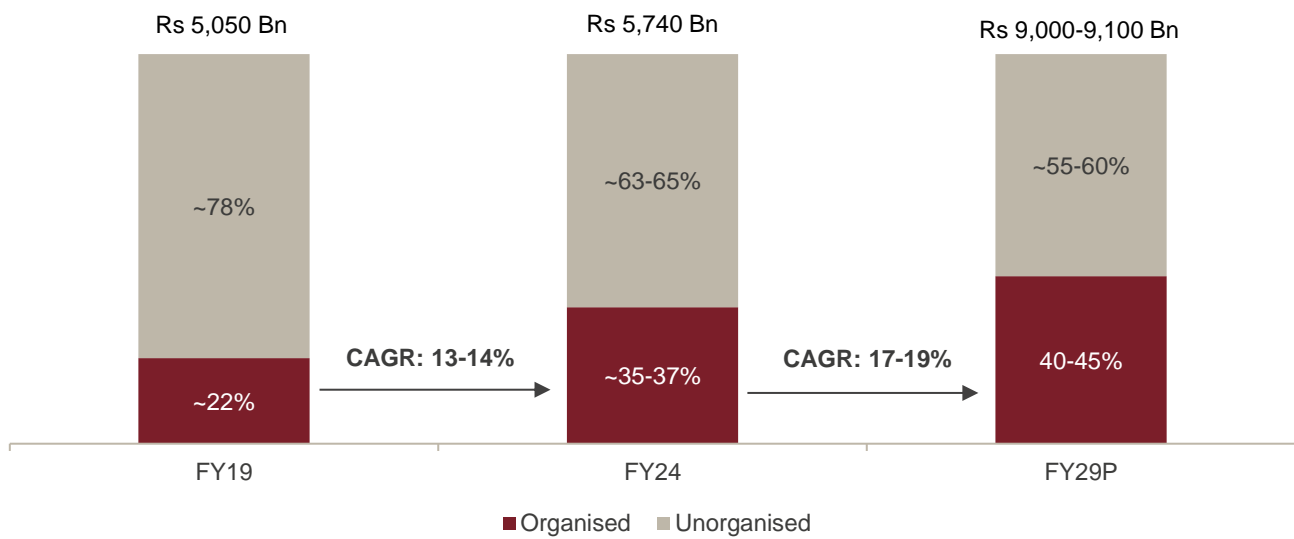
Source: CRISIL MI&A

**Organised apparel market forms ~35-37% of the overall apparel retail market, is growing faster**

Organised players are tapping the opportunity in the apparel market by focusing on brand awareness, quality products and efficient distribution models.

Organised players are also increasing their presence in the accessories segments as it increases brand visibility and customers can get full range of products at one place.. The organised players contributed to ~35-37% of overall apparel market as of FY2024, going ahead with consolidation happening in the industry the organised players are expected to contribute up to ~40-45% share in the total apparel industry.

**Organised and unorganised apparel retail market**



P: Projection;

Note: Number above the bars represent size of the apparel retail market in India.

Source: CRISIL MI&A



### 3.3 overview Indian apparel exports

**India is the 3rd largest exporter of Textiles & Apparel in the world.**

India's apparel exports encompass a diverse range of products that cater to global markets. India has established itself as a prominent player in the international textile and apparel industry and is the third largest exporter of textiles and apparels in the world, exporting various types of garments to meet the evolving demands of consumers worldwide.

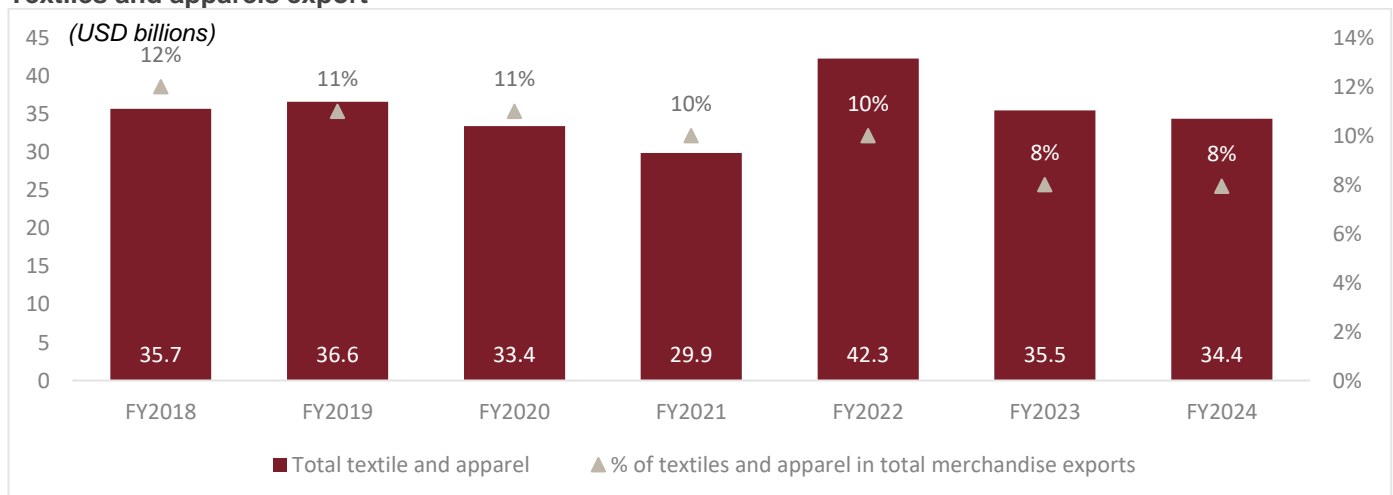
One of the major categories of apparel exports from India is Readymade Garments (RMG) which includes a wide array of clothing such as shirts, t-shirts, trousers, dresses, skirts, blouses, and more. The RMG segment offers an extensive range of styles, designs, and sizes to cater to different consumer preferences across various regions. Ethnic wear also holds a significant position in India's apparel exports and includes traditional Indian clothing such as sarees, salwar kameez, lehengas, and sherwanis. These garments showcase the rich cultural heritage of India and are highly sought after by the Indian diaspora and enthusiasts of Indian fashion across the globe.

Additionally, knitwear and innerwear also make a considerable share in total textiles and knitted garments such as sweaters, cardigans, pullovers, and jerseys. India's knitwear exports showcase a combination of basic and fashionable styles, appealing to diverse market segments. Furthermore, sportswear and activewear have gained prominence in recent years.

#### Exports of Indian textiles and apparels declined due to global slowdown

Exports of textile and apparel stood at USD 34.4 billion and accounted for 8% of the total export in FY2024. Exports of textiles and apparel witnessed a notable decline in FY2020 and FY2021 due to covid-19 and subsequent economic slowdown, low consumer spending and disruptions in manufacturing operations. However, exports of textiles and apparels rebounded in FY2022 and were valued at USD 42.3 billion and contributed to 10% to the total exports. However, in FY2023 and FY2024 the export of textiles and apparels declined once again driven by the geopolitical constraints and economic slowdown in major export destinations like the USA and the UK, where demand for Indian textiles weakened.

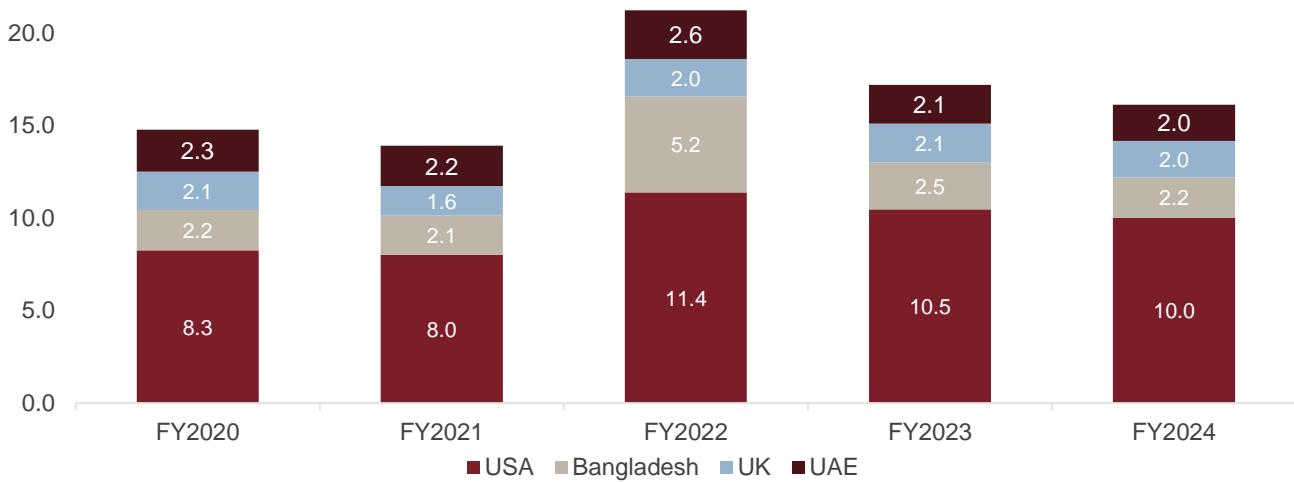
#### Textiles and apparels export



Source: PIB, DGCI&S, CRISIL MI&A

**India's Top Export Markets of Textile & Apparel products**

25.0 in USD billion



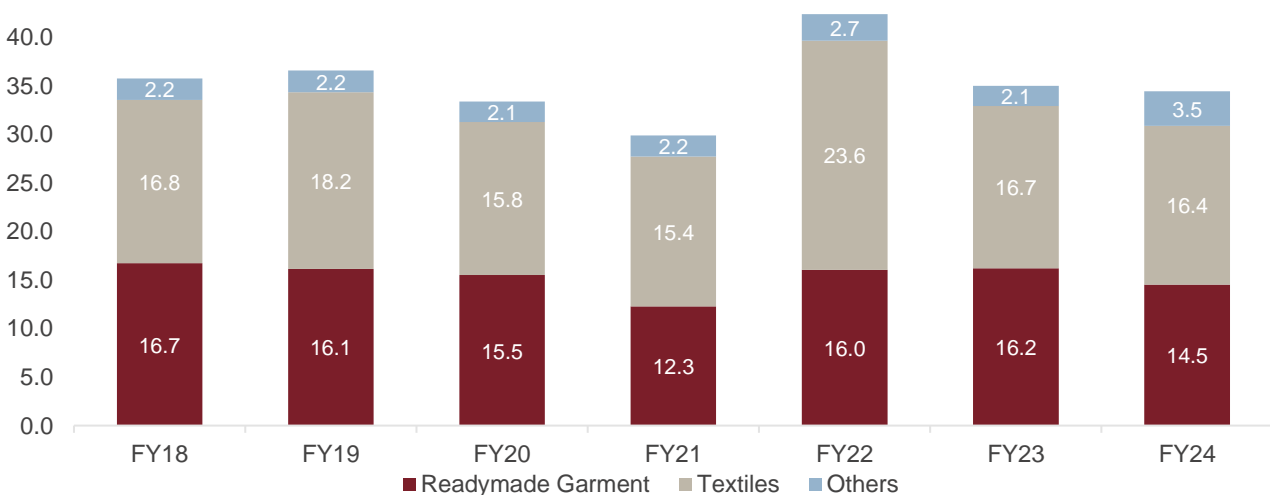
Source: DGCI&S, CRISIL MI&A

**RMG accounts for 42% of textiles and apparels export**

Within the textiles and apparels export segment, textiles, including cotton, wool, and manmade textiles, emerged as the leading contributors and contributed to 48% to overall textiles and apparels export, followed by Ready-Made Garments (RMG) at 42% for FY2024. RMG typically constituted around 44% of the textiles and apparel exports, except in FY2021 and FY2022 when there was a sharp decline due to the disruptions caused by the pandemic. Nonetheless, in FY2024, RMG exports accounted for more than 42% of the total demand, reaching a value of Rs 16.4 billion.

**Breakup of textiles and apparels export**

45.0 in USD billion



Note: Textiles includes cotton textiles, wool & woolen textiles, and manmade textiles. Others include Silk Products, Handloom Products, Carpets, Jute Products

Source: DGC&S, CRISIL MI&A

### 3.4 Overview of key growth drivers and trends in apparel industry in India

Key drivers	Description
Rise in per capita income to boost apparels sales	<ul style="list-style-type: none"> <li>The rise in per capita income in India has led to an increase in disposable income, which has in turn led to an increase in the demand for apparel. This is especially true for fashion apparel, as consumers are now more willing to spend money on stylish and trendy clothing. Furthermore, increasing disposable income have also allowed consumers to experiment with different apparels for different occasions.</li> </ul>
Growing demand from Tier II and tier III cities on account of online commerce to aid apparel industry	<ul style="list-style-type: none"> <li>Ecommerce allows companies to reach to wider audience and offer variety of products at lesser cost, which has led to an increase in demand for apparel from Tier II and Tier III cities in India, besides facilitating the demand in tier 1 and metro cities</li> </ul>
Increasing penetration of fashion trends to help apparels sales	<ul style="list-style-type: none"> <li>Sarees are known for their versatility and longevity as they can be styled in various ways, allowing for different looks and occasions. The enduring appeal and long-term usability of sarees make them a preferred choice for many consumers.</li> </ul>
Rise in demand for western casual wear to facilitate RMG sales	<ul style="list-style-type: none"> <li>Urbanization in India has resulted in changing lifestyles and fashion preferences, including increasing preference of western casual wear. Urban areas are witnessing a higher demand for trendy, western-style clothing, while also incorporating traditional and ethnic wear for special occasions, thereby increasing the overall demand of apparels.</li> </ul>

### 3.5 Key challenges in apparel industry and specifically for women apparel market

Key challenges	Description
Increasing popularity of fast fashion leading to sustainability issues	<ul style="list-style-type: none"> <li>Fast fashion refers to the rapid production and consumption of inexpensive clothing that follows the latest fashion trends. While fast fashion offers affordability and quick access to trendy garments, it poses significant sustainability issues that have a profound impact on the industry, especially in the women's apparel segment. Furthermore, the use of low quality materials, energy-intensive production processes, and harmful chemical dyes contribute to environmental degradation, including pollution of water bodies and increased carbon emissions. Additionally, fast fashion's emphasis on rapid production cycles often results in poor labor practices, particularly in countries where women make up a significant portion of the workforce.</li> </ul>
Shifting Consumer Preferences presents additional challenge of dynamic trends	<ul style="list-style-type: none"> <li>The apparel industry faces significant challenges due to shifting consumer preferences, which add to the complexity of the dynamic trends. Consumers' preferences for styles, colors, and designs evolve rapidly, making it difficult for apparel manufacturers and retailers to predict and meet the demand accurately. Additionally, the growing popularity of social media and digital platforms has accelerated the pace at which trends emerge and spread. Consumers are</li> </ul>

Key challenges	Description
	exposed to a vast array of fashion influences, creating a highly competitive market where brands need to constantly innovate and differentiate themselves.
Increasing competition along with market saturation poses additional challenges for apparel industry	<ul style="list-style-type: none"> <li>The apparel market is fiercely competitive, with numerous brands and retailers vying for market share. This heightened competition, combined with market saturation, poses challenges in terms of brand differentiation, pricing strategies, and cultivating customer loyalty.</li> </ul>
Escalating Production Costs negatively impacting the bottom line	<ul style="list-style-type: none"> <li>Escalating labour costs, raw material prices, and logistical expenses contribute to the mounting production costs within the apparel industry. Manufacturers and brands face the formidable task of balancing cost-effectiveness with maintaining product quality and adhering to sustainability standards.</li> </ul>

### 3.6 Recent M&A in apparel industry

As the consolidation trend continues in the overall apparel market, many of the larger brand are acquiring the business to diversify their portfolio and offer unique proposition to the end customers. There has been a noticeable surge in acquisitions within the apparel market in India, with major players actively pursuing strategic acquisitions to expand their market presence and strengthen their position in the industry. Established companies like ABFRL and Reliance are continuously acquiring apparel companies, majorly ethnic wear and designer labels to tap into new customer segments, diversify their product offerings, and enhance their competitive advantage.

#### Key recent M&A in Indian apparel industry

Acquirer	Target Company	Year	Speciality of Target Company
Gokaldas exports	Matrix clothing	2024	Knitwear apparels
Aditya Birla Fashion and Retail	TCNS	2023	Ethnic wear
	Berrylush, Bewakoof, Natilene, Juneberry, Nauti Nati, Nobero, Urbano, & Veirdo	2022	Digital-first fashion and accessories brands
	Sabyasachi	2021	Designer Label
	Tahiliani Design pvt. Ltd.	2021	Designer Label
	Jaypore	2019	Ethnic wear
Reliance Industries	Sintex Industries Ltd.	2023	Textiles
	Ritika Pvt Ltd	2021	Designer Labels

Reliance Retail Ventures Limited	Manish Malhotra brands	2021	Designer Labels
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Source: CRISIL MI&A

## 4 Assessment of Saree industry in India

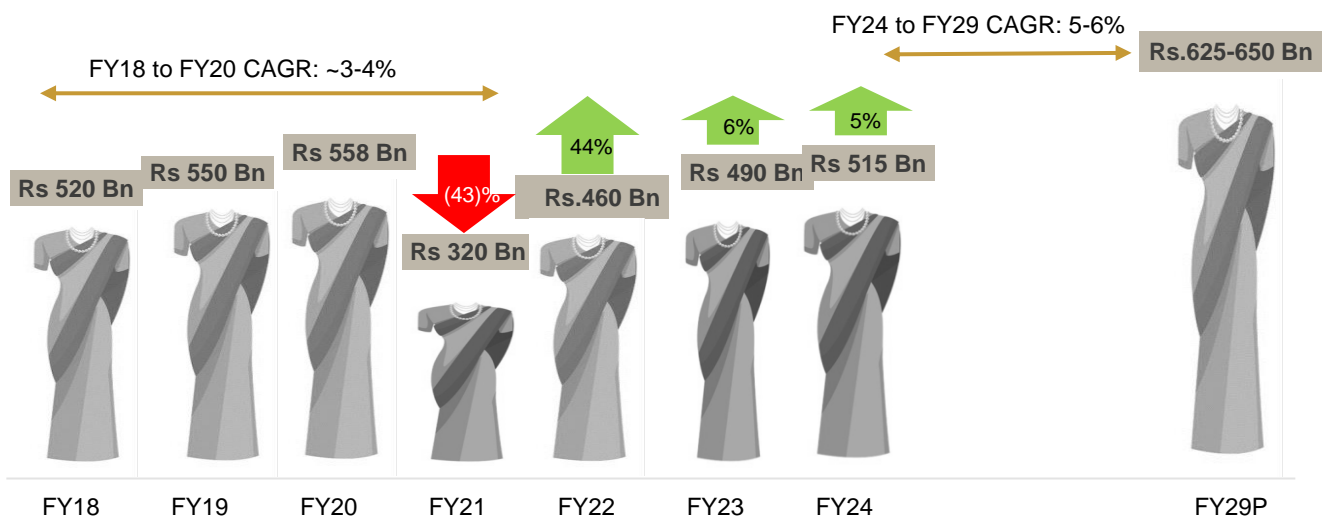
### 4.1 Overview of saree industry in India

Saree is an ethnic wear garment which has origin in India and is one of the most popular readymade garment in India which is wore on casual occasions as well as on celebration occasions. A saree typically ranges from six to nine yards in length and can be worn in several ways. In India there are different kind of sarees which are prevalent with Indian women. The most prevalent sarees include silk sarees, cotton sarees, synthetic fibre sarees etc. apart from these prevalent fabric sarees, there are blends and mixture of fabrics in which sarees are available across the saree industry in India.

#### Saree market grew at ~5% in FY2024 after recovering from pandemic related stress in FY2023

The saree industry in India grew at ~3-4% CAGR over FY2018 to 2020 fuelled by growth in the overall apparel market as well as other macro factors like increased disposable income in the past. The saree industry in India was valued at ~Rs 558 billion in FY2020 and saw a steep decline of ~43% in FY2021 owing to shutdown of most of the saree outlets due to pandemic. However, the market rebounded by ~44% on-year in FY2022 as normalcy returned and economy started to reopen. The weddings which were postponed due to pandemic were the major demand drivers for the saree industry in FY2022. The recovery for the market continued in FY2023 as well as normalcy returned to the economy and more and more customers started visiting the shops and other retail saree outlets. After recovering from covid-19 related stress in FY2023, saree industry recorded ~5% growth supported by demand from festive and wedding season. The saree industry grew at estimated ~5% in FY2024 with estimated value of ~Rs.515 billion in FY2024.

#### Indian saree industry market size



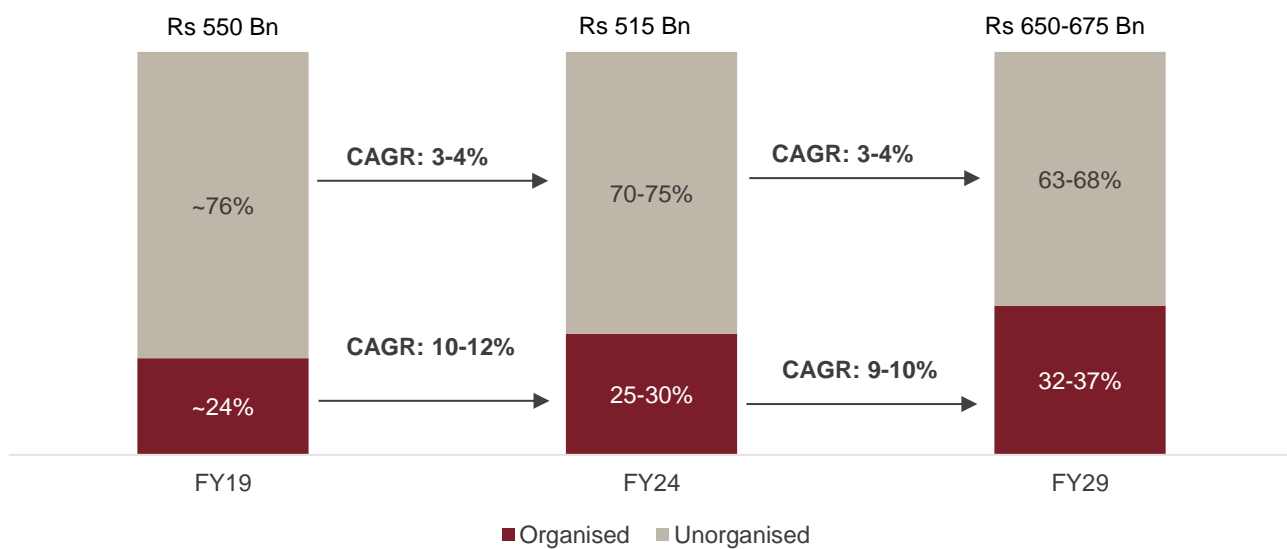
P: Projection

Source: Industry, CRISIL MI&A

**Saree industry to grow at 5-6% CAGR from FY2024 to FY2029 on account of aspirational buying and penetration of organised players**

The demand for saree market in India in recent years have come from growth in the wedding and celebration wear market. However, the industry is seeing the change in the consumer buying pattern as customers are seeking quality and premium products. The change in the buying pattern has resulted in players selling higher priced sarees than the value range sarees. This is expected to drive the growth for the market in the coming years. Apart from this, entry of organised branded players in the saree market is expected to drive the growth in the saree market. Saree industry in India is expected to grow at a 5-6% CAGR over FY2024 to FY2029 reaching Rs 650-675 billion by FY2029.

**Organised players constitute 25-30% of the overall market and is growing at faster rate**



E: Estimate; P: Projection;

Note: Number above the bars represent size of saree industry in India

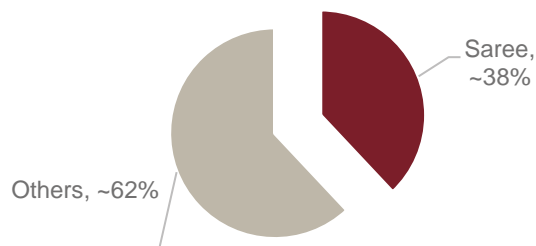
Source: CRISIL MI&A

A large portion of saree market in India is still unorganised with the organised segment accounting for 25-30% of the overall saree market. However, the organised segment is growing faster than the unorganised segment due to a superior customer experience, reliability of the fabric, standardised pricing, brand strength and further expansion. It is likely to grow at a CAGR of 9-10% between FY2024 and FY2029 and to constitute ~32-37% of the overall market. The growth can be attributed to the increasing presence of newer organised brands such as Taneria, Navyasa, and avantra along with traditional organised players like Sai kalamandir, Nalli silk, Pothys.

**Saree is one of the key segment in the Women’s ethnic wear industry with share of ~38%**

Women’s ethnic wear , which is currently at ~Rs 1.3 trillion (FY24), The growth in the market can be attributed to growth in the saree segment as well as other ethnic products like Salwar, Kurtis etc. The women’s ethnic wear market is projected to increase to ~Rs 2 trillion by FY29, implying a CAGR of nearly 8-9% between FY2024 and 2029. Saree is one of the key segment in the women’s ethnic wear accounting for ~38% and, is expected to contribute 32-35% over FY2024 to 2029. The decline in the share of saree segment can be attributed to moving towards more casual ethnic wear like Kurtis, Salwar etc.

**The break-up of Women’s ethnic wear market (FY24)**



Source: CRISIL MI&A

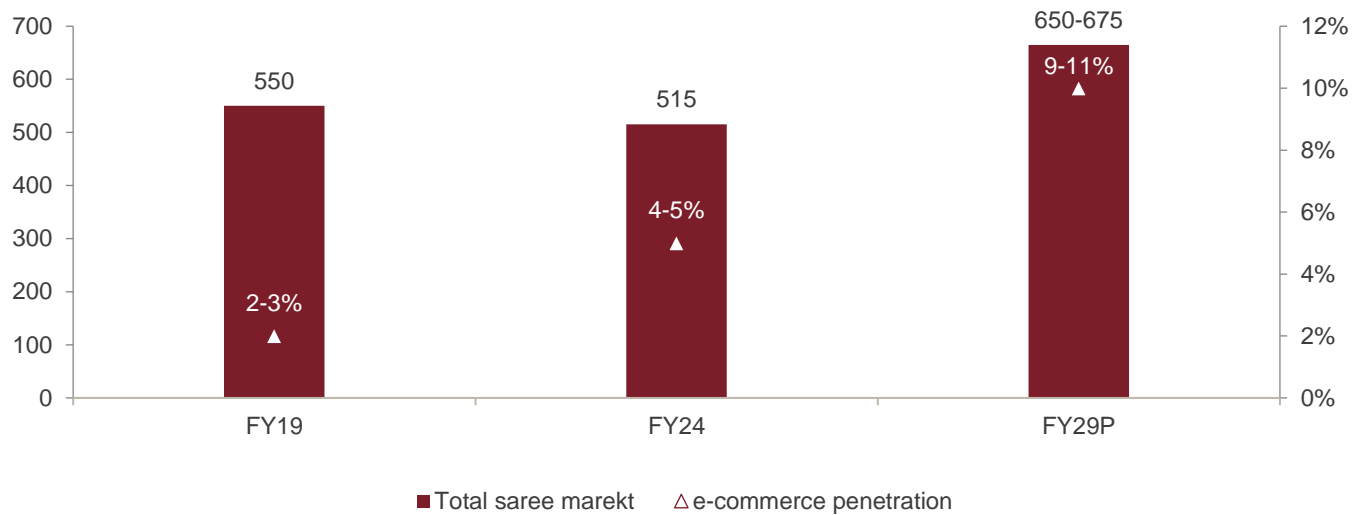
**E-commerce penetration in saree industry to increase**

With customers moving towards e-commerce and online platforms for purchase, the share of online sales also increased in overall apparel industry. E-commerce has grown significantly in India in recent years due to wider selection of products, higher discounts, greater convenience of shopping (including door-step delivery) and payment channels (including cash-on-delivery, mobile wallets, UPI) along with an increase in internet penetration and discretionary spending. The e-commerce format accounted for about 4-5% of the saree industry in India in FY2024. With e-commerce business also making steady growth, many of the organised players are making focused and substantial investments in new technologies and omni-channel (physical store and online site) infrastructure. Growing internet penetration and industry focus towards consumer stickiness will drive growth for e-commerce in the saree industry. Further, there is an increasing trend of brands focusing on direct-to-customer (D2C) retailing through their own brand websites, which not only provides them with higher visibility but also enables better control over data, client requirements, feedback, uniformity in pricing and high conversion ratio. Also, with advent of social media, more



consumers are aware of the trends on the digital commerce across the apparel industry. Hence, by FY2029, e-commerce penetration is expected to increase up to 9-11% in saree industry in India.

**Penetration of e-commerce in saree industry**



P: Projected;

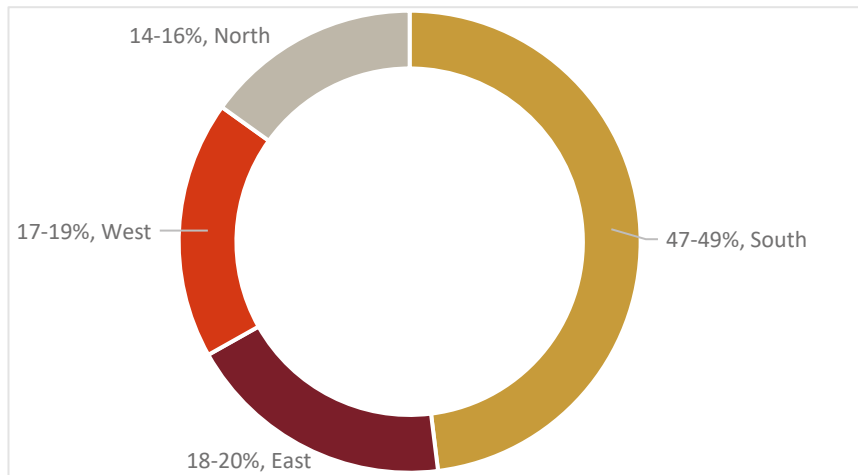
Note: Number above the bars represent size of the saree industry in India.

Source: CRISIL MI&A

**Southern India dominates saree market in India with close to ~47-49% share**

Southern India is the major market for sarees in India, this region is known for its silk sarees and have manufacturing hubs spread across the region in the states of Tamil Nadu, Karnataka, Kerala, Andhra Pradesh and Telangana. Also, many of the large established saree brands have their base in Southern India and have significant presence across the southern Indian states. As of FY2024, southern India saree market constitutes ~47-49% of the total market. The southern India market is followed by Eastern region and western regions which constitutes 18-20% and 17-19% of the market respectively. The eastern states of West Bengal and Odisha are origin to some of the popular sarees like Baluchari Saree. In western region, the market is dominated Maharashtra which is home to some of the popular sarees like Nauvari Saree And paithani sarees.

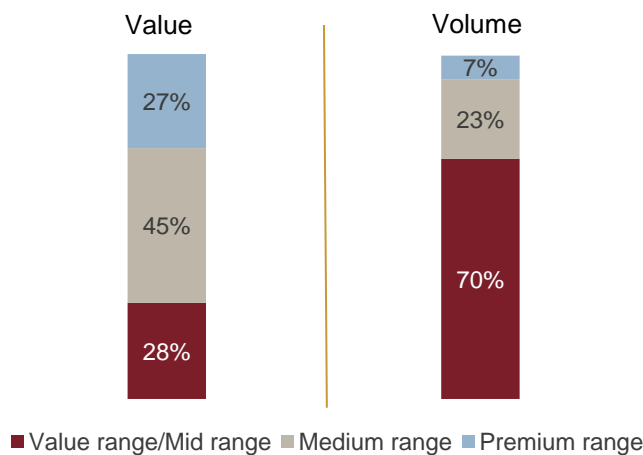
**Region wise saree market in India (FY2024)**



Source: CRISIL MI&A

**Value range and medium range sarees constitute majority of the value and volume sales in saree market in India**

**Saree sales by category**



Source: CRISIL MI&A

Saree industry is characterised by many types of products from different design to difference price range. In terms of price range the market can be divided in to value range sarees which are in the range of 100-1,000, medium range of 1,000-10,000 and premium range which are greater than Rs.10,000. In terms of volume most sarees sold are from value range category with share of ~70%. However, in terms of value this category contributes to ~28%.

## 4.2 Key characteristics of saree market in India

### Origin plays a critical role in saree market in India

Origin of the sarees is one of the critical points in selling sarees to the end customers. Sarees in the Indian markets are from different parts of the countries with specific tradition attached to each of the types of sarees. Although saree is a common woman wear, it has location-specific specialties which differentiates one variety from the other in terms of design, and choice of fibre. For example, banarasi, tant, sambalpuri, bandhani, pochampally, baluchari, tangail, kanjeevaram, muslin etc. are few well known variants, each of them carrying unique identities and value for the user. Few of them are also protected by Geographic Indicators. The origin is the key selling point for the customers as they seek particular saree from a specific origin.

### Popular saree types and their origin in India

Name of the saree	Origin/region	Main fabric type
Banarasi Saree	Varanasi, Uttar Pradesh	Silk
Chanderi Saree	Chanderi, Madhya Pradesh	Silk/Cotton
Kanjeevaram Saree	Kancheepuram, Tamil Nadu	Silk
Nauvari Saree	Maharashtra	Silk/Cotton
Bandhani Saree	Gujarat	Silk/Synthetic
Baluchari Saree	Bishnupur, West Bengal	Silk
Gharchola	Surat, Gujarat	Silk
Mysore sarees	Mysore, Karnataka	Silk
Mangalagiri sarees	Mangalagiri, Andhra Pradesh	Cotton

Source: CRISIL MI&A

### Handloom weavers are one of the key elements in the saree industry supply chain

The weave is the interlacement of warp and weft yarns to produce a woven fabric. Fabrics are manufactured in wide varieties and designs. The basic weaves are plain, twill and satin. All the others are derivatives of these basic weaves or their combination. The handloom uses manual labour for producing the fabric from raw yarn instead of powerlooms which are run by electricity. The handloom weavers are one of the critical elements in the saree industry supply chain with many of the saree products being produced through these handlooms. The key saree products prevalent in India like Paithani, Kancheepuram, Thirubuvanam, Jamdani, Chanderi, Maheshwari, Patola, Banarasi etc. are produced by handloom weavers located near the origin of these sarees in different states. The handloom weaving in India has traditional values attached to it and have been in place from hundreds of years in some cases.

According to the Fourth All India Handloom Census, the total number of households in India engaged in handloom activities (weaving and allied activities) is 3.1 million. 0.7 million handloom worker households weave sarees, which is approximately 22.9% of all such households. The State of West Bengal dominates the saree production market but so does Tamil Nadu and Andhra Pradesh besides the North East (silk sarees from Assam and Tripura). Together these 5 States accounts for over 78.6% of the handloom saree production in the country.

### State wise saree weaver household in India

## Consulting

Name of the state	No. of saree weaver households
Andhra Pradesh	88,978
Assam	53,347
Gujarat	2,210
Karnataka	9,909
Madhya Pradesh	7,563
Maharashtra	2,288
Odisha	38,507
Tamil Nadu	106,430
Tripura	47,875
Uttar Pradesh	34,149
West Bengal	2,41,314
Total India	6,83,933

Note: Data as per All India Handloom Census 2019-20

Source: Ministry of textiles, CRISIL MI&A

### **Saree industry in India has diverse fabric and weaving patterns**

Traditionally saree industry in India is characterised by fabrics like cotton and silk with production of these fabrics taking place across the country. However in recent times, synthetic fabrics are also trending with polyester, terry cotton being some of the key fabrics used in the saree industry in India. Apart from synthetic fabrics, blended fabrics are also being used in the saree industry in India with cotton blends, silk blends being prominent in the Indian saree market.

In terms of weaving as well, the weaving pattern may be dependent on the design required and the type of fabric used. Petni, Kondi and Reku are the names of three different traditional techniques being practiced by the handloom weavers in preparing the warp to produce silk sarees in solid colours.

### **South India is a dominant saree market with presence of cotton and silk producing hubs**

The saree market in India is characterised by regional specialities with each of the state and region having its own speciality in terms of fabric, design and weaving patterns. Also saree market in India is driven by traditions and festivities across the states in India with each state and region having various festivals and occasions across the year.

For sarees along with the tradition and festivities, the origin where its raw material is produced also holds major significance. Some of the key raw materials for saree like cotton and silk are predominantly produced in the southern and western states of India like Karnataka, Tamil Nadu, Andhra Pradesh, Maharashtra etc. These regions being the major producer of these raw material have also thrived in becoming textile hubs in the country and saree products in particular. Some of the signature saree products from these states include Kanjeevaram saree-Tamil Nadu, Mysore sarees-Karnataka, Nauvari Saree/Paithani saree-Maharashtra. Apart from this West Bengal in the eastern region have also thrived in the saree market owing to presence of large number of handloom weavers in the state.

Weaving patterns and method of weaving also plays role in defining regional dynamics in the saree market in India. The presence of handloom weavers across the eastern and southern states makes it a preferred destination for handloom based sarees like cotton sarees and silk sarees. Whereas in Western region particularly in Gujarat and Maharashtra, presence of powerloom/textile mills makes it a hub for powerloom based saree products like synthetic fibre based sarees which are mostly value range products.

### **Saree players in India are ramping up their online presence**

Saree players in India have traditionally sold the product using offline mode of retail as the selling involves getting to know the touch and feel of the product. However with the digital penetration rising across the country and majority population falling under young age, use of online mode to sell apparel products has gained traction in the recent years. E-commerce players like amazon, flipkart, myntra are some of the leading players in the apparel e-commerce space.

With e-commerce, players in the saree industry have the advantage of increased product visibility and increased reach. Also the listing of products across the e-commerce platforms and players own website have helped players making their brand visible to the target audience. E-commerce also helps in a way where customers browse through the products listed online, select few products and buy them from the offline retail shops. This has helped players to optimise use of both the channels efficiently. Players across the saree industry are investing in making the online experience more attractive for customers by using digital technologies to list the products online.

### **Key brand and players in the Saree industry in India**

Saree industry have traditionally been dominated by established players offering their legacy product range across geographies. Players have different specialities based on the region where they operate and also the origin from where they source their products. Many of the players are present across the regions and states offering their products. The product portfolio for saree players may vary based on the geography and customer segments they are targeting.

#### **Key saree brands in India**

<b>Company/promoter name</b>	<b>Saree brands</b>
Sai Silks Kalamandir Ltd	Kalamndir, Mandir, Vara Mahalaxmi, KLM Fashion
Nalli Silk Sarees Pvt Ltd	Chintz Collection, Navya, Alankar, Saundarya, Birds Of Paradise, Anandhiya, Tara
Pothys Pvt. Ltd.	Samudrika, Parampara, Vastrakala, Vasundhara, Mayuri
Tata Group	Taneria
Mensa Brand Technologies Private Limited	Karagiri
Kala Niketan Retails Pvt Ltd	Kalaniketan
Rangoli Sarees Ltd.	Rangoli
Reliance Group	Avantra
Soch Apparels Private Limited	Soch

Neerus Ensembles Private Limited	Neeru's
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*Note: The list above is an indicative list and not an exhaustive list*

*Source: CRISIL MI&A*

### 4.3 Overview of recent trends in organised and unorganised saree industry in India

#### **The saree market in India is largely unorganised with regional and local players**

The saree market in India is dominated by smaller unorganised players who usually have standalone/local outlets. The saree market has traditionally been catered by the small retail shops having standalone outlets which is characterised by loyal customer groups. The unorganised players usually have fewer numbers of SKUs, many of these players stock the sarees based on the local or region-specific demand. Also, majority of these unorganised players provide value range sarees to the mass population although they may stock mid to premium range sarees as well. The unorganised players in the saree industry in India usually have a wholesaler or an agent who supply the sarees to them. As most of these unorganised players are short on capital, they rely on very few sourcing points and usually source from select few vendors depending upon the demand and the geography which they cater to.

For these unorganised players, as majority of their customers belong to the middle class population, they always have value for money products which are design and trendy sarees at affordable prices. The unorganised players in the saree industry in India largely sell unbranded products as their customers seek value products over labelled ones.

On the other hand, with rising aspirations of the country's middle class and rising disposable income, the organised players are tapping into this demand for branded and quality products. The organised retailers in particular are targeting the saree market with offerings in the mid to premium range.

#### **Several large corporates have started entering saree retail space in India**

As the disposable income for people in India increases and large global and Indian brands across the industries make their way into the overall apparel market, the aspiration to wear branded apparel has increased in the Indian population. For sarees as well, this aspiration has created an opportunity for organised branded players to launch their offerings to cater to this particular demand. The key recent big brands launched in India include Taneria by Tata group, Navyasa by Aditya Birla group and Avantra by Reliance group. These branded saree retailers have set retail outlets in prominent markets across India. Apart from retail shops, these players have also leveraged e-commerce platforms to list and sell their offerings to the customers. These players are at the nascent stage of brand development in the saree market in India and would require time to establish sourcing and customer base. Also, customers in the saree industry are more attracted towards the quality of design, origin and fabric rather than labels, which can prove to be a challenge for brands with labelled products.

## 4.4 Key growth drivers for saree industry in India

Key drivers	Description
Growing popularity of sarees for special occasions	<ul style="list-style-type: none"> <li>Sarees hold immense cultural significance in India, and they are traditionally purchased for special occasions, festivals, and weddings. The enduring tradition of wearing sarees during such events continues to drive demand in the market. Furthermore, there has been an increased demand for designer-based premium sarees for special occasions. Consumers are willing to invest in high-quality sarees that feature intricate designs, unique embellishments, and superior craftsmanship..</li> </ul>
Rising acceptance of sarees amongst younger population	<ul style="list-style-type: none"> <li>Sarees have found renewed popularity among the younger population and this growing interest has contributed to the expansion of the saree market, as younger individuals seek to embrace their heritage while adding a contemporary touch</li> </ul>
Sustainable product	<ul style="list-style-type: none"> <li>Sarees are known for their versatility and longevity as they can be styled in various ways, allowing for different looks and occasions. The enduring appeal and long-term usability of sarees make them a preferred choice for many consumers.</li> </ul>
Penetration of online mode in the industry	<ul style="list-style-type: none"> <li>The advent of online stores and the popularity of social media platforms like Facebook, Instagram, and WhatsApp have made purchasing sarees more convenient. Consumers can explore a wide range of options, compare prices, and make purchases from the comfort of their homes, contributing to market growth.</li> </ul>
Entry of renowned players in ethnic wear industry	<ul style="list-style-type: none"> <li>Consumers are drawn to brands that offer innovative designs, superior fabric quality, and a reliable buying experience. Hence, the entry of prominent players such as Tata Group, Aditya Birla Group, and Reliance Group into the ethnic wear industry has helped in increasing the popularity of sarees. These established conglomerates bring their expertise, resources, and marketing prowess, expanding the reach and appeal of sarees. As a result, this association with reputable brands has positively influenced the market's growth.</li> </ul>
Growing demand of sarees from international markets	<ul style="list-style-type: none"> <li>The global popularity of Indian ethnic wear, including sarees, has led to a demand surge from the overseas market. Non-resident Indians (NRIs) and international consumers appreciate the unique craftsmanship, vibrant colors, and intricate designs of Indian sarees, propelling exports and driving growth</li> </ul>
Rising Female Population and Female Workforce	<ul style="list-style-type: none"> <li>India's increasing female population, along with the rising number of women in the workforce, has contributed to the growth of the saree market. Sarees are a preferred attire for many women, both in professional and social settings, driving sustained demand.</li> </ul>
Increasing Disposable Income	<ul style="list-style-type: none"> <li>The rising disposable income and increased spending power of individuals in India have positively impacted the saree market, as people with more financial resources at their disposal, are inclined to invest in quality sarees, further fuelling market growth.</li> </ul>
Trend in consumer behaviour	<ul style="list-style-type: none"> <li>Consumers are allocating a larger portion of their budget towards ethnic wear as with rising disposable incomes and changing lifestyle preferences, people are willing to spend more on high-quality, well-designed ethnic garments. This shift in spending patterns reflects a growing</li> </ul>



Key drivers	Description
	<p>appreciation for traditional clothing and the desire to make a fashion statement during special occasions.</p>
<p>Government initiatives</p>	<ul style="list-style-type: none"> <li>Ministry of Textiles initiatives to organize various events to boost ethnic wear, especially sarees like My Sari, My pride festival, and VIRAASAT has helped in increasing the awareness of sarees. Furthermore, Ministry of Textiles is further working towards including GI Tag to weavers and Free Trade Agreements, which will not only boost sales of sarees but will also ensure artisans get right price for their products.</li> </ul>

## 4.5 Key challenges for saree industry in India

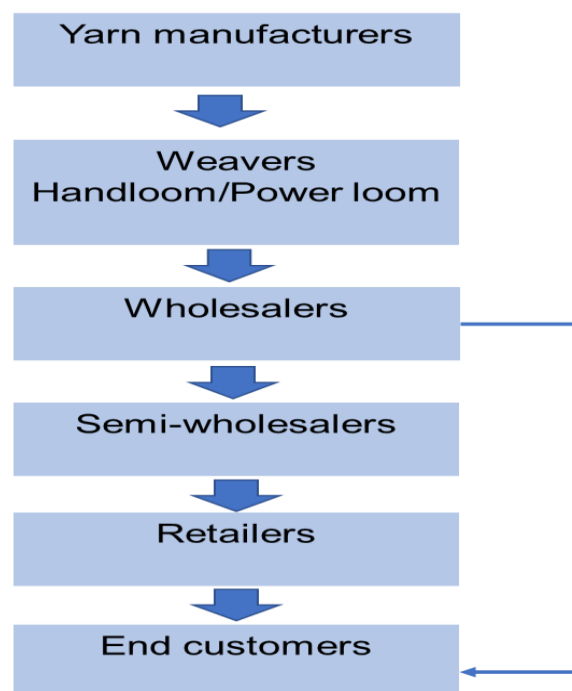
Key challenges	Description
Fragmented nature of the industry	<ul style="list-style-type: none"> <li>The saree industry in India is highly fragmented with presence of large number of smaller unorganised players operating standalone outlets. These players face challenges in terms of capital generation and sustaining the business as they find it difficult to raise the capital. As witnessed during the covid-19 pandemic where majority of these smaller businesses faced closure to the weaker demand and less capital to sustain businesses. Although the industry is moving towards organised segment with more branded players entering the market, the major chunk of industry remains fragmented which remains a challenge for the industry in near to medium term</li> </ul>
Cyclicity	<ul style="list-style-type: none"> <li>The cyclical nature of the industry poses a challenge for the players to generate demand continuously. As the demand in the industry is dependent on the festive season, wedding seasons, player often witness cycles of low demand in the market. To manage inventory and operation during these low demand cycles can be a challenge for the players as sourcing/procurement often is a time consuming activity for some of the players</li> </ul>
Movement towards western apparel	<ul style="list-style-type: none"> <li>The overall apparel market in India is seeing a shift towards western apparel for casual wear. Saree which was once a regular wear for women in India has now been replaced by kurtis, salwar etc. Although saree still remains a preferable choice for traditional and wedding events, the gradual shift in daily wear have impacted the overall saree market in India.</li> </ul>
Raw material availability and supply chain bottlenecks	<ul style="list-style-type: none"> <li>For saree industry in India, the key raw materials are cotton yarn, silk yarn and types of synthetic yarn. The majority of the raw materials are sourced domestically while some fraction is also imported. The availability of the raw materials is function of production output. As origin and regional dynamics play an important role in the saree industry shortage of the same can create supply chain bottlenecks impacting the overall value chain of the industry and thus can pose a challenge to the industry players.</li> </ul>
Regulatory impact	<ul style="list-style-type: none"> <li>The regulatory interventions impact the saree industry as majority of the industry is fragmented. In 2017, government implemented Goods and Service Tax (GST), which impacted significant number of unorganised retailers in the saree industry as many of them found it difficult to comply.</li> </ul>

## 4.6 Assessment of procurement and sourcing model of retailers in saree industry

### Typical supply chain in the Saree industry in India

In the saree market in India the supply chain is one of the critical part of any business. The supply chain for saree market typically consists of few key elements like yarn supplier/manufacturer (Raw material), Weavers (Power loom/handloom), Wholesalers, Semi-wholesales, retailers and end customers. Although the supply chain may vary depending on the end products. For some of the end products like premium silk sarees the supply chain may be different from the one for mass/value range sarees. Following are the key elements in the saree market supply chain.

### Typical supply chain in the Indian Saree industry



**Yarn supplier/manufacturer:** Yarn is one of the key raw materials for any type of saree. Yarns are basically loosely twisted collection of fibres. In the Indian saree market synthetic yarn and natural yarn are two main types of yarns used in weaving the saree fabric however blend of synthetic and natural yarn is also used to produce the fabric of the sarees in India. Synthetic fabrics are manufactured from Mono Ethylene Glycols (MEC) and Purified Terephthalate Acid (PTA) which generally comes from the petroleum refineries. Nylon and polyester are some of the key yarn used in the production of synthetic fabrics for saree industry in India.

In the case of Natural yarn which broadly consist of cotton and silk, the yarn is derived from natural sources. Silk is a product of the larvae of several species of moths. In India, all four categories of silk are produced. India is the only country, which is producing all the four commercial varieties of silk, namely Mulberry, Tropical & Oak Tasar, Muga and Eri. Traditionally Karnataka, Andhra Pradesh, Tamil Nadu and West Bengal are some of the largest silk producing states in India.

In the case of cotton yarn which is a type of Cellulosic fibres which is derived from the natural plant sources. In India, cotton is cultivated in three diverse agro-ecological zones, Northern zone comprising the States of Punjab, Haryana and Rajasthan, Central zone comprising the States of Madhya Pradesh, Gujarat, Maharashtra & Orissa and Southern zone comprising the States of Telangana, Andhra Pradesh, Karnataka and Tamil Nadu. Cotton is also cultivated in small areas of non-traditional states like West Bengal etc.

**Weavers:** Weaving is the process of interlacement of warp and weft (vertical and horizontal) sets of yarn. Weavers are a very essential part of the saree industry supply chain in India. The primary job of the weavers is to make the fabric out of the raw material which is yarn. Weaving is basically an activity where a yarn is transformed in to a usable fabric of the required design. Weaving may also include process like dyeing and printing. The weaving in Indian is basically done on two types of waving methods. One of the method of weaving is handloom is handloom which is uses to weave cotton and silks sarees in particular, as the name suggests, handloom is a loom that is used to weave fabrics using hands, that is, without the use of electricity. handloom saris are usually made from silk or cotton threads. The handloom weaving process requires several stages in order to produce the final product. The traditional hubs of handloom includes Andhra Pradesh, Karnataka, Tamil Nadu etc.

Another method of weaving is the powerloom where there are textile mills used for production of fabric. Powerlooms are usually used in the production of synthetic fibre based sarees. The recent advancement s in the technology has really pushed the use of powerlooms in the manufacturing of sarees in India. Maharashtra, Gujarat, Tamil Nadu are the leading states in terms of number of powerlooms present.

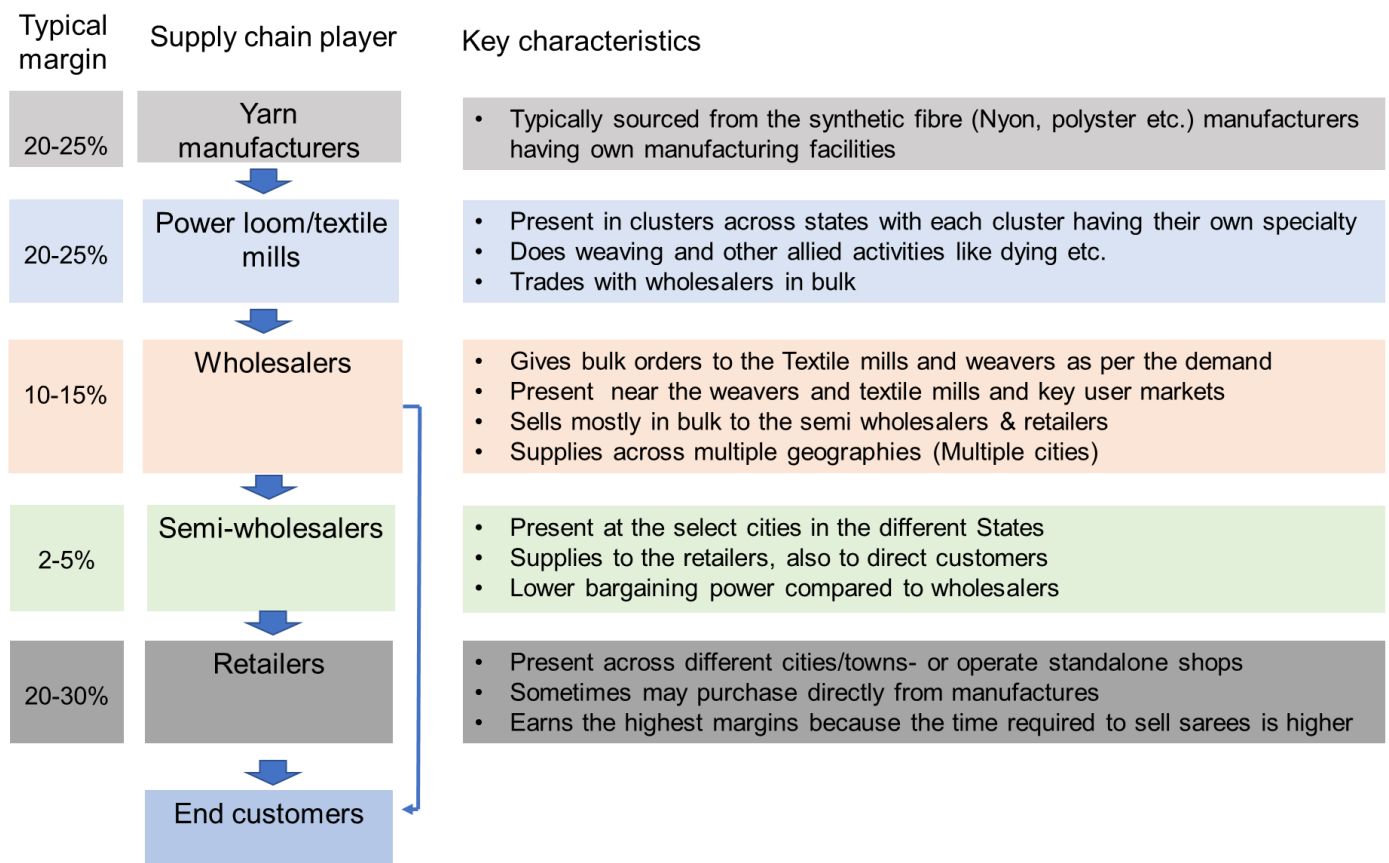
**Wholesalers/Semi-wholesalers:** Wholesalers are the key intermediaries between the end user pf the saree and manufacturer of the saree. Wholesalers acts as an link between the end use market and production units to supply the saree products as per the demand. Wholesalers usually have large number of SKUs in their portfolio from various different manufacturers which can cater to the varied demand of the retailers as well as end consumer. IN the Indian saree market wholesalers sometimes cater to the end consumer as well. In India there are regional wholesalers or depots where sarees are sold and bought in bulk quantities.

**Retailers:** Retailers are the customer facing element of the saree industry supply chain in India. Most of the retailers in Indian saree market have limited number of SKUs and cater to a specific region in a geography. Retailers usually rely on the big wholesalers to provide them with the required products. Retailers are also one of the key element in the Saree industry supply chain as they are the customer facing entity and often customer is loyal to these retailers for a particular products. In India most of the retailers belong to the unorganised sector , although there have been recent traction in the organised retail space with shift in consumer behaviour and other relevant factors.

**Value chain and sourcing model assessment in the Saree industry in India**

The sourcing model and value chain for saree players depends on the type of product they are selling as well as the region in which they operate. For players the procurement and sourcing may depend on the end customer dynamics as well as the supply and availability of fabric. Different players approach differently for procurement of products. The value chain assessment and procurement model for two major kinds of products in the saree industry in India is discussed below.

**Value chain assessment for value range/mass sarees**

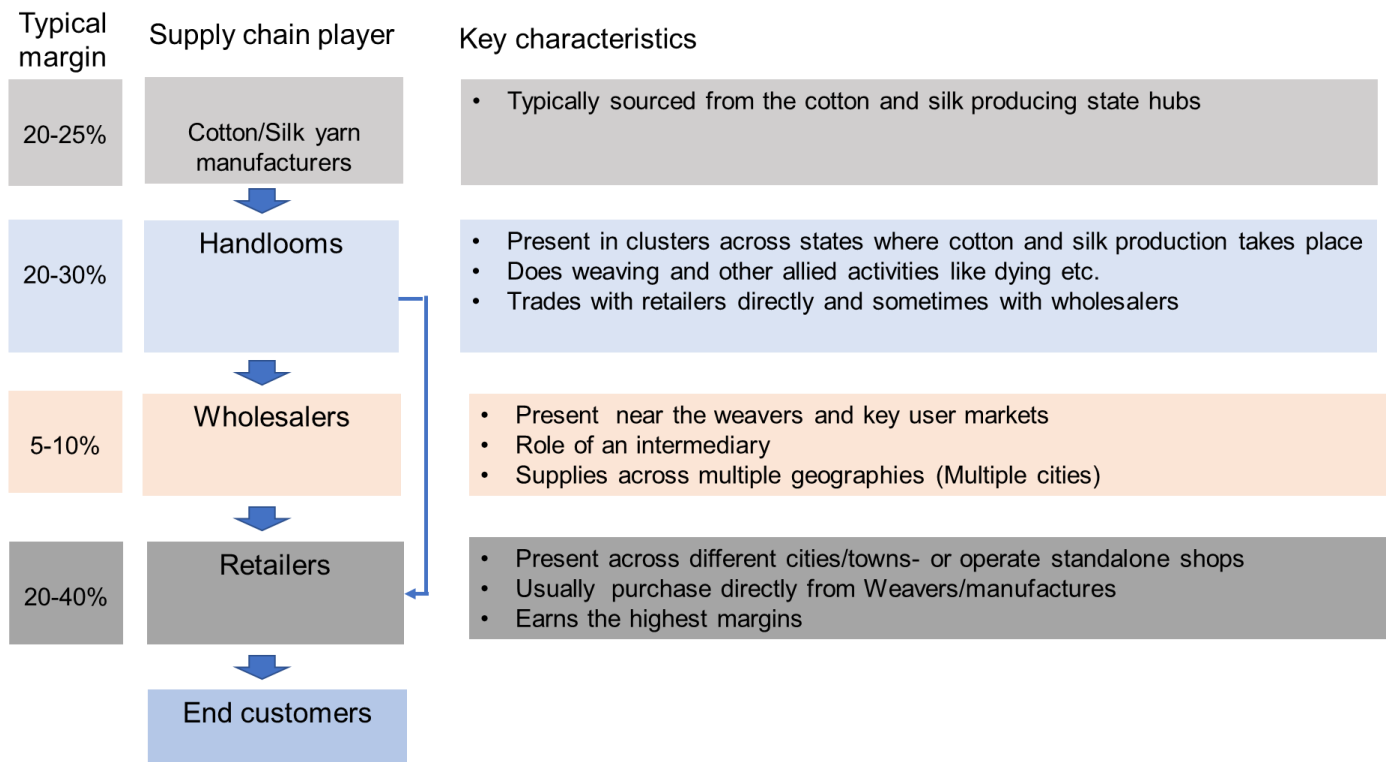


For mass sarees, the value chain typically consists of Yarn manufacturers, power looms or textile mills, wholesalers, semi-wholesalers, retailers and end customers. The value chain starts with wholesalers or retailers placing an order with the required design and details. The design, type and quantity is finalised and is sent out to the respective powerlooms or textile mills. For different designs order may be placed to a different powerloom. These powerlooms are generally located in the vicinity of the raw material supplier which is the yarn provider. With the requested design, powerlooms are calibrated to produce the particular design. The produced quantity is then shipped to the wholesalers in the bulk quantities. These wholesalers generally have warehouses around the different geographic areas to which they cater. The larger or organised wholesalers usually optimise their sourcing to have different product portfolio

under one umbrella which gives them opportunity to serve different product demands of end customers. The wholesaler then sells his products to a semi-wholesalers which are city or town specific, however wholesalers may also operate their own outlet wherein they sell directly to the end customers thus retailing their products. The last part of the value chain is the retailers who perform the last mile selling activities. In Indian saree market, majority of the retailers are unorganised and operate city specific or area specific outlets or standalone outlets and usually have a loyal customer base in that particular area. However with organised players entering the market there has been some shift toward these organised brands.

One of the critical factors in the saree industry value chain is the role of intermediaries in the supply chain and the associated trade margin. On an average, the margin for yarn manufacturer ranges between 20-25% depending on the quality of the yarn required. Power looms or textile mills which does the weaving and allied activities usually retain margins of 20-25% depending upon the complexity of the design for saree. In case of Wholesales the margin comes out to be around 10-15% while semi-wholesalers attract margins of 2-5%. Retailers have margins ranging from 20-30%. These are the typical margins that the players across the value chain attract, however the margins may vary depending on the complexity of design and availability of raw material and other supply chain constraints.

**Value chain assessment for premium/silk sarees**



The value chain for premium/silk sarees is different to what it is for value range/mass sarees. The players across the value chain remain similar but the transactions across the value chain may differ in case of premium/Silk sarees. Silk sarees being a high value product often tends to attract higher margins across the value chain depending upon the design, origin and detailing. The structure of the value chain is more diverse in a way that retailers who typically have

well established customer base usually tend to get the products directly from handloom weavers with their required design. Since these premium sarees are known for its origins, the retailers builds relationships with the source of the material i.e. handloom weavers and thus have well established sourcing network across the geographies. However in some cases there can be a intermediary in terms of wholesalers who provides these retailer with the required products. Most of the retailers present across this value chain are legacy shops operating across the cities or areas and sometimes as a standalone entities as well.

On an average, the margin for cotton/silk yarn manufacturer ranges between 20-25% depending on the quality of the origin of the yarn required. Handloom weavers which does the weaving and allied activities usually retain margins of 20-30% depending upon the complexity of the design for saree. In case of Wholesales the margin comes out to be around 5-10%. Retailers have margins ranging from 20-40% as the premium product may be sold at higher margins depending on the customer. These are the typical margins that the players across the value chain attract, however the margins may vary depending on the complexity of design and availability of raw material and other supply chain constraints.

## **4.7 Assessment of B2B e-commerce trends in saree industry in India**

### **Covid-19 pandemic accelerated the adoption of B2B digitalization**

E-commerce, encompassing both B2B (business-to-business) and B2C (business-to-consumer) segments, has been experiencing remarkable growth worldwide. This expansion has been further accelerated by the COVID-19 pandemic, as businesses and consumers increasingly rely on online channels for their purchasing needs. B2B e-commerce, in particular, has witnessed significant advancements and evolving trends.

In terms of overall growth, the e-commerce market has been expanding rapidly, with businesses embracing digital platforms to facilitate their buying and selling activities. This growth is driven by shifting consumer behaviour, as customers now prefer the convenience and accessibility of online shopping. Additionally, the rise of mobile commerce, facilitated by the widespread use of smartphones and improved mobile internet access, has contributed to the overall expansion of e-commerce.

Several trends have emerged in the realm of B2B e-commerce. One key trend is the focus on personalization and customer experience. B2B buyers now expect tailored experiences similar to those provided by B2C platforms. This includes personalized product recommendations, customized pricing based on individual buyer needs, and intuitive user interfaces that simplify the purchasing process. Another prominent trend is the integration of omnichannel strategies. B2B businesses are realizing the importance of providing a seamless experience across various channels, such as websites, mobile apps, and offline interactions. Omnichannel integration enables buyers to engage with a company through their preferred channel, leading to increased customer satisfaction and loyalty. Furthermore, there is a growing emphasis on data-driven decision-making in B2B e-commerce. Businesses are leveraging advanced analytics and artificial intelligence to gain insights into customer behaviour, identify trends, and optimize their sales and marketing strategies.

Overall, the growth of e-commerce, including the B2B segment, remains strong, driven by changing consumer preferences and advancements in technology. B2B businesses must adapt to these trends, focusing on

personalization, omnichannel integration, data-driven strategies, and implementing the necessary features to deliver exceptional customer experiences.

## **B2B supply chains have seen transformation post covid-19**

The COVID-19 pandemic caused disruptions to global trade, supply chains and labour markets, curbed consumption and investments, and slowed economic activity worldwide. The supply in the saree industry in India were also affected by the covid-19 disruptions as majority of the players used informal and offline means of dealing in business. The critical activities like procurement, order placement and management were majorly done offline. As covid-19 continued to impact the saree industry in India, it was imperative that players look for alternatives which can sustain their business in the evolving and uncertain marketplace.

Many of the players in the saree industry in India assorted to online mode for supply chain management. There was already a little degree of penetration in terms of B2C e-commerce for saree industry in India. The B2B players like wholesalers have also shifted their supply chain operations online as it has various advantages like online tracking, faster turnaround times and easy payment settlements. The e-commerce mode also helps B2B in managing their inventory as per the demand outlooks more efficiently. Going ahead more B2B players in the saree industry in India are expected to shift to online mode.

## **Players now focusing on omnichannel presence instead of offline only operations**

The traditional means of business for B2B players in the saree industry in India revolves around having offline outlets where in they could cater to the customers and manage the overall business operations. With covid-19 disrupting the supply chains in the overall industry, players have tried to have the operations in both the channels mainly offline and online. The online presence also entails a better visibility for the players and thus gives access to the products for potential retailers as well as end customers. The players are moving from having offline only or online only business model to having omni presence. The importance of online and offline channels to coexist in the saree industry particularly is because the product is mainly sold after seeing the touch and feel, so having an offline outlet where customers can experience the product becomes critical along with having an online presence where more product visibility and reach can be achieved thus helping B2B achieve growth in the online and offline modes of business.

## **Adoption of digital technology in supply chains is one of the key success factors**

The digital technology has played important role in the growth of the overall Indian economy in general. The digitization of the businesses have led to the massive growth in the consumer goods, FMCG , retail and other consumer facing business. Use of digital technologies like data analytics, artificial intelligence and machine learning have proved to be the key differentiating factors for some the retail players in the industry. The use of digital technology helps business in the supply chain optimization and monitoring, customer analytics, demand forecasting, cost optimization and other business related functions. The use of digital technology in the supply chain where order placement, order tracking, inventory management helps players in the saree industry in better planning. Also with



advent of data analytics, players are now able to forecast the demand for different type of products. The use of digital technology also gives insights on customer behaviour, buying patterns and buying habits which can be used to increase players ability to serve their customers efficiently.

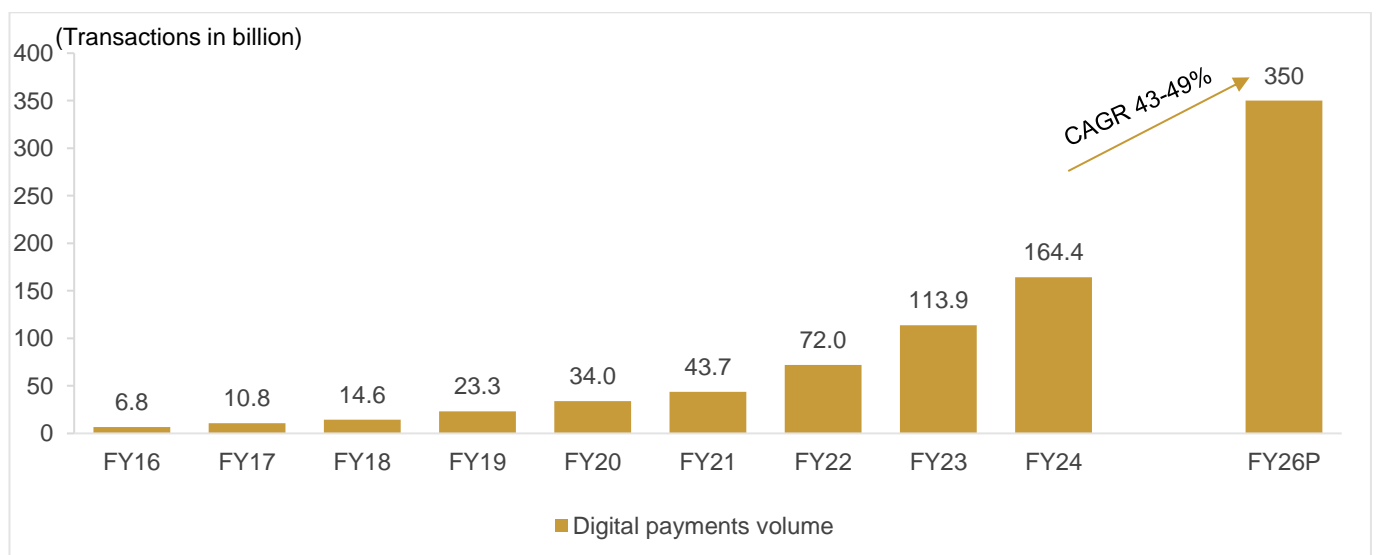
**India have seen emergence of several B2B e-commerce platforms in the recent past**

In recent times as the e-commerce industry have thrived on with penetration of digital avenues across the country, although e-commerce entities in India have majorly targeted B2C marketplaces there has been recent push in the B2B space as well realising the potential of B2B e-commerce in India. The B2C marketplaces like amazon, flipkart etc. have established their presence in the e-commerce place. In recent past players like Udaan, India mart have launched their e-commerce platforms targeting mainly om the B2B businesses. These B2B e-commerce platform provide a marketplace where various players can list their offerings and connect them with the potential buyer. Along with the buyer-seller relationship, B2B e-commerce platforms can also provide credit facilities, due diligence etc. which helps the players listing products on these B2B platforms.

**Different payment options and thrust on digital payments makes B2B e-commerce an attractive avenue**

The digital transactions in India have seen multi fold growth in recent times with emergence of UPI and other digital payment gateways. The thrust on the digital payments have helped e-commerce players to penetrate in the retail space and this bode wells for B2B e-commerce players in saree industry as well. The digital transactions makes it easy for e-commerce players to list their offerings and settle the payments.

**Digital transactions volume over the years**



Note: Digital transactions include RTGS – excluding interbank clearing, ECS, NEFT, IMPS, NACH, cards and prepaid instruments

P: Projections

Source: RBI, CRISIL MI&A

## **4.8 Assessment of key trends in saree B2C/retail space in India**

### **Aspirational buying for weddings and occasion wear**

Traditionally sarees have been used for occasional and celebration wear in Indian market along with the regular use. The enduring tradition of wearing sarees during celebration events continues to drive demand in the market. Furthermore, there has been an increased demand for designer-based premium sarees for special occasions. Consumers are spending on high-quality sarees that feature intricate designs, unique embellishments, and superior craftsmanship.

### **Penetration of online mode in the industry**

Sarees have traditionally been purchased online as consumer prefers to have touch and feel of the product. But with increasing penetration of e-commerce, there has been gradual shift in the purchasing trend where consumers are purchasing sarees online. Apart from this, consumers are browsing through product listings on different websites and then buy the same product in offline mode.

### **Players leveraging social media to increase their reach**

Social media plays a crucial role in helping brands reach mass population. In recent years apparel retail players has also used social media to good effect to increase their reach among the consumers. Social media pages, campaigns, influencer marketing have helped saree retail players penetrate some of the regional markets.

### **Entry of renowned players in ethnic wear industry**

Saree market in India have largely remain fragmented over the years with presence of many smaller players. However, in recent years big corporates are entering saree retail space in India. Some of the brands recently launched in India includes Taneria by Tata group, Navyasa by Aditya Birla group and Avantra by Reliance group. These branded saree retailers have set retail outlets in prominent markets across India.

### **Fast fashion and fusion fabrics are some of the key emerging trends**

Some of the key sarees that have traditionally dominated saree market in India include silk sarees, banarasi sarees etc. But consumers are also preferring sarees made with fusion materials like combination of silk fabric and synthetic fabric. These materials have seen popularity among the consumers mainly because of cost-effectiveness. Apart from this ready to drape sarees have also seen popularity among the consumers in Indian saree market.

## 5 Assessment of Competitive landscape

### 5.1 Competitive landscape for saree industry in India

In this section, CRISIL has considered some of the key players operating in saree wholesale and retail industry in India and who have comparatively similar product portfolio. Data in this section is obtained from publicly available sources, including annual reports and investor presentations of listed players, regulatory filings, rating rationales, and/or company websites. The financials used in the competitive section are re-classified by CRISIL based on the annual report and financial filings by the players.

#### Key basic details for players

Company name	Date of incorporation	Registered office/ Headquarters
Dindayal Jalan Textiles Private Limited	1993	Mumbai, India
Dwarkadas Shamkumar Textiles Private Limited	1993	Pune, India
Hoshiyar Singh Suresh Chandra Sarees Private Limited	1995	Delhi, India
Pune Textiles Market Private Limited	2009	Varanasi, India
Saraswati Saree Depot Limited	2021	Kolhapur, India

Note: The list above is an indicative list and not an exhaustive list  
Source: CRISIL MI&A

#### 5.1.1 Operational overview

Company name	Key business categories	Key apparel segments catered	Types of products offered
Dindayal Jalan Textiles Private Limited	Wholesale	RMG, Handloom, Hosiery	Satan, katan, nylon, and silk products
Hoshiyar Singh Suresh Chandra Sarees Private Limited	NA	Ethnic	Khadi, Silk, Chiffon
Pune Textiles Market Private Limited	Wholesale	Ethnic	NA
Saraswati Saree Depot Limited	Wholesale	Ethnic	Cotton, Silk, Synthetic

Note: NA: Not available, The list above is an indicative list and not an exhaustive list, Operational information for Dwarkadas Shamkumar Textiles Private Limited is not available hence not included in the table.

## 5.1.2 Financial overview

### Financial snapshot of key competitors considered (FY2023)

Company name	Operating income		OPBDIT		PAT	
	Rs. million	On-year growth	Rs. million	On-year growth	Rs. million	On-year growth
Dindayal Jalan Textiles Private Limited	6,238	2.2%	106	7.0%	48	2.1%
Dwarkadas Shamkumar Textiles Private Limited	703	20.3%	32	131.1%	24	20.1%
Hoshiyar Singh Suresh Chandra Sarees Private Limited	3,178	-7.8%	148	-10.8%	92	-24.1%
Pune Textiles Market Private Limited	2,308	22.8%	113	22.9%	85	21.5%
Saraswati Saree Depot Limited	6,019	9.5%	341	63.4%	230	86.6%

Note: The list above is an indicative list and not an exhaustive list  
Source: Company reports, company websites, CRISIL MI&A

### Financial snapshot for Saraswati Saree Depot Limited (FY2024)

Company name	Operating income		OPBDIT		PAT	
	Rs. million	On-year growth	Rs. million	On-year growth	Rs. million	On-year growth
Saraswati Saree Depot Limited*	6,109	1.5%	404	18.7%	295	28.5%

Note: \*-The FY2024 financials are as per the unaudited financials provided by the company  
Source: Company reports, company websites, CRISIL MI&A

### Financial ratios of key competitors considered (FY2023)

Company name	Operating profit margin (%)	Net profit margin (%)	ROCE (%)	Interest coverage ratio (Times)	Gearing (Times)	Current ratio
Dindayal Jalan Textiles Private Limited	1.7	0.8	13.0	3.5	1.7	1.2
Dwarkadas Shamkumar Textiles Private Limited	4.6	3.4	11.4	0.0	0.0	2.0
Hoshiyar Singh Suresh Chandra Sarees Private Limited	4.6	2.9	15.7	9.3	0.0	3.4
Pune Textiles Market Private Limited	4.9	3.7	20.5	37.9	0.0	2.2
Saraswati Saree Depot Limited	5.7	3.8	44.7	9.4	1.2	1.2

Note: n.m. - Not meaningful, The list above is an indicative list and not an exhaustive list

Ratios calculated as per CRISIL MI&A standards are described below:

OPBDIT margin = OPBDIT/Operating income

Net profit margin = Profit after tax/Operating income

RoCE = Profit before interest and tax (PBIT)/(Average total debt + average tangible net worth + average deferred tax liability)

Gearing ratio = Total debt/Tangible net worth

Current ratio = Current assets/Current liabilities

Interest coverage ratio = Profit before depreciation, interest and tax / (interest + finance charges)

Source: Company reports, company websites, CRISIL MI&A

### Financial ratios for Saraswati Saree Depot Limited (FY2024)

Company name	Operating profit margin (%)	Net profit margin (%)	ROCE (%)	Interest coverage ratio (Times)	Gearing (Times)	Current ratio
Saraswati Saree Depot Limited*	6.6	4.8	45.3	17.3	0.7	1.4

\*-The FY2024 financials are as per the unaudited financials provided by the company

Note: n.m. - Not meaningful, The list above is an indicative list and not an exhaustive list

Ratios calculated as per CRISIL MI&A standards are described below:

OPBDIT margin = OPBDIT/Operating income

Net profit margin = Profit after tax/Operating income

RoCE = Profit before interest and tax (PBIT)/(Average total debt + average tangible net worth + average deferred tax liability)

Gearing ratio = Total debt/Tangible net worth

Current ratio = Current assets/Current liabilities

Interest coverage ratio = Profit before depreciation, interest and tax / (interest + finance charges)

Source: Company reports, company websites, CRISIL MI&A

### 5.1.3 Key observations

- During FY2024, Saraswati Saree Depot Ltd has recorded an operating income of INR 6,109 million and a net profit of INR 295 million
- Saraswati Saree Depot Ltd has recorded a OPBDIT of INR 404 million in FY2024
- In terms of profitability, for FY2024, Saraswati Saree Depot Ltd recorded operating profit margin of 6.6% and net profit margin of 4.8%.
- In terms of return ratio's, Saraswati Saree Depot Ltd has the ROCE of 45.3% in FY2024.
- Saraswati Saree Depot Ltd has a gearing and interest coverage ratio of 1.4 times and 17.3 times respectively for FY2024.

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**CRISIL Limited:** CRISIL House, Central Avenue, Hiranandani Business Park, Powai, Mumbai – 400076. India

Phone: + 91 22 3342 3000 | Fax: + 91 22 3342 3001 | [www.crisil.com](http://www.crisil.com)

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