



VIVRITI  
C A P I T A L



Vivriti Asset  
Management



# Roundup of Indian sectors

December 2023



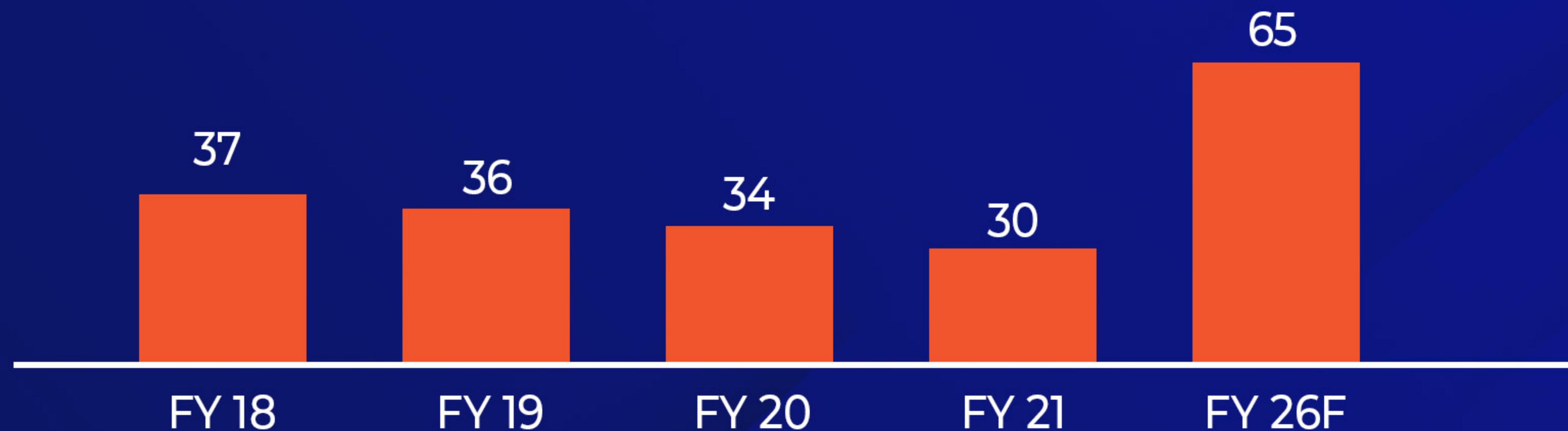
# Apparels and Textiles



## Overview

- India stands as the world's second-largest producer and sixth-largest exporter of textiles and garments, covering a diverse range from apparel to home and technical products. Contributing to ~4% of the global trade in textiles and apparel, India plays a significant role in the international market.
- The textiles and apparel sector make up over 2% of the nation's GDP, 13% of industrial production, and 12% of exports.

**Textiles and apparel exports from India (US\$ billion)**



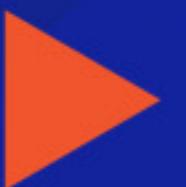
Source: India Brand Equity Foundation



- In 2021, the government initiated the Production Linked Incentive (PLI) Scheme, allocating a sanctioned budget of INR 10,683 crores to enable textiles industry to achieve size and scale and to become competitive. The objective was to foster the production of man-made fibre (MMF) apparel, fabrics, and technical textile products within the country, aiming to enhance the size, scale, and competitiveness of the textiles Industry.

## Current Outlook

- The Indian textile and apparel sector is projected to achieve a 10% CAGR from 2019-20, reaching a valuation of ~US\$200 billion by 2025-26.
- The apparel industry is driven by factors such as the rise in millennial and Gen Z population with significant spending power, an increase in disposable income in emerging economies leading to higher per capita apparel expenditure, the growing influence of social media and fashion icons shaping trends, and the surging penetration of e-commerce and cross-border trade.



## Recent News

- The MMF textile industry in India anticipates a substantial 75% growth in exports, reaching US\$11.4 billion by 2030. This optimistic outlook is attributed to the PLI scheme and new trade agreements. India, ranking second globally in MMF production after China, plans to expand into emerging markets like Vietnam, Japan, China, and Poland. The sector emphasizes the eco-friendly and sustainable nature of MMF textiles, highlighting their efficiency in water usage and potential for value addition.
- According to a recent report in Economic Times, after a period of decline, the textile sector is slowly returning to normalcy, having successfully addressed the inventory issues. September marked the third consecutive month of expansion, with a 3.7% year-on-year increase in textile production. Experts anticipate sustained growth in the second half of FY24. Exporters are optimistic, forecasting an 8-10% annual increase in exports for FY24, driven by improved demand in the US, Australia, and the UAE.



- As per a report by the Crisil Ratings Agency, Indian readymade garment players are expected to witness a revenue growth of 8-10% in FY24, driven by a revival in domestic demand and increased exports. The sector experienced a challenging period, but the easing of pandemic-related disruptions and a rebound in consumer spending have contributed to the positive outlook. With a focus on innovation, digital strategies, and adapting to changing consumer preferences, readymade garment manufacturers are poised for recovery and growth in the coming fiscal year.



# Recycled PET



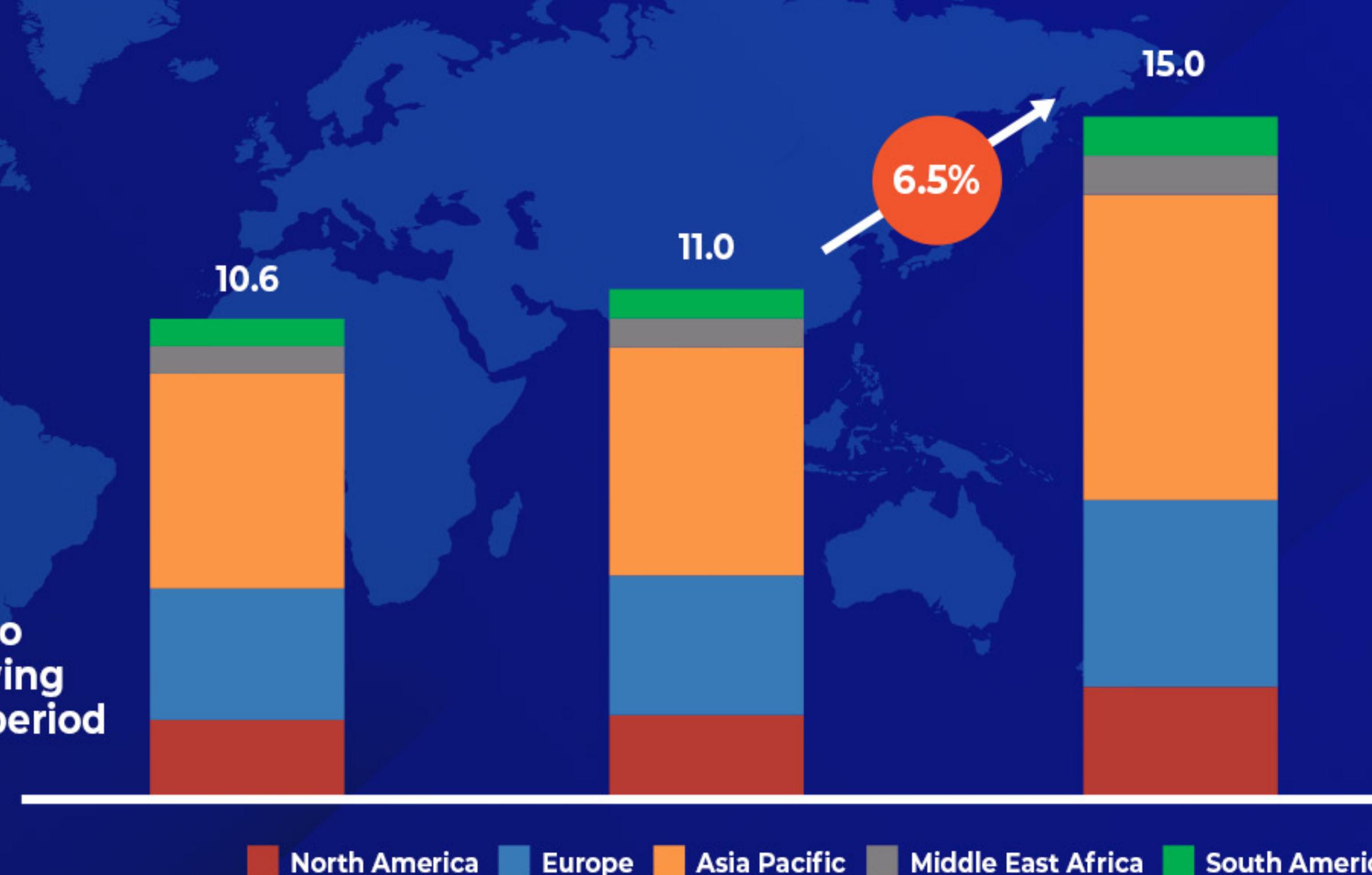
## Overview

- As per a recent report by Inc42, the global recycled PET market is expected to grow from US\$11 billion in 2023 to US\$15 billion by 2028, showing a 6.5% annual growth rate during this period. This is driven by growth in packaged drinking water, carbonated soft drinks, packed fruit juices, etc.

**RECYCLED PET MARKET  
GLOBAL FORECAST TO 2028 (US\$ billion)**

**CAGR OF  
6.5%**

The recycled PET market is expected to be worth USD 11.0 billion by 2028, growing at a CAGR of 6.5% during the forecast period



Source: Inc42



- India is a net exporter of PET preforms to other countries such as Bangladesh, US, Italy, and UAE. According to Grand View Research, the global PET preform market was valued at US\$15.2 billion in 2022 and is projected to grow at a CAGR of 3.9%, to reach a value of US\$22.28 billion by 2032

## Current Outlook

In the coming years, PET consumption in India is expected to grow at CAGR of 8-9% over next three years to 1.4 million tonnes, according to a report by YourStory.

## ATTRACTIVE OPPORTUNITIES IN THE RECYCLED PET MARKET

Market growth in the Asia Pacific can be attributed to presence of a large and growing population, favorable government initiatives and policies, rapid economic growth and urbanization.

### ASIA PACIFIC



APAC is a global hub for production with many multinational companies operating in sectors such as food and beverages, personal care and household products.



The European recycled PET market is expected to be worth USD 3.9 billion by 2028 growing at CAGR of 6.1% during the forecast period.



APAC is experiencing rapid economic growth, urbanization and a rising middle-class population. These factors contribute to increased consumption and demand for packaged products, particularly in sectors like food and beverages.



Many countries have implemented regulations and policies that encourage the use of recycled materials, including RPET in packaging. These initiatives are driving market expansion.

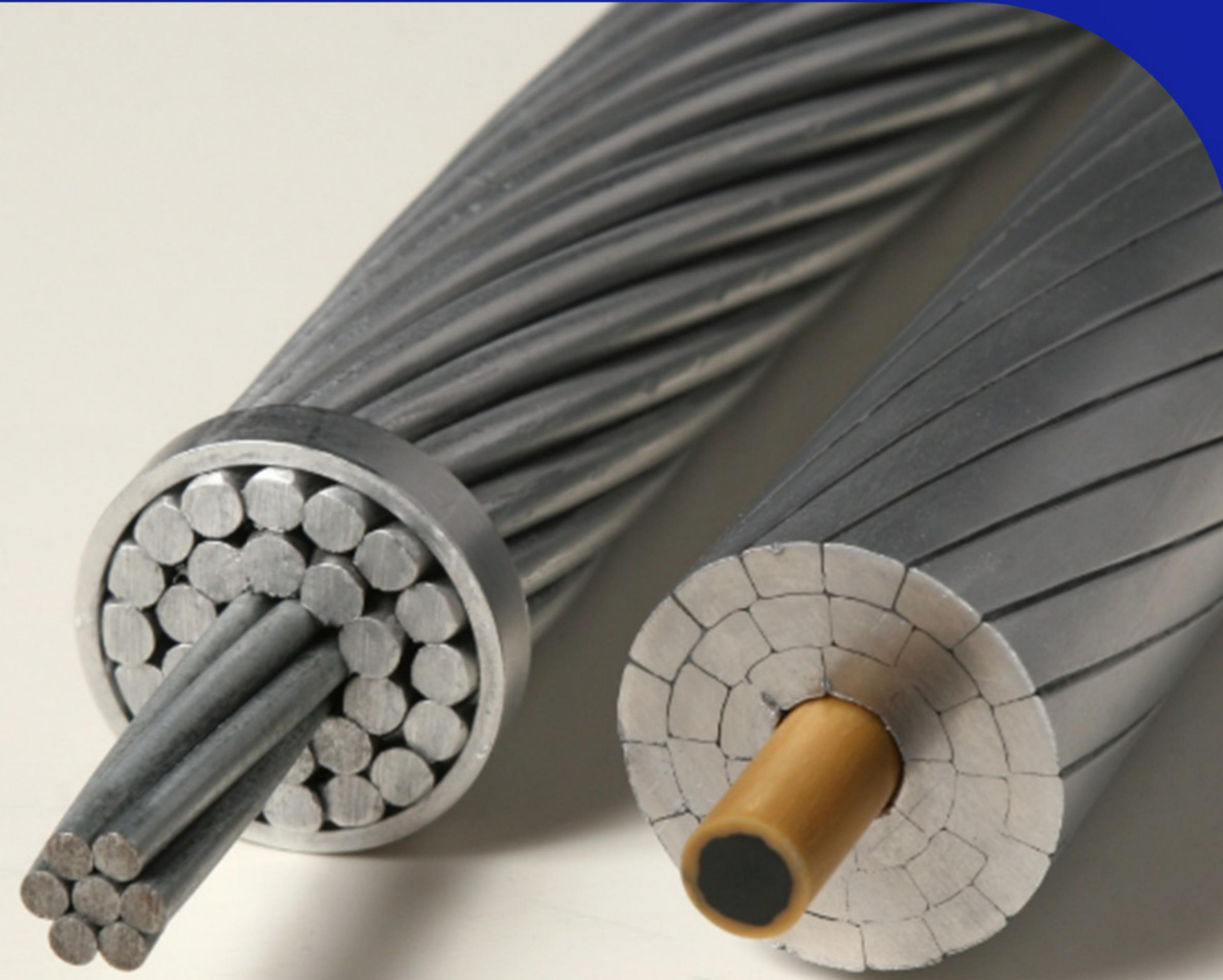


## Recent News

- Indorama Ventures, a Bangkok-based company, plans to invest US\$150 million in three PET recycling plants in India, with plans for commercial production to begin in 2026. The plants, located near existing PET facilities in Haldia, Nagpur, and Panipat, aim to supplement the company's current 800,000 tonne/year PET production for both the Indian and export markets. The investment aligns with global initiatives to reduce fossil fuel consumption by increasing the use of recycled PET.
- Indian Oil Corporation plans to recycle 100 million PET bottles annually to produce eco-friendly uniforms for its staff at petrol pumps and LPG distributor agencies. The initiative, named "Unbottled," aims to reuse and recycle PET bottles by converting them into cloth for uniforms. This marks IOC's entry into PET bottle recycling, with each set of uniforms supporting the recycling of approximately 28 used PET bottles.



# Aluminium-Clad Steel Wire



## Overview

- Aluminium-Clad Steel Wire (ACSW) is an electrical conductor made of an inner steel core and an outer aluminium cladding. Due to its composition, it has the strength and durability of steel along with the lightweight and corrosion resistance properties of aluminium. It has excellent thermal stability.
- ACSW is commonly used in power transmission and distribution lines and industries ranging from automotive and aerospace to construction. It is widely used in long-span transmission lines, hot and humid regions, coastal areas, islands, and salt fog regions where high corrosion resistance is a must-have quality. As per market segments, it is used in Optical Ground Wire (OPGW), which refers to a type of cable used in the electricity transmission and distribution industry; Optical Phase Conductor (OPPC), a type of overhead conductor designed to offer both power transmission and communication capabilities; and elsewhere.



- The ACSW market is divided into three segments based on the diameter size — Less than 2 mm, 2 mm-5 mm, and above 5 mm. Each segment caters to a specific application and industry.
- Globally, the major players in the ACSW market are Trefinasa, Apar Industries, AFL, Conex Cable, Deora Group, Lumpi-Berndorf, and ILJIN Steel, among others.

## Current Outlook

- Currently, rising demand for lightweight and high-strength wires in industries, including automotive and aerospace, is leading to the market growth of ACSW. Its demand is expected to boost with rising investments in construction and infrastructure development projects, mainly in emerging economies. Further, with the development of advanced alloys and coatings, the quality and performance of ACSW are expected to advance widening its application areas and hence demand.



- Due to its ability to offer superior conductivity and reliability in power transmission and distribution, ACSW is ideal for renewable energy applications. Hence, demand for ACSW is expected to increase with the growing focus on renewable energy sources such as solar and wind.
- Companies are diversifying by bringing down their dependence on China by establishing alternative manufacturing sources post-Covid. This trend led to a steep growth in demand for OPGW (Optical Ground Wire) conductors.
- Globally, the ACSW market size is forecasted to reach ~US\$1 billion by 2030, reflecting a CAGR of ~10% over 2023-2030.
- The ACSW market faces challenges like volatility in raw material prices and the availability of substitutes such as copper. Further, government regulations about safety standards and environmental measures concerning aluminum production and recycling also pose certain threats to the players in the market.

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