

Report on
**Indian
Man Made
Fibre Industry**

August 09



by

CARE Research

INDEX

Ch. No.	Topic	Ch. No.	Topic
EXECUTIVE SUMMARY			
1	Overview of The Indian Textile Industry 1.1 Evolution & Growth Of Textile Industry 1.2 Major Policy Changes In The Textile Industry In The Post Independence Era 1.3 Significance Of Textile Industry	5	Demand Drivers 5.1 Growing GDP and Per capita income 5.2 Growing population & Changing Fashion Trends 5.3 Availability of cotton 5.4 Demographic factors 5.5 Increasing usage of plastic money 5.6 Growth in usage of technical textiles
2	Classification Of Man Made Fibres 2.1 Synthetic Fibres 2.1.1 Acrylic Fibre 2.1.2 Nylon Fibre 2.1.3 Polyester 2.1.4 Elastane Fibre (Spandex) 2.1.5 Olefin 2.2 Cellulosic Fibres 2.2.1 Rayon 2.2.2 Acetate Fibre 2.2.3 Triacetate Fibre	6	Product wise Industry Statistics 6.1 Acrylic 6.1.1 Global Scenario 6.1.2 Domestic Scenario 6.2 Nylon 6.2.1 Global Scenario 6.2.2 Domestic Scenario 6.3 Polyester 6.3.1 Global Scenario 6.3.2 Domestic Scenario 6.4 Olefin 6.4.1 Global Scenario 6.4.2 Domestic Scenario 6.5 Rayon (Viscose Rayon) 6.5.1 Global Scenario 6.5.2 Domestic Scenario
3	Production Process 3.1 Product Wise Production Process 3.1.1 Acrylic Fibre 3.1.2 Polyester Fibre 3.1.3 Nylon Fibre 3.1.4 Rayon 3.2 Production Process Of Textiles	7	Cost Analysis 7.1 Raw Material Analysis 7.2 Power & Fuel 7.3 Interest
4	Characteristics Of Indian MMF Industry 4.1 Crude Oil Price Impacts Margins 4.2 Environmental issues 4.3 Low Per Capita Consumption of MMF 4.4 Location Disadvantages and Poor Infrastructure Facilities vis-à-vis competitors 4.5 Duty structure 4.6 Cyclical industry 4.7 Higher domestic consumption compared to exports 4.8 Fragmented end user segment	8	Cotton & Man Made Fibre 8.1 Global Scenario 8.2 Domestic Scenario

9	SWOT Analysis	10	Outlook & Concerns
11	Company Profile A. Reliance Industries Ltd. B. Indo Rama Synthetics Ltd C. Century Enka ltd. D. Garden Skill Mills E. Alok Industries Ltd. F. Grasim Industries Ltd.		

ANNEXURES
I. Demand Forecasting Model for MMF industry II. Policy Changes in Union Budget over the year from 2003-04 to 2008-09 III. Import of Major Raw Material for Man Made Fibre & Yarn IV. Import of Rayon Grade Wood Pulp V. Synthetic Fibre/Yarn Production/Capacity Ranking I 20 VI. Export Articles of Apparel & Clothing Accessories - Major Countries VII. Imports of Man -Made Fibres & Yarns VIII. Export of Man-Made Fabrics - Major Countries

LIST OF FIGURES	
1.1 Growth in number of Textile mills in India (1961-2007) 1.2 Growth of Indian textile exports in USD Bn (1992 - 2008) 2.1 Classification of MMFs at a glance 3.1 Production process of acrylic fibre 3.2 Production process of Polyester fibre 3.3 Production process of Nylon fibre 3.4 Raw Material Flow Chart 4.1 Crude Oil Price & PFY Margins 4.2 Exports of MMF 4.3 Cyclicity of the textile industry 4.4 Production and Domestic Consumption Of MMF/ Yarns in India 4.5 Organised Polyester Segment 5.1 Growing GDP and Disposable income (2001-2007) 5.2 Share of various fibres in cloth production	6.13 Price Trend of PFY/POY 6.14 Global production of Olefin 6.15 Country-wise share in global production of Olefin 6.16 Production of Olefin in India 6.17 Global production of viscose rayon 6.18 Country-wise share in global production of viscose rayon 6.19 Imports and Exports of viscose rayon Fibre 6.20 Price Trend of VFY 6.21 Price Trend of VSF 7.1 The production of Acrylonitrile in India 7.2 Domestic price movements of Acrylonitrile 7.3 Global Production, Consumption and Capacity of PTA in 2006 7.4 Global Production, Consumption and Capacity of DMT in 2006

5.3 Median age (years)	7.5 Production capacity of PTA & DMT in India
5.4 Credit Card Usage Trend	7.6 Production of DMT/PTA
5.5 Debit Card Usage Trend	7.7 Domestic price movements of PTA
6.1 Country wise share in global production of acrylic fibres	7.8 International price movements of PTA
6.2 Share of acrylic fibres in global synthetic fibres production	7.9 Domestic price movements of DMT
6.3 Installed capacity and operating rates of ASF in India	7.10 Global Production, Consumption and Capacity of DMT in 2006
6.4 Indian Imports and exports of ASF	7.11 Production, Capacity and operating rates of MEG in India
6.5 Price trends of ASF	7.12 Domestic and International price movements of MEG
6.6 Share of nylon (polyamide) in global synthetic fibre production	7.13 The production of RGWP in India
6.7 Country-wise share in global production of nylon	7.14 Production trend of Caprolactum in India
6.8 Imports and exports NFY	8.1 Global production
6.9 Price trends of NFY	8.2 Global consumption
6.10 Global share of polyester in global synthetic fibres production	8.3 Global cotton price trend
6.11 Country-wise share in global production of polyester	8.4 Production of Cotton and MMF
6.12 Indian imports and exports of polyester	8.5 Consumption of Cotton and MMF in India
	8.6 Price trend
	10.1 US Economy recession surrounds
	10.2 Domestic economy - feeling the heat

LIST OF TABLES

1.1 Progress of Tuffs (01.04.1999 to March' 08)	7.3 Producer wise MEG production capacity in India in 2008
4.1 Low Per Capita Consumption of MMF	7.4 Producer wise RGWP production capacity in India in 2008
4.2 Country wise Infrastructure quality	7.5 Producer wise Caprolactum production capacity in India in 2008
5.1 Global production and consumption of cotton	7.6 RM cost analysis- Indo-Rama
5.2 Growth in Usage of Technical Textile	7.7 RM cost analysis- Century Enka
6.1 Total demand of Indian ASF industry	7.8 RM cost analysis- JBF Industries
6.2 Total demand of Indian nylon filament yarn (NFY) industry	7.9 RM cost analysis- Garden Silk Mills
6.3 Total demand of Indian polyester industry	7.10 RM cost analysis-Vardhaman Acrylics
6.4 Total demand of Indian viscose rayon industry	7.11 RM cost analysis- Alok Industries
7.1 Fibre-wise raw materials consumed in the MMF industry	7.12 P&F cost analysis
7.2 Producer wise capacity of PTA & DMT in India	7.13 Interest cost analysis

The report elucidates facts on the Indian MMF Industry, supplemented by the latest available global & domestic data. Emphasis is laid on the following topics to accomplish the report.

- Evolution & Overview of the Indian Textile Industry
- Classification of textile fibres & MMFs and product details
- Characteristics of the industry elaborated with respect to lower per capita consumption, cyclical nature and strong linkages to GDP, lower exports, etc
- Demand drivers of the industry with emphasis on urbanization, substitution from cotton, higher disposable income, higher %age of working women, superior demographic factors, etc
- Domestic demand-supply, imports-exports and price scenario for various MMF products from FY03-FY08 along with global production trend
- Cost analysis of key players with emphasis on raw material, power & fuel and interest cost
- SWOT Analysis
- A brief overview of six key companies with latest 3 years data on financial and operational parameters, company action plan, their strengths and weaknesses and company outlook.

For an in-depth analysis and CARE Research's view on the outlook of this sector, please refer to the exhaustive report on the Indian Man Made Fibre Industry by CARE Research.

The subscription to this report includes monthly updates on the industry for the period September 2009 – August 2010

Kindly click on the link below to subscribe a copy of the same
<http://www.careratings.com/content/ResourceCenter/IndustryReport.aspx>

For any queries regarding the content and scope of the report kindly reach us at
careresearch@careratings.com

Contact:-

Ms. Revati Kasture
Head - Industry Research
(D): +91-22-6754 3465

revati.kasture@careratings.com

Mr. Divyesh Shah
Manager
(D): +91-22-6754 3441

divyesh.shah@careratings.com

Ms. Supriya Shetty
Jr. Analyst
(D): +91-22-6754 3417

supriya.shetty@careratings.com



CREDIT ANALYSIS & RESEARCH LTD.

4th Floor Godrej Coliseum, Off Eastern Express Highway,
Somaiya Hospital Road, Sion East, Mumbai – 400 022
Tel: +91-22-6754 3456 Fax: +91-22-6754 3457

All Rights Reserved. No part of this report may be reproduced or transmitted in any form without prior written permission from CARE

DISCLAIMER

This report is prepared by CARE Research, a division of Credit Analysis & REsearch Limited [CARE]. CARE Research has taken utmost care to ensure accuracy and objectivity while developing this report based on information available in public domain. However, neither the accuracy nor completeness of information contained in this report is guaranteed. CARE Research operates independently of ratings division and this report does not contain any confidential information obtained by ratings division, which they may have obtained in the regular course of operations. The opinion expressed in this report cannot be compared to the rating assigned to the company within this industry by the ratings division. The opinion expressed is also not a recommendation to buy, sell or hold an instrument.

CARE Research is not responsible for any errors or omissions in analysis/inferences/views or for results obtained from the use of information contained in this report and especially states that CARE (including all divisions) has no financial liability whatsoever to the user of this product. This report is for the information of the intended recipients only and no part of this report may be published or reproduced in any form or manner without prior written permission of CARE Research.

Published by Credit Analysis & REsearch Ltd. 4th Floor Godrej Coliseum, Off Eastern Express Highway,
Somaiya Hospital Road, Sion East, Mumbai – 400 022
Tel: +91- 22-6754 3456 Fax: +91-22-6754 3457