Industry Report on Readymade Garments

With Focus on Women Wear

For Kiaasa Retail

November 2025

Disclaimer

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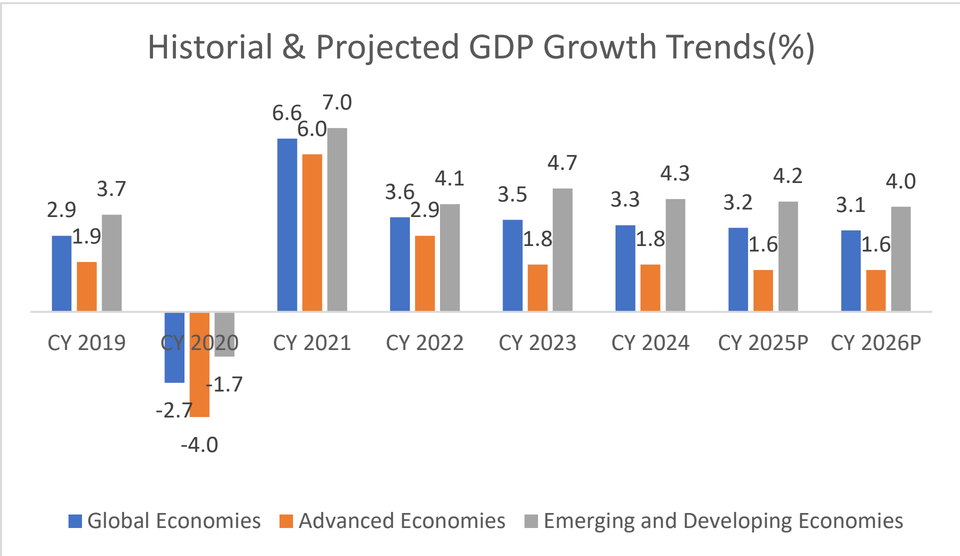
Global Economic Overview

The global economy, which recorded GDP growth at 3.3% in CY 2024, is expected to show resilience at 3.2% in CY 2025. This marks the slowest expansion since 2020 and reflects a -0.1%point downgrade from January 2025 forecast. Moreover, the projection for CY 2026 has also reduced to 3.1%. This slowdown is majorly attributed due to numerous factors such as high inflation in many economies despite central bank efforts to curb inflation, continuing energy market volatility driven by geopolitical tensions, and the extended uncertainty around the trade policies. High inflation and rising borrowing costs affected the private consumption on one hand while fiscal consolidation impacted the government consumption on the other hand. As a result, global GDP growth is projected to slow down from 3.3% in CY 2024 to 3.2% in CY 2025.



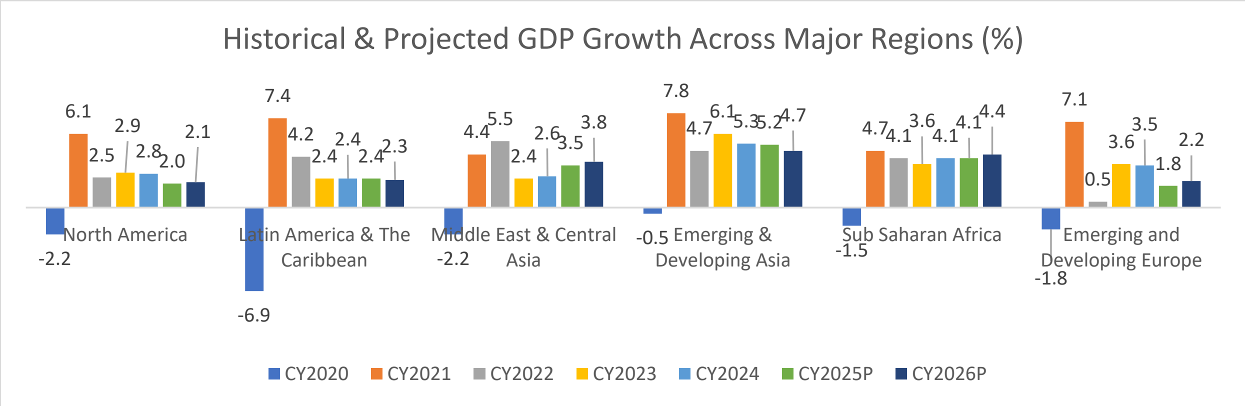
Source – IMF Global GDP Forecast Release October 2025

Note: Advanced Economies and Emerging & Developing Economies are as per the classification of the World Economic Outlook (WEO). This classification is not based on strict criteria, economic or otherwise, and it has evolved over time. It comprises of 40 countries under the Advanced Economies including the G7 (the United States, Japan, Germany, France, Italy, the United Kingdom, and Canada) and selected countries from the Euro Zone (Germany, Italy, France etc.). The group of emerging market and developing economies (156) includes all those that are not classified as Advanced Economies (India, China, Brazil, Malaysia etc.)

Historical and Projected GDP Growth

GDP growth across major regions exhibited a mixed trend between 2022-23, with GDP growth in many regions including North America, Emerging and Developing Asia, and Emerging and Developing Europe slowing further in 2024. In 2025, GDP growth rate in Emerging and Developing Asia (India, China, Indonesia, Malaysia, etc.) is expected to moderate further to 5.2% from 5.3% in the previous year, while in the North America, it is expected to moderate to

2.0% in CY 2025 from 2.8% in CY 2024. Similarly in Emerging and Developing Europe is expected to moderate further to 1.8% from 3.5% in the previous year.



Source-IMF World Economic Outlook October 2025 update.

Except Middle East & Central Asia, all other regions like Emerging and Developing Asia, Emerging and Developing Europe, Latin America & The Caribbean, Sub Saharan Africa and North America, are expected to record a moderation in GDP growth rate in CY 2025 as compared to CY 2024. Further, growth in the United States is expected to come down at 2.0% in CY 2025 from 2.8% in CY 2024 due to lagged effects of monetary policy tightening, gradual fiscal tightening, and a softening in labor markets slowing aggregate demand.

Global Economic Outlook

The global economy is cautiously moving into a transitional phase, characterized by resilience amid uncertainty. Growth remains generally positive but varies across regions, influenced by changes in consumer demand, trade policy, and monetary and fiscal conditions. In advanced economies, household consumption and services continue to support activity, while manufacturing and export-driven sectors face challenges due to a weaker external environment.

The U.S. economy showed strong growth in Q2 2025 and is expected to benefit from lower interest rates starting in September. Australia also performed well, while Europe is dealing with stagnation. Canada's economy is slowing, and Germany's industrial sector remains under strain; Japan, however, is beginning to recover modestly. Among emerging markets, the Chinese Mainland maintains steady growth, supported by fiscal and credit stimulus, while India is accelerating due to strong domestic demand and investment inflows. Southeast Asian countries like Indonesia and Thailand, attractive for natural resources and semiconductors, are showing resilience amid supply chain diversifications. Several Latin American economies, such as Chile, are benefiting from improved commodity terms of trade, especially after raising copper price forecasts.

Global businesses are revising strategies as economic growth varies across regions and macro conditions shift. Multinationals are rebalancing geographic exposure—focusing on markets with strong domestic demand, stable policies, and clear regulations—while reassessing operations in slower or volatile economies. Supply chain diversification, once a defensive move, is now a structural strategy to access new consumers and reduce single-market risks. Investment is flowing to regions with predictable trade rules, critical inputs, and proximity to end-markets; for example, Mexico has seen increased FDI due to its U.S. proximity and trade clarity. A subtle global shift is emerging despite ongoing risks, businesses are planning with the view that trade disruptions and tariff shocks may be managed through negotiation and gradual recalibration. Recent U.S.-Vietnam and EU-Indonesia trade talks emphasize phased tariff changes and cooperation over punitive actions. This tentative shift suggests a move from high volatility toward a more predictable, data-driven environment.

Trade tensions continue to affect global growth, especially in export-driven economies. However, signs suggest a shift toward a more managed phase of trade policy. Recent product-specific tariffs have been scoped and calibrated, often targeting manufacturers not investing in the U.S. The average U.S. tariff rate declined from 28% in April to around 17% by late 2025 (According to The Budget Lab at Yale).

This reflects two developments:

1. A wave of new trade deal announcements in September that have facilitated a concessional reduction in tariffs from the U.S., for example, the establishment of the 'US-EU Framework on an Agreement on Reciprocal, Fair, and Balanced Trade', the U.S.- Japan trade framework, and a 'Technology Prosperity Deal' memorandum of understanding signed with the U.K.

2. Recalibration by the U.S. of the products subject to tariffs as referred to in Annex II. In early September, the U.S. adjusted its trade framework, linking tariff exemptions more explicitly to security partnerships. Critical minerals were added to Annex II, granting them exemption from tariffs, while materials such as silicone and aluminum hydroxide lost exemption status. A new mechanism allows zero tariffs for countries signing both trade and security agreements with the U.S.

Businesses look increasingly willing to accept that tariffs are unlikely to be rolled back quickly. Instead, they are adapting their strategies – from diversifying sourcing to reconfiguring supply chains – to absorb, manage, or negotiate the impact of tariffs. We expect businesses operating in jurisdictions with clear trade frameworks and supportive domestic policies to begin showing stronger sentiment and investment intentions than those in more uncertain environments. Businesses are increasingly relying on domestic demand to counter tariff-driven export challenges.

Effective September 1, Canada removed many tariffs on U.S. goods imports that are compliant under the U.S.-Mexico-Canada Agreement (USMCA). Bilateral tariffs on autos, aluminum, and steel remain in place, though they are subject to ongoing discussions. The Canadian government has shown willingness to support sectors under pressure from the U.S., providing CAD1.2bn in loans and guarantees to the softwood and lumber industry (currently facing 32.5% U.S. tariffs). Asia Pacific countries are expanding trade partnerships beyond the U.S. Indonesia signed a landmark FTA with the EU, expected to double bilateral trade and eliminate tariffs on 98% of goods. India concluded a major trade deal with the U.K. and is in advanced negotiations with the EU.

Eastern Europe enters Q4 2025 in a fragile but stabilizing economic state. Poland and the Baltic states expect modest growth, supported by resilient consumption and easing inflation. Romania remains an outlier, facing the EU's highest inflation amid fiscal austerity. Regional exports are subdued due to weak German demand and global trade tensions. Ukraine shows resilience through reconstruction and aid, while Russia and Belarus face slowing growth under sanctions.

In Central Asia, Uzbekistan and Kazakhstan continue steady expansion through industrial diversification and regional trade. Kazakhstan's expansionary fiscal stance is backed by oil revenues and reform plans. The Kyrgyz Republic and Tajikistan lead in growth, driven by remittances and domestic demand, though inflation persists. Turkmenistan's outlook remains muted due to hydrocarbon dependence.

Middle East & North Africa enters Q4 2025 with optimism as non-oil sector growth supports sustainable prospects. Governments focus on technology, tourism, manufacturing, financial services, and renewable energy. The UAE grew 3.9% y/y in Q1 2025, with non-oil contribution at 77%. Egypt launched its Narrative for Economic Development, a five-year plan for tourism, ICT, energy, and manufacturing. OPEC+ continues raising oil output to regain market share, but supply is expected to dip to 137,000 barrels/day in October. A cautious approach may firm crude prices, though subdued global demand remains a downside risk.

Global Growth Projection

At broader level, the global economy is expected to experience a slowdown in 2025, with GDP growth projected to decline to 3.2%, down from 3.3% in 2024. This deceleration reflects persistent inflationary pressure, geopolitical uncertainties and tightened monetary policies. However, a sightly recovery is anticipated in 2026, with growth projected to improve to 3.1%. In the United Kingdom, headline inflation, which began rising in 2024, is expected to continue increasing in 2025, partly due to changes in regulated prices. This rise is projected to be temporary, with a loosening labor market and moderating wage growth helping inflation return to target by end-2026. In the United States, inflation is expected to rise in the second half of 2025, as the impact of tariffs is no longer absorbed within supply chains and is instead passed on to consumers. Inflation is then expected to return to the Federal Reserve's 2 percent target in 2027. This forecast assumes modest second-round effects, implying upside risks to U.S. inflation and downside risks to employment.

Among emerging market and developing economies, inflation forecasts for Brazil and Mexico are revised upward. For Brazil, the revision is more pronounced and partly reflects the stabilization of inflation expectations above target, due to fiscal policy credibility challenges in the previous year, although currency appreciation is expected to provide relief in late 2025 and 2026. For Mexico, the upward revision is driven by volatile categories such as food and more persistent-than-expected services inflation. For several other economies, inflation forecasts are revised downward compared with the October 2024 WEO. In much of emerging and developing Asia, this is the case. The revision largely reflects lower-than-expected outturns, with food, energy, and administrative prices playing a significant role—particularly in China, India, and Thailand.

In the United States, growth is projected to slow to 2.0 percent in 2025 and remain steady at 2.1 percent in 2026, broadly consistent with July projections and improved from April due to lower effective tariff rates, a fiscal boost from the OBBBA, and easing financial conditions. This reflects a significant slowdown from 2024 and a cumulative downward revision of 0.1 percentage point from the October 2024 WEO and 0.7 percentage point from the January 2025 WEO Update. The revision is primarily driven by greater policy uncertainty, higher trade barriers, and slower labor force and employment growth.

Growth in the euro area is expected to increase modestly to 1.2 percent in 2025 and to 1.1 percent in 2026. While this marks an improvement from April and July, it represents a cumulative downward revision of 0.4 percentage point compared to the October 2024 WEO. The main contributing factors are elevated uncertainty and higher tariffs. Recovering private consumption from higher real wages and fiscal easing in Germany in 2026 provide only a partial offset, while strong performance in Ireland supports growth in 2025. The euro area economy is expected to grow at potential in 2026.

For emerging market and developing economies, growth is projected to moderate from 4.3 percent in 2024 to 4.2 percent in 2025, and further to 4.0 percent in 2026. This is virtually unchanged from the July WEO Update and reflects a cumulative upward revision of 0.6 percentage point from the April 2025 WEO, but remains 0.2 percentage point lower than the October 2024 forecast, with low-income developing countries facing a larger downward revision than middle-income economies.

Growth in emerging and developing Asia is expected to decline from 5.3 percent in 2024 to 5.2 percent in 2025, and further to 4.7 percent in 2026. In several countries—particularly in ASEAN, among the most affected—growth forecasts closely followed changes in effective tariff rates. In China, the 2025 GDP growth forecast was revised downward by 0.6 percentage point in the April 2025 WEO due to escalating trade tensions with the United States and then revised upward by 0.8 percentage point in the July WEO Update following the pause on higher tariffs in May.

In Latin America and the Caribbean, growth is projected to remain stable at 2.4 percent in 2025 and decline slightly to 2.3 percent in 2026. The 2025 forecast is revised upward by 0.4 percentage point relative to April, driven by lower tariff rates for most countries in the region and stronger-than-expected incoming data. The revision is largely attributed to Mexico, which is expected to grow at 1.0 percent in 2025, 1.3 percentage points higher than forecast in the April 2025 WEO. For Brazil, the 2025 projection is revised upward, while the 2026 forecast is revised downward, partly due to the higher tariff rate on exports to the United States. For the region overall, the 2025–2026 forecast is cumulatively 0.5 percentage point lower than the October 2024 WEO, reflecting trade policy changes and uncertainty.

In emerging and developing Europe, growth is projected to decline significantly from 3.5 percent in 2024 to 1.8 percent in 2025, followed by a modest recovery to 2.2 percent in 2026. This decline is primarily driven by a sharp drop in Russia's growth forecast, from 4.3 percent in 2024 to 0.6 percent in 2025, and 1.0 percent in 2026. The 2025 growth forecast is 0.9 percentage point lower than in the April 2025 WEO, largely due to recent data showing a concentration of fiscal expenditures in Q4 2024, which raised the 2024 GDP estimate from 4.1 percent to 4.3 percent. The payback effect is reflected in the 2025 projection.

India Macroeconomic Analysis

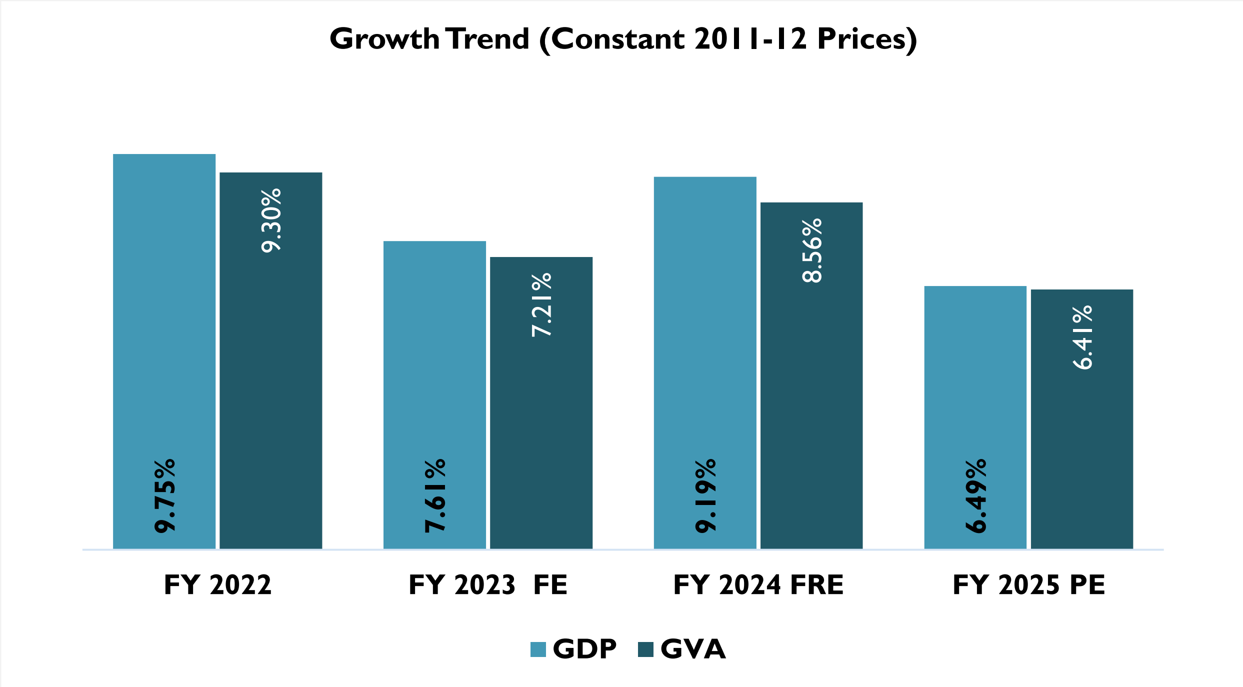
The International Monetary Fund (IMF), in its latest World Economic Outlook, has projected India's economy to grow at 6.6% in CY 2025, marking a 20-basis point upward revision from its previous estimate. This boost is largely credited to a strong first quarter performance in FY26, which helped offset the negative impact of increased U.S. tariffs on Indian exports. With this projection, India is set to remain one of the fastest growing emerging market and developing economies, outpacing China's expected growth of 4.8%. Despite global trade policy shifts and economic uncertainties, India's growth continues to be driven by resilient domestic demand and strong economic fundamentals. However, the IMF slightly lowered its forecast for CY 2026 to 6.2%, anticipating a natural moderation as the early momentum fades

Country	CY 2020	CY 2021	CY 2022	CY 2023	CY 2024	CY 2025 P	CY 2026 P
India	– 5.8%	9.7%	7.6%	9.2%	6.5%	6.6%	6.2%
China	2.3%	8.6%	3.1%	5.4%	5.0%	4.8%	4.2%
United States	-2.2%	6.1%	2.5%	2.9%	2.8%	2.0%	2.1%
Japan	-4.2%	2.7%	0.9%	1.4%	0.1%	1.1%	0.6%
United Kingdom	-10.3%	8.6%	4.8%	0.4%	1.1%	1.3%	1.3%
Russia	-2.7%	5.9%	-1.4%	4.1%	4.3%	0.6%	1.0%

Source: World Economic Outlook, October 2025

Historical GDP and GVA Growth trend

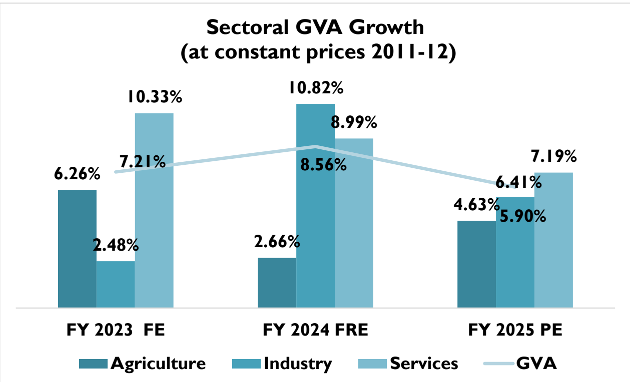
As per the latest estimates, India's GDP at constant prices is estimated to grow to INR 187.96 trillion in FY 2025 (Provisional Estimates) with the real GDP growth rates estimated to be 6.5% for FY 2025. Similarly, real Gross Value Added (GVA) growth stood is estimated to have moderated to 6.4% in FY 2025. Even amidst global economic uncertainties, India's economy exhibited resilience supported by robust consumption and government spending.

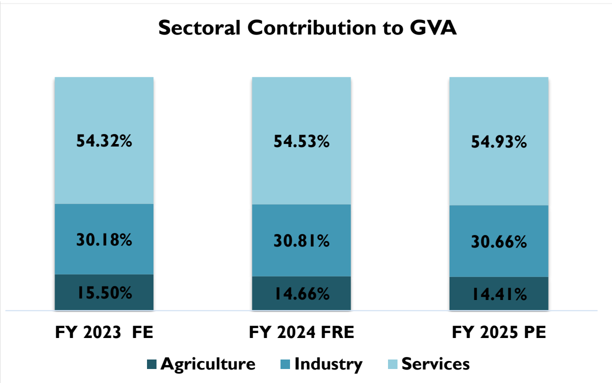


Source: Ministry of Statistics & Programme Implementation (MOSPI), National Account Statistics: FY2025.

FE is Final Estimates, FRE is First Revised Estimate and PE is Provisional Estimates

Sectoral Contribution to GVA and annual growth trend





Source: Ministry of Statistics & Programme Implementation (MOSPI)

FE is Final Estimates, FRE is First Revised Estimate and PE is Provisional Estimates

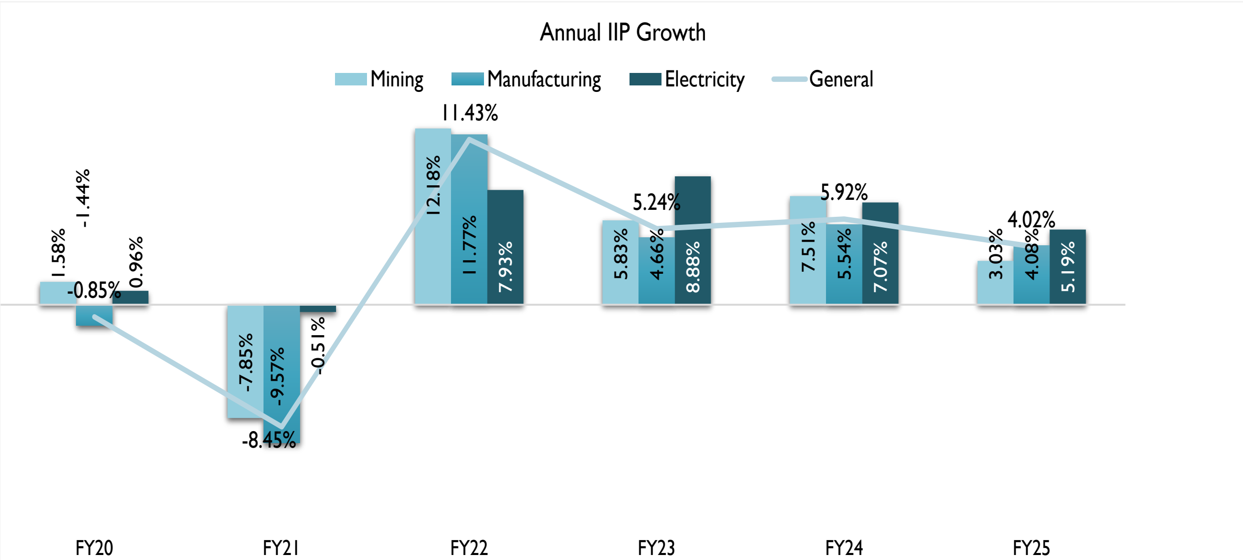
Sectoral analysis of GVA reveals that the industrial sector experienced a moderation in FY 2025, recording a 5.90% y-o-y growth against 10.82% year-on-year growth in FY 2024. Within the industrial sector, growth moderated across sub sector with mining, manufacturing, and construction activities growing by 2.69%, 4.52%, and 9.35% respectively in FY 2025, compared to 3.21%, 12.30%, and 10.41% in FY 2024. Growth in the utilities sector too moderated to 6.03% in FY 2025 from 8.64% in the previous year. The industrial sector's contribution to GVA moderated marginally from 30.81% in FY 2024 to 30.66% in FY 2025.

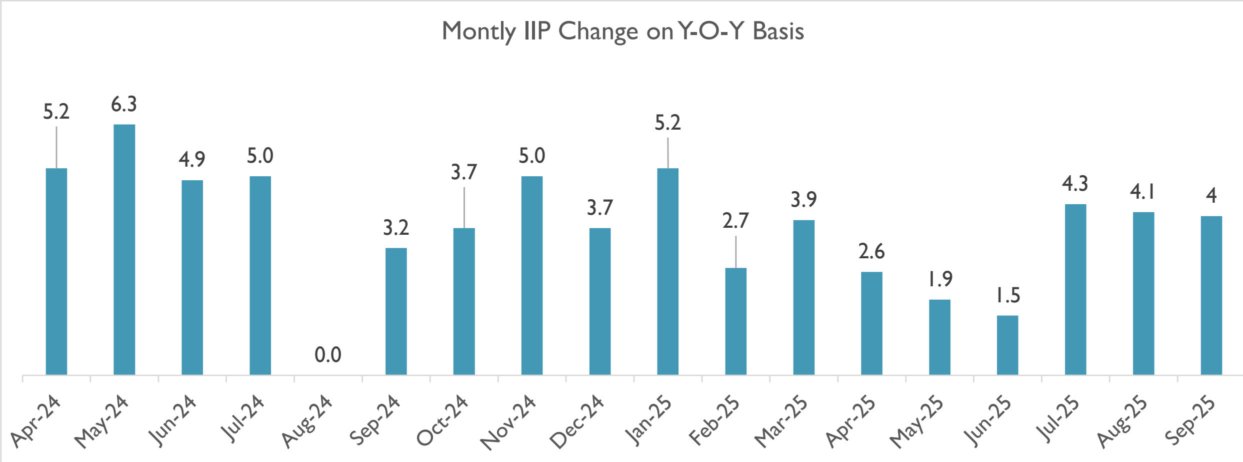
The services sector continued to be the main driver of economic growth, although its pace moderated. It expanded by 7.19% in FY 2025 from 8.99% in FY 2024. The services sector retained its position as the largest contributor to GVA, rising from 54.32% in FY 2023 to 54.53% in FY 2024, with a further increase to 54.93% in FY 2025.

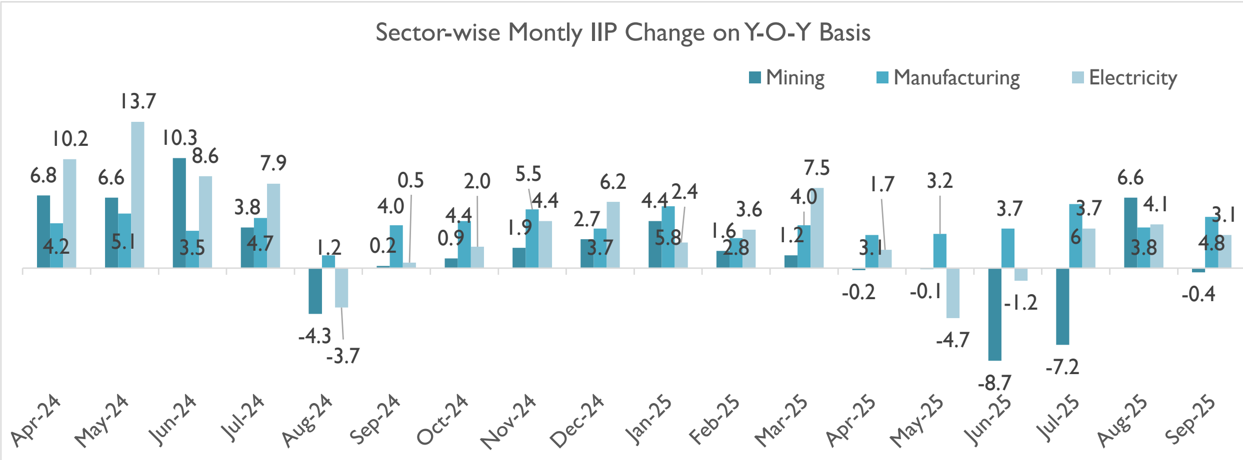
The agriculture sector saw an acceleration, with growth increasing from 2.66% in FY 2024 to 4.63% in FY 2025. However, its contribution to GVA declined marginally from 14.66% in FY 2024 to 14.41% in FY 2025. Overall, Gross Value Added (GVA) growth moderated to 6.41% in FY 2025 from 8.56% in FY 2024

Annual & Monthly IIP Growth

Industrial sector performance as measured by IIP index exhibited moderation in FY 2025, recording a 4.02% y-o-y growth against 5.92% increase in the previous year. The manufacturing index showed moderation and grew by 4.08% in FY 2025 against 5.54% in FY 2024. Mining sector index too moderated and exhibited a growth of 3.03% in FY 2025 against 7.51% in the previous years while the Electricity sector Index, also witnessed moderation of 5.19% in FY 2025 against 7.07% in the previous year.





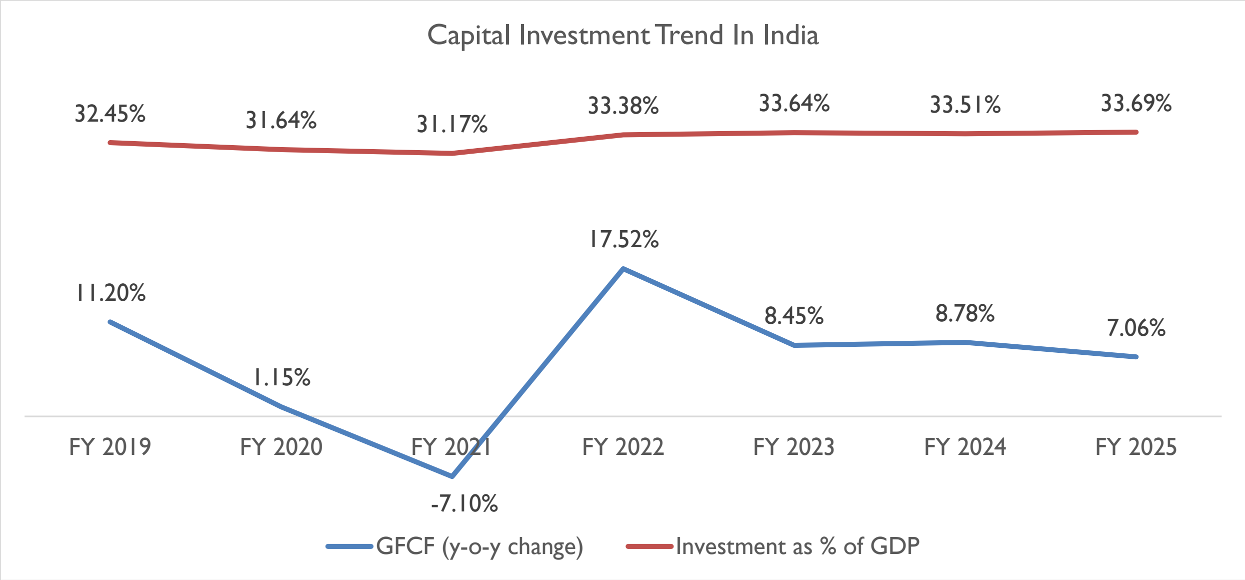


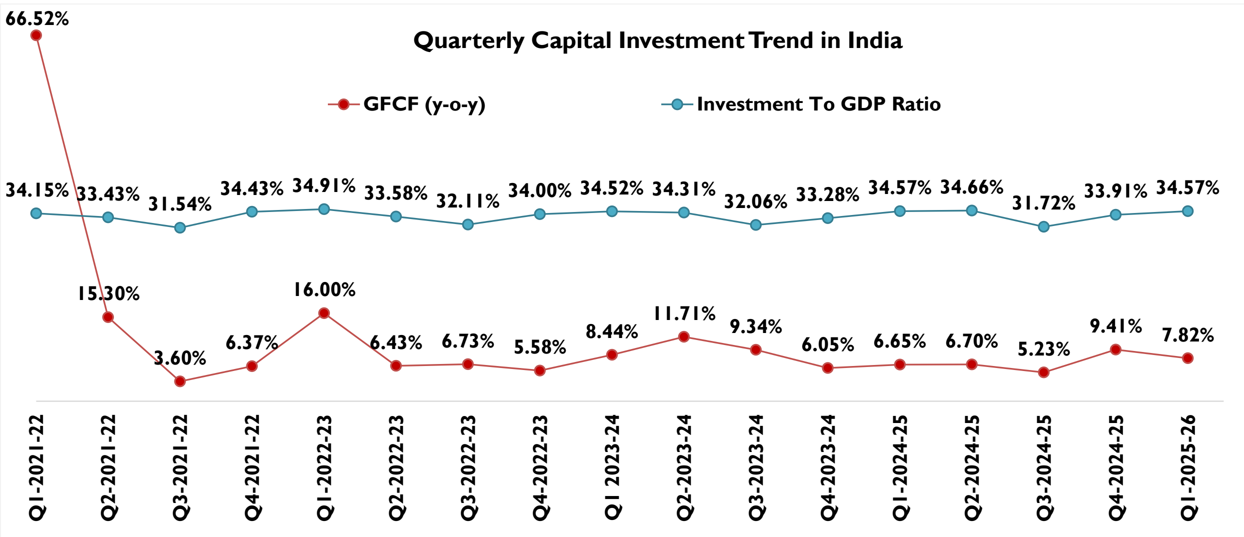
Source: Ministry of Statistics & Programme Implementation (MOSPI)

The IIP growth rate for the month of September 2025 is 4.0% which was 4.1% in the month of August 2025. The growth rates of the three sectors, Mining, Manufacturing and Electricity for the month of May 2025 are (-)0.4%, 4.8% and 3.1% respectively.

Annual and Quarterly: Investment & Consumption Scenario

Other major indicators such as Gross fixed capital formation (GFCF), a measure of investments, has shown fluctuation during FY 2025 as it registered 7.06% year-on-year growth against 8.78% yearly growth in FY 2024, taking the GFCF to GDP ratio measured to 33.69%.

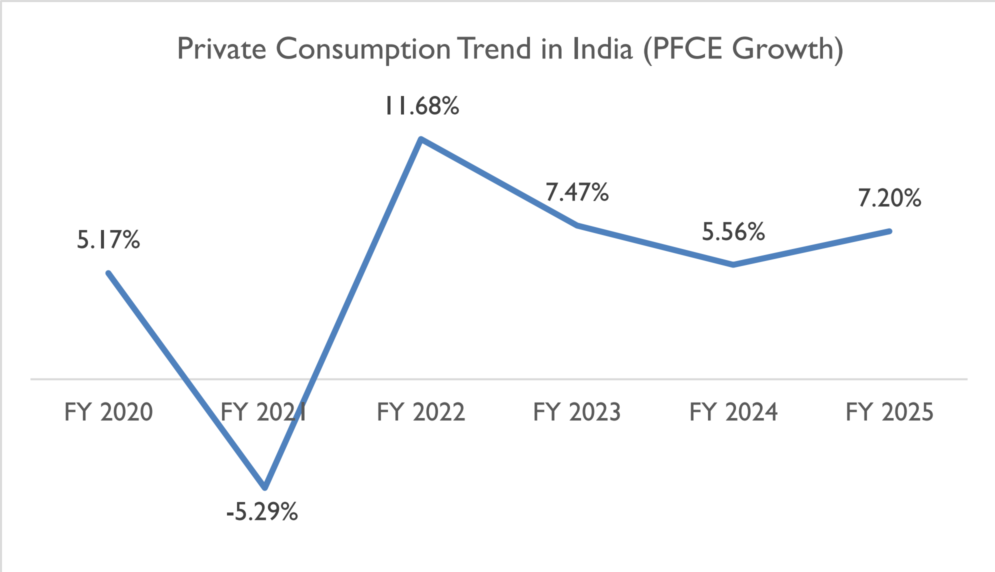


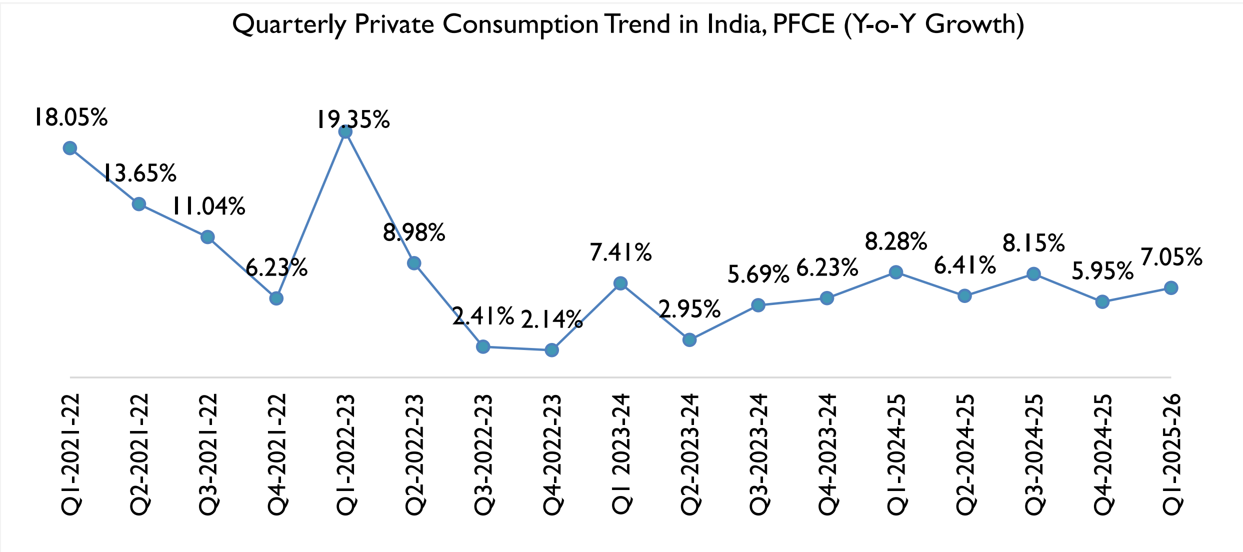


Source: Ministry of Statistics & Programme Implementation (MOSPI)

On a quarterly basis, GFCF showed a fluctuating trend in year-on-year growth. After a sharp spike of 66.52% in Q1 FY 2021-22, growth moderated significantly and remained volatile across subsequent quarters. In FY 2024, the growth rate eased to 6.05% in Q3 (Dec quarter) compared to 9.34% in Q2, as government capital spending slowed ahead of the 2024 general election. It improved slightly to 6.65% in Q1 FY 2024-25 but moderated again to 6.70% in Q2 and 5.23% in Q3, before rebounding to 9.41% in Q4. In Q1 FY 2025-26, growth stood at 7.82%, lower than the previous quarter.The GFCF to GDP ratio measured 34.57% in Q1 FY 2025-2026.

Private Consumption Scenario





Sources: MOSPI

Private Final Expenditure (PFCE) a realistic proxy to gauge household spending, observed growth in FY 2025 as compared to FY 2024. Quarterly Private Final Consumption Expenditure (PFCE) has reported 7.05% growth rate during Q1 of FY 2025-26 as compared to the 8.28% growth rate in the corresponding period of previous financial year.

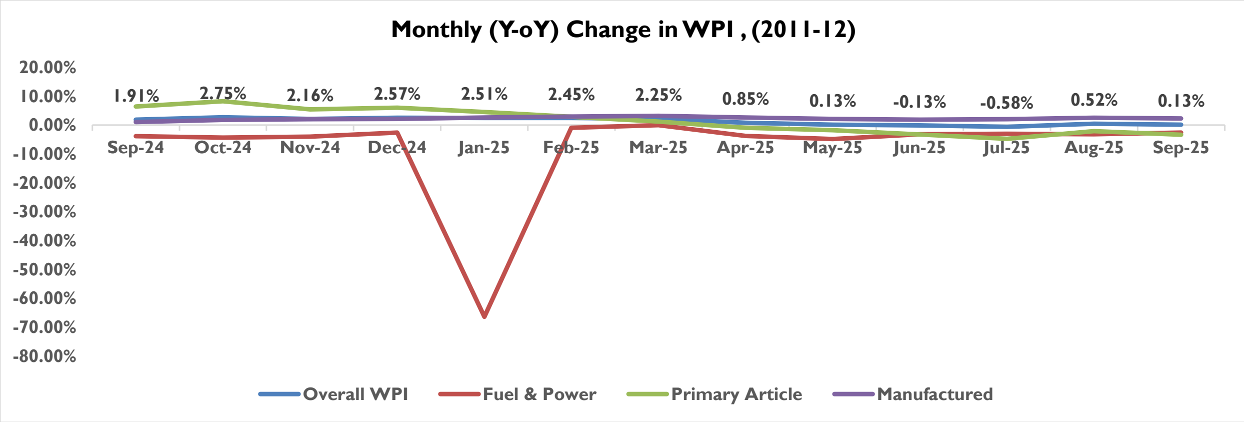
Inflation Scenario

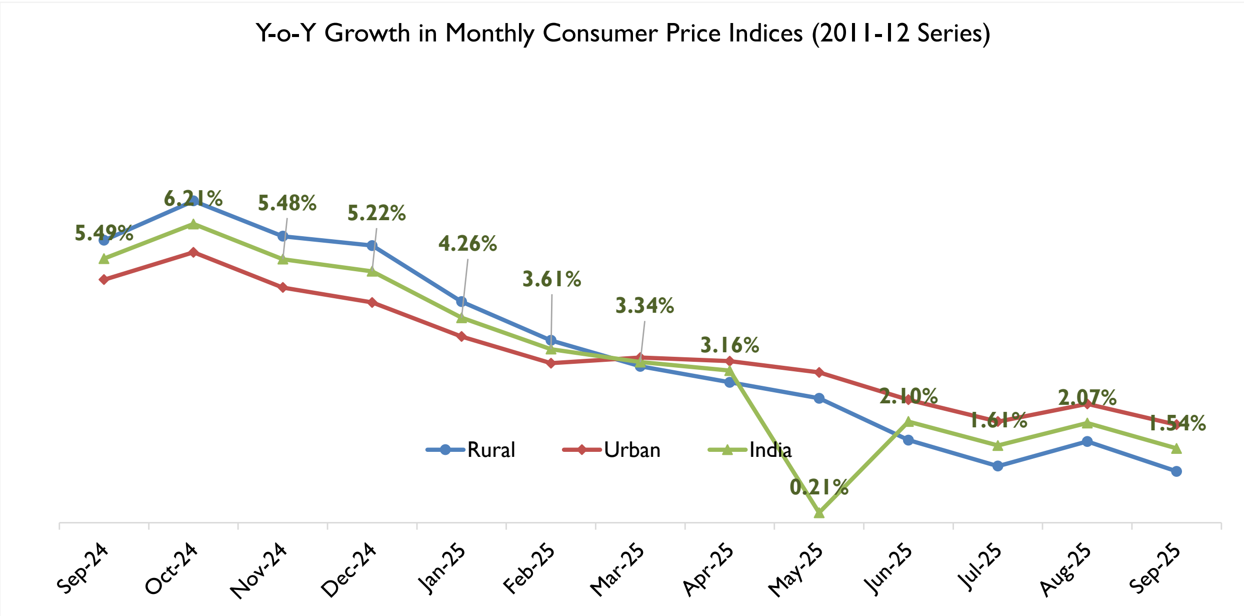
The inflation rate based on India's Wholesale Price Index (WPI) exhibited significant fluctuations across different sectors from September 2024 to September 2025. The annual rate of inflation based on All India Wholesale Price Index (WPI) number is 0.13% (provisional) for the month of September 2025 (over September, 2024). Positive rate of inflation in September 2025 is primarily due to increase in prices of manufacture of food products, other manufacturing, non-food articles, other transport equipment and textiles etc.

By September 2025, Primary Articles (Weight 22.62%): - The index for this major group decreased by 1.05 % from 191.0 (provisional) for the month of August 2025 to 189.0 (provisional) in September 2025. Price of food articles (-1.38%) and non-food articles (-1.06%) decreased in September 2025 as compared to August 2025. The price of minerals (1.36%) and Crude Petroleum & Natural Gas (0.64%) increased in September 2025 as compared to August, 2025.

Moreover, Fuel & Power (Weight 13.15%): - The index for this major group decreased by 0.14% from 143.6 (provisional) for the month of August 2025 to 143.4 (provisional) in September 2025. The price of and mineral oils (-0.54%) and coal (-0.15%) decreased in September 2025 as compared to August 2025. The price of electricity (1.20%) increased in September 2025 as compared to August 2025.

Furthermore, Manufactured Products (Weight 64.23%): - The index for this major group increased by 0.21% from 144.9 (provisional) for the month of August 2025 to 145.2 (provisional) in September 2025. Out of the 22 NIC two-digit groups for manufactured products, 10 groups witnessed an increase in prices, 6 groups witnessed a decrease in prices and 6 groups witnessed no change in prices. Some of the important groups that showed month-overmonth increase in prices were other manufacturing; food products; electrical equipment; textiles and other non-metallic mineral products etc. Some of the groups that witnessed a decrease in prices were manufacture of rubber and plastics products; motor vehicles, trailers and semi-trailers; pharmaceuticals, medicinal chemical and botanical products; leather and related products and printing and reproduction of recorded media etc. in September, 2025 as compared to August 2025.

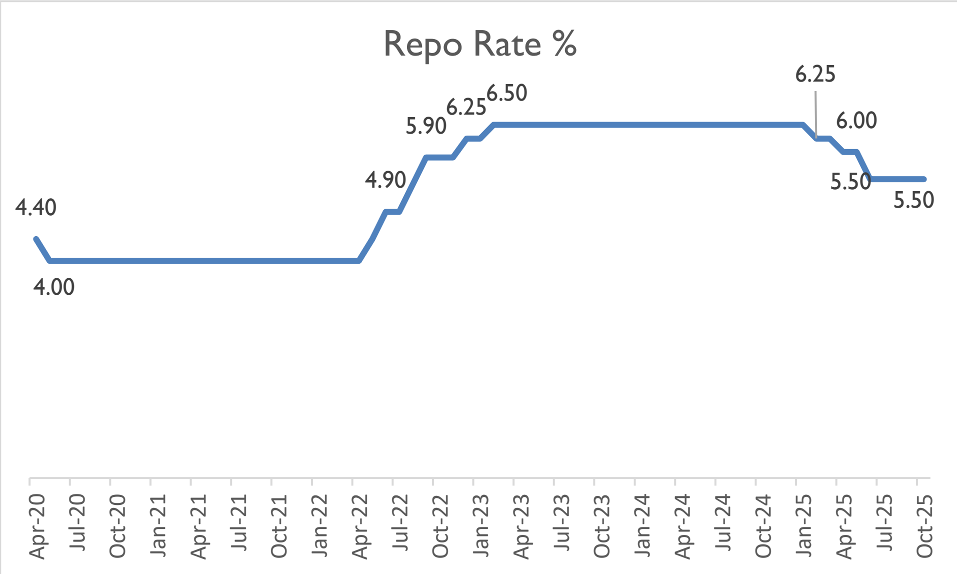




Source: MOSPI, Office of Economic Advisor

Retail inflation rate (as measured by the Consumer Price Index) in India showed notable fluctuations between September 2024 and September2025. Year-on-year inflation rate based on All India Consumer Price Index (CPI) for the month of September 2025 over September 2024 is 1.54% (Provisional). There is decrease of 53 basis points in headline inflation of September 2025 in comparison to August 2025. It is the lowest year-on-year inflation after June 2017.

Rural Inflation: A decrease in headline and food inflation in rural sector was observed in September 2025. The headline inflation is 1.07% (Provisional) in September 2025 while it was 1.69% in August 2025. While in Urban inflation, a decrease from 2.47% in August 2025 to 2.04% (Provisional) in September 2025was observed in headline inflation. The decline in headline inflation and food inflation during the month of September 2025 is mainly attributed to favorable base effect and to decline in inflation of Vegetables, Oil and fats, Fruits, Pulses and products, Cereal and products, Egg, Fuel and light etc. As part of its anti-inflationary stance, the Reserve Bank of India (RBI) hiked the repo rate by 250 basis points between May 2022 and 8 February 2023, holding it steady at 6.50% until January 2025. On 6 June 2025, the RBI reduced the repo rate by 50 basis points, bringing it to 5.50%, where it currently stands as per the October 2025 monetary policy review.



Sources: CMIE Economic Outlook

Growth Outlook

The Union Budget 2025-26 has laid the foundation for sustained growth by balancing demand stimulation, investment promotion and inclusive development. Inflation level is reaching within the central bank's target; the RBI may pursue further monetary easing that will support growth. The medium-term outlook is bright, fueled by the emphasis on physical and digital infrastructure spending. With a focus on stimulating demand, driving investment and ensuring inclusive development, the budget introduces measures such as tax relief, increased infrastructure spending and incentives for manufacturing and clean energy. These initiatives aim to accelerate growth while maintaining fiscal discipline, reinforcing India’s long-term economic resilience. The expansion of tax relief i.e zero tax liability for individuals earning up to INR 12 lacs annually under the new tax regime is expected to strengthen household finances and, consequently, boost consumption.

The external sector remains resilient, and key external vulnerability indicators continue to improve. However, tariff-related uncertainty is likely to weigh on exports and investment, prompting us to cut our CY26 GDP growth forecast to 6.2%.

Overview of Textile & Apparel Industry

The textile and apparel market in India is one of the oldest industries in the country, with a rich heritage that spans centuries. Overall, the industry contributes around 2% to the country's GDP and accounts for 7% of industrial output in value terms. With a 4% share of the global textile and apparel trade, the sector is vital for India's export economy, making up 10.33% of the country's overall export basket during 2021-22. This sector is broadly divided into several segments including fibre and yarn, processed fabrics, garments, and technical textiles. The garment sector is divided into ready-made garments and customized tailoring

However, the industry is facing a significant downturn, exacerbated by sluggish domestic market conditions. Manufacturers are seeing lower-than-expected sales as consumer spending increasingly Favors food items, consumer electronics like mobiles and iPads, and vehicles over garments. This shift in consumer preferences is particularly challenging for overall garment market.

The spinning sector is struggling with high under-utilization due to reduced yarn imports from China and sluggish buying from weavers and knitters. The combined effect of reduced exports and lacklustre local consumption has compounded the industry's challenges. In response, initiatives such as the Production Linked Incentive (PLI) and PM Mitra schemes aim to attract investments in man-made fibres and technical textiles, to reduce import dependence over time.

Despite these setbacks, segments like the athleisure and sportswear market, have shown robust growth, doubling sales over the past two years. Additionally, the kid's wear segment has benefited from the increasing demand driven by the growing child population. However, the reliance on imported man-made fibres, particularly spandex fabrics from China, Vietnam, and Taiwan, continues to pose challenges.

Textile mills are also experiencing margin pressures, even as cotton prices stabilize around a two-year low. Adding to these difficulties, the industry is grappling with a significant rise in freight costs, up by 40% due to disruptions in the Red Sea region. This unexpected increase in transportation expenses raises concerns about its impact on operational costs and product pricing, particularly for the cost-sensitive ready-made garment market.

Source: IBEF report, D&B estimates

The Indian textile and apparel market size was estimated to be approximately USD 165 billion in 2023, with the domestic market accounting for USD 125 billion and exports contributing USD 40 billion. This growth is driven by increasing domestic demand, favourable government policies, and the rising preference for sustainable and ethically produced textiles, positioning India as a key player in the global textile industry.

Value Chain Overview

The Indian textile industry is a vital and complex sector that significantly contributes to the nation's economy. Spanning the entire spectrum from raw material production to the final product, this industry integrates several stages, including yarn production, weaving, and fabric manufacturing. Below is a detailed analysis of the key attributes of this value chain. The textile value chain in India can be segmented into the following primary activities:

- **Raw Material Production**

– **Natural Fibers**: India is one of the world's largest producers of cotton and jute, which are fundamental to the textile industry. The cultivation practices of these fibers directly impact the quality and sustainability of the raw materials.

– **Synthetic Fibers**: Man-made fibers, supplied by the petrochemical industry, have gained prominence since the mid-20th century. These fibers are crucial for producing a wide range of textile products, including easy-care clothing and furnishings.

- **Spinning**

  The spinning stage involves converting raw fibers into yarn. This process is pivotal as it determines the quality and characteristics of the yarn, influencing the final textile product. India boasts a robust spinning sector that integrates both natural and synthetic fibers, catering to a wide array of market demands.

- **Weaving and Knitting**

– **Weaving:** This process involves interlacing yarns to create fabric. India has a significant number of weaving units, although challenges related to quality and cost often result in the importation of woven fabrics.

– **Knitting:** The knitting sector in India is more integrated, with many facilities capable of producing finished garments directly from yarn. This segment has experienced substantial growth, with local production meeting a significant portion of domestic demand.

- **Fabric Processing**

  After fabric creation, it undergoes various treatments such as dyeing, printing, and finishing to enhance its properties. This stage is crucial for adding value to the fabric, making it suitable for the final product market. The processing sector plays an essential role in ensuring the fabric meets consumer expectations in terms of quality and aesthetics.

- **Apparel Manufacturing**

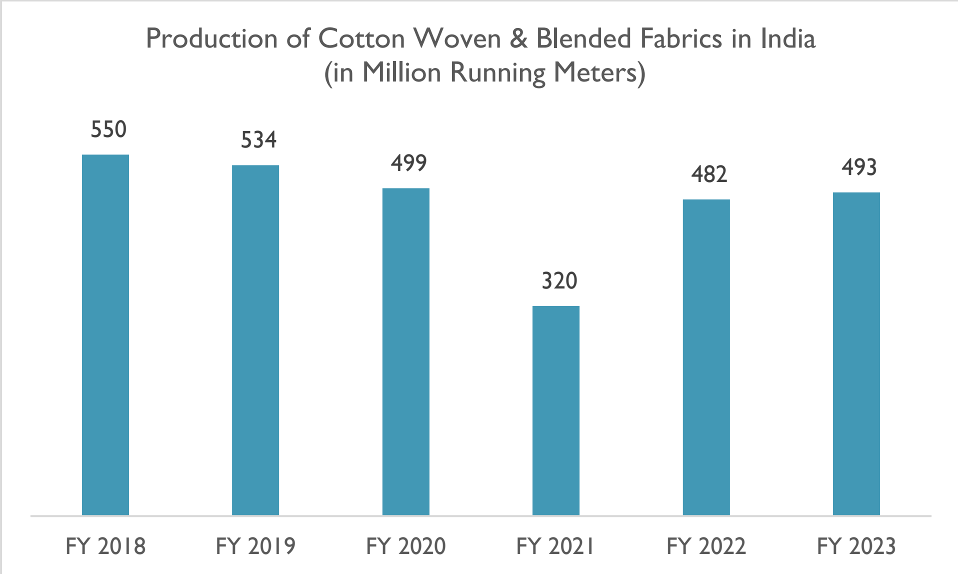
  The final stage of the value chain involves converting fabric into finished garments. India's apparel manufacturing sector is diverse, ranging from traditional handloom products to modern, mass-produced clothing. This segment is labour-intensive, employing millions and serving as a vital component of the economy.

- **Marketing and Distribution**

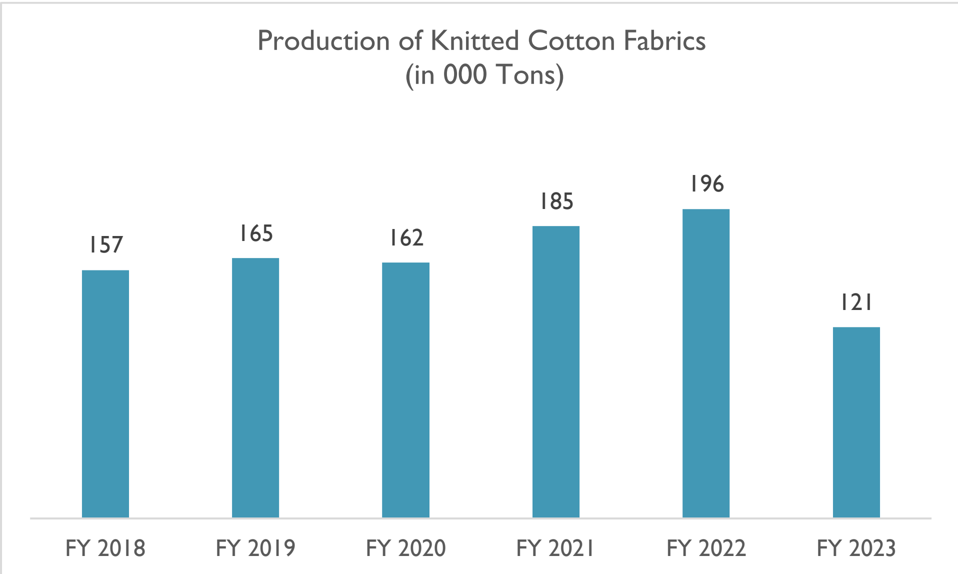
  Effective marketing and distribution are critical for the success of textile products. This includes branding, sales strategies, and logistics to ensure products reach consumers efficiently. The Indian textile industry is increasingly focused on enhancing its marketing capabilities to compete effectively in global markets.

Textile production scenario in India

The total annual production of fabric (comprising of cotton woven fabrics and polyester/viscose blended fabric) in India is estimated to be nearly 493 million running meters[1] in FY 2023. Meanwhile the annual production of knitted cotton fabric is estimated to be nearly 121 thousand tons in FY 2023.



Source: CMIE Industry Outlook (sourced from Central Statistics Office Data)



Source: CMIE Industry Outlook (sourced from Central Statistics Office Data)

The Indian textile and apparel industry, contributing 2% to the nation's GDP and 7% of industrial output, is currently navigating a challenging period. Despite a 4% share in global trade and over 10% contribution to India's export basket in 2021-22, the industry is facing a downturn. Domestic sales have lagged, with consumer spending shifting towards food, electronics, and vehicles, reducing demand for garments. The spinning sector is particularly

[1] Specialized unit of measurement used in textile industry. It refers to the length of continuous material or fabric that is typically uncut or unaltered.

affected by under-utilization due to decreased yarn imports from China and weak domestic demand from weavers and knitters.

In response to these challenges, initiatives like the Production Linked Incentive (PLI) and PM Mitra schemes have been introduced to attract investments in man-made fibers and technical textiles, aiming to reduce import dependence. However, the industry remains reliant on imported man-made fibers, particularly from China, Vietnam, and Taiwan. The struggles of Bangladesh's garment industry, marked by labor unrest, political instability, and declining exports, are creating significant opportunities for the Indian textile sector. As global brands seek to diversify their supply chains and mitigate risks, India stands to benefit from increased demand for its textile products, provided it can maintain quality and sustainability in its offerings. Additionally, a 40% rise in freight costs due to disruptions in the Red Sea region is further straining operational costs and impacting product pricing.

Key components

The textile industry comprises various key components, primarily categorized into different types of fibers and their blends. Here’s an overview of the main components:

Cotton

Cotton is a natural fiber renowned for its softness, breathability, and absorbency. It is a popular choice in both apparel and home textiles due to its inherent comfort and versatility. Cotton's ability to absorb moisture makes it ideal for a wide range of uses, from casual wear to bedding. Cotton is often blended with synthetic fibers to enhance the durability of the fabric and reduce production costs. One of the most common blends is cotton-polyester, which combines cotton's absorbency with polyester's strength and wrinkle resistance. This blend not only extends the fabric's lifespan but also improves its ease of care.

Synthetic Fibers

Synthetic fibers, such as polyester, nylon, and acrylic, play a significant role in the textile industry. Polyester is valued for its durability, resistance to shrinking and stretching, and quick-drying properties. These characteristics make polyester an excellent choice for activewear, outerwear, and various home textiles. Synthetic fibers are frequently used in combination with natural fibers to enhance performance characteristics. For instance, blends can offer improved moisture-wicking properties and greater elasticity, addressing specific needs in sportswear and functional garments. Their strength and ease of care further contribute to their widespread use in the industry.

Blended Textiles

Blended textiles are created by mixing two or more different types of fibers to achieve desired properties. This can enhance the functionality, comfort, and aesthetic appeal of the fabric.

Types of Blends

- **Cotton-Polyester Blends**: These are among the most common, providing a balance of comfort and durability. For example, a 65/35 polyester-cotton blend is often used for everyday apparel, while a 50/50 blend is preferred for softer fabrics.
- **Cotton-Viscose Blends**: Used in formal wear and sportswear, these blends offer a soft feel and good drape while maintaining breathability.
- **Wool-Acrylic Blends**: Commonly used in knitwear, these blends combine the warmth of wool with the affordability and ease of care of acrylic.

Functional Fibers

Functional fibers, such as bicomponent fibers and core spun yarns, are designed to offer unique properties by combining different materials. Bicomponent fibers are produced by blending two distinct polymers, resulting in fabrics that leverage the strengths of both components. For example, a polyester-nylon blend can enhance both durability and performance. Core spun yarns feature a filament core wrapped with staple fibers, such as spandex wrapped with cotton. This construction provides garments with added stretch and comfort, making them suitable for applications where flexibility and a comfortable fit are essential.

Environmental Considerations

Blended textiles present challenges for recycling, particularly when combining natural and synthetic fibers. The different properties of these fibers make separation difficult, complicating the recycling process. However, efforts are ongoing to develop advanced technologies capable of separating and reusing these fibers to improve sustainability in the textile industry.

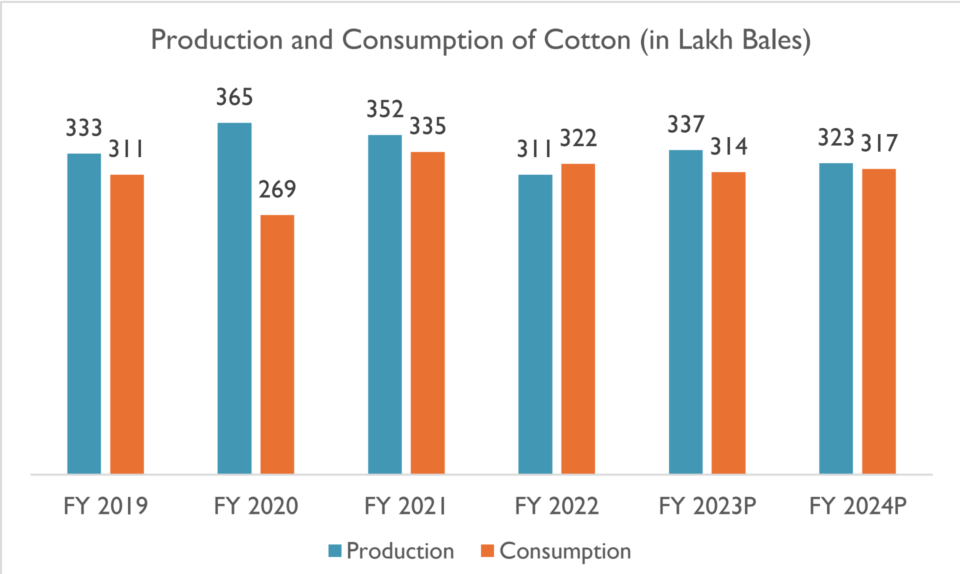
In summary, the textile industry is characterized by a diverse range of components, including natural fibers like cotton, various synthetic fibers, and blended textiles that leverage the strengths of multiple materials. Understanding these elements is crucial for manufacturers to produce fabrics that meet consumer demands for comfort, durability, and sustainability.

Market Segmentation

Cotton

India is unique in its ability to cultivate all four species of cotton: *Gossypium arboreum* and *Gossypium herbaceum* (Asian cotton), *Gossypium barbadense* (Egyptian cotton), and *Gossypium hirsutum* (American Upland cotton). Notably, *Gossypium hirsutum* represents 90%

of the hybrid cotton production in the country, with all current Bt cotton hybrids belonging to this species. Cotton production in India is largely concentrated in nine major states, categorized into three agro-ecological zones: the Northern Zone, which includes Punjab, Haryana, and Rajasthan; the Central Zone, comprising Gujarat, Maharashtra, and Madhya Pradesh; and the Southern Zone, which includes Telangana, Andhra Pradesh, and Karnataka. Additionally, cotton is cultivated in Odisha and Tamil Nadu.



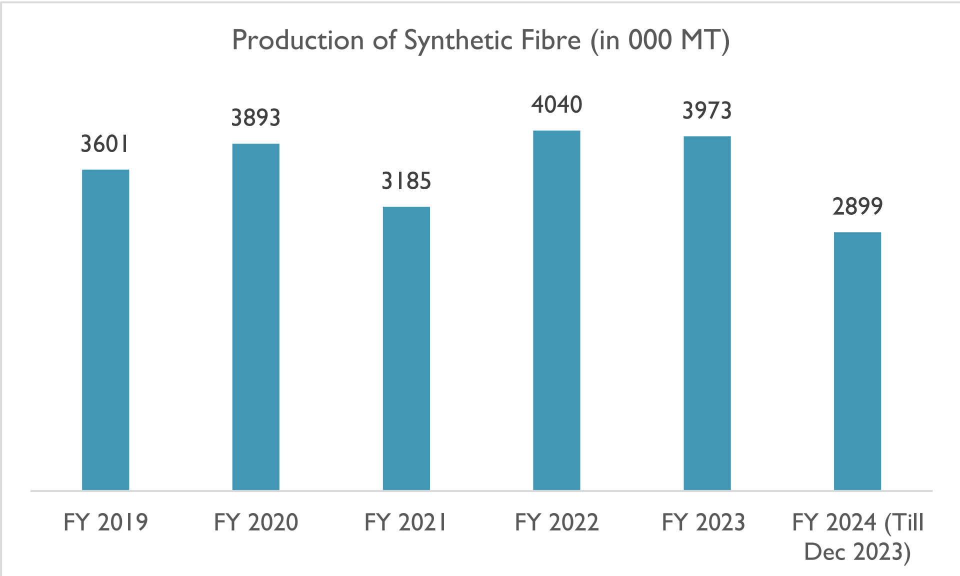
Sources: Ministry of Textile, COCPC

For the 2023-24 cotton season, India ranks second globally in cotton production, with an estimated output of 323.11 lakh bales (5.50 million metric tonnes), accounting for 23.83% of the world's total production of 1,429 lakh bales (24.31 million metric tonnes). Furthermore, India is the second-largest consumer of cotton worldwide, with an estimated consumption of 317 lakh bales (5.39 million metric tonnes), representing 22.69% of the global total consumption of 1,397 lakh bales (23.75 million metric tonnes). Cotton constitutes around 60% of the raw material consumption in India's textile industry, with annual usage reaching approximately 316 lakh bales (170 kg each).

Cotton stands as one of the most significant commercial crops in India, contributing approximately 24% to total global cotton production. It plays a vital role in the livelihoods of around 6 million cotton farmers, along with an additional 40 to 50 million individuals involved in related sectors such as cotton processing and trade. In the Indian textile industry, the consumption ratio of cotton to non-cotton fibres is notably around 60:40, contrasting with the global average of 30:70. Beyond its fundamental role in providing clothing, which ranks just after food as a basic necessity, cotton significantly contributes to India's net foreign exchange earnings. The country exports a variety of cotton products, including raw cotton, intermediate goods such as yarn and fabrics, and finished items like garments, made ups, and knitwear. Given its substantial economic importance, cotton is often referred to as "White Gold" in India.

Synthetic Fibre

The Indian textile industry is witnessing a remarkable shift towards synthetic fibres, which have become a cornerstone of this vibrant sector. As the world's second-largest producer of man-made fibres, India produces approximately 2,899 thousand MT of synthetic fibres. These fibres, which include popular varieties like polyester and viscose, account for nearly 100% of non-cotton and blended fabrics in the country. The versatility, durability, and cost-efficiency of synthetic fibres are key factors driving their increasing prominence in the textile market.



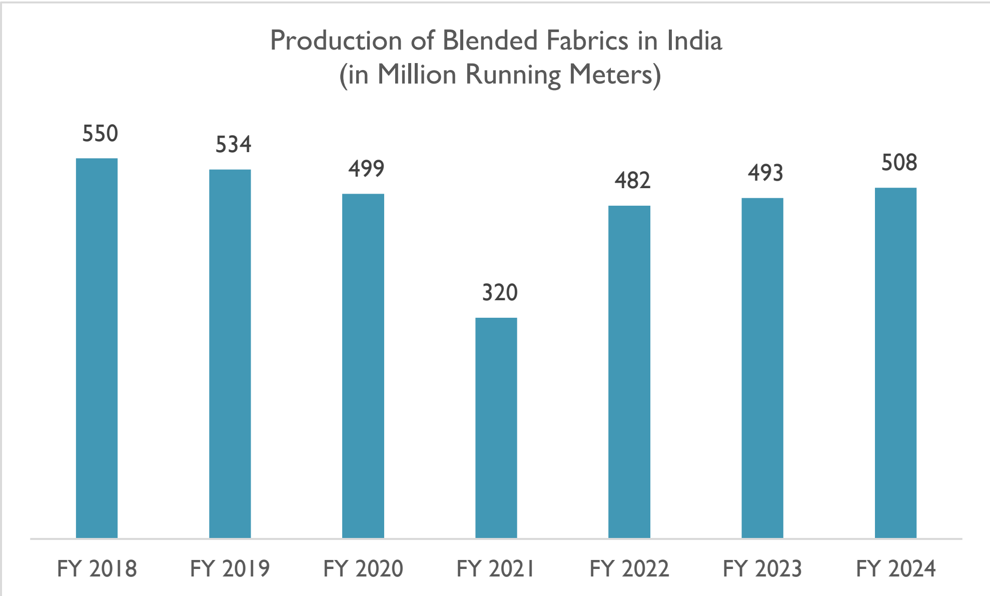
Source: Ministry of Chemical & Fertilizer Annual Report 2024

In recent years, the demand for synthetic fibres has surged due to their adaptability and unique properties. With applications spanning various industries, including fashion, sports, and industrial textiles, synthetic fibres are valued for their lightweight nature, hydrophobic characteristics, and resilience in high-speed machinery. This versatility not only enhances the functionality of textile products but also aligns with the evolving preferences of consumers who seek both style and performance. As a result, synthetic fibres are emerging as a vital pillar in the Indian textile landscape, facilitating the sector's agility in responding to changing market dynamics.

Looking ahead, the synthetic fibres market in India is poised for significant growth. With projections indicating a robust expansion in the demand for man-made fibres, the industry is expected to continue investing in innovation and technology to enhance production capabilities. This trend aligns with the global shift towards sustainable practices, as manufacturers increasingly focus on developing eco-friendly synthetic options. By embracing this evolution, the Indian textile industry is set to not only meet domestic and international demand but also establish itself as a leader in the global synthetic fibres market.

Blended Yarn

Blended yarns are gaining prominence in the textile industry due to their versatility and enhanced performance. India, a major producer and exporter of yarns, has seen significant growth in the production of blended yarns, particularly polyester/cotton and polyester/viscose varieties. These blends offer a combination of strength, durability, and comfort, which are ideal for apparel and home textiles. With the share of blended fabrics growing steadily, this market segment is expected to outpace the traditional 100% cotton yarn demand in the coming years. The compound annual growth rate (CAGR) of blended yarns from 2021 to 2024 was 16.6%, indicating a positive trend.



Source: CMIE

The use of blended yarns extends across a wide range of applications. Poly/cotton blends, for instance, are commonly used in shirting, suiting, uniforms, and casual wear, while poly/viscose blends are favoured for pants, skirts, and suiting. Other blends, such as cotton/acrylic and poly/wool, are used for sweaters, blankets, and suiting, offering different properties like warmth, resilience, and softness. As the market for technical textiles grows in India, blended yarns are being used for specialized applications, such as sewing threads, filter cloths, and medical textiles, with poly/cotton blends remaining highly popular in this space.

Research and development efforts continue to focus on enhancing the functionality of blended yarns. Institutes like the Central Institute for Research on Cotton Technology (CIRCOT) have been involved in creating new blends, including cotton-rich blends with fibres like PLA and bamboo viscose, which target sportswear and medical applications. The continued innovation in this field is expected to further boost the demand for blended yarns, both in the domestic and export markets, as they offer improved performance characteristics over traditional cotton yarns.

[2]To conclude, the Indian textile market is segmented into cotton, synthetic fibres, and blended fibres, each with significant contributions to fabric consumption, particularly in the household sector. As of 2018, cotton accounted for 42.56% of the total fabric consumption, driven by its traditional importance in the textile sector. Man-made fibres (MMF), including synthetic fibres like polyester and viscose, made up the largest share at 56.17%, reflecting their increasing prominence due to versatility, durability, and cost-efficiency. Blended fabrics, which include both cotton and synthetic fibres, have also witnessed steady growth, with demand shifting towards synthetic blends, especially in rural areas, where the compound annual growth rate (CAGR) for man-made and blended fibres reached 13.1% between 2006 and 2016, compared to 11.2% in urban areas. The overall CAGR for blended fabrics between 2014 and 2018 was 6%, slightly higher than that of cotton (5.59%). Synthetic and blended fabrics together form a critical part of the Indian textile landscape, responding to evolving consumer preferences and facilitating the growth of the sector, especially in rural regions where consumption is on the rise.

Growth forecast

Despite the recessionary scenarios in the global economy, the industry has an optimistic outlook where the demand for textile production from domestic as well as export markets is expected to grow strong in the coming years. Higher disposable income and shift in consumption pattern is driving the domestic market. In addition, growing importance of India as a major textile manufacturing hub has helped in the growth of Indian textile sector would continue to fuel its growth.

Buoyed by favourable demographics, shift in lifestyle choices and structural shift in industry structure, the demand for readymade garments is likely to continue growing at healthy rate. Government initiatives such as the Make in India campaign and the implementation of Goods and Services Tax (GST) are expected to create a conducive environment for fabric manufacturers and exporters, fostering their growth and competitiveness.

Technological advancements, such as automation and digitalization, enhance manufacturing processes and product quality, while a skilled workforce adds to the industry's competitive advantage. With the right strategies and adaptation to market dynamics, the Indian fabric

[2] Ministry of Textile, To Promote Growth of Man-Made Fibre Textile Industry in India

textile industry is well-positioned to experience sustained growth and make significant contributions to the country's economy.

According to estimates, cotton production in India is projected to reach 7.2 million tonnes (~43 million bales of 170 kg each) by 2030, driven by increasing demand from consumers. This would ensure that the growth in cloth production in the country would continue to grow at a healthy rate, on par or higher than the historical growth.

However, this growth is dependent on revival of domestic demand as well as subsiding recessionary factors on a global scale to increase the export demand. With economic growth expected to rebound in the coming quarters, domestic demand is likely to improve.

Readymade Garment Industry in India

The ready-made garment (RMG) industry in India is a vital sector that significantly contributes to the country's economy. India is one of the largest consumers and producers of cotton, with the highest acreage of 12.5 million hectares, accounting for 38% of the global area under cotton cultivation. A substantial portion of its textile production is dedicated to the RMG sector. Key manufacturing states such as Andhra Pradesh, Telangana, Haryana, Jharkhand, and Gujarat play a pivotal role in this sector. Manufacturers focus on innovative designs, high-quality fabrics, and affordability to cater to evolving consumer preferences, including the rapidly growing kid's wear market.

India is a major player in the global textile and apparel market, being the second-largest producer of man-made fibre (MMF) after China and the third-largest exporter of textiles and apparel. In 2021-22, textiles and apparel, including handicrafts, accounted for 10.5% of India's total merchandise exports, with key markets in the USA, EU-27, and the UK. The RMG industry is a significant contributor to this success, and within this industry, the kid's wear segment is driven by rising disposable incomes, a growing child population, and increasing urbanization. Despite some fluctuations due to broader market factors, the kid's wear market continues to expand and evolve, reflecting the dynamic nature of India's textile and apparel industry.

Key product segments

The Indian readymade garment industry is a significant segment within the broader textile and apparel market. It encompasses a wide variety of products catering to diverse consumer needs both domestically and internationally. This report outlines the key product segments in the Indian readymade garment industry, highlighting their characteristics, market dynamics, and contributions to the economy

Product Segment	Overview
Men's Wear	The men's wear segment is a major component of the readymade garment industry, catering to various categories including formal wear, casual wear, ethnic wear, and sportswear. This segment includes *shirts, trousers, suits, blazers, t-shirts, jeans, shorts, and traditional attire such as kurta-pajamas and sherwanis.* The demand for men's wear is driven by a growing urban population, increasing disposable income, and evolving fashion trends. Formal wear and casual wear dominate the market, with a rising preference for branded apparel. Men's wear is a substantial contributor to the overall market size and plays a crucial role in driving sales in retail and export markets.
Women's Wear	Women's wear is a vibrant and dynamic segment, characterized by its wide range of products and significant contribution to the industry. This segment includes *sarees, salwar kameez, lehengas, kurtis, tops, dresses, skirts, jeans, and activewear, etc.* The women's wear market is influenced by cultural diversity, changing fashion trends, and increasing participation of women in the workforce. Ethnic wear remains a strong segment, while Western wear is gaining popularity. Women's wear is one of the largest segments in the readymade garment industry, driving both domestic consumption and exports, particularly in categories such as ethnic and fusion wear.
Kids' Wear	The kids' wear segment caters to the clothing needs of infants, toddlers, and children up to the age of 14. This segment includes *t-shirts, shorts, dresses, skirts, pants, school uniforms, and traditional attire for children.* The demand for kids' wear is driven by factors such as increasing birth rates, rising disposable incomes, and greater emphasis on child fashion. Parents are increasingly opting for branded and high-quality garments for their children. Kids' wear is a fast-growing

	segment, with significant potential for expansion in both urban and rural markets. It is a key focus area for retailers and brands looking to capture a younger demographic.
Activewear and Sportswear	This segment includes garments designed for physical activities and sports, catering to the growing demand for fitness and active lifestyles. *This segment includes t-shirts, track pants, shorts, leggings, sports bras, jackets, and specialized sports gear.* The activewear and sportswear market is expanding rapidly due to increasing health consciousness, the popularity of sports, and the athleisure trend. Technological advancements in fabric and design also drive this segment. Activewear and sportswear are significant growth areas within the readymade garment industry, attracting investment from both domestic and international brands.
Innerwear and Lingerie	The innerwear and lingerie segment caters to the intimate apparel needs of men, women, and children. This segment includes undergarments, vests, briefs, boxers, shapewear, and thermal wear. The innerwear market is evolving with increasing consumer awareness about comfort, quality, and fashion. There is a rising preference for branded innerwear, driven by changing lifestyles and improved retail experiences. Innerwear and lingerie are essential product segments that offer high margins and consistent demand, contributing significantly to the overall revenue of the readymade garment industry.
Denim Wear	Denim wear is a popular segment known for its versatility and wide consumer base across different age groups. *This segment includes jeans, jackets, shirts, skirts, and shorts.* Denim is a staple in wardrobes globally, with demand driven by its durability, style, and comfort. The segment benefits from continuous innovation in fabric technology and design. Denim wear is a key export product and a significant segment in the domestic market, contributing substantially to the revenue and growth of the readymade garment industry.

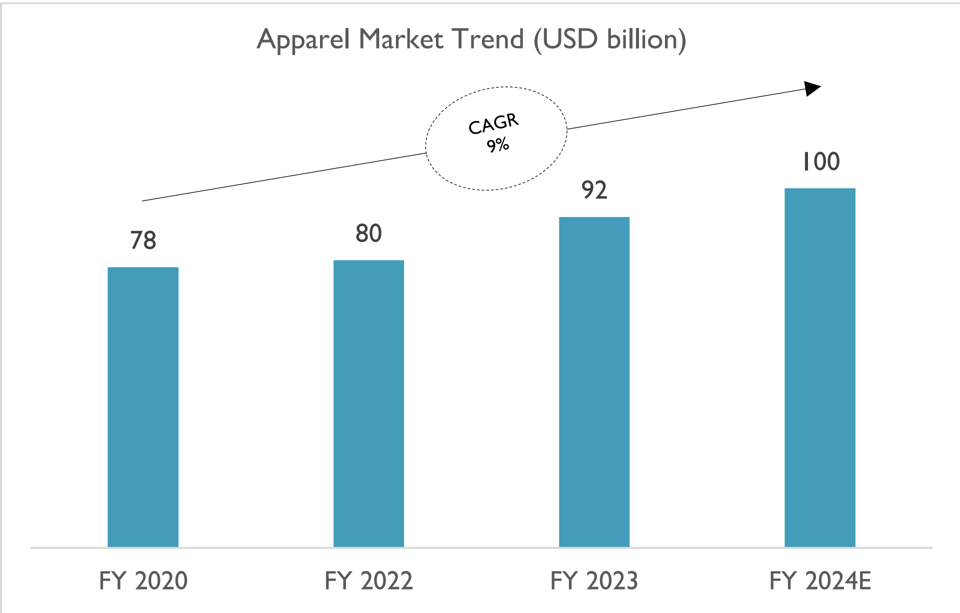
The Indian readymade garment industry is a diverse and dynamic sector, encompassing various product segments that cater to a wide range of consumer needs. Each segment plays a crucial role in the overall growth and development of the industry, driven by factors such as changing fashion trends, increasing disposable incomes, and evolving consumer preferences. The industry's ability to innovate and adapt to market demands ensures its continued significance in both domestic and global markets.

Demand Drivers

Domestic Demand Scenario

Readymade garment manufacturer makers will rely on domestic consumption (75% of the overall demand), which is expected to grow 6-8 percent in volume terms this fiscal. The Indian textile and apparel market for the fiscal year 2022-23 is valued at USD 165 billion. Of this, the domestic market accounts for a substantial 75%, amounting to USD 125 billion. Within the domestic market, the apparel segment is dominant, making up 74% of the market, which translates to USD 92 billion. Other significant segments include home textiles at USD 9 billion and technical textiles at USD 24 billion. Exports constitute the remaining 24% of the market, valued at USD 40 billion, with apparel exports at USD 16.5 billion and textile exports at USD 23.5 billion.

The apparel market has shown steady growth from FY 2020 to FY 2024. Starting at 78 billion USD in FY 2020, the market size increased to 80 billion USD in FY 2022, reached 92 billion USD in FY 2023, and is projected to hit 100 billion USD by FY 2024. This trend reflects a CAGR of 9%.



Source: Industry report, D&B Estimate

Several factors contribute to the steady growth observed in the apparel market. Rising disposable incomes have enabled consumers to increase their spending on apparel. Increasing fashion awareness and the desire to keep up with trends have fuelled demand. Additionally, the expansion of online retail platforms has facilitated easier access to a wide range of apparel options, further boosting market growth. This consistent upward trend highlights the robust potential and expanding nature of the apparel industry.

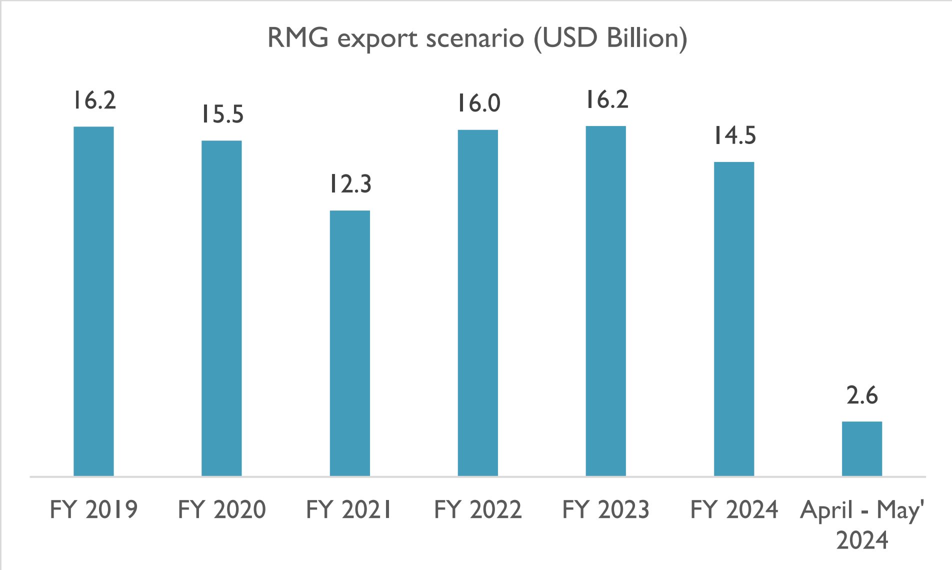
India's readymade garment sector continues to exhibit robust growth within the country's textile industry. The sector remains a significant contributor, driven majorly by domestic demand including kid's wear. Rising disposable incomes and evolving fashion preferences among Indian consumers have bolstered domestic consumption of kids' readymade garments and the overall RGM industry. Major manufacturing hubs are concentrated in cities such as Tirupur, Bengaluru, Mumbai, and Delhi-NCR, facilitating efficient production and distribution.

However, the sector faces challenges, including stiff competition from countries such as Bangladesh and Vietnam, as well as susceptibility to global economic fluctuations. To support growth, the Indian government has implemented initiatives aimed at promoting exports, upgrading technological capabilities, and fostering sustainable manufacturing practices. There is also a growing focus on integrating digital technologies to adapt to changing retail dynamics, particularly with the rise of e-commerce platforms in the market. the RMG industry, with a significant focus on the kid's wear segment, continues to be a vital and growing component of India's textile industry, driven by strong domestic demand and strategic government support.

Export Demand Scenario

India ranks as the sixth-largest exporter of textiles and apparel globally, bolstered by its extensive raw material and manufacturing base. In 2022-23, textiles and apparel accounted for 8.0% of India's total exports, with the country holding a 5% share of the global trade in these products. Despite significant logistics challenges, India achieved record-high exports of textiles and apparel, including handicrafts, totaling USD 35.58 billion in FY23.

Focusing on the ready-made garment (RMG) sector, exports reached USD 16.19 billion in FY23, reflecting a modest growth of 1.1% over 2021-22. In February 2024, RMG exports increased to USD 1.48 billion, up from USD 1.41 billion in February 2023. Within the RMG sector, the kid's wear market is particularly significant, accounting for nearly 50% of the total RMG exports. This substantial share is driven by rising global demand for high-quality, affordable children's clothing, which has positioned India as a key supplier in this segment.

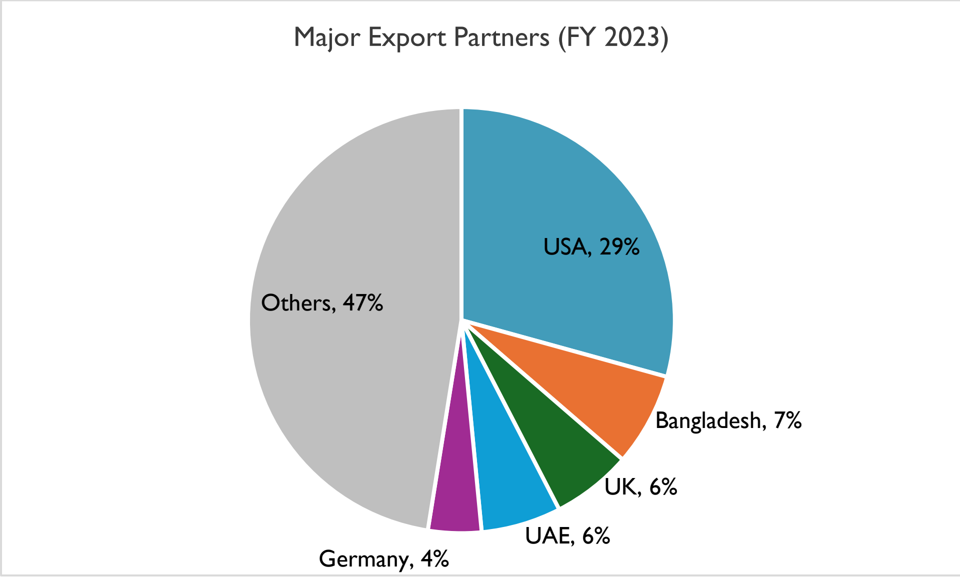


Source: AEPC Journal

From April 2023 to February 2024, exports of cotton fabrics and made ups stood at USD 10.58 billion. However, exports during 2022-23 saw declines in several categories: cotton textiles decreased by 28.45%, man-made textiles by 11.86%, and handicrafts by 19.13%. Despite these challenges, the kid's wear market within the RMG sector showed resilience and continued to drive export growth, highlighting the dynamic nature of India's textile and apparel industry. Overall, while the Indian textile and apparel industry faces challenges, the robust performance of the kid's wear segment within the RMG sector underscores its potential for continued growth and its vital role in the country's export landscape.

Trade Partners

India exports its textile and apparel products, including handlooms and handicrafts, to over 100 countries worldwide. Key export destinations include the USA, Bangladesh, UK, UAE, Germany, and others, with the USA being the largest importer, accounting for about one-fourth of India's total textile exports. In 2022-23, the USA remained the top export destination for Indian textiles and apparel, capturing a 29% share of overall exports, up from 24% in 2019-20.



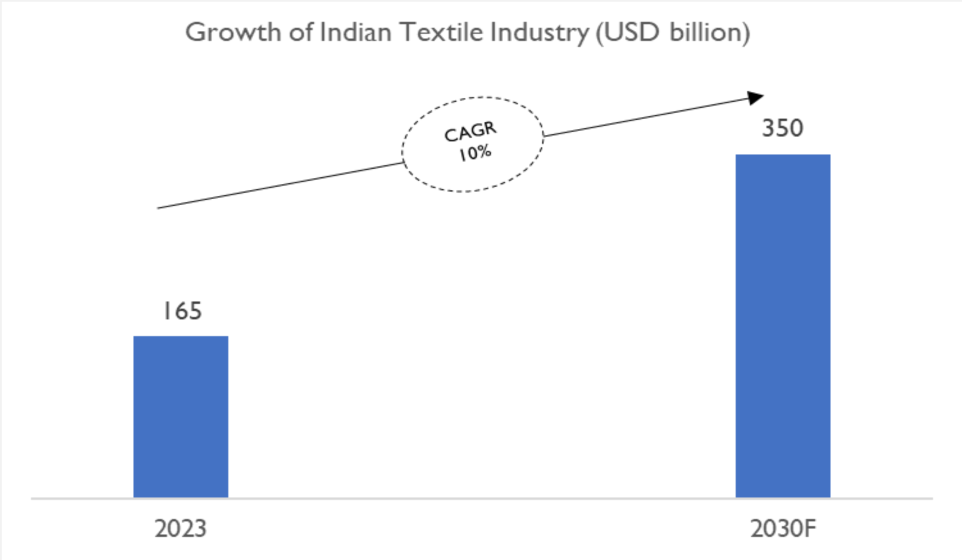
Source: Ministry of Commerce

The India-UAE Free Trade Agreement (FTA), effective from May 1, 2022, and ongoing negotiations for FTAs with the EU, Australia, UK, Canada, Israel, and other regions, are expected to further boost Indian textile and apparel exports by providing a competitive advantage. Additionally, India's consolidated Foreign Direct Investment (FDI) policy circular 2020 permits 100% FDI in single-brand retail trading and up to 51% FDI in multi-brand retail trading, subject to certain conditions. This policy continues to attract leading international retailers to source their garment and home textiles from India, enhancing interest from new export markets.

Growth Forecast

In 2023, the Indian textile industry faced significant challenges, including fluctuating cotton prices, declining demand, under-utilized capacity, and stiff competition from imported fabrics and garments from China and Bangladesh. Gurudas Aras, an independent director and strategic advisor, highlighted these issues and suggested measures for recovery in 2024. Major global markets, such as the US and EU, saw sharp declines in apparel imports, impacting Indian exporters. For instance, US apparel imports dropped by 21% to USD 6.5 billion in October 2023, and EU imports fell by 20% to USD 7.2 billion.

The global garment industry is contracting, with predictions of a continued decline in US garment imports by 25% to 30%. This trend is exacerbated by major US retailers reducing imports and maintaining minimal stock levels. Bangladesh's strategic import of cheap raw materials from China and its tax-exempt status as a least developed country have further strained Indian exports, which stagnated at around USD 16.5 billion, while Bangladesh's



exports surged past USD 44 billion.

Source: IBEF

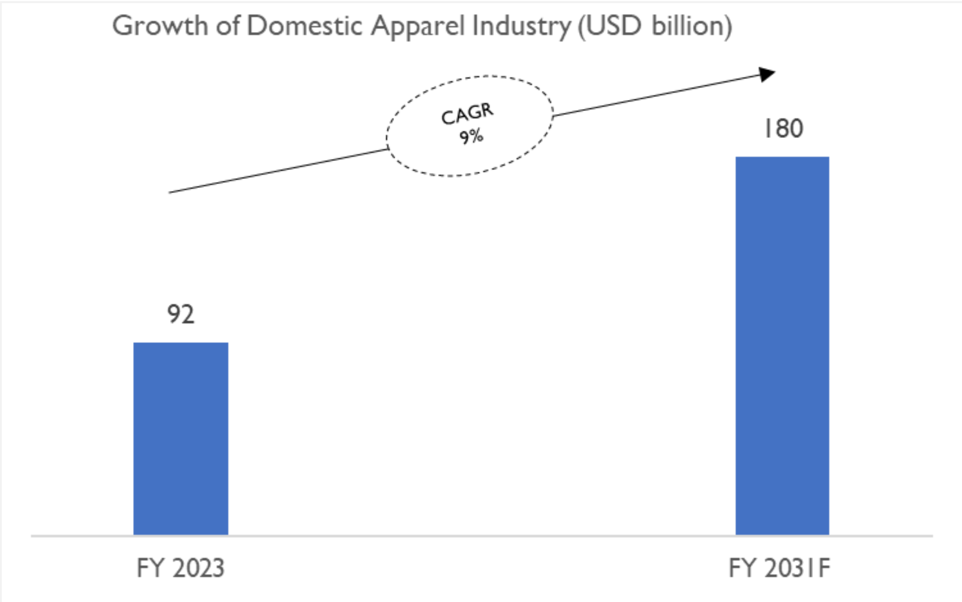
Despite these challenges, the Indian textile industry is on a growth trajectory, with its market size projected to nearly double from USD 165 billion in 2023 to USD 350 billion by 2030, reflecting a compound annual growth rate (CAGR) of 10%. Increasing disposable incomes and a growing middle class are driving demand for textile products, including kid's wear. This segment is particularly buoyed by changing fashion trends, a preference for branded items, and the expansion of e-commerce platforms. Government initiatives such as the Production Linked Incentive (PLI) scheme and PM Mitra are promoting modernization and enhancing global competitiveness.

Moreover, Strategic trade agreements and advancements in quality standards are improving India's position in international markets, supporting export growth alongside rising domestic consumption. Technological innovations and sustainable practices further enhance the industry's efficiency and quality. These factors position the Indian textile sector, including the kid's readymade garment market, as a robust engine of economic growth and global competitiveness.

Domestic Textile & Apparel Market Growth

The Indian textile and apparel industry is poised for substantial growth, with market size expected to increase from USD 125 billion in FY 2023 to USD 250 billion by FY 2031, reflecting a compound annual growth rate (CAGR) of 9%. This growth is driven by rising domestic demand, supported by increasing disposable incomes, evolving fashion trends, and government initiatives like the Production Linked Incentive (PLI) scheme and PM Mitra, which aim to attract investments and modernize the industry.

The rapid expansion of e-commerce has further fuelled this growth by making apparel more accessible, especially to the tech-savvy younger generation. Additionally, improved quality standards and strategic trade agreements are enhancing India's position in the global market. Technological advancements and sustainable practices are also boosting industry efficiency



and competitiveness.

Source: Industry Sources, D&B Estimated

Within the domestic market, the apparel segment is a major growth driver. In FY 2023, it stood at USD 92 billion and is projected to reach USD 180 billion by FY 2031. This increase is largely attributed to rising disposable incomes and growing fashion awareness, including a significant focus on the kid’s readymade garment market. The kid’s wear segment, in particular, is experiencing robust growth with some fluctuation, driven by the rising child population and changing consumer preferences for high-quality, stylish, and affordable children’s clothing. This segment's expansion underscores its vital role in the overall growth of the apparel sector.

Regulatory Landscape

The textile industry has consistently received significant government focus due to its positive impact on employment and the substantial foreign exchange it generates through exports. This special attention is evident through the introduction and amendment of various acts, policies, and schemes over time. These measures were implemented to foster the growth of a robust manufacturing infrastructure and encourage the export of textile products.

The government also initiated schemes such as Amended Technology Upgradation Fund Scheme (ATUFS), Scheme for Integrated Textile Parks (SITP), Integrated Skill Development Scheme (ISDS), supply of power and energy at subsidized rates, setting up Integrated Textile Parks, sops on export, and benefits under scheme of Fund for Regeneration of Traditional Industries (Khadi, village and coir industries).

ATUF Scheme

The "Amended Technology Upgradation Fund Scheme (ATUFS)" was introduced to replace the existing Revised Restructured Technology Upgradation Fund Scheme (RR-TUFS). The Ministry of Textiles implemented Amended Technology Upgradation Fund Scheme (ATUFS) with effect from 13.01.2016, for a period of seven years. To incentivize production the government is implementing this scheme with an outlay of INR 178.22 billion during 2016-2022 and it is expected to attract investment of INR 1 trillion and generate 35.62 lakhs employment in the textile sector by 2022.

The Ministry of Textiles (MoT) may introduce a new programme to replace the Amended Technology Upgradation Fund (ATUF) scheme, which was set to expire on March 31, 2022. The new scheme, likely to be Textile Technology Development scheme, will come with an outlay of about Rs. 16,600 crore for the next five years. MoT has proposed investment and value-addition-linked incentives under this scheme. Incentives for technology transfer in case of joint ventures by foreign manufacturers, and support for research and development and commercialization, are also likely to figure in the planned scheme.

Scheme for Integrated Textile Park (SITP)

The Scheme for Integrated Textile Parks (SITP) was launched in 2005 to encourage private investments and employment generation in textile sector by facilitating excellent infrastructure for common facilities. The facilities included roads, water supply treatment and distribution network, power generation and distribution network, effluent collection treatment and disposal system, design centre, warehouse, first aid centre, etc.

So far, out of the 54 Textiles parks that have been approved across the country, 31 parks have been completed while 23 are at various stages of completion.

Export Promotion Capital Goods (EPCG) scheme

The scheme facilitates the import of capital goods, including equipment for pre-production, production, and post-production, with no duty for specified industries and concessional customs duties ranging from 3% to 11% for most sectors. Certain select industries benefit from full customs duty concessions under this scheme, aimed at enhancing industrial competitiveness through subsidized importation of essential manufacturing equipment. With the help of concessional duty of 3% EPCG Scheme allows the manufacturers import of capital goods at 3% customs duty. The requirements of exports compulsion to be fulfilled are equal to 6 times of duty amount saved on the capital goods imported under EPCG scheme. The export compulsion/ obligation needs to be satisfied in 8 years estimated from Authorization-issue date.

SAMARTH (Scheme for Capacity Building in Textile and Apparel Sector)

This aim is to provide demand-driven, placement-oriented skilling program to incentivize the efforts of the industry in creating jobs. A total of 184 courses aligned with National Skill Qualification Framework (NSQF) have been adopted under the scheme across various textile segments covering traditional sector such as Handloom/ Handicrafts to conventional sector such as Garmenting to advanced sector such as Technical Textiles.

Atmanirbhar Bharat packages

To support economic revival post COVID-19, the government in May 2020 announced first stimulus package. The first economic stimulus of INR 20 trillion was announced on 13th May 2020 and subsequent two more Atmanirbhar Bharat packages of INR 730 billion on 12th October 2020 and INR 2.65 trillion was announced on 12th November 2020, bringing the total stimulus package at INR 29.87 trillion. The domestic textile manufacturing is expected to benefit from the government measure to promote an Atmanirbhar Bharat, or self-reliant India. Various other policy decision such as **Production linked incentive for 13 key sectors including textiles**, changing the definition of MSMEs and encouraging the scope for private participation have been introduced as a part of Atmanirbhar Bharat package which will have a favorable impact on textile manufacturing companies too.

Mega Textile Parks

The Government in Union Budget 2022-23 had announced a plan to set up 7 mega textile parks, under the PM MITRA (PM-Mega Integrated Textile Region and Apparel) scheme. The scheme comes with a total budgetary outlay of INR 4,445 Crore, however, the initial allocation in the Budget 2023-24 is only Rs 200 crore. These parks will be set up by 2026-27 and are expected to generate 20 lakh employment opportunities. As per the Government notification, the proposed seven parks are set to come up in Tamil Nadu, Telangana, Gujarat, Karnataka, Madhya Pradesh, Uttar Pradesh and Maharashtra and will help in creating world-class industrial infrastructure that would attract large scale investment including foreign direct investment (FDI) and encourage innovation and job creation within the sector. Each of these parks will be having facilitates to create an integrated textile manufacturing value chain from spinning, weaving to garment manufacturing.

For a greenfield project, the Government of India would provide a development capital support of 30% of the project cost (with a cap of INR 500 Crore). For a brownfield project, the capital cost of 30% would be on the project cost incurred to set up additional infrastructure & facilities (with a upper cap of INR 200 Crore). In addition to this development capital support, the PM MITRA scheme also has a competitiveness incentive support (CIS) of INR 300 Crore to each of the parks. These parks would be developed by a special purpose vehicle (SPV) which would be owned by the state government (state where the respective park would come up) and the Government of India.

Production Linked Incentive (PLI) Scheme

The Government launched the Textile PLI (Production Linked Incentive) Scheme 2.0 as a part of the Atmanirbhar Bharat Abhiyan (Self-Reliant India Campaign) to boost the country's textile manufacturing sector and make it globally competitive. The scheme has a financial outlay of INR 10,683 Crore and would run from FY 2025 – 29 period. The objective is to attract investment into 40 MMF apparel products, 14 MMF fabric products and 10 types of technical textiles. The scheme has two parts, each with its own distinct eligibility criteria and incentive structure. In both the parts, incentive rate would be tied to the annual incremental revenue during FY 2025-30 period.

Women’s wear segment

Market Scenario

India's women’s apparel market is rooted in a rich tradition of handcrafted textiles and intricate embroidery, with skilled artisans creating unique designs throughout the country. This market has evolved over centuries, shaped by historical influences such as colonialism and globalization, which have led to a blend of traditional and modern fashion styles. The Indian textile industry has emerged as a major global player, offering a wide array of fabrics, including silk, cotton, chiffon, and georgette, to cater to both domestic and international demands. Technological advancements, such as power looms and digital printing, have significantly enhanced production capacity, while the rise of online retail platforms has improved accessibility, allowing consumers to engage with the vibrant landscape of Indian women’s fashion.

As one of the largest segments within the broader apparel industry, the Indian women’s wear market is estimated to be valued at approximately USD 13.9 billion in 2023. This segment has witnessed steady growth, driven by evolving fashion trends, increasing disposable incomes, and a greater emphasis on gender-specific fashion. The role of fashion designers is crucial, as they adeptly blend traditional craftsmanship with contemporary styles, reflecting India's diverse and vibrant creativity in women’s wear. The combination of cultural heritage and modern influences continues to shape consumer preferences, making this market an ever-evolving space characterized by innovation and sustainability.

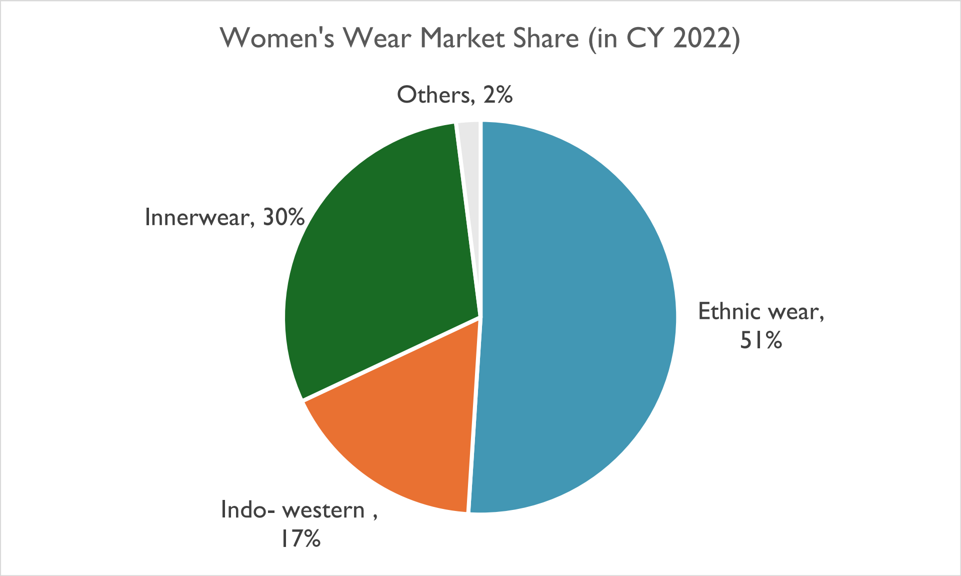
The Indian textile industry plays a crucial role in producing a wide range of fabrics used in women’s clothing. From silk and cotton to chiffon and velvet, Indian textiles are renowned for their quality, diversity, and vibrant colors, catering to both domestic and international markets. Textile manufacturers supply fabrics to meet rising demand for women’s apparel, further bolstering the industry’s growth.

Technological advancements, such as the introduction of power looms, digital printing techniques, and online retail platforms, have propelled the Indian women’s apparel market to new heights. These innovations have enhanced the accessibility of traditional and contemporary clothing to consumers across the globe.

The government, through organizations like the Ministry of Textiles, Handloom Export Promotion Council (HEPC), and Handicrafts and Handlooms Export Corporation of India (HHEC), supports the development, promotion, and export of handloom and handicraft products. Regulatory bodies enforce quality standards, pricing policies, and consumer protection mechanisms, ensuring that the industry operates smoothly and sustainably. Furthermore, eco-friendly practices are being increasingly adopted, with government initiatives promoting organic textiles, natural dyes, and sustainability in production processes, fostering a growing interest in sustainable fashion across the industry.

Key Segments

The distribution of the women's wear market is characterized by a strong preference for ethnic wear, which accounts for 51% of the total market share. This dominance underscores the cultural significance and enduring appeal of traditional attire among consumers. Indo-western styles represent a notable segment as well, capturing 17% of the market share. Meanwhile, innerwear constitutes 30% of the market, reflecting the growing focus on essential clothing categories. Other segments collectively make up the remaining 2%, indicating a range of additional options available to consumers in the women's wear market.



Source: Business of Fashion Magazine, D&B analysis

Ethnic Wear

Dominated by sarees, salwar kameez, and blouse-petticoats, ethnic wear remains a stronghold, especially in rural areas. Sarees are a major category, but urban markets are shifting toward salwar kameez and Western wear. Major saree production hubs include Surat, Varanasi, and Mumbai, with brands like Nalli Silk Sarees and Fabindia contributing to global recognition.

Indo-Western Wear

A blend of ethnic and Western styles, this category has grown in urban markets. Indo-Western wear offers comfort with a fusion of traditional and modern elements, exemplified by trouser suits and innovative ensembles like kurtas with jeans or lehengas with Western tops. Brands like Global Desi and W are leading this segment.

Innerwear

This category shows promising growth, driven by rising demand for branded products. Brassieres, panties, and camisoles are key segments, with branded innerwear gradually gaining a larger market share due to the increasing acceptance of premium and branded options.

Western Wear

Split into casual and formal segments, women's Western wear is growing due to increasing workforce participation. Denims, tops, t-shirts, and formal attire have seen notable demand. The formal wear category is expanding as more women enter professional roles and seek versatile, stylish options for the workplace. The rise of e-commerce has further fueled the growth of Western wear by providing convenient shopping options and catering to a fashion-conscious, internet-savvy consumer base.

Market Dynamics

The women's wear market remains largely unorganized, but recent developments in e-commerce and disruptive distribution channels have enabled organized players to gain traction. Brands have recognized the need for a blend of comfort, style, and tradition in their offerings, leading to the rise of innovative designs across all categories.

Demand drivers

Domestic demand scenario

The demand for women's wear in the Indian market is influenced by various interconnected factors that reflect the evolving cultural, economic, and social landscape.

- **Changing Fashion Trends:**

Rapidly shifting fashion trends are a significant influence on the women's wear market. Urban women increasingly Favor contemporary and Western-style clothing, driven by exposure to global fashion through social media and international brands. This preference has resulted in heightened demand for stylish and comfortable apparel.

- **Rise of Working Women:**

The growing number of working women in India has substantially increased disposable incomes, allowing for greater spending on fashion. As women navigate diverse professional roles, their clothing choices now reflect the need for versatile options suitable for both work and personal life, driving demand for a range of professional and casual attire.

The increase in women's labour force participation to 37% in 2022-23, up from 23.3% in 2017-18, significantly drives demand in the women's readymade garment segment. With 68% of loans under the PM Mudra Yojana sanctioned to female entrepreneurs and 55.6% of bank accounts opened under the Prime Minister’s Jan Dhan Yojana belonging to women, their financial independence is bolstered. As women's purchasing power grows, so does their demand for fashionable and practical clothing, further propelling the growth of the segment.

- **E-Commerce Growth:**

The rise of online shopping platforms has revolutionized the purchasing experience for women's clothing. The convenience of browsing and buying from home appeals to busy professionals and younger consumers, enabling brands to reach a wider audience. E-commerce also enhances customer engagement through personalized shopping experiences.

The rapid growth of India's e-commerce market, expected to increase from INR 12.2 trillion (USD 147.3 billion) in 2024 to INR 24.1 trillion (USD 292.3 billion) by 2028—an impressive CAGR of 18.7%—is a significant driver for the women's readymade garment segment. This expansion provides enhanced accessibility and convenience for consumers, encouraging online shopping for women's apparel. The broadening consumer base and increased purchasing power in the e-commerce landscape will further stimulate demand for diverse styles and options in women's clothing.

- **Influence of social media:**

Social media has become an essential demand driver in the Indian women's apparel market, significantly shaping consumer behaviour. As of 2024, India boasts 862 million social media users, equating to 59.90% of the population and ranking it as the second-largest user base globally. The average Indian user spends around 150 minutes daily on various platforms, which fosters a robust engagement with fashion trends.

Influencers and celebrities are pivotal in this dynamic, frequently showcasing the latest styles and creating a strong desire among consumers for new apparel. This pressure drives brands to innovate and launch collections more frequently to keep pace with ever-changing consumer expectations. Furthermore, projections indicate that by 2029, India could have approximately 1.3 billion social media users, solidifying its leadership position in social media engagement and amplifying its impact on the women's apparel market. This trend underscores the importance of digital presence and targeted marketing strategies for brands seeking to capture the evolving preferences of Indian female consumers.

- **Cultural Fusion**

Cultural fusion in the Indian women's apparel market is characterized by the blending of traditional and modern styles, particularly in Indo-Western outfits. This trend caters to the diverse preferences of consumers across different regions of India, reflecting the country's rich heritage while appealing to contemporary tastes. The popularity of Indo-Western attire allows women to express their cultural identity while embracing global fashion trends. As a result, this cultural fusion sustains demand for both ethnic wear, such as sarees and lehengas, and Western-inspired clothing, like dresses and tunics, creating a vibrant and dynamic fashion landscape.

- **Economic Factors:**

Economic growth in India has led to increased purchasing power among consumers, allowing women to invest in high-quality apparel, including luxury items. Additionally, there is a growing interest in sustainable fashion, as consumers become more environmentally conscious and seek eco-friendly options.

India's projected per capita disposable income is set to reach ₹2.14 lakh in 2023-24, following an 8% growth in FY24 and 13.3% in FY23. With the economy recovering and GDP data showing a 4.2-point increase in economic capability, the rising disposable incomes significantly boost consumer spending power. This favourable economic environment, combined with a youthful population driving labour force expansion, is expected to increase demand for women's apparel as more women seek fashionable and diverse clothing options, positioning the women's apparel market for significant growth.

- **Diversity of Product Categories:**

The women's wear segment is characterized by a broad range of product categories, including casual wear, formal attire, ethnic wear, and activewear. This diversity enables brands to cater to different lifestyle needs and preferences, contributing to overall market growth.

The diversity in product range within the women's apparel segment is a significant demand driver for the Indian market. Ethnic wear, which accounts for 71% of the women's clothing sector, reflects the rich cultural heritage and appeals to a broad audience. Additionally, the organized ethnic wear segment, is growing at an impressive rate of 20% annually. This vast array of styles allows brands to cater to various preferences and lifestyles, contributing to robust market growth.

- **Maternity Wear Demand**

The increase in maternity rates in India significantly drives demand for women's apparel, particularly maternity and ethnic wear. With the government implementing various initiatives to enhance maternal healthcare access, the focus on supporting pregnant women has heightened. As more women seek comfortable, stylish clothing options that cater to their changing bodies, the maternity apparel market is poised for growth. This trend is further fuelled by the increasing cultural acceptance of fashionable maternity wear, aligning with the rising disposable income and evolving consumer preferences in India.

- **The Rise of Private Brands**

The growing acceptance of private brands among multi-brand retailers is emerging as a significant driver in the women’s apparel market. This trend can be attributed to several key factors that enhance the appeal of private labels for both retailers and consumers. One of the most notable advantages is the potential for higher profit margins. Private brands typically incur lower advertising and promotional costs compared to national brands, enabling retailers to enjoy increased profitability. This financial advantage allows retailers to offer competitive pricing, which is particularly attractive in the women’s apparel sector, where consumers are often price-sensitive yet still seek fashionable options. Furthermore, private brand buyers tend to exhibit greater loyalty to the stores that sell these exclusive products, fostering a sense of brand allegiance that strengthens customer relationships and encourages repeat purchases.

The introduction of private brands also offers retailers valuable opportunities for differentiation in an increasingly competitive marketplace. By developing unique private labels, retailers can set themselves apart from competitors, enhancing the overall shopping experience for consumers. This differentiation is crucial in an era where brand loyalty is heavily influenced by unique offerings and innovative designs. Additionally, retailers that successfully increase their share of private brands gain enhanced bargaining power when negotiating with suppliers, allowing for more favourable terms and conditions that ultimately benefit the retailer's bottom line. Notable retailers such as Westside, Max, and Pantaloons, which have achieved significant scale and profitability, are likely to continue expanding their private brand portfolios. This growth not only contributes to incremental gross margin additions but also reflects a broader industry trend where both offline and online retailers in India aggressively pursue private brands. By leveraging these strategies, retailers are well-positioned to capitalize on the evolving demands of the women's apparel market, fostering growth and innovation in the sector.

- **Impulsive Buying Behaviour**

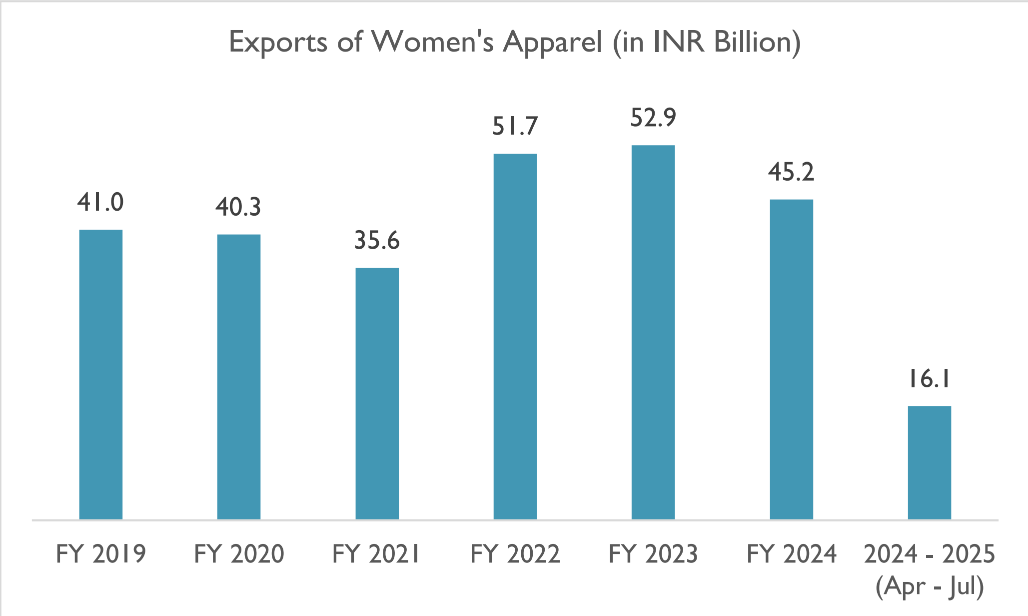
Impulsive buying decisions play a significant role in driving demand within the women's wear segment, reflecting changing consumer behaviour. This phenomenon often stems from emotional triggers, environmental cues, and effective marketing strategies. For many women, shopping is an experiential activity where the excitement of discovering new styles leads to unplanned purchases. The influence of social media and digital marketing is particularly crucial, as platforms like Instagram and TikTok highlight fashion trends and create a sense of urgency through limited time offers, encouraging immediate buying actions.

In-store experiences also enhance impulsive buying tendencies. Retail environments that emphasize visual merchandising and engaging displays can effectively attract shoppers and prompt spontaneous purchases. The ability to physically touch and try on products in-store heightens emotional responses, increasing the likelihood of impulse buys. Additionally, personalized shopping experiences, driven by data analytics and tailored recommendations, foster a sense of connection with consumers, further motivating unplanned purchases. As consumer behaviour continues to evolve, brands that effectively leverage these impulsive buying tendencies will be well-positioned to capture market share and drive growth in the competitive women's apparel landscape.

These demand drivers collectively shape the women's apparel landscape in India, illustrating a dynamic market that adapts to consumer needs and societal changes.

Export demand

The fluctuation in India's women's apparel exports can be attributed to several factors. The dip in FY 2021 reflects the global disruptions caused by the COVID-19 pandemic, which led to reduced demand and supply chain challenges. The rebound in FY 2022 and FY 2023 to INR 51.7 billion and INR 52.9 billion, respectively, signals a recovery driven by resurgent demand and normalization of global trade. However, the decline in FY 2024 to INR 45.2 billion may be due to factors such as increased competition, changing consumer preferences, and global economic uncertainties, which impacted overall demand.



Source: Ministry of Commerce, HS code: 6104[3]

Despite these fluctuations, India's strong position in key markets like the USA (31%), UK (12%), and Germany (11%) highlights its competitive advantage in the global women's apparel segment. The diversity of product offerings, including ethnic and casual wear, continues to cater to international preferences. The moderate export performance in the initial months of FY 2024-25 (INR 16.1 billion) suggests the potential for recovery as global conditions stabilize and India capitalizes on its robust textile infrastructure and skilled labour force.

[3] Women's or girls' suits, ensembles, jackets, blazers, dresses, skirts, divided skirts, trousers, bib and brace Ove

Competitive Landscape

The competitive landscape of the women's wear market in India is shaped by various dynamic factors, reflecting both traditional and contemporary influences. The market is still largely dominated by unorganized players, who hold around 68% market share, while the organized sector accounts for 32%. Several key trends impact the competition among players, including shifting consumer preferences towards fusion wear, increased online shopping driven by the rise of e-commerce platforms, greater economic empowerment of women, and the influence of India's rich cultural diversity on fashion choices.

Key brands like Fabindia and BIBA continue to focus on ethnic wear and sustainable practices, with BIBA gaining prominence by offering vibrant ethnic designs at affordable prices. "W for Women" has established itself with contemporary ethnic wear and has a strong retail presence across India. Alongside domestic brands, international players like Zara and H&M have also entered the market, heightening competition by appealing to younger consumers with fast fashion offerings.

In terms of demand, modern Indian women increasingly seek clothing that reflects both traditional and contemporary styles, driven by rising financial independence and lifestyle shifts. This evolution has fostered the emergence of both value fashion retailers, offering affordable yet stylish apparel, and premium brands catering to higher-income consumers. The rise of e-commerce has particularly transformed the landscape, giving both established and emerging brands new avenues to reach consumers.

The Indian women's wear market remains a dynamic and rapidly evolving space, as brands across the spectrum—from ethnic wear to Western wear—compete to meet the diverse and growing demands of Indian women. Traditional, modern, domestic, and global players alike are vying for dominance in a market characterized by increasing digital penetration, economic shifts, and changing fashion preferences.

Insights on key factors shaping competition in Indian women market

The competitive landscape of the Indian women's wear market is influenced by several key factors:

- **Evolving Consumer Preferences**: Growing interest in Western-style and contemporary clothing has intensified competition. Brands must consistently innovate to keep pace with fast-changing fashion trends, especially driven by social media and global influences.
- **Economic Empowerment of Women**: As more women enter the workforce, their purchasing power increases. This shift has spurred demand for clothing that reflects

confidence and empowerment, encouraging brands to cater to this demographic with more premium and innovative offerings.

- **Rise of E-commerce**: Online shopping has become a dominant force in the market. Affordable internet access and widespread smartphone use have enabled consumers to shop conveniently, forcing brands to invest heavily in their digital presence and adapt quickly to e-commerce trends.
- **Price Sensitivity**: Despite the growth in incomes, price-consciousness remains a key factor. Brands must offer a variety of products at different price points without compromising on quality to attract a broad spectrum of consumers across economic segments.
- **Cultural Diversity**: India's rich cultural landscape means that regional preferences influence fashion choices. Brands must cater to local tastes while balancing national and international trends, creating a diverse product offering to remain competitive.
- **Sustainability and Ethical Fashion**: With growing awareness around environmental issues, consumers increasingly prefer eco-friendly and ethically produced clothing. Brands incorporating sustainable practices are gaining a competitive edge, particularly among younger consumers.
- **Fast Fashion Dynamics**: The rise of fast fashion has significantly shortened product lifecycles, compelling brands to quickly respond to emerging trends and meet the demand for the latest styles at affordable prices.
- **Regional Market Dynamics**: The southern region of India has emerged as a significant player in the women's wear market due to its fashion-conscious consumers. Brands need to be attuned to regional preferences and competition from both local and international players in these areas.

Together, these factors make the Indian women's wear market highly competitive, requiring brands to stay adaptable, innovative, and responsive to diverse consumer demands.

Profile of major players in Indian Women's wear segment

Monte Carlo Fashion Ltd.

Founded: 2011

Headquartered: Ludhiana, Punjab

Monte Carlo Fashions Ltd. is a player in the Indian apparel industry, tracing its roots to Oswal Woolen Mills Ltd., the flagship company of the Nahar Group. Oswal Woolen Mills began operations in 1949 in Ludhiana with a focus on hosiery and textile fabrics. In 1972, the company expanded into wool combing, recognizing the potential in the domestic readymade knitwear segment. Building on its experience in hosiery and woollen products, the company introduced the Monte Carlo brand in 1984, marking a significant step in the development of branded apparel in India.

Monte Carlo established itself in the woollen garment market and later diversified its product range to cater to year-round clothing needs. Expanding beyond woollen knitwear, the company entered the cotton segment to offer a wider variety of apparel. To streamline its operations and focus on the Monte Carlo brand, the readymade garment division was demerged from Oswal Woolen Mills in 2011-12, leading to the establishment of Monte Carlo Fashions Ltd. Around the same time, Vanaik Spinning Mills Ltd. was appointed as a franchisee to oversee the brand's e-commerce operations. Their product range includes a variety of clothing for men, women, and tweens (8-14 years), covering categories such as shirts, trousers, denim, lowers, fashion wear, and activewear. Additionally, the company has expanded into accessories, offering products like ties, belts, and socks. The company emphasizes quality and consistency through its research and development division, which is equipped with modern technology and supported by a team of experienced professionals.

The company distributes its products through multiple retail formats, including exclusive brand outlets, multi-brand outlets, large-format retail stores, and various e-commerce platforms. The brand has a presence in over 200 exclusive outlets, more than 1,300 multi-brand outlets, and over 60 large-format stores. With a focus on market expansion and product diversification, Monte Carlo continues to develop its presence across different segments in the apparel industry.

Nandani Creation Ltd.

Founded: 2004
Headquartered: Jaipur

Founded by Mr. Anuj Mundhra and Ms. Vandana Mundhra, Nandani Creation Ltd. focuses on designing and manufacturing Indian women's wear using comfortable fabrics sourced directly from production units. With an aim to blend traditional craftsmanship with modern retail practices, the company takes inspiration from India's cultural heritage to create its designs. Each product is crafted by a team of over 150 artisans, ensuring attention to detail and quality.

In July 2023, Nandani Creation Ltd. appointed Bollywood actress Madhuri Dixit as the brand ambassador for its labels, "Jaipur Kurti" and "Desi Fusion by Jaipur Kurti." This association was supported by various promotional activities, including outdoor marketing, in-store visual branding, and digital media campaigns, enhancing the brand's reach across the country. Starting from Women's Ethnic Wear, Sarees, Lehenga Sets, Fusion Wear, Loungewear and Plus Size Clothing, Men's Ethnic Wear, Kurtas and Kid's Ethnic Wear. The company integrates traditional textile techniques with modern production methods, engaging local artisans to develop a diverse range of apparel. It operates under three sub-brands: *Jaipur Kurti*, which caters to the B2C segment in the ethnic wear market; *Amaiva*, a brand positioned in the premium segment offering a balance of style and affordability; and Desi Fusion, which focuses on the B2B fashion retail sector.

Nandani Creation Ltd. has established a strong presence in both online and offline markets. It distributes its products through major online marketplaces such as Myntra, Ajio, Amazon, Flipkart, TataCliq, and Nykaa Fashion. In addition to its e-commerce presence, it operates its own website and a mobile shopping application available on iOS and Android. The company has also expanded into offline retail through its B2B model, Shop-in-Shop format, and exclusive brand outlets (EBOs). Currently, it operates 14 exclusive stores across India and has set a goal to expand to 100 stores in the next five years.

With a commitment to fair business practices, transparency, and ethical operations, Nandani Creation Ltd. aims to build long-term relationships with customers and business partners. It continues to strengthen its presence in the Indian women's wear market while maintaining a focus on quality, craftsmanship, and accessibility.

Financial Snapshot:

Particular	Monte Carlo Fashion Ltd.			Nandani Creation Ltd.		
INR(Lakhs)	FY 2025	FY 2024	FY 2023	FY 2025	FY 2024	FY 2023
Total Income	1,13,558.00	1,08,941.00	1,13,854	7,080.68	4,586.33	4,953.72
Revenue from Operations	1,10,041.00	1,06,191.00	1,11,771.00	6,964.13	4,511.32	4,888.19
EBITDA	22,167.00	16,937.00	23,843.00	1,029.27	500.41	454.26
EBITDA Margin (in %)	20.14	15.95	21.33	14.78	11.09	9.29
Profit After Tax	8,117.00	5,994.00	13,252.00	371.09	55.55	10.98
PAT Margin (in %)	7.38	5.64	11.86	5.33	1.23	0.22
Operating Cash Flow	7,281.00	8,146.00	-529.00	-1,694.26	-733.83	-177.30
Net Worth	83,404.00	79,480.00	77,640.00	5,227.50	2,986.71	2,899.64
Short Term Borrowing	28,693.00	21,699.00	19,929.00	1,817.20	1,061.30	843.07
Long Term Borrowing	-	-	270.00	251.61	709.68	141.81
Total Liabilities	88,147.00	72,127.00	72,002.00	4,043.22	3,987.14	1,914.99
Debt Equity Ratio	0.34	0.27	0.26	0.40	0.59	0.34
RoCE (in %)	17.66%	13.76%	23.06%	12.15%	7.77%	7.87%
RoE (in %)	9.73	7.54	17.07	7.10	1.86	0.38
RoA (in %)	4.73	3.95	8.86	4.00	0.80	0.23

Source: Company Annual Report

1. **Monte Carlo Fashion Ltd.**

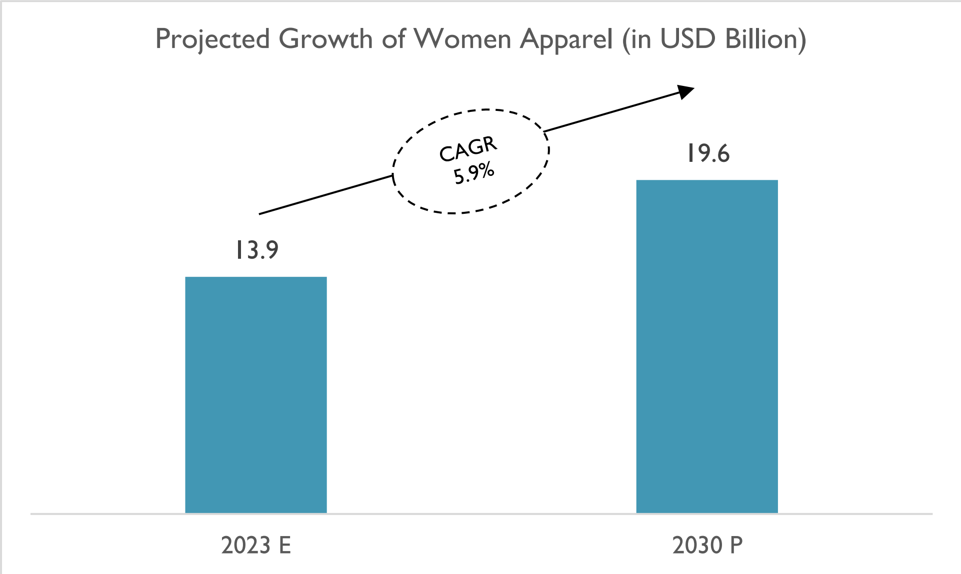
Monte Carlo Fashion Ltd. continued to demonstrate steady and resilient financial performance in FY2025. The company recorded a revenue of INR 1,10,041 lakhs, reflecting a stable year-on-year growth of 3.63%. Operational efficiency improved notably, with EBITDA margins expanding from 15.95% to 20.14%, supported by disciplined cost management. Profit after tax rose by 35.42%, with a PAT margin of 7.38%, underscoring the company's ability to convert revenue into sustainable earnings. Monte Carlo maintained a strong liquidity position, generating positive operating cash flow of INR 7,281 lakhs. The company's net worth increased by 4.94%, and its debt-equity ratio remained conservative at 0.34, reflecting prudent financial management. Return metrics such as ROE at 9.73% and ROA at 4.73% further reinforce Monte Carlo's consistent value creation for shareholders and efficient asset utilization.

2. Nandani Creation Ltd.

Nandani Creation Ltd. delivered an exceptional growth trajectory in FY2025, positioning itself as a high-potential emerging player in the fashion segment. The company achieved a remarkable 54.37% increase in revenue, reaching INR 6,964 lakhs, driven by strong market expansion and operational scaling. EBITDA margins improved from 11.09% to 14.78%, reflecting enhanced cost efficiencies. The company reported a significant turnaround in profitability, with PAT increasing by over 568% and PAT margin rising to 5.33%. Net worth surged by 75.03%, indicating robust internal accruals and potential capital infusion. While the company reported negative operating cash flow of INR -1,694.26 lakhs—suggesting investment-led cash outflows or working capital requirements—it maintained a manageable debt-equity ratio of 0.40. Return on equity improved to 7.10%, and return on assets to 4.00%, highlighting improved financial performance and operational leverage

Growth Forecast

The Indian women's apparel market is expected to grow from INR 13.92 billion in 2023 to INR 19.60 billion by 2030, reflecting a CAGR of 5.8%. This growth is fuelled by several factors. Increasing urbanization and economic participation of women are leading to greater disposable income and demand for apparel that balances both traditional and modern aesthetics. Fashion-conscious consumers are also drawn to international trends, while the rise of online shopping has provided convenient access to a wider array of styles, boosting market expansion.



Source: D&B Analysis

Additionally, the growing emphasis on sustainable fashion and ethical production has begun shaping consumer choices, with brands increasingly aligning their practices with these values. The shift towards eco-friendly clothing, combined with a diverse and evolving range of apparel choices, will likely sustain the market's growth trajectory in the coming years. Brands that adapt to these demands while offering quality at competitive prices are best positioned to thrive in this expanding landscape.

Major threats & challenges impacting the industry

- **Price Sensitivity**: Indian consumers are highly price-conscious, especially in the apparel sector. Balancing affordability with quality is a challenge, as raw material costs like cotton and textiles fluctuate. Brands are pressured to maintain competitive pricing while ensuring product value, especially in regions where disposable income varies greatly.
- **Fast Fashion and Shorter Product Lifecycles**: Fast fashion demands quick turnover of trendy apparel. This creates pressure on companies to shorten production cycles and reduce lead times to meet market demands. It results in excess inventory for unsold items and complicates the supply chain. Furthermore, constant pressure to introduce new collections and respond to changing fashion trends can drive up operational costs and affect profit margins.
- **Supply Chain Disruptions**: External disruptions like political instability, environmental factors, and pandemics can severely affect the supply chain. For example, the COVID-19 pandemic revealed significant vulnerabilities in global supply chains, with interruptions in raw material availability and labour shortages leading to delays and higher costs. Geographic concentration of raw materials, especially in cotton and synthetic fibres, adds further risk when a key supplier faces disruption.
- **Sustainability and Ethical Challenges**: As global consumers increasingly prioritize sustainable fashion and ethical production; Indian apparel brands face rising pressure to adopt greener practices. Achieving sustainability while keeping prices competitive is difficult, as the transition to eco-friendly materials and ethical labour practices often entails higher production costs. Failure to adapt can lead to reputational damage and loss of customer loyalty, particularly among younger, socially conscious consumers who demand transparency and ethical sourcing.
- **Technological Adaptation**: The rise of e-commerce has transformed retail, and brands need to adopt a strong digital presence to remain competitive. Integrating technology in production processes, inventory management, and digital marketing is essential, but smaller brands may lack the resources for such investments. Moreover, the fast-evolving tech landscape requires ongoing innovation, pushing companies to continuously invest in new tools, from customer analytics to augmented reality experiences, to keep up with consumer expectations.

These challenges require strategic solutions to sustain competitiveness in the fast-paced and evolving women’s apparel industry in India.

Company Profile- Kiaasa Retail[4]

Business Overview

Incorporated in 2018, Kiaasa was established with a mission to build a customer-focused fashion brand. The brand targets the modern Indian woman who is independent, fashion-forward, and aware of current trends. Kiaasa offers an extensive selection of ethnic and fusion wear and is involved in the end-to-end process of development, design, sourcing, marketing, and retailing of its products. Operating under a traditional model supported by modern technology, Kiaasa is dedicated to delivering stylish and accessible fashion to its customers.

Kiaasa's top priorities are its customers' satisfaction and exceeding their expectations in every aspect. By offering an extensive selection of ethnic wear, including kurta sets, suit sets, lehenga sets, dresses, bottom wear, dupattas, and accessories, the brand strives to meet the diverse demands of the women's clothing market.

Kiaasa embodies the spirit of the modern Indian woman—independent, confident, and fashion-conscious. The brand consistently delivers a diverse range of ethnic and fusion wear, aligning with current fashion trends in India. Kiaasa is dedicated to creating cherished memories, ensuring that each customer's experience is enjoyable. With a thoughtfully designed store environment and attentive staff, Kiaasa aims to make every visit to one of its 100 stores across 20 states a memorable fashion experience under the tagline #loveKiaasa.

Kiaasa's team brings over 15 years of experience in the retail sector. The brand currently operates 100 exclusive brand outlets (EBOs) and has plans to increase the number to 250 by 2028. In addition, Kiaasa is building a robust online presence through its website and e-commerce platforms, with further plans to establish multi-brand outlets (MBOs) by 2028. The company also has aspirations to expand internationally.

Current Business Model

Kiaasa's business model encompasses designing, contract manufacturing, marketing, and retailing of ethnic and fusion wear in the affordable premium segment. The company operates through both FOFO (Franchise-Owned Franchise-Operated) and COCO (Company-Owned Company-Operated) models, with a customer base exceeding 350,000, of which 35% are repeat customers. The brand was recognized as the Iconic Brand of the Year 2022 by Blossom Media Pvt Ltd and listed among GrabOn's "10 Growing Companies to Watch in 2023." Kiaasa promotes Indian heritage globally through its ethnic clothing designs.

Product Range

[4] As per the information provided by the company and available in public domain

Kiaasa's product offerings include:

- Ethnic Wear: Kurtas, Anarkali kurtas, salwar kameez sets, lehenga sets, shararas, and kurtas with palazzos.
- Accessories: Handbags and fashion jewelry.
- Other Apparel: Dupatta sets, pants, nightwear, masks, and a children's collection.

Sales Distribution

The company's current sales are dominated by Salwar-Kurta-Dupatta (SKD) sets, which make up 58% of sales, followed by kurtas (19%), dresses/gowns (9%), woolens (5%), bottoms (4%), and other items (5%). Going forward, Kiaasa aims to increase the contribution of SKD sets and dresses to enhance overall sales realization.

Future Business Strategies

Currently targeting customers aged 25-45, Kiaasa recently expanded into kids wear for children aged 3-13 years. Future plans include entering the baby apparel segment for children up to 36 months.

Market Presence and Growth

Kiaasa has experienced steady growth since its inception:

- 2018: Opened the first store, covering approximately 800 sq. ft.
- 2024: Expanded to over 100 stores, with a total retail space of 80,000 sq. ft.
- 2028 (Projected): Plans to operate more than 500 stores with a total retail area of 475,000 sq. ft., focusing on expanding significantly in Tier 2 and Tier 3 cities.

With a social media following exceeding 80,000 across platforms, Kiaasa continues to grow its reach and influence among its target demographics. The average store size is approximately 750 sq. ft., with an annual sales realization of INR 12,200 per sq. ft.

Financial Analysis:

All Values in Lakhs	FY2025	FY2024
Total Income	12,164.73	8,450.87
Revenue from Operations	12,162.81	8,435.36
EBITDA	1,643.73	935.21
EBITDA Margin (%)	13.51	11.09
PAT	901.51	536.58
PAT Margin (%)	7.41	6.36
Operating Cash Flow	-1,228.94	1,084.44
Net Worth (Shareholder Equity)	4,058.77	1,210.93
Short Term Borrowing	2,489.35	1,343.68
Total Liabilities	377.20	244.74
Long Term Borrowing	10,362.74	8,337.14
Debt Equity Ratio	0.71	1.31
Return on Capital Employed (%)	21.72%	31.60%
Return on Equity (%)	22.21	44.31
Return On Asset (%)	6.25	5.62

In FY2025, the company delivered a strong financial performance, marked by a substantial increase in both total income and revenue from operations—each growing by over 44% year-over-year. This impressive top-line growth was complemented by a 75.76% surge in EBITDA, with the margin improving from 11.09% to 13.51%, underscoring enhanced operational efficiency. Profit after tax (PAT) also rose significantly by 68.01%, with the PAT margin expanding to 7.41%, reflecting improved profitability and cost management.

While operating cash flow turned negative at INR 1,228.94 lakhs, compared to a positive INR 1,084.44 lakhs in the previous year, this shift may be attributed to strategic investments or temporary working capital adjustments. Notably, the company's net worth more than tripled, indicating a robust capital position. On the financing front, both short-term and long-term borrowings increased, yet the debt-equity ratio improved from 1.31 to 0.71, highlighting a more balanced and sustainable capital structure. Although returns such as ROCE and ROE moderated due to a larger equity base, Return on Assets (ROA) showed a positive uptick, signaling more efficient asset utilization.

Formula Table:

Parameter	Formula
Total Revenue	Total Income includes Revenue from Operations and Other income.
Revenue From Operations	Revenue from operations means the revenue from operations as appearing in the restated statement of profit & loss for the relevant year/period.
EBITDA	PBT+ Finance Cost + Depreciation
EBITDA Margin	EBITDA/Revenue from Operations
PAT Margin	PAT /Revenue from Operations
Net worth	Total Assets - Total Liabilities
Debt Equity Ratios	Short term Borrowing +Long Term Borrowing/Shareholder Equity
Return on Equity	(PAT /Shareholder Equity) *100
Return On Asset	(PAT/Total Asset) *100
Return of Capital Employed	Total Equity + Total Borrowings (Current and Non-Current) - Right of Use Assets – Intangible assets - Intangible assets under development