

INDUSTRY OVERVIEW

Contents

List of Tables	3
List of Figures.....	4
1. Approach and Scope of Industry Analysis.....	5
1.1. Overview of Approach and Methodology to Industry Analysis.....	5
1.2. Reliance on Industry and Market Data.....	5
2. Global and Domestic Economic Environment.....	6
2.1. Global Economic Overview.....	6
2.1.1. GDP and GDP Growth.....	6
2.1.2. Outlook of GDP growth in Key Global Economies.....	6
2.1.3. Difference between Emerging and Developed Markets	7
2.1.4. Near Term Review and Outlook on Inflation.....	8
2.1.5. Global Outlook on Private Final Consumption Expenditure (PFCE).....	9
2.2. Indian Economic Overview.....	10
2.2.1. India's GDP and Growth.....	10
2.2.2. Position of India's Manufacturing Sector.....	11
3. Introduction to the Textile and Apparel Industry	12
3.1. India's Competitive Advantages	12
3.2. India's Position in Global Trade.....	13
4. Market Size and Growth	15
4.1. Global Apparel Market Overview.....	15
4.2. Global Textile and Apparel Trade.....	16
4.3. Indian Market Scenario.....	18
4.4. Indian Trade Overview	19
4.4.1. Spun Yarn Exports	20
4.4.2. India's Key Spun Yarn Export Markets.....	21
4.5. Domestic Spun Yarn Market	22
5. Raw Materials and the Value Chain.....	23
5.1. Indian Textile Value Chain Overview.....	23
5.2. Detailed Spun Yarn Production Process.....	23
5.3. Overview of Raw Materials in the Indian Market.....	25
5.4. Cost of Manufacturing in India and Benchmarking with Competing Countries.....	26
6. Industry Dynamics, Growth Drivers, Trends, and Challenges.....	27

6.1.	Key Growth Drivers of the Indian Textiles & Apparel Sector.....	27
6.2.	Emerging Trends and their impact on industry.....	28
6.3.	Opportunities in the Textile Industry.....	28
6.4.	Key Challenges and Barriers	29
6.4.1.	Entry Barriers.....	29
6.4.2.	Threats.....	30
7.	Peer Benchmarking	32
7.1.	About Shreedhar Spinners Limited (“SSL”, the “Company”)	32
7.2.	Revenue Scale, Growth Trajectory and Profitability Benchmarking	33
7.3.	Industry Positioning and Business Model Comparison.....	34
8.	Investments and Policy Environment.....	35
8.1.	Investments in the Textiles Sector.....	35
8.2.	Government Support, Policies, and Initiatives.....	35

List of Tables

Table 2-1: Real GDP growth YoY (%) comparison of major economies with world, In CY	7
Table 2-2: Real GDP growth (%) comparison of developing economies and advanced economies, In CY	7
Table 2-3: Central bank rates for India, China and USA, In CY.....	9
Table 2-4: Private final consumption expenditure (at current prices) for key economies, In CY	9
Table 3-1: Comparison of production factor costs of competing nations	13
Table 3-2: Indian textile and apparel exports 2024 and global positioning	13
Table 4-1: Global apparel market overview (US\$ Trillion)	15
Table 4-2: Global textile and apparel trade (US\$ Billion).....	16
Table 4-3: Top global textile and apparel exporters (US\$ Billion)	17
Table 4-4: Key market and supplier matrix for global spun yarn exports 2024	21
Table 4-5: Domestic spun yarn market (Million Tons)	22
Table 5-1: Cost of manufacturing ring spun yarn NE 30. (US\$/kg)	26
Table 7-1: Financial benchmarking of peer companies.....	33
Table 8-1: Investment trend across textile value chain in '000 units.....	35

List of Figures

Figure 2-1: Global GDP at current price (US\$ trillion) and real GDP growth (%), In CY....	6
Figure 2-2: Inflation rate, average consumer price index (%), In CY	8
Figure 2-3: India GDP at current price (US\$ trillion) and real GDP growth at constant price (%), In CY	10
Figure 2-4: India GDP at current price (US\$ trillion) and real GDP growth at constant price (%), In CY	11
Figure 4-1: Overview of Indian textile and apparel market FY2045	18
Figure 4-2: Indian textile and apparel market growth trend (US\$ Billion)	18
Figure 4-3: Indian textile and apparel exports (US\$ Billion)	19
Figure 4-4: Indian textile and apparel imports (US\$ Billion)	20
Figure 4-5: India spun yarn exports (Million Tons)	21
Figure 5-1: Textile and apparel value chain	23
Figure 5-2: Process flow of 100% cotton yarn manufacturing	24
Figure 5-3: India's cotton production in lakh bales	25
Figure 5-4: India's MMF fibre production (Million Tons)	26

1. Approach and Scope of Industry Analysis

1.1. Overview of Approach and Methodology to Industry Analysis

To develop a comprehensive understanding of India's textile and apparel industry, a clear and robust analytical framework is essential. This report adopts a multi-faceted methodology, synthesizing data from a diverse range of high-quality sources to provide a holistic and grounded perspective. By integrating granular, company-level data with broad macroeconomic indicators and policy analysis, the report aims to deliver strategic insights that are both detailed and contextually aware, moving beyond surface-level observations to offer a nuanced view of the industry's structure, dynamics, and future trajectory. This dual approach allows for a micro-level examination of operational realities, product mixes, and market strategies, which is then situated within the broader macro-level context of national economic performance, global trade dynamics, and government policy frameworks. The result is a layered analysis that connects corporate performance to the larger forces shaping the sector.

1.2. Reliance on Industry and Market Data

The foundation of this report's analysis rests on publicly available and credible information. All facts, figures, and projections are grounded in data from authoritative sources, ensuring a high degree of reliability. These sources include global economic outlooks from the International Monetary Fund (IMF), national-level data from Indian government publications such as the Economic Survey, and specific industry-related releases from the Ministry of Textiles.

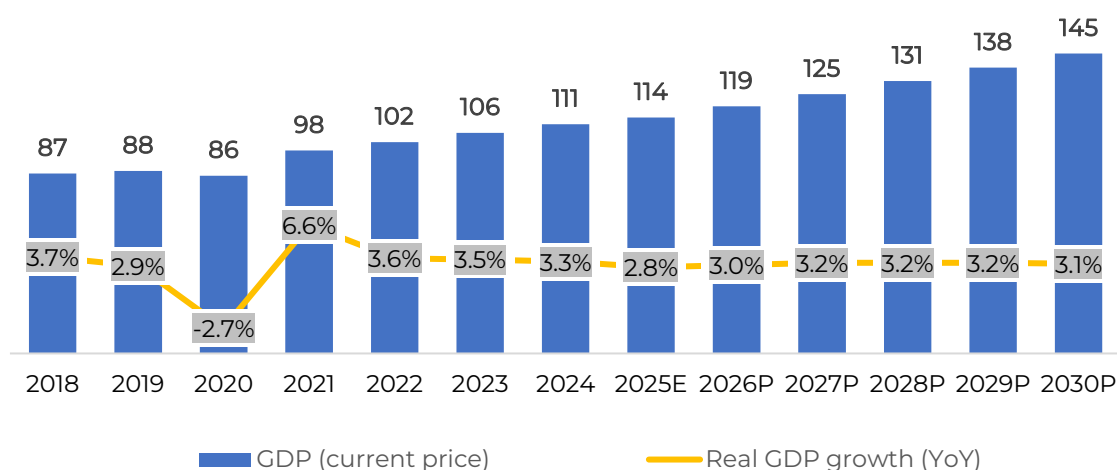
2. Global and Domestic Economic Environment

2.1. Global Economic Overview

2.1.1. GDP and GDP Growth

As per the International Monetary Fund (IMF), the global economy (GDP at current prices) was US\$ 110.5 trillion in CY 2024. Global growth was 3.3% in CY 2024 and is projected to fall to 2.8% in CY 2025 and is expected to show recovery to reach 3.1% by CY 2030. Emerging and developing economies are expected to witness stable growth during this period, subject to regional variances. Key macroeconomic factors including rising per capita income, population growth, and increasing levels of urbanization are anticipated to drive sustained economic expansion. Consequently, the global GDP is projected to reach approximately US\$ 144.6 trillion by the year 2030.

Figure 2-1: Global GDP at current price (US\$ trillion) and real GDP growth (%), In CY



Source: IMF

Note: E – Estimated; P – Projected; Data represents calendar year

2.1.2. Outlook of GDP growth in Key Global Economies

Amid global geopolitical tension, trade wars, and tough market conditions, India continues to exhibit strong economic growth. The Indian economy remained the fastest-growing major economy in the world during CY 2024. The forecast GDP growth rate for India is the highest amongst the G20 nations, at an expected growth rate of 6.2% during CY 2025 and projected to grow at 6.5% by CY 2030.

Table 2-1: Real GDP growth YoY (%) comparison of major economies with world, In CY

Country	2018	2019	2020	2021	2022	2023	2024	2025E	2030P
USA	3.0%	2.6%	-2.2%	6.1%	2.5%	2.9%	2.8%	1.8%	2.1%
UK	1.4%	1.6%	-10.3%	8.6%	4.8%	0.4%	1.1%	1.1%	1.4%
Europe	2.3%	2.0%	-5.4%	6.4%	2.4%	1.3%	1.7%	1.3%	1.5%
China	6.8%	6.1%	2.3%	8.6%	3.1%	5.4%	5.0%	4.0%	3.4%
Japan	0.6%	-0.4%	-4.2%	2.7%	0.9%	1.5%	0.1%	0.6%	0.5%
India	6.5%	3.9%	-5.8%	9.7%	7.6%	9.2%	6.5%	6.2%	6.5%

Source: IMF

Note: E: Estimated; P: Projected data; Data represents calendar year

2.1.3. Difference between Emerging and Developed Markets

Developing economies are projected to grow faster than advanced economies, though their pace of expansion is expected to slow gradually between CY 2024 and CY 2030. The average real GDP growth rate for developing economies is estimated at 4.3% in CY 2024, gradually easing to 4% by CY 2030. In comparison, advanced economies are likely to follow a slower but stable path, with growth projected at 1.8% in CY 2024 and marginally softening to 1.7% from CY 2027 onwards.

This divergence underscores the structural advantages of emerging markets, including favourable demographics, urbanization, rising middle-class consumption, and increasing digital adoption, compared to the more mature and slower-growing economies of developed nations.

Table 2-2: Real GDP growth (%) comparison of developing economies and advanced economies, In CY

Economy	2018	2019	2020	2021	2022	2023	2024	2025E	2030P
India	6.5%	3.9%	-5.8%	9.7%	7.6%	9.2%	6.5%	6.2%	6.5%
Developing	4.7%	3.7%	-1.7%	7.0%	4.1%	4.7%	4.3%	3.7%	4.0%
Advanced	2.3%	1.9%	-4.0%	6.0%	2.9%	1.7%	1.8%	1.4%	1.7%
World	3.7%	2.9%	-2.7%	6.6%	3.6%	3.5%	3.3%	2.8%	3.1%

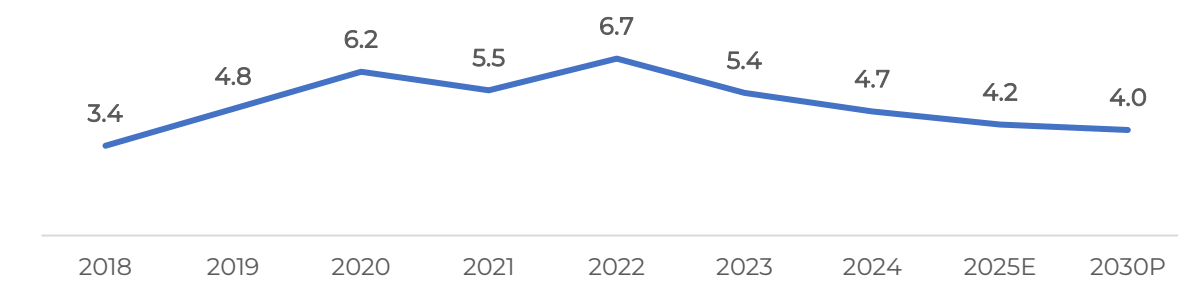
Source: IMF

Note: E: Estimated; P: Projected data; Developing economies include India, Brazil, China, etc.; Advanced economies include USA, UK, Germany, France, Japan, Australia, etc.; Data represents calendar year

2.1.4. Near Term Review and Outlook on Inflation

The Consumer Price Index (CPI) demonstrated an upward trend from CY 2018 to CY 2022, indicating a persistent increase in the overall price level of goods and services over this period. Beginning at 3.4% in CY 2018, the CPI climbed steadily to 6.2% in CY 2020 signalling rising inflationary pressures. This upward trajectory continued into CY 2022 with the CPI reaching 6.7%, reflecting sustained inflationary trends and potentially impacting consumers' purchasing power. However, CY 2023 saw a decrease in the CPI to 5.4%, suggesting a possible moderation in inflation rates. Inflation has declined to 4.7% in CY 2024 and is further expected to decline to 4.2% by CY 2025. It is projected to reach 4.0% by CY 2030.

Figure 2-2: Inflation rate, average consumer price index (%), In CY



Source: IMF

Note: P: Projected data; Data represents calendar year

Over the past five years, India's repo rate has steadily risen from 4.2% in CY 2020 to a peak of 6.5% in CY 2023 & CY 2024, before easing slightly to 6% in April 2025. This reflects the RBI's proactive approach to manage inflation. Cutting the repo rates would increase the average consumption and spending capability, which would help accommodate the inflation. Whereas China's 7-day rate (the country's main policy rate) shows an increasingly accommodative stance, with rates falling to 1.5%. The US Federal Reserve saw sharp rate hikes post CY 2022 to combat inflation, peaking at 5.1% in CY 2024. India's stable yet elevated rate indicates a focus on balancing growth with inflation control. RBI has reduced the repo rate to 5.5% which was announced on 6 August 2025, which is likely to support increased consumption and contribute positively to overall economic growth.

Table 2-3: Central bank rates for India, China and USA, In CY

Country	2020	2021	2022	2023	2024	2025 (Aug)
India (RBI)	4.2%	4.0%	5.0%	6.5%	6.5%	5.5%
USA (US Federal Reserve)	0.4%	0.0%	1.7%	5.0%	5.1%	4.3%
China (People's Bank of China)	2.3%	2.2%	2.1%	1.9%	1.7%	1.4%

Source: Reserve Bank of India, The People Bank of China, Board of Governors of the Federal Reserve System (US)

Note: Data represents calendar year

2.1.5. Global Outlook on Private Final Consumption Expenditure (PFCE)

Global private final consumption expenditure (PFCE) has witnessed steady growth, reaching US\$ 60.0 trillion in CY 2023, up from US\$ 48.7 trillion in CY 2018, reflecting a CAGR of 4.3% (CY 2018–2023). Emerging economies, including India and China, continue to witness strong PFCE growth, driven by rising incomes and expanding middle-class populations.

The USA leads in absolute PFCE, reaching US\$ 18.8 trillion in CY 2023 with a 6.2% CAGR (CY 2018–2023), underscoring its consumer-driven economy. In CY 2023, India's PFCE stood at US\$ 2.2 trillion, accounting for 60% of GDP, highlighting its growing domestic demand and reinforcing its position as a consumption-driven economy. China recorded consumption at US\$ 7.0 trillion in CY 2023, with a share of GDP (39%), reflecting its reliance on investment-led growth and exports. Meanwhile, Japan has seen a decline in PFCE due to demographic challenges, impacting its consumption-driven expansion.

Table 2-4: Private final consumption expenditure (at current prices) for key economies, In CY

Country	2018	2019	2020	2021	2022	2023	CAGR (2018–2023)	% of GDP		
								2019	2022	2023
USA	13.9	14.4	14.2	16.1	17.7	18.8	6.2%	67.0%	68.0%	67.9%
China	5.4	5.6	5.6	6.8	6.7	7.0	5.3%	39.2%	37.4%	39.1%
India	1.6	1.7	1.6	1.9	2.0	2.2	6.6%	60.9%	60.9%	60.3%
Japan	2.8	2.8	2.7	2.7	2.4	NA	-3.8%*	54.6%	55.6%	-
World	48.7	49.5	47.4	53.7	56.2	60.0	4.3%	56.2%	55.3%	56.5%

Source: World Bank

Note: Data represents calendar year; Values in US\$ trillion; *CAGR (2018–2022)

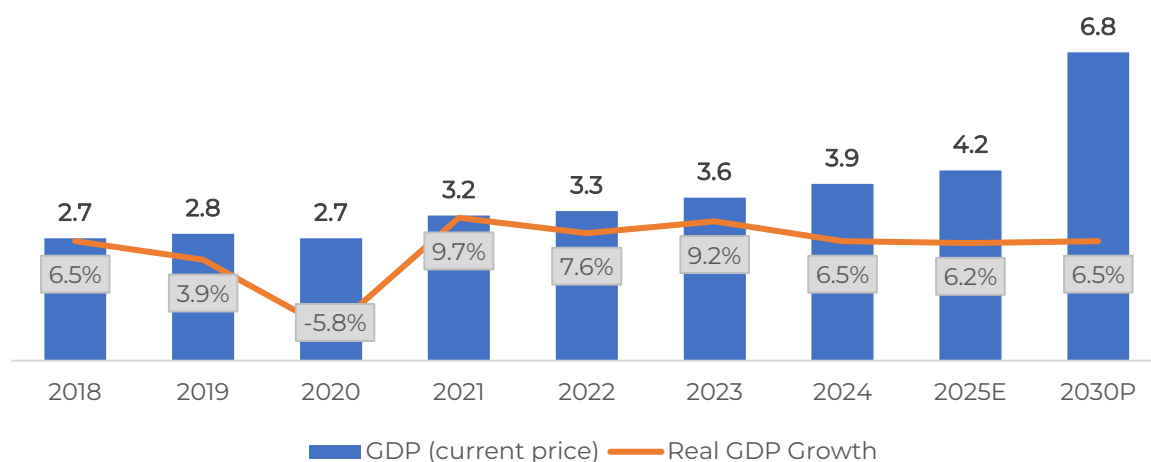
2.2. Indian Economic Overview

2.2.1. India's GDP and Growth

In CY 2024, India, ranked as the fifth largest economy by GDP, has demonstrated strong economic resilience, with a GDP of US\$ 3.9 trillion at current prices in CY 2024. Real GDP is expected to grow with 6.5% year-on-year increase from CY 2024 to CY 2025, with GDP reaching US\$ 4.2 trillion in CY 2025. The country's GDP has maintained a steady upward trajectory, rising from US\$ 2.7 trillion in CY 2018 to an estimated US\$ 4.2 trillion in CY 2025.

After a contraction of -5.8% in CY 2020 due to COVID-19 pandemic where lockdowns halted economic activities, the economy rebounded with 9.7% growth in CY 2021, and growth has since stabilized at 7-8%, reinforcing India's status as one of the fastest-growing major economies. Key sectors such as agriculture, benefiting from favorable monsoon conditions and increased rural demand, infrastructure, driven by heightened government spending on urban development, manufacturing, supported by strengthening domestic demand, lower input costs, and a conducive policy environment are positioning India to bolster its GDP and overall economic growth.

Figure 2-3: India GDP at current price (US\$ trillion) and real GDP growth at constant price (%), In CY



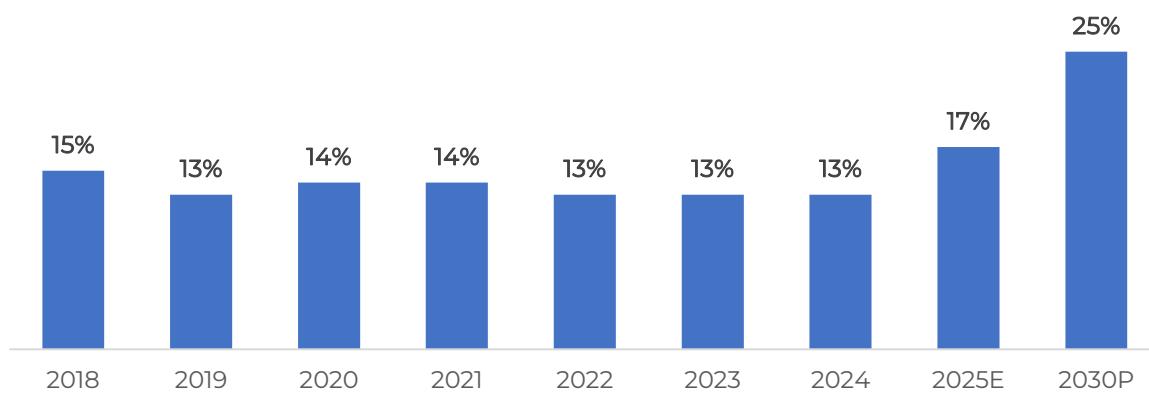
Source: IMF

Note: E: Estimated; P: Projected; Data represents calendar year

2.2.2. Position of India's Manufacturing Sector

Manufacturing has emerged as a high-growth sector central to India's economic strategy. The Government of India has set an ambitious goal to increase the manufacturing sector's contribution to the nation's Gross Domestic Product (GDP) to **25% by 2025**, up from a base of approximately 16%. The cornerstone of this policy is the 'Make in India' initiative, which aims to establish the country as a global manufacturing and investment hub by fostering innovation, enhancing skill development, and building best-in-class infrastructure.

Figure 2-4: India GDP at current price (US\$ trillion) and real GDP growth at constant price (%), In CY



Source: IMF

Note: E: Estimated; P: Projected; Data represents calendar year

3. Introduction to the Textile and Apparel Industry

The textile and apparel (T&A) industry in India holds a significant position in the country's economy and is one of the oldest and largest sectors, catering to both domestic and international markets. The industry is extremely varied, with hand-spun and hand-woven textiles sectors at one end of the spectrum, with the capital-intensive organized mills sector at the other end. The sector contributes **2.3 %** of the country's GDP, constituting **7%** of the total industry output by value, and **12%** of the total export earnings.

The industry is the 2nd largest employment generating industry in the country providing direct employment to **45 Mn** people, and to another 100 Mn people in allied industries, including a large number of women and rural population.

3.1. India's Competitive Advantages

India's textile and apparel sector possesses several intrinsic strengths that provide a significant competitive advantage in the global market. These advantages are rooted in its resource base, manufacturing scale, and human capital.

- **Strong Raw Material Base:** India is a global leader in textile raw materials. It is the world's largest producer of cotton and jute and the second-largest producer of silk. This self-sufficiency provides a stable and cost-effective supply for the domestic spinning and weaving industries.
- **Large Manufacturing Capacity:** The country has a formidable manufacturing infrastructure. It accounts for the second highest loom capacity globally and the second largest spindle and rotor capacity, enabling large-scale productions.
- **Skilled Manpower:** The industry benefits from the availability of a large pool of skilled and semi-skilled labour across the value chain, from spinning and weaving to intricate garment manufacturing.
- **Competitive Cost of Production:** A competitive cost structure, underpinned by domestic raw material self-sufficiency as the world's largest cotton producer and access to a large pool of skilled and semi-skilled labour, confers a structural price advantage on Indian textile products in international markets.

Table 3-1: Comparison of production factor costs of competing nations

Countries	Labour Wages	Power Cost	Water Cost	Lending Rate	EODB Ranking
Units	US\$/Month	US\$/KWh	US¢/m ³	Percent	Rank
China	570-600	0.8-0.10	35-45	4-6	31
India	220-250	0.09-0.11	15-20	7-9	63
Bangladesh	130-150	0.10-0.12	40-50	8-10	168
Vietnam	330-350	0.08-0.10	50-70	7-9	70
Brazil	270-300	0.11-0.13	30-40	40-42	124
Uzbekistan	100-120	0.07-0.09	30-35	23-24	69

Source: World Bank Group and Wazir Advisors

3.2. India's Position in Global Trade

India's export performance across the textile value chain reflects a structurally strong and diversified competitive position, particularly in upstream segments. The country holds a **dominant global standing in yarn**, ranking **2nd overall** with an **11% global share**, supported by leadership in **natural spun yarn**, where India ranks **1st with a 21% share**. Fibre exports also position India among the top global suppliers, ranking **5th**, driven mainly by natural fibres. In fabrics, India maintains a **3rd global rank**, underpinned by its large woven fabric export base. Although apparel exports place India **7th globally**, the scale of the segment at US\$ 15.5 billion highlights substantial downstream potential.

Table 3-2: Indian textile and apparel exports 2024 and global positioning

Category	Export Value	Global Rank	Global Share
Fibre	1.9	5th	5%
Natural	1.4	4 th	5%
Manmade	0.5	8 th	4%
Yarn	5.2	2nd	11%

Category	Export Value	Global Rank	Global Share
Spun	4.2	2 nd	17%
Natural	3.6	1 st	21%
Manmade	0.6	4 th	8%
Filament	0.9	4 th	4%
Fabric	4.3	3rd	4%
Knit	0.6	9 th	1%
Woven	3.9	3 rd	5%
Apparel	15.5	7th	3%
Knit	7.4	8 th	3%
Woven	8.1	7 th	3%
Home Textiles	6.3	2nd	11%

Source: UN Comtrade

4. Market Size and Growth

4.1. Global Apparel Market Overview

Global apparel market is estimated to be **US\$ 1.8 trillion** in 2024 and is expected to reach **US\$ 2.3 trillion** by the year 2030, growing at a CAGR of **4%** from 2024. The European Union (EU) and US are the largest apparel markets globally with India ranked 4th.

Table 4-1: Global apparel market overview (US\$ Trillion)

Region	2019	2021	2022	2023	2024 (E)	CAGR 2019-24	CAGR 2024-30 (P)	2030 (P)
EU-27	300	297	304	315	316	1%	1%	345
USA	240	260	272	281	288	4%	3%	345
China	184	219	173	190	187	0.3%*	5%	250
India	78	80	92	102	108	7%	8%	175
UK	40	34	43	46	52	5%	3%	62
Japan	101	78	66	61	55	-11%*	1%	60
Brazil	48	39	39	49	51	1%	2%	57
Canada	23	22	19	27	25	2%	2%	28
RoW	613	438	646	633	734	4%	5%	978
World	1,628	1,468	1,655	1,703	1,817	2%	4%	2,300

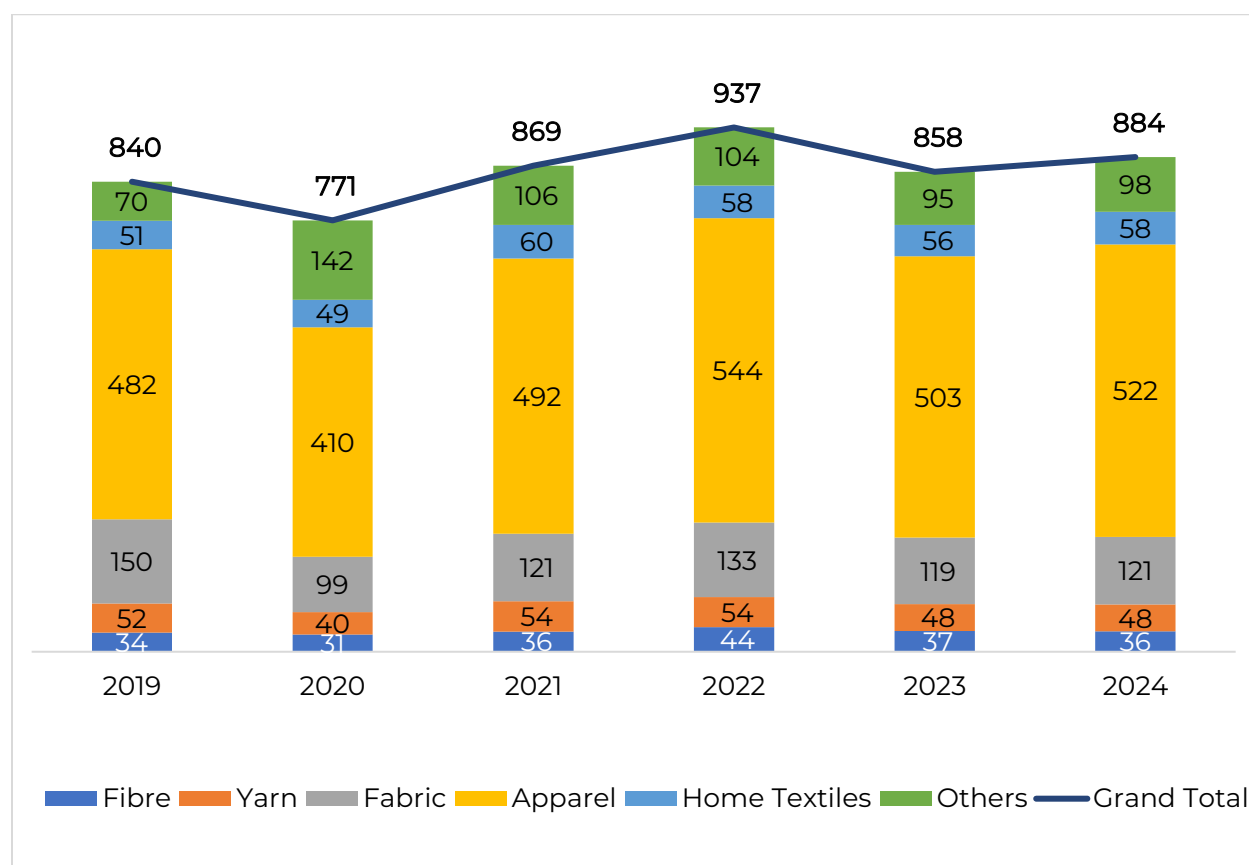
Source – Euratex, US Census Bureau, HKTDC, METI Japan, TEXBRASIL, Statistics Canada, IMF, and Wazir Advisors

* Note – Low growth rate in Chinese and Japanese market is mainly due to the currency depreciation against the US Dollar

4.2. Global Textile and Apparel Trade

The global textile and apparel (T&A) industry recorded exports worth **US\$ 884 billion**, reflecting a **3% increase** compared to the previous year. **Apparel** remained the dominant segment, contributing **59%** to total trade, followed by **fabrics (14%)**. **Yarns**, with a share of **5%**, were valued at approximately **US\$ 48 billion**.

Table 4-2: Global textile and apparel trade (US\$ Billion)



Source: UN Comtrade

China is the **largest global supplier** of textiles and apparel, accounting for **34%** of the total T&A exports in 2023. **Bangladesh** and **Vietnam** rank 2nd and 3rd respectively, both holding strong positions in apparel exports but limited presence in textiles and home textiles. **India** ranked 6th globally, holding a **4% share** of total T&A exports, and is recognized as the **second-largest home textile exporter** in the world.

Table 4-3: Top global textile and apparel exporters (US\$ Billion)

Country	Textile	Apparel	Home Textiles	Total	Share
China	121	153	24	298	34%
Bangladesh	1	51	1	53	6%
Vietnam	9	39	1	50	6%
Germany	12	27	2	41	5%
Italy	11	28	1	40	4%
India	14	15	6	36	4%
Turkey	10	17	4	32	4%
USA	17	6	1	25	3%
France	5	15	1	21	2%
Netherlands	4	14	2	20	2%
RoW	97	156	16	268	30%
Total	303	522	58	884	

Source: UN Comtrade

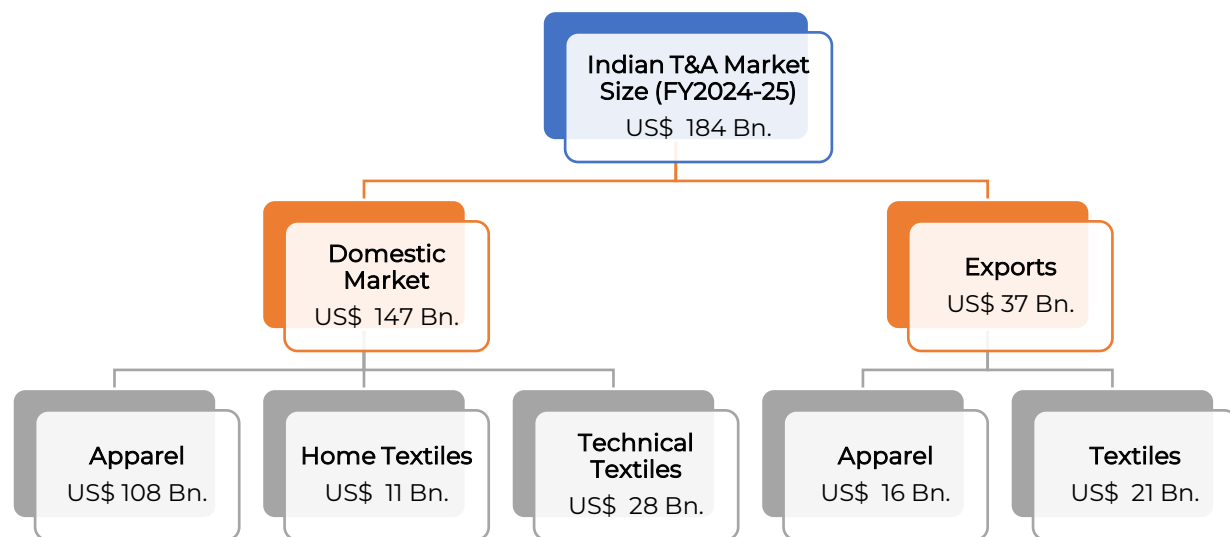
Over the past decade, global sourcing strategies have evolved. Buyers are increasingly **diversifying sourcing destinations** to benefit from **duty-free access**. This has enabled countries like **Bangladesh and Vietnam**, with preferential access to markets such as the **EU, UK, and Japan** to gain market share. In contrast, **China's share has been on a gradual decline since 2014**, further accelerated by **U.S. tariff pressures** and geopolitical pressures.

In parallel, sustainability has become a central theme shaping the future of the global T&A industry. International fashion brands and retailers have declared **ambitious targets** for sourcing **sustainable materials** and adopting **eco-friendly practices**. Consumer awareness around **ethical production, traceability, and circularity** is also on the rise. Regulatory frameworks, such as the **EU Strategy for Sustainable and Circular Textile**, are actively pushing the global value chain toward more **responsible and transparent operations**, redefining competitiveness in international markets.

4.3. Indian Market Scenario

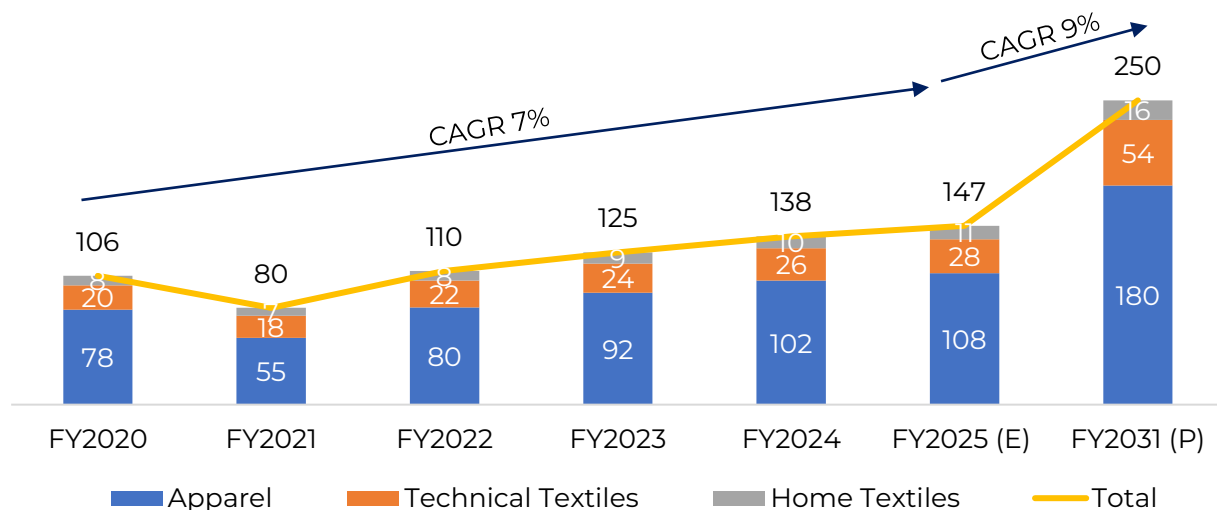
The overall size of India's textile and apparel market was around **US\$ 184 Bn.** in FY2025. **Indian domestic textile and apparel market was US\$ 147 Bn.** which has recovered at a **7% CAGR** since the drop in 2020. The Ministry of Textiles has set a target for the domestic market to reach **US\$ 250 Bn. by FY2031**, for this to happen the market must grow at a CAGR of 9% from FY2025.

Figure 4-1: Overview of Indian textile and apparel market FY2045



Source: DGCI&S and Ministry of Textiles, GoI

Figure 4-2: Indian textile and apparel market growth trend (US\$ Billion)

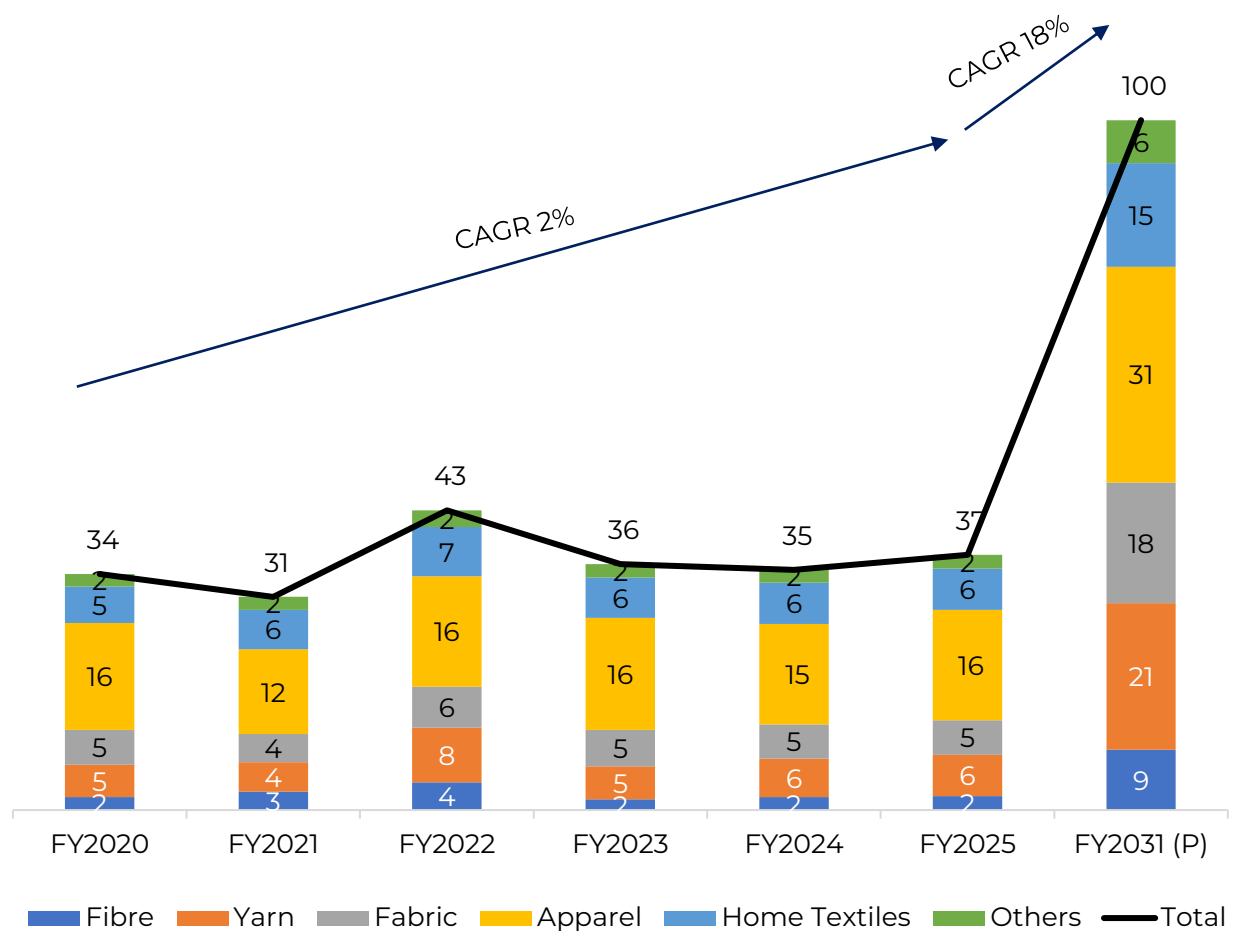


Source: DGCI&S and Ministry of Textiles, GoI

4.4. Indian Trade Overview

India's textile and apparel exports have grown with a **CAGR of 2%** since FY2020 to reach **US\$ 37 Bn. in FY2025**. The Ministry of Textiles has an ambitious target of reaching **US\$ 100 Bn. exports by FY2031**, requiring an accelerated growth of **18% CAGR**. **Apparel** forms the largest share of exports, accounting for approx. **43% in FY2025**. The total production capacity of India is increasing owing to the setting up of new manufacturing units across the value chain.

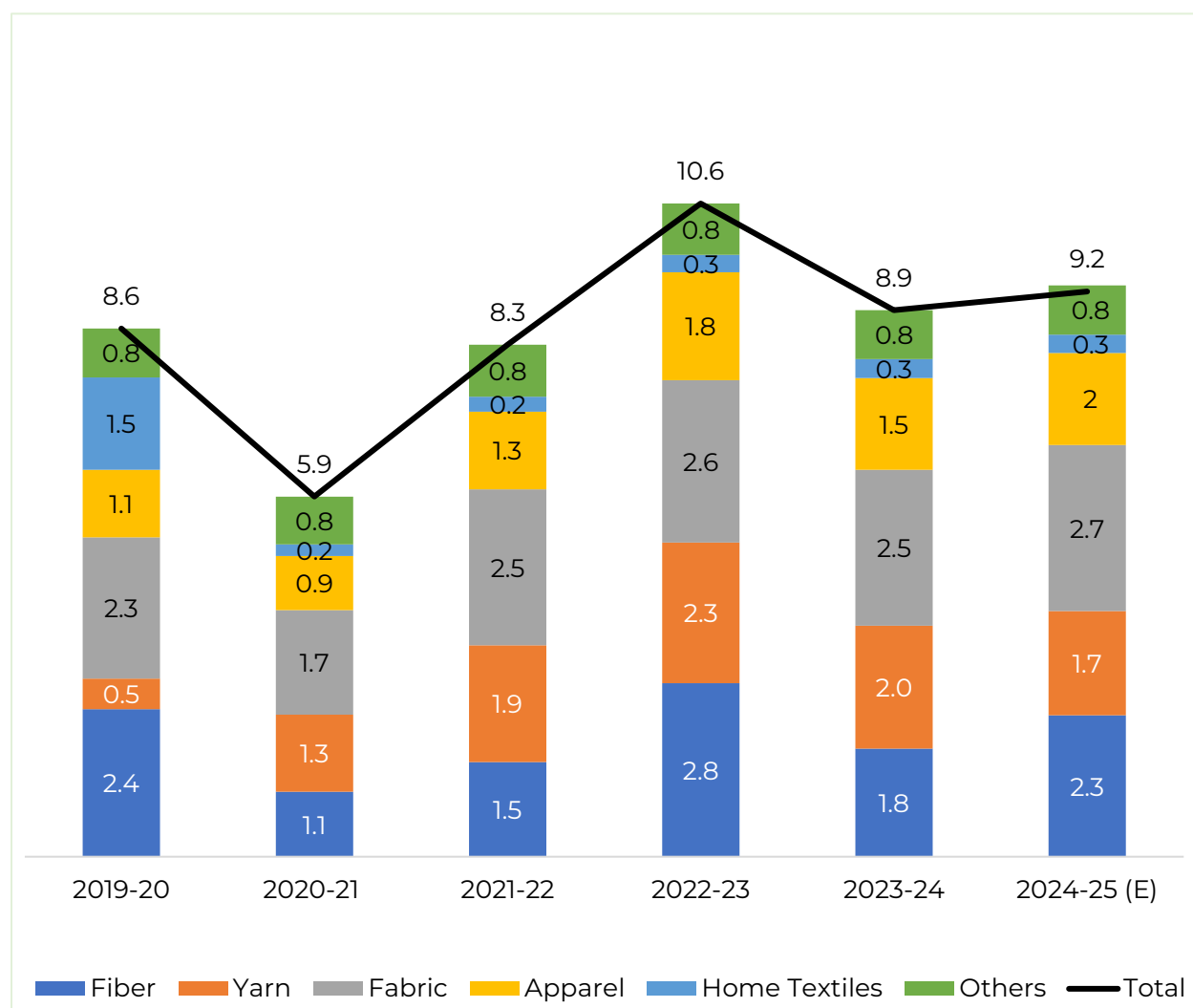
Figure 4-3: Indian textile and apparel exports (US\$ Billion)



Source: DGCI&S

India's textile and apparel imports have grown with a CAGR of 1% since FY2020 to reach US\$ 9.2 Bn. in FY2025.

Figure 4-4: Indian textile and apparel imports (US\$ Billion)

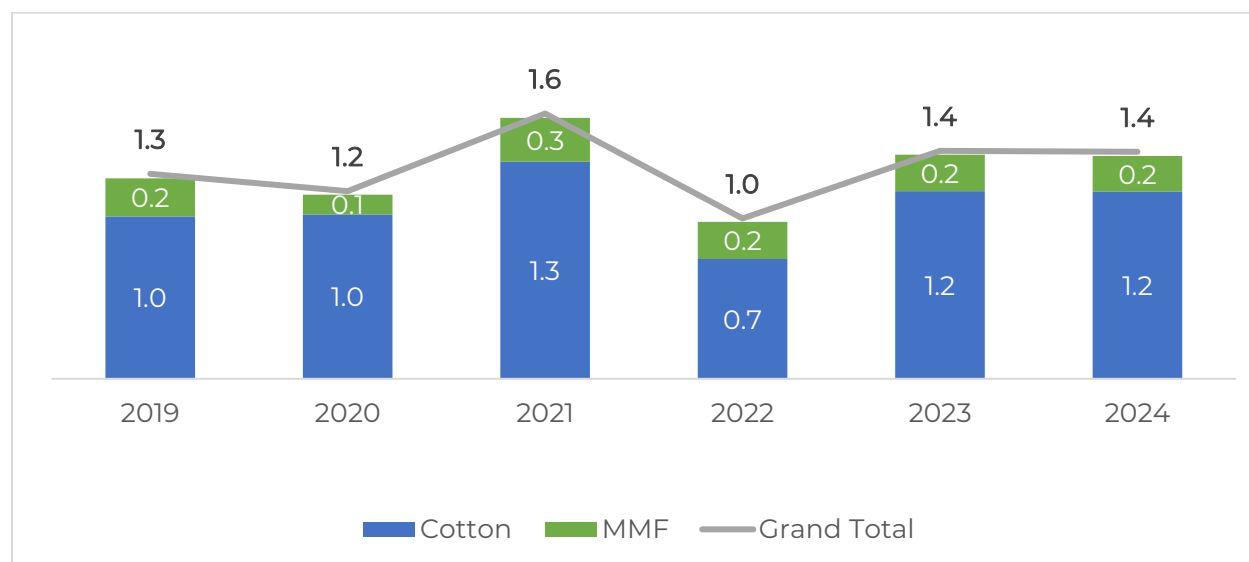


Source: DIGI&S

4.4.1. Spun Yarn Exports

India has demonstrated positive export performance in spun yarns. **Between 2019 and 2024, India's spun yarn exports grew at a 2% CAGR, reaching 1.4 million tons in 2024.** India holds a strong and strategic presence among the world's major spun yarn importers, with ample scope to further consolidate and expand its position. Leveraging its export competitiveness, particularly in 100% cotton and cotton blended yarns, India is well-positioned to deepen existing market share and diversify into underpenetrated yet promising geographies.

Figure 4-5: India spun yarn exports (Million Tons)



Source: UN Comtrade

4.4.2. India's Key Spun Yarn Export Markets

India commands a dominant **63% market share in Bangladesh**, making it the largest supplier of spun yarn to one of the most significant textile and apparel manufacturing hubs globally. Additionally, India ranks as the **second-largest exporter to Turkey and Egypt**, two major importing countries with substantial demand across coarse and medium count cotton yarns. India also has the potential to expand into emerging and growing spun yarn markets, such as Russia, where its current presence remains limited

Table 4-4: Key market and supplier matrix for global spun yarn exports 2024

Suppliers Markets	India	China	Vietnam	Uzbek	Indonesia	RoW	Total (Mn. Tons)
China	7%	-	47%	13%	2%	32%	1.8
Bangladesh	63%	24%	3%	1%	4%	4%	0.9
Turkey	12%	4%	0%	46%	3%	35%	0.4
Egypt	23%	37%	1%	6%	10%	23%	0.3
Russia	0%	17%	1%	71%	2%	9%	0.3
Brazil	16%	63%	3%	1%	11%	6%	0.2
RoW	16%	22%	7%	4%	6%	55%	3.5
Total	1.4	1.3	1.1	0.8	0.4	2.8	7.4

Source: UN Comtrade

4.5. Domestic Spun Yarn Market

India's domestic spun yarn market reached approximately **5.4 million tons** in FY2025, reflecting a steady **CAGR of 3.2%** since FY2020. **100% cotton spun yarn** continues to be the backbone of India's domestic yarn consumption, accounting for approximately **60%** of the total market volume in FY2025, driven by its widespread use in both apparel and home textile applications. **Cotton yarn has also witnessed the highest demand growth volume** in last 5 years while 100% viscose yarn and Polyester-Cotton yarn are the fastest-growing category though on a relatively smaller base.

Table 4-5: Domestic spun yarn market (Million Tons)

Yarn Types	Indian Domestic Market		Demand Growth (FY2020-25)	CAGR (FY2020-25)
	FY2020	FY2025		
100% Cotton	2.9	3.1	0.2	1.6%
100% Polyester	0.5	0.6	0.1	5.2%
Polyester Cotton	0.5	0.6	0.1	6.9%
Polyester Viscose	0.3	0.4	0.1	3.9%
100% Viscose	0.2	0.3	0.1	10.2%
Cotton Blends	0.08	0.1	0.02	6.1%
Others*	0.07	0.1	0.03	9.7%
Total	4.6	5.4	0.8	3.2%

*Others include yarns made from linen, wool, modal etc.

Source: Domestic market numbers estimated on basis of primary research inputs and Wazir Advisors

5. Raw Materials and the Value Chain

5.1. Indian Textile Value Chain Overview

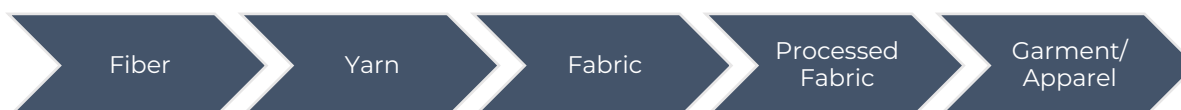
The Indian T&A industry has strengths across the entire value chain - from fibre to finished products. It is highly diversified with multiple sectors ranging from traditional handloom, handicrafts, wool, & silk products alongside the organized manufacturing sector. The organized sector is characterized by the use of capital-intensive technology for mass production. Key processes within the organized sector include spinning, weaving, processing, and apparel manufacturing.

Figure 5-1: Textile and apparel value chain

Process:



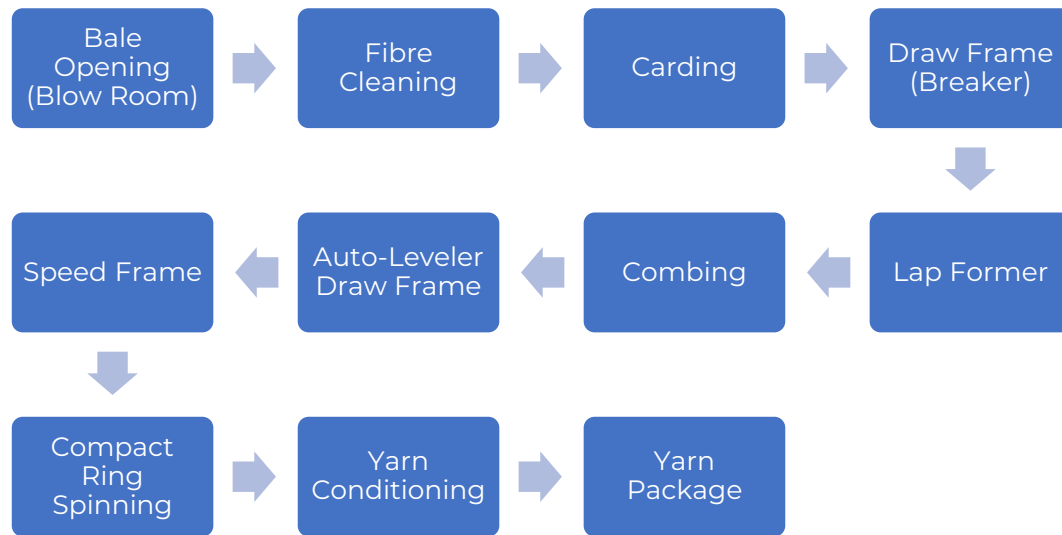
Output:



5.2. Detailed Spun Yarn Production Process

Ring spinning is the most widely adopted method for producing high-quality cotton and cotton-blended yarns. It supports a wide range of yarn counts, including fine counts, making it the benchmark for premium yarn production. **Compact spinning** produces yarns with significantly reduced hairiness, improved strength, and higher uniformity that is ideal for high-performance and value-added textile applications.

Figure 5-2: Process flow of 100% cotton yarn manufacturing



Blow Room: Production begins in the blow room, where cotton bales are opened, cleaned, and reduced to small tufts. Impurities such as seed fragments and dust are removed, and, where applicable, man-made or performance fibres are uniformly blended. This stage ensures cleanliness and homogeneity prior to carding.

Carding: Cleaned and blended fibres are individualized and converted into a continuous sliver. Carding removes neps and short fibres and improves fibre alignment, forming the base material for further drafting.

Draw Frame: Carded slivers are doubled and drafted to enhance uniformity and fibre parallelization, reducing irregularities in the sliver.

Lap Former (as applicable): For premium yarns, slivers are consolidated into laps suitable for combing.

Combing: Short fibres are removed and fibre parallelism enhanced, producing a cleaner, more uniform sliver for high-quality yarns.

Auto-Leveller Draw Frame: The combed sliver is further refined using servo-controlled drafting systems that automatically correct thickness variations, ensuring consistent sliver quality.

Speed Frame: The sliver is drafted and lightly twisted into roving and wound onto bobbins. Automated controls improve drafting precision and enable larger roving packages.

Compact Spinning: Roving is drafted to the final count and condensed in a compacting zone, reducing the spinning triangle and improving fibre integration. This results in stronger, smoother, and more uniform yarn, which is wound onto bobbins or cones.

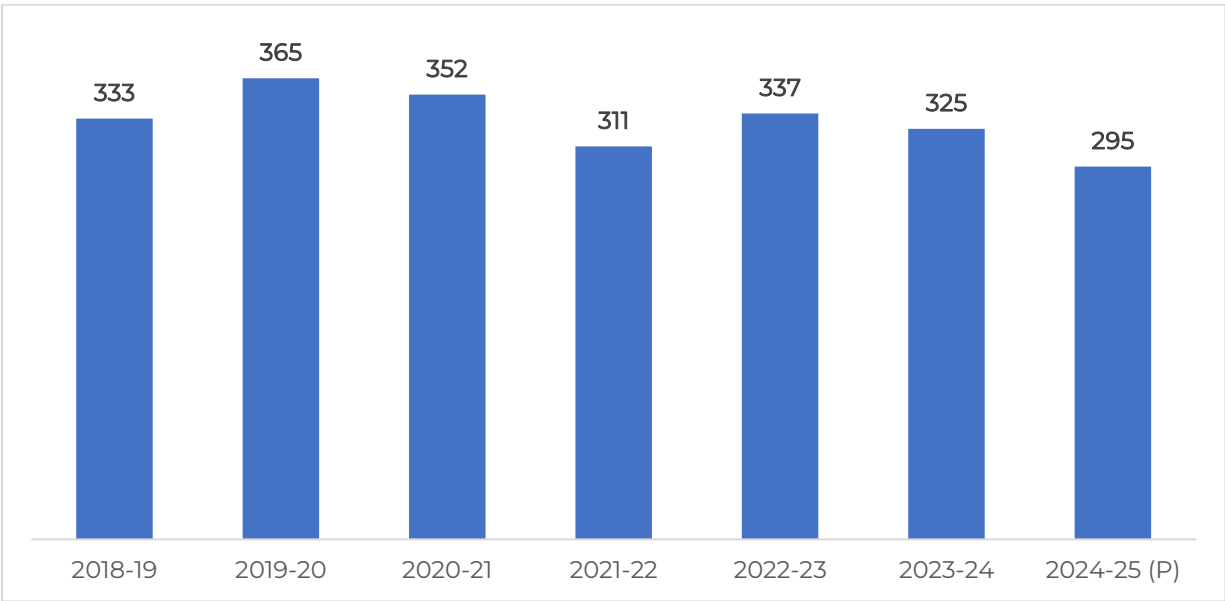
Yarn Conditioning: Finished yarn is conditioned with saturated steam under vacuum to equalize moisture, relieve internal stresses, and enhance mechanical properties, ensuring improved performance in subsequent weaving or knitting processes.

5.3. Overview of Raw Materials in the Indian Market

Natural Fibres are regarded as the backbone of the Indian textile industry. India is the second largest producer of cotton, silk & man-made fibres and largest producers of jute fibres globally.

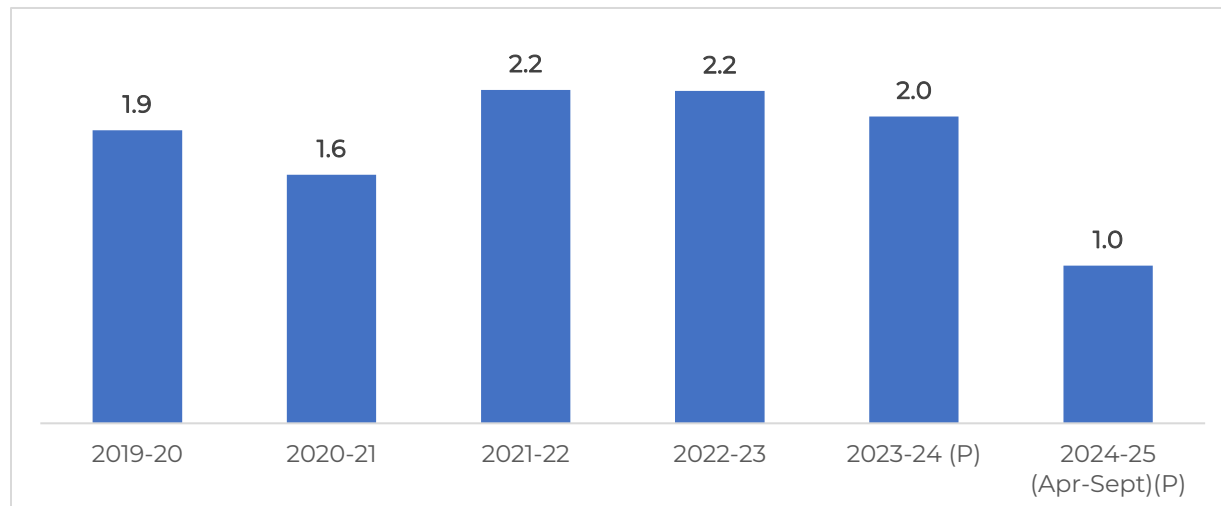
Cotton is one of the most important cash crops and accounts for around 20% of the total global fibre production. In the raw material consumption basket of the Indian textile industry, the proportion of cotton is around 60% dominating the fibre economy. The consumption of cotton is approximately 313 lakh bales (170 kg each) per year. Approximately 62% of India’s Cotton is produced on rain-fed areas and 38% on irrigated lands. During Cotton season 2024-25, India’s productivity was around 448 kg/ha.

Figure 5-3: India's cotton production in lakh bales



Source: Ministry of Textiles

Figure 5-4: India's MMF fibre production (Million Tons)



Source: Ministry of Textiles

5.4. Cost of Manufacturing in India and Benchmarking with Competing Countries

India maintains one of the lowest overall spun yarn manufacturing costs among the competing nations. The combined advantages of low labour expenditures, competitive energy costs, favorable financing conditions and efficient auxiliary consumption position India as a structurally cost-advantaged manufacturing base for spun yarns. This comparative cost leadership strengthens India's export competitiveness and enhances its strategic suitability for scaling spinning operations to meet both domestic and international demand.

Table 5-1: Cost of manufacturing ring spun yarn NE 30. (US\$/kg)

Factors	Turkey	Uzbek.	Brazil	Pakistan	India	Indonesia	Vietnam
Labour	0.14	0.20	0.12	0.05	0.10	0.07	0.11
Power	0.36	0.21	0.35	0.13	0.30	0.30	0.24
Auxiliary Material	0.09	0.09	0.10	0.09	0.09	0.09	0.09
Depreciation	0.15	0.21	0.31	0.31	0.24	0.24	0.23
Interest	0.66	0.50	0.27	0.48	0.22	0.22	0.12
Waste	0.39	0.36	0.39	0.39	0.39	0.39	0.39
Total	1.79	1.57	1.53	1.45	1.33	1.27	1.19

Source: ITMF

6. Industry Dynamics, Growth Drivers, Trends, and Challenges

6.1. Key Growth Drivers of the Indian Textiles & Apparel Sector

India's exports of apparel and home textiles continue to bolster yarn demand. **Domestic consumption accounts for most of yarn production** and is growing steadily, largely driven by sustained downstream demand for apparel and home textiles in the global export markets. Additionally, as global buyers are increasingly seeking alternatives to China and Bangladesh, India is emerging as a preferred hub for high-quality yarn.

- **Expanding Domestic Market Fueling Downstream Yarn Consumption:** India's growing textile ecosystem continues to drive demand for cotton and cotton blended spun yarns. **The rising consumption in India's domestic apparel and home textile** markets is also driving incremental demand for spun yarns, particularly in **medium to semi-fine counts**, which are widely used across mass-market and value-added textile segments.
- **India as a preferred sourcing destination:** As brands continue to diversify their sourcing away from concentrated geographies, India is emerging as a preferred alternative due to its large raw-material base, stable political environment and increasingly integrated textile infrastructure.
- **Transitioning to Higher-Value Products:** A clear opportunity exists to move up the value chain from commodity yarns and fabrics to higher-margin products. This includes focusing on specialty and recycled yarns, which are gaining traction due to the global trend towards sustainability, as well as developing capabilities in technical textiles
- **Viksit Bharat- Vision 2047: Opportunity for Market Growth:** India's Viksit Bharat vision for 2047 outlines a transformative journey towards a developed nation. While the goal is set for 2047, achieving this requires significant milestones along the way. Vision 2031 serves as a critical checkpoint, building upon the ambitious targets set for 2030, particularly for the T&A industry. The T&A sector is poised to be a key driver for this growth, aiming for a significant increase in both domestic market size and exports. This growth is expected to create additional direct employment potential of 8 million workforce by 2047, contributing significantly to the overall employment target of 7-10 Cr by 2047.

6.2. Emerging Trends and their impact on industry

- **Shift of Manufacturing Toward Raw-Material and Labour-Surplus Regions:** A notable structural trend in India's textile manufacturing landscape is the gradual shift of new spinning and weaving investments toward regions with strong raw-material availability, lower labour costs and supportive state policies. Maharashtra, particularly cotton-rich districts, has emerged as a preferred destination due to its surplus cotton fibre base, competitive labour pool and access to integrated textile parks that reduce logistical and operating costs. This geographic rebalancing improves procurement efficiency by placing mills closer to raw-material catchments, minimizes cotton transportation losses and stabilizes quality. As a result, manufacturers benefit from lower input volatility, improved traceability and stronger engagement with farming clusters. For cotton-focused spinners, such as those located in Amravati, this trend materially enhances cost competitiveness and positions them to respond swiftly to market requirements while leveraging the intrinsic strengths of India's cotton production ecosystem.
- **Demand for sustainability and traceability:** Global buyers are placing heightened emphasis on traceability, sustainability and environmental stewardship. Supply chains must therefore incorporate transparent fibre sourcing, cleaner production technologies and compliance with international reporting norms. These requirements introduce new operational disciplines but also allow differentiated mills to command higher pricing and preferred supplier status
- **Rising Labour Costs in Competing Markets and Automation Adoption:** Countries like China and parts of Southeast Asia face rising labour costs, pushing global manufacturers toward automation and robotics across spinning, weaving and apparel manufacturing. India has labour cost advantages but also needs to adopt automation to maintain competitiveness in productivity-sensitive segments like spinning and knitting. Modern automated spindles, rotor machines and shuttle-less looms can materially improve output per worker and reduce waste, supporting global competitiveness.

6.3. Opportunities in the Textile Industry

- **Technical textiles are emerging as one of the fastest-growing segments globally,** and India's ongoing investments in medical, agro, geotextile and

industrial fabrics provide a strategic pathway to higher value addition and reduced dependence on low-margin commodity categories.

- **The creation of world-scale integrated manufacturing clusters under PM MITRA** offers a unique chance for companies to optimize logistics, reduce lead times and expand export competitiveness through shared infrastructure and technology hubs.
- **The structural shift in global demand** from cotton-based textiles to man-made fibre and performance fabrics presents significant headroom for Indian manufacturers to scale MMF production, supported by declining polyester feedstock volatility and targeted government incentives under the PLI scheme.
- At the market level, **India's position as a preferred alternative sourcing hub** is strengthening as global buyers diversify away from China, creating a multi-year opportunity for Indian manufacturers to capture incremental export share across apparel, home textiles and intermediate materials.
- The recent **free trade agreement** with UK and the government's active negotiation of free trade agreements with the EU and other regions presents a medium-term opportunity to reduce tariff disadvantages, unlock new markets and materially enhance export competitiveness for Indian apparel and fabric exporters.
- Domestically, rising incomes, increased brand penetration and the growth of fashion and athleisure categories create opportunities for manufacturers to introduce differentiated fabrics and value-added finished goods.

6.4. Key Challenges and Barriers

6.4.1. Entry Barriers

- The sector requires **substantial capital investment** in land, machinery, utilities and effluent treatment infrastructure, creating a natural barrier for new entrants that lack financial depth.
- **Economies of scale are critical for competitive cost structures**, particularly in spinning, weaving and processing, where larger integrated facilities achieve lower unit costs, better asset utilization and improved bargaining power with suppliers.

- **Backward integration into spinning, knitting or processing** enables incumbents to reduce dependence on external vendors, achieve consistent quality and shield themselves from supply disruptions, making it difficult for smaller firms to match their efficiency and margins.
- **Access to working capital is a recurring challenge** because textile manufacturing operates with long cash cycles due to procurement lead times, production durations and delayed receivables from domestic and export buyers.
- **Vendor approval cycles from global brands and large retailers are lengthy**, requiring compliance audits, sustainability certifications and multiple trial runs. This creates a time-based barrier that delays market entry even for capable manufacturers.

6.4.2. Threats

- **Cotton price volatility** continues to pose margin risks as domestic production has weakened in multiple seasons due to erratic monsoons, pest pressures and acreage shifts toward more remunerative crops. India's recurring need to import cotton at premium global prices exposes manufacturers to sudden spikes in raw material costs and supply uncertainty.
- Chemical, dye and polyester value chains remain closely tied to crude oil markets, and **volatility driven by OPEC production decisions or geopolitical disruptions** directly affects input costs. Such volatility compresses margins in fabric processing and synthetic textiles when customer pricing cannot adjust as quickly.
- **Geopolitical realignments**, including US-China tensions and shifts in global sourcing hubs, have created opportunities but also heightened uncertainty. Manufacturers must constantly adapt capacity, product lines and compliance systems to capture shifting buyer preferences, while the risk of sudden trade-policy reversals remains high
- **China's gradual recovery of manufacturing output and its ability to operate at scale** with advanced automation continue to exert downward price pressure across global textile categories. Indian mills face the strategic threat of competing against both high-tech mass production and low-cost labour economies simultaneously.

- **Currency fluctuations** have become a structural threat as volatility in the rupee against the US\$ affects export realizations, imported raw-material costs and hedging strategies.
- **Environmental regulations are tightening globally** as brands enforce ESG-linked procurement policies and sustainable material mandates. Manufacturers that rely on legacy processing technologies or lack effluent treatment capabilities face the dual threat of rising compliance costs and potential exclusion from high-value global supply chains.

7. Peer Benchmarking

The peer-benchmarking analysis evaluates SSL in relation to a representative set of comparable spinning and cotton-centric textile companies. These companies collectively reflect the competitive landscape across yarn counts, product specialization, cotton procurement strategies, operational scale and financial performance. The assessment is based on publicly available financial data, product portfolios and sectoral disclosures from annual reports, stock exchange filings and industry sources.

7.1. About Shreedhar Spinners Limited (“SSL”, the “Company”)

Incorporated on December 9, 2020, registered in Mumbai, Maharashtra as a subsidiary of Shreedhar Cotsyn Private Limited (“SCPL”). The Company began commercial operations in November 2022, with state-of-the-art production machinery at Amravati MIDC Textile Park, Maharashtra, with a key focus on technology-first and high-quality manufacturing.

The Company has 18,240 spindles, manufacturing over 5,250 MT of cotton yarn per annum. SSL is expanding its capacity by adding 10,368 spindles and 1,440 TFO spindles in early 2026, which will enhance its annual production capacity to 9,500 MT, providing comprehensive product solutions to its existing clients.

The Holding Company, SCPL, established in 2010, is a legacy exporter of raw cotton, cotton yarn and synthetic yarn. It also a government recognized star export house.

The promoters are Dharmendra Goyal & Vishal Agarwal both having an experience exceeding 25 years in textile fibres and yarns. The entire group, including other investments of Vishal Agarwal, have a spindle capacity of ~1,08,000 across four locations in India, which will increase to ~118,000 by March 2026.

- Mr Dharmendra Mohandas Goyal (Chartered Accountant) is also a Director and Elected Member, Director, TEXPROCIL (The Cotton Textile Export Promotion Council). He is an industry leader in product and market development.
- Mr Vishal Rajendra Prasad Agarwal (Chartered Accountant) oversees spinning projects and group expansions and has technical expertise in spinning machinery and production techniques.

The group profile demonstrates expertise in modern spinning technologies as well as significant experience in ramping up new spinning capacities to full utilization. SSL's manufacturing facilities are strategically located in the cotton-rich belt of Vidarbha, Maharashtra, providing the company with direct access to abundant, high-quality raw

cotton. This proximity to a major cotton-growing region not only ensures consistency in supply and quality but also helps optimize logistics and reduce procurement costs. The location further strengthens SSL's competitive advantage by enabling it to source raw material efficiently while maintaining strong relationships with local cotton farmers and suppliers. Additionally, since SSL is in MIDC (Amravati, Maharashtra), therefore facilities of power and water are in proximity with dedicated feeders.

7.2. Revenue Scale, Growth Trajectory and Profitability Benchmarking

Nitin Spinners and Rajapalayam Mills demonstrate the largest revenue bases and stronger profitability profiles owing to product diversification and export orientation. Ambika Cotton shows high EBIDTA percentage owing to legacy cost structures. AB Cotspin, Siddhi Cotspin, Lakshmi Mills and Cedaar Textile operate in the small-to-mid scale band with revenues that are more sensitive to cotton price cycles and domestic demand volatility.

SSL's expected growth and margin profile is comparable with upside potential through quality-driven realisation improvement and cost optimisation.

Table 7-1: Financial benchmarking of peer companies

Companies	Revenue (in Crores)			EBIDTA	
	FY23	FY25	CAGR FY23-25	FY23	FY25
Nitin Spinners	2,410	3,309	17%	12%	14%
Rajapalayam Mills	882	924	2%	17%	11%
Ambika Cotton	861	729	-8%	22%	18%
Siddhi Cotspin	200	725	90%	13%	5%
AB Cotspin	170	301	33%	6%	11%
Lakshi Mills	245	270	5%	3%	9%
Cedaar Textile	162	209	14%	11%	15%
Shreedhar Spinners	20	134	159%	8%	10%

Source: Company Filings

7.3. Industry Positioning and Business Model Comparison

- **SSL** operates as an emerging mid-scale spinning enterprise with a product mix primarily centred on cotton yarns. Its model aligns most closely with peers like **AB Cotspin** and **Siddhi Cotspin**, both of which specialise in conventional cotton ring-spun yarns.
- Yarn manufacturers like **Nitin Spinners** function as an integrated yarn and knitted-fabric manufacturer with a broad portfolio spanning open-end yarns, ring-spun yarns, compact yarns and knitted fabrics. This integration yields stronger margin capture and more stable revenue streams.
- **Rajapalayam Mills** has diversified products with mature asset bases and established forward linkages.
- **Ambika Cotton Mills** occupies a premium niche focused on contamination-controlled and higher-count yarns for export markets.
- **Lakshmi Mills** and **Cedaar Textile** operate as domestic-focused mills providing competitively priced yarns to fabric manufacturers.

SSL today aligns with the domestic-oriented cohort but has the potential to scale exports by strengthening quality systems, contamination control and adherence to buyer compliance standards. Ambika Cotton, Rajapalayam and Nitin Spinners possess stronger export footprints and capabilities to serve stringent international buyers. AB Cotspin, Siddhi Cotspin, Lakshmi and Cedaar Textile are primarily domestic suppliers.

8. Investments and Policy Environment

8.1. Investments in the Textiles Sector

India's textile manufacturing ecosystem has experienced a steady strengthening of installed capacity between 2018 and 2024, reflecting sustained investor confidence and a deliberate shift toward modern, high-productivity machinery. Additions across spinning, weaving and knitting technologies point to an industry preparing for scale, export competitiveness and greater integration with global supply chains. The growth in shuttle-less looms and knitting machines highlights the evolution of downstream value-added processes, but the most strategic takeaway is that capital formation is occurring across all major nodes of the textile value chain.

Table 8-1: Investment trend across textile value chain in '000 units

Investments	2018	2024	Addition	Global Position
Spindles	53,970	58,726	4,756	2 nd
Rotors	900	1,261	361	2 nd
Shuttle-less Looms	125	266	141	2 nd
Knitting Machines*	51	81	30	3 rd

Source: ITMF

*Cumulative Shipments for the past 9 years

Within this broader investment landscape, the most significant momentum is concentrated in the spinning segment, where spindle installations increased by **4,756 thousand units** and rotors by **361 thousand units** between 2018 and 2024. These additions reinforce India's standing as the **second-largest global spinning base**, underscoring the sector's scale advantage and operational maturity.

The expansion of spindle and rotor capacity is particularly important because it directly determines the country's ability to supply high-quality yarn to both domestic fabric manufacturers and international buyers. Increased mechanization, adoption of modern spinning frames and improved rotor technologies indicate a strategic move toward higher speed, lower waste and more cost-efficient production

8.2. Government Support, Policies, and Initiatives

- **PM-Mega Integrated Textiles and Apparel Park (PM-MITRA):** The scheme is to develop integrated large scale and modern industrial infrastructure facility for entire value-chain of the textile industry. It will reduce logistics

costs and improve competitiveness of Indian T&A industry. The scheme will help India in attracting investments, boosting employment generation and position itself strongly in the global textile market. These parks are envisaged to be located at 7 sites which have inherent strength for Industry to flourish and have necessary linkages to succeed.

- **Production Linked Incentives (PLI):** The Government has approved the Production Linked Incentive (PLI) Scheme for Textiles, with an approved outlay of Rs 10683 crore over a five-year period, to promote production of MMF Apparel, MMF Fabrics and Products of 162 Technical Textiles in the country to enable Textile sector to achieve size and scale and to become competitive. The Scheme has two parts; Part-1 envisages a minimum investment of Rs.300 crore & minimum turnover of Rs.600 crore per company; and Part-2 envisages a minimum investment of Rs.100 crore & minimum turnover of Rs.200 crore per company FY 2022-23 & FY 2023-24 were gestation period under the scheme. The incentive will be provided to the companies under the scheme on achieving the threshold investment and threshold turnover and thereafter incremental turnover.
- **SAMARTH Initiative:** The Samarth initiative, led by the Ministry of Textiles, Government of India, is a key skill development program for the textile sector. It serves as a flagship initiative aimed at enhancing industry skills. This scheme, both demand driven and placement-oriented, covers the entire textile value chain, excluding spinning and weaving. Its primary goal was to train 10 lakh individuals skillfully from 2017 to 2020. Samarth plays an important role in supporting this labour-intensive sector in India. Samarth adopts an all-around approach, targeting both the organized and traditional sectors. It includes special requirements for upskilling and re-skilling programs and handling diverse skill development needs. The scheme is especially dedicated to uplifting women, with over 85% of its beneficiaries being women. This focus on gender inclusivity aligns with broader societal goals. A remarkable achievement lies in the scheme's organized-sector courses, which boast a placement rate of over 70%. Underscoring its effectiveness in translating training into meaningful employment opportunities. Implemented through Implementing Partners (IPs), the scheme works with a strategic vision, aiming to create a skilled workforce, improve job creation, and promote the overall growth and competitiveness of the Indian textile industry. Samarth is operational until March 2024, marking a notable stride towards capacity building and skill development in the textile

- **National Technical Textile Mission:** Created in 2020, the National Technical Textile Mission unfolds over four years, focusing on improving technical education, promoting research and innovation, promoting market growth, and simplifying objectives. Prioritizing technical education at engineering and technology levels, the mission aims to build expertise in technical textiles and their applications. Dedicated to groundbreaking research on fibres and applications, including geo, agro, medical, sports, and mobile textiles. Additionally, it highlights the development of biodegradable technical textiles and indigenous machinery. Focused on expanding the global market for Indian technical textiles and handling the domestic market's low penetration rate (5–10%). A key aspect is the promotion of exports to improve India's global market share. Simplifying mission goals into four components provides a clear and focused approach, aiming for effective implementation and impact.
- **State Government initiatives:** Each state recognizes the importance of the textile industry in promoting economic growth, generating employment, and preserving traditional craftsmanship. These policies aim to create a conducive environment for the development of the textile and apparel sector, while also addressing the unique needs and strengths of each region. Key incentives embedded in these policies include financial assistance for the establishment of textile parks and clusters, subsidies on land and power costs, skill development initiatives to enhance the capabilities of the workforce, and support for adoption technology to improve productivity. Some states also offer marketing and export-related incentives, fostering a competitive edge in the global market.

List of key state subsidy/incentives –

- Capital Subsidy
- Wage Subsidy
- Training Incentives
- Land Subsidy
- Power Subsidy
- Interest Subsidy



Varun Vaid
Business Director
Wazir Advisors Private Limited
varun@wazir.in