Growth Avenues for Indian Textile Industry

Presented By
Amir Sheikh
Senior Consultant
Introduction

Key Takeaways

• Disruptive trends is effecting the traditional way of doing business
• Emerging technologies are creating new trends
• Sustainability in the textile value chain is becoming a key aspect
• Global competitiveness and shift in trade
• Emerging segments for India
• Learn from success stories
• …emergence of new business models?
### Introduction

**About Gherzi: Integrated Consulting**

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<tr>
<th>Management &amp; Operations</th>
<th>Corporate Finance</th>
<th>Engineering &amp; Logistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Feasibilities studies</td>
<td>Mergers &amp; Acquisitions</td>
<td>Hugo Boss [D]</td>
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<td>Restructuring and Turn-around</td>
<td>Succesion Planning &amp; Divestitures</td>
<td>Swiss Army [CH]</td>
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<td>Strategy</td>
<td>MBO/MBI</td>
<td>Sefar [RO]</td>
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<td>Sefar [CN]</td>
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<td>Capital Markets</td>
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<td>Business Development</td>
<td>Vardhman [IND]</td>
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<td>Product Development</td>
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Growth Avenue for India Textile industry - January 2019
Introduction

Gherzi References - Across the textile value chain

<table>
<thead>
<tr>
<th>Fibers</th>
<th>OEM’s</th>
<th>Textile companies</th>
<th>Brands/Retailers</th>
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<td>Saurer.</td>
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<td>Industries Ltd.</td>
<td>Rieter</td>
<td>Trident Group</td>
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<td>Trützschler</td>
<td>PT Indo Liberty</td>
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<td>Picanol</td>
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<td>Groz-Beckert®</td>
<td>Kaltex</td>
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<td>Stoll</td>
<td>PT Lotus Indah Textile</td>
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<td>Aditya Birla</td>
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<td>Stoll Knit Ahead</td>
<td>Arvind</td>
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<td>Technical perfection, automotive passion.</td>
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<td>Canclini</td>
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<td>Coats</td>
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</tr>
</tbody>
</table>
Introduction

Gherzi presence in new industry areas

Sustainable Textile School - Website
http://sustainable-textile-school.com/

Sustainable Textile School - Facebook
https://www.facebook.com/stschemnitz/

Sustainable Textile School - Twitter
https://twitter.com/sts_chemnitz
Introduction

International presence

• 130 fully employed professionals
• Partnership on a worldwide level
• 6 own HQ offices
• More than 6'000 completed projects
• Activities in more than 80 countries
Emerging trends in textile & clothing industry

Production
- Produce clean, local, with respect and efficiently
- 11. 3D printers for garments
- 12. Digital printing and finishing
- 13. Short value chains
- 14. Automation in sewing process
- 15. Yarn performance
- 16. Innovative joining techniques
- 17. New technologies in the pipeline

Retail
- Hack the take-away-waste model
- 18. E-commerce
- 19. New shopping experience
- 20. Take-back-waste model
- 21. New definition of ownership

Design
- Design for eternity
- 7. Design to last
- 8. Design for rebirth
- 9. Smart & functional textiles
- 10. Mass customization on the rise

Consumption
- Go slow, connected, and take good care
- 22. Wise consumer
- 23. New rules for shopping (online mobile)
- 24. Importance of « Made in »
- 25. Increasing importance of activewear

Resources
- Materials matter
- 1. Blends on the rise
- 2. Nonwoven innovation
- 3. Reuse and redesign waste
- 4. Precision farming
- 5. Filament era
- 6. The predominance of PES

End of life
- Consider every ending as a new beginning
- 26. Biodegrade organic textile
- 27. Upcycle, reuse and recycle

Systems thinking
- Be transparent and work together
- 28. Smart textile manufacturing systems
- 29. CSR is a must
- 30. Transparency & traceability
- 31. Sustainability
- 32. Data integration
- 33. Norms and standards

Source: Gherzi
Key trends & impact

The consumer is driving change - he has all options

Who will lead the consumer?

department store shopping mall category killers discounter online mobile

1880 1900 1920 1940 1960 1980 2000 2020

alternative to digitization? NO: loss of sales to the risk of existence!

who or what drives the digitization? the customer - not the service or product provider!

Sell content! Create attraction! Know your customer!

Growth Avenue for India Textile industry-January 2019
Key trends & impact

New business model
Key trends & impact

Mass customization

KEY TREND
MASS CUSTOMIZATION
(Lot size 1)

ADIDAS Pop-up Store Berlin (Fully fashion – On Demand Apparel)
Impact
Economic trends affecting American brands and retailers

Source: USFIA
*Numbers denote recent store closures
Key trends & impact

Disruptive technologies: Robotized garment manufacturing

Disruption → Autonomous garment production lines

https://www.youtube.com/watch?v=OsSD18wWAyQ
https://www.clearslide.com/view/mail?iID=dQqm8MDWmR4vC8C2VH
Key trends & impact

Additive Manufacturing

- Adidas intends to use the 3-D printed soles to make trainers at 2 new highly automated factories in Germany and America
- Capacity: 500,000 pairs/year
- Lead time: 1 Week
- Process: Conventional 3-D printing involves ‘adding’ done according to instructions from a computer program that contains the virtual representation of the object to be made, in a series of the slices. The layers of material are built of molten polymer
- Adidas uses Carbon’s Digital Light Synthesis process which is 100 times faster than conventional polymer-based printers

Disruption  No need of the textile chain anymore

Source: The Economist
Key trends & impact

AI and Big Data
Automated inspection systems

- Reduced dependence on human errors
- Saving of manpower and materials
- Quick response
- Reliability

Digital Eye

The 4 Point System

Automated online inspection

Disruption → New Business models
Key trends & impact

Digital printing & finishing

Disruption

Less need of finishing machines, Mass customization, single lot production
Key trends & impact

Digital Technologies Opportunities for OEMs
Key trends & impact

China intelligent spinning mills

Intelligent Spinning Mill, China
No of spindles: 100,000
Workers: 125
Average count: Ne 70’s
Key trends & impact

New business model: Hugo Boss and Block chain technology

Blockchain
supply chain visibility and a first integration of CSR requirements into the procurement process

- Secured information sharing for dedicated supply chain partners eliminating multiple certification and audit processes
- Enabling supply chain transparency while offering business related information like stock, capacity and more in real time

Source: HUGO BOSS ©
The trajectory of the industry points to the potential for catastrophic outcomes if status quo prevails.
Global fashion industry has an opportunity to create sustainability across the value chain.

**8 Impact areas for the fashion value chain**

Source: “Pulse of the Fashion Industry” by BCG
Key trends & impact

Sustainability

The development of the sustainability movements in the global textile chain

THE PRODUCT

1990

THE PEOPLE

2012

Business Social Compliance Initiative

THE PLANET

2011-2020
Key trends & impact

Sustainability

Adidas 2020 mission targets:
• 50% water savings
• 20% energy savings
• 75% paper reduction
• 50% waste reduction
• Achieving 100% sustainable input chemistry by adopting the ZDHC MRSL

Nike 2020 targets:
• 100% renewable energy by 2025
• Zero footwear waste to landfill
• 20% reduction in freshwater use in dyeing and finishing
• Zero hazardous chemical discharge
• 10% reduction in products environmental footprint
Key trends & impact

Sustainability

r-PET trends: Knitted Shoes

In 2017, Adidas sold 1 mn shoes made out of ocean plastic.

Rothy’s lightweight flats are made from knit composed of 100% post-consumer plastic and other recycled shoes.

Nike’s Flyknit shoes reduce the material waste of traditional cut and sew production by an average of 60%, and each pair is made from the equivalent of six recycled plastic bottles.

The PET offers minimalist sports shoes, trail shoes, 'ultimate' land and sea boots, etc. The company released eco-canvass and eco-suede in 2015 (each using 50% recycled PET).

Spanish fashion label Ecoalf make lightweight trainers from recycled PET bottles.
2025: 8.1 billion people will require clothing

Growth of global end-user textile consumption since 2000

Source: ICAC
Textile and clothing - Global

Textile consumption trends
Per capita textile consumption will continue growing, mainly in Asia

Textile fiber consumption per capita (end-use) by developing countries - kg p.a.

Source: ICAC
Competitiveness
Top six exporting countries of textile and clothing

- China is the top most exporter with 257 Bn US$ in 2017
- India is the second largest exporter of textile and clothing with 37 Bn US$ in 2017

### Top 6 Exporting countries

<table>
<thead>
<tr>
<th>Country</th>
<th>US$ Bn</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>257</td>
<td>62%</td>
</tr>
<tr>
<td>India</td>
<td>37</td>
<td>9%</td>
</tr>
<tr>
<td>Germany</td>
<td>36</td>
<td>9%</td>
</tr>
<tr>
<td>Italy</td>
<td>34</td>
<td>8%</td>
</tr>
<tr>
<td>Turkey</td>
<td>27</td>
<td>6%</td>
</tr>
<tr>
<td>USA</td>
<td>26</td>
<td>6%</td>
</tr>
</tbody>
</table>

Source: Gherzi analysis & UN comtrade
Future sourcing: “China + N”
China remains the largest clothing exporter ($145 Bn) in the world with 34% share – although with declining trend- followed by EU and Bangladesh

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<thead>
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</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>143</td>
<td>165</td>
<td>162</td>
<td>145</td>
<td></td>
<td></td>
<td></td>
<td>34%</td>
</tr>
<tr>
<td>EU</td>
<td></td>
<td></td>
<td></td>
<td>104</td>
<td>104</td>
<td>98</td>
<td>108</td>
<td>25%</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>23</td>
<td>27</td>
<td>31</td>
<td>33</td>
<td></td>
<td></td>
<td></td>
<td>8%</td>
</tr>
<tr>
<td>Viet Nam</td>
<td>13</td>
<td>17</td>
<td>21</td>
<td>27</td>
<td></td>
<td></td>
<td></td>
<td>6%</td>
</tr>
<tr>
<td>India</td>
<td>14</td>
<td>16</td>
<td>17</td>
<td>17</td>
<td></td>
<td></td>
<td></td>
<td>4%</td>
</tr>
</tbody>
</table>

Source: UN Comtrade

HS codes: 61 & 62
Future sourcing: “China + N”

Apparel factory counts in 2013

18,000

5,000

11,000

2,450

18,000

5,000

11,000

2,450

Indicates market share of global apparel trade

Source: Euromonitor International
## Competitiveness

African countries have competitive wages however many countries face cost disadvantage, especially power.

<table>
<thead>
<tr>
<th>Cost parameters</th>
<th>China</th>
<th>India</th>
<th>Vn</th>
<th>B’desh</th>
<th>IDN</th>
<th>Kenya</th>
<th>ET</th>
<th>Mada</th>
<th>Nig</th>
<th>EGY</th>
<th>UG</th>
<th>BF</th>
<th>CI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monthly wages USD</td>
<td>600</td>
<td>175</td>
<td>275</td>
<td>130</td>
<td>300</td>
<td>150</td>
<td>75</td>
<td>100</td>
<td>150</td>
<td>125</td>
<td>100</td>
<td>75</td>
<td>125</td>
</tr>
<tr>
<td>Electricity tariff (US$ per kWh)</td>
<td>13</td>
<td>10</td>
<td>7.5</td>
<td>10</td>
<td>9</td>
<td>15</td>
<td>3.5</td>
<td>12.00</td>
<td>12</td>
<td>6.5</td>
<td>12</td>
<td>23</td>
<td>12</td>
</tr>
<tr>
<td>Finance cost</td>
<td>Interest % pa</td>
<td>6</td>
<td>7*</td>
<td>8</td>
<td>10</td>
<td>12</td>
<td>12</td>
<td>10</td>
<td>10</td>
<td>7*</td>
<td>6</td>
<td>7*</td>
<td>11</td>
</tr>
</tbody>
</table>

* Concessional interest rate for textile industry under special programme

Source: Gherzi database
Technical Textiles – Global View
Global TechTex market is estimated at USD 171 Bn with CAGR of 5%; EU, USA and China represent about half of the world market.

2017 World TECHTEX Market

Five largest segments in staple fibre based TechTex
- Hometech
- Packtech
- Indutech
- Hygiene
- Mobiltech
8.6 Mn t (2/3 of total TechTex ex staple fibre)

2017 TECHTEX World Market by Raw Material (33 Mn t)

40% of the market in principle of interest to a MMF staple fibre producer

Sources: World Bank, Gherzi analysis and estimates
Technical Textiles – India View
Indian Techtex market is estimated at US$ 17.4 bn is growing over 13% CAGR with 5 segments growing above average rate

Indian Technical Textile Market (INR Cr.)

- Packtech: 14,630 (12%)
- Indutech: 13,127 (15%)
- Hometech: 12,145 (9%)
- Mobiletech: 10,640 (13%)
- Clothtech: 8,133 (2%)
- Sportech: 7,311 (10%)
- Medtech & Hygiene: 5,162 (12%)
- Buildtech: 4,507 (8%)
- Protech: 3,199 (9%)
- Agrotech: 2,610 (17%)
- Geotech & Oekotech: 1,586 (18%)

India Tech Tex Value wise segment share in 2017-18 (est)

Avg. USD / INR : 40 (2007-08), 65 (2017-18)

Source: Gherzi analysis based on industry data
Denim fabrics
China is the major exporter of denim fabric having 42.48% share followed by Pakistan with 12.20% and Hong Kong with 9.01% share in 2017

Major exporters of denim fabric [Mn US$]

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<tbody>
<tr>
<td>China</td>
<td>1,857</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1,572</td>
<td>42.48%</td>
</tr>
<tr>
<td>Pakistan</td>
<td>533</td>
<td>472</td>
<td>394</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>12.20%</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>394</td>
<td></td>
<td>701</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>9.01%</td>
</tr>
<tr>
<td>Turkey</td>
<td>369</td>
<td>427</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>8.43%</td>
</tr>
<tr>
<td>India</td>
<td>351</td>
<td>205</td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td>8.02%</td>
</tr>
</tbody>
</table>

HS code: 520942/ 521142

Source: UN Comtrade
Denim fabrics
Bangladesh is the major importer of denim fabric having 26% share followed by Turkey with 9.26% and Hong Kong with 9.14% share in 2017.

Major importers of denim fabric [Mn US$]

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</thead>
<tbody>
<tr>
<td>Bangladesh</td>
<td>997</td>
<td>501</td>
<td>351</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>26.27%</td>
</tr>
<tr>
<td>Turkey</td>
<td>351</td>
<td>431</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>9.26%</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>347</td>
<td>540</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>9.14%</td>
</tr>
<tr>
<td>Viet Nam</td>
<td>260</td>
<td>85</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>6.85%</td>
</tr>
<tr>
<td>China</td>
<td>250</td>
<td>331</td>
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<td></td>
<td></td>
<td></td>
<td>6.59%</td>
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</table>

Source: UN Comtrade
HS code: 520942/521142
Made-ups: Bed Linen Segment

Top five import countries represent 60% share in total imports, with the USA, UK and Germany being key destinations.

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<tbody>
<tr>
<td>USA</td>
<td>2721</td>
<td>2801</td>
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</tr>
<tr>
<td>Germany</td>
<td></td>
<td></td>
<td>823</td>
<td>726</td>
<td>677</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>6</td>
<td>6</td>
<td>6</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>France</td>
<td>578</td>
<td>579</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Australia</td>
<td>326</td>
<td>345</td>
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</tbody>
</table>

HS Code: 630221/31, 630222/32, 630229/39

Source: UN comtrade & Gherzi estimates
Made-ups: Bed Linen Segment
Top five Exporting countries of bed linen have 77% share in total exports, to world, China is the major exporter with 46% followed by Pakistan 18% 

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</thead>
<tbody>
<tr>
<td>China</td>
<td>4915</td>
<td>3929</td>
<td>1321</td>
<td>1535</td>
<td></td>
</tr>
<tr>
<td>Pakistan</td>
<td>46%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pakistan</td>
<td></td>
<td></td>
<td>18%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Turkey</td>
<td>508</td>
<td>414</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Turkey</td>
<td>5%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Germany</td>
<td>435</td>
<td>341</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>India</td>
<td>245</td>
<td>384</td>
<td></td>
<td></td>
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<tr>
<td>India</td>
<td></td>
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</tr>
</tbody>
</table>

HS Code: 630221/31, 630222/32, 630229/39

Source: UN comtrade & Gherzi estimates
## Textiles - Key Segments

### Made-ups: Major players

Major companies offering bed linen items in retail sector in USA

<table>
<thead>
<tr>
<th>Sl no</th>
<th>Company name</th>
<th>Revenue in 2016</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Amazon</td>
<td>$250 Mn</td>
<td>[Amazon Logo]</td>
</tr>
<tr>
<td>2</td>
<td>Casper</td>
<td>$175 Mn</td>
<td>[Casper Logo]</td>
</tr>
<tr>
<td>3</td>
<td>Saatva</td>
<td>$146 Mn</td>
<td>[Saatva Logo]</td>
</tr>
<tr>
<td>4</td>
<td>Tuft &amp; Needle</td>
<td>$120 Mn</td>
<td>[Tuft &amp; Needle Logo]</td>
</tr>
<tr>
<td>5</td>
<td>1800Mattress. com</td>
<td>$80 Mn</td>
<td>[1800Mattress Logo]</td>
</tr>
</tbody>
</table>
Textiles - Key Segments

Made-ups: Emerging challenges facing suppliers

➢ MACRO - LEVEL
  • Increasing intensity of Technical and Social compliance standards
  • Increasing emphasis on Environment Sustainability
  • Preference for large buyers for Vertically Integrated Suppliers
  • Digitalization of Retail Trade and Shift from Brick & Mortar stores to On-line

➢ MICRO - LEVEL
  • Quick style changes, higher SKU counts and sharper lead times
  • Growing resistance to prices increases in standard products
  • Increasing complexity in Logistics and Deliveries
Textiles - Key Segments

Made-ups: India’s strength

➢ Raw material availability – Cotton and MMF
   • India is the world’s largest producer of cotton fibres and second largest producer of MMF
   • We grow our own ELS cotton, which gives us a cost-effective base for finer yarn counts and the ability to meet the demand for high thread count cotton sheets in USA, EU markets at the upper levels of the value chain

➢ Availability of Skilled labour and Supervisory manpower
   • Well trained manpower is available at all the major textile hubs
   • Adaptation of IT skills opens

➢ Presence of large capacities with modern state-of-art manufacturing equipment

➢ Growing Design and Innovation capabilities
   • Our strength is enhanced by the large base of diverse textile heritage

➢ Active Government Support
   • Financial and technical assistance through ATUF
   • Established SEZ’s Textile parks & cluster Zones
   • GST Implementation
What is the way forward?

let’s learn from success stories

CASE STUDIES
Case Studies

Examples: Denim City

Denim City is a center for craftsmanship and innovation in the denim industry.

Like its logo, Denim City consists of five elements:

1. A denim craftsman's workshop;
2. An institute for developing and sharing knowledge, with its own archive;
3. The Blue Lab, a sustainable laundry innovation center;
4. The Embassy, space for networking and enterprise;
5. An education facility for Jean School and its international course
Case Studies

Examples: Denim City

3

Sponsor

HOUSE OF DENIM
A BRIGHTER BLUE

House of Denim / Netherlands

Jean School

Focus

Promoting
Supporting
Connecting
Learning
Producing

Comments

- The Jean School is an initiative of James Veenhoff (former director and initiator of the Amsterdam Fashion Week) and Mariette Hoitink (owner HTNK Fashion recruitment & consultancy). In 2009, Veenhoff and Hoitink started the foundation House of Denim.

- In addition to the Dutch education, the Jean School in cooperation with House of Denim, recently started a one-year English-speaking education that is especially developed for foreign students and Dutch students with a HAVO-diploma or who have a propaedeutic certificate.

Interest for NFA

Moderate
High
Very high

Growth Avenue for India Textile industry-January 2019
Examples: Denim City

**Sponsor**

**Denim City / Netherlands**

**Focus**

- Promoting
- Supporting
- Connecting
- Learning
- Producing

**Blue Lab**

**Comments**

- Blue Lab Amsterdam is powered by a consortium of denim industry leaders in order to develop new, cleaner and innovative recipes for denim industry.
- Denim City is founded as a non-for-profit organisation by ‘House of Denim Foundation’ aiming to bring together brands, students, academics and industry to take the industry “towards a brighter blue”.
- Denim City consist of education facilities, craftsman’s workshop, an archive, an expertise center and a networking space with offices and workspaces.

**Interest for NFA**

- Moderate
- High
- Very high
Case Studies

Examples: New York

Sponsor

MANUFACTURE NEW YORK

Manufacture New York / USA

Focus

Promoting
Supporting
Connecting
Learning
Producing

Designer co-working & Flex Space

Comments

- Shared Industrial Sewing Room (Lockstitch, Serger, Blind Hem, Heavy Duty machine great for leather and denim & other specialty machines PLUS pattern/cutting table, full length dress forms, iron & steamer)
- Shared Materials (printer paper, dotted pattern paper, oaktag, muslin)
- Fashion Co-Working Computer Lab (with Adobe Creative Cloud & Rhino)
- Conference/Fitting Room/Private Storage Space (small cubby + fabric storage)
- Front Desk Services (package and mail receiving, printing, fax, phone, guests)

Interest for NFA

Moderate
High
Very high
Case Studies

Examples: New York

Product development

Comments

- Product development packages for emerging and independent designers and brands including:
  1. Consultations
  2. Pattern
  3. Pattern adjustment
  4. Muslin
  5. Fitting
  6. Initial sample
- Packages range in price based on complexity, type of fabric and trims
- Manage production, for a fee based on total order size, for a given line by matching brands with the right manufacturer in New York City

Focus

- Promoting
- Supporting
- Connecting
- Learning
- Producing
DENIM CITY
AMSTERDAM
The Netherlands is the country with the most pants per capita because of its culture, but also because of the offer that was created by recognition. Due to the work of the Denim City, Amsterdam is known today as the "European Jeans Capital".
Denim City is a campus of innovation founded by the House of Denim with a clear mission: connecting and inspire stakeholders to bring an industry "Towards a brighter blue". Everything that we do is aimed at making a cleaner and more intelligent jeans wash through education and collaboration.
THE CITY OF JEANS
DENIM CITY

Denim City aims to raise the standard, reduce environmental impact, adoption of more and unite the global denim industry under a same ceiling.
Case Studies

VALORES
DENIM CITY

SUSTAINABILITY
EDUCATION
INNOVATION
CONNECTION
Case Studies

Brazilian textile and clothing from the perspective of the global value chain - present and future possibilities
Case Studies

Textile and Clothing – Brazil Project
Launch of the TASKING program

- 9 tools have been used to identify strategic projects
- 10 strategic topics have been addressed
- 40 projects to give a new boost to the Brazil TAS
- Creation of 5 dedicated task forces to organise, coordinate and monitor the 40 identified projects
Case Studies

Textile and Clothing – Brazil Project
9 tools have been used to identify strategic projects

1. Sub-segment analysis
2. Brazil TAS matrix
3. Brazil competitiveness (CNI study)
4. Interviews
5. KSF matrix
6. 33 trends analysis
7. Export case studies
8. Benchmark
9. Regulatory environment
Case Studies

Textile and Clothing – Brazil Project
10 strategic topics have been addressed

1. Value chain evolution
Maximize value addition

2. Capacity building
Improve HR skills and productivity & business process reengineering

3. Raw material
Enhance cotton advantage and address MMF gaps

4. Marketing & promotion
Increase the visibility of Brazil TAS

5. Global integration
Connect to global supply chain

6. Doing business
Improve competitiveness

7. Market access
Privileged access for Brazilian exports

8. Incentives for financing
Guaranteed competitive funding for new investment and innovation

9. Cluster
Create mini eco-systems (Center of excellence)

10. Sustainability
Enhance environmental and social sustainability of Brazil TAS

Growth Avenue for India Textile industry-January 2019
## Textile and Clothing – Brazil Project
40 projects to give a new boost to the Brazil TAS

<table>
<thead>
<tr>
<th>Topic</th>
<th>Objectives</th>
<th>Short term 2017-2018</th>
<th>Medium term 2019-2021</th>
<th>Medium term</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value chain evolution</td>
<td>Maximize value addition</td>
<td>1 Selected product sub-segments to enhance value addition</td>
<td>3 Innovative supply chains (CPT Paraguay)</td>
<td>New concepts</td>
</tr>
<tr>
<td>Capacity building</td>
<td>Improve HR skills and productivity &amp; business process reengineering</td>
<td>6 Market intelligence</td>
<td>4 Industry 4.0 dissemination module</td>
<td></td>
</tr>
<tr>
<td>Raw material</td>
<td>Enhance cotton advantage and address MMF gaps</td>
<td>12 Import dyes for specific MMF raw materials</td>
<td>9 Training centers / Academia (eg laundry)</td>
<td></td>
</tr>
<tr>
<td>Marketing &amp; promotion</td>
<td>Increase the visibility of Brazil TAS</td>
<td>15 Brand Brazil marketing plan</td>
<td>10 Best practice and benchmarking</td>
<td></td>
</tr>
<tr>
<td>Global integration</td>
<td>Connect to global supply chain</td>
<td>20 Technical and technological knowhow</td>
<td>11 Incubator programs (fashion start-ups)</td>
<td></td>
</tr>
<tr>
<td>Doing business</td>
<td>Improve competitiveness</td>
<td>23 Drawback regime training modules</td>
<td>26 Transport infrastructure (costs and time)</td>
<td></td>
</tr>
<tr>
<td>Market access</td>
<td>Privileged access for Brazilian exports</td>
<td>28 Existing FTA</td>
<td>27 Shadow industry and policy (highly fragmented and small CMT units)</td>
<td></td>
</tr>
<tr>
<td>Incentives for financing</td>
<td>Guaranteed competitive funding for new investment and innovation</td>
<td>32 Textile investment fund (single digit rate)</td>
<td>34 Innovation fund scheme (low R&amp;D investment)</td>
<td></td>
</tr>
<tr>
<td>Cluster</td>
<td>Create mini eco-systems (Center of excellence)</td>
<td>35 New cluster concept program (Center of excellence)</td>
<td>36 Mecca of denim, beachwear, etc.</td>
<td></td>
</tr>
<tr>
<td>Sustainability</td>
<td>Enhance environmental and social sustainability of Brazil TAS</td>
<td>37 Resource efficiency program</td>
<td>38 Special financing window for cleantech</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>39 Label initiative Brazilian official code of conduct</td>
<td>40 Textile and garment recycling solutions</td>
<td></td>
</tr>
</tbody>
</table>
Textile and Clothing – Brazil Project
Gherzi created 5 dedicated task forces to organise, coordinate and monitor the 40 identified projects

#1 Produce
#2 Learn
#3 Connect
#4 Support
#5 Promote
Case Studies

Textile and Clothing – Brazil Project
23 sub-segments\(^1\) of the Brazil TAS have been analyzed in order to identify their respective export readiness and potential.

| 01 Cotton fibre production | 02 Staples and filaments (MMF) |
| 03 Spinning | 04 Denim and twills (weaving) |
| 05 Shirting and lightweight fabrics | 06 Knitting |
| 07 Technical textiles | 08 Nonwovens |
| 09 Finishing | 10 Jeans laundry |
| 11 Apparel\(^2\) | 12 Lingerie and underwear |
| 13 Beachwear | 14 Sportswear / Activewear |
| 15 Casualwear | 16 Socialwear |
| 17 Winterwear | 18 Workwear |
| 19 Baby and children | 20 Socks |
| 21 Bed sheets | 22 Bath towels |
| 23 Tablecloth, kitchen and cleaning | 24 Decor fabrics |

Sub-segment export readiness

<table>
<thead>
<tr>
<th>Sub-segment export readiness</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
</tr>
<tr>
<td>Moderate</td>
</tr>
<tr>
<td>High</td>
</tr>
</tbody>
</table>

Sub-segment export potential

- Number of employee in the sub-segment:
  - <10'000
  - 10'000 - 50'000
  - 50'000 - 100'000
  - 100'000 - 250'000
  - >250'000

\(^1\) Apparel (#11) is not a sub-segment / \(^2\) cotton / \(^3\) Complementary sub-segment related to sub-segment #4

Source: Gherzi analysis
any advice?
How to work with and on the business model?
Consultants to the Industry since 1929

.....in India since 1958

a.sheikh@gherzi.in

www.gherzi.com