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Final Report Submission
on Readymade Garment

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Readymade Garment Sector

Part A- Industry Analysis

Introduction

India is known for its high quality garments for men and most of the garment manufacturers are in the Small and Medium-large scale industry. Indian sub-continent is the second largest manufacturer of garments after China being the global leader in garment

Indian men's clothing industry has been developing steadily and rapidly over the past few years, this has been possible owing to the Indian male becoming more fashion conscious, and hence there is more consumption which has increased the international demand of men's garments by the rest of the world

India Garment Industry has an advantage as it produces men, women. And children's garments. both exports stylish and domestic garments for men at budget-oriented prices due to affordable labour rates with competitive perspectives. Today the by the way of Technological advancement and use of modern machinery it has enabled the manufacturers to achieve better quality and well-designed, fashionable garments.

India's Garment Industry has been rapidly & steadily growing in last ten years. Exports have been rising as there is an increase in orders from international buyers accompanied by a rise of investments in the garment sector of the country. The Indian Garment Industry is of major importance to the Indian economy as it contributes substantially to India's export earning, it is estimated and analyzed that one out of every six households in the country depends on this sector either indirectly or directly for its livelihood. From all over the world the Retailers also increasingly come to India attracted by low production costs. The large brands among them are Wal-Mart, Tesco.

India's Garment Industry was a un-organized sector a few decades ago, but now this is considered to be the well-organized sector and among the best in the world. It constitutes of skilled fashion designers, dedicated manufacturers, exporters, suppliers, stockist, retailers, and wholesalers. Indian Garment Industry has carved out a niche in the international markets and earned a reputation for its durability, quality and appearance. Today's changing consumer preferences - buying branded apparel and fashion accessories, major boom in the garment retail industry, people shopping at department and discount stores, shopping malls, with rising disposable incomes, government policy focused on fast-track textile export growth, and ambitious goals have created several investment opportunities in India.

Government has even made effort to include benefits for Garment Industry. The annual plan for 2007-08 formulated by Indian government to promote the textile sector of India, includes schemes for attracting foreign direct investments, brand promotion through public-private partnership (PPP) for global acceptance of Indian brands, trade centers for facilitating business and image building, fashion hubs as a stable marketplace for Indian fashion, common compliance code for creating apparel standards for the benefit of buyers, and training centers for developing human resources. Indian garment industry`s has a decentralized production structure - subcontracting, which is low risk and low capital-has served the industry well but has excluded Indian products from the mass market for clothing, which demands consistent quality for large volumes of a single item.

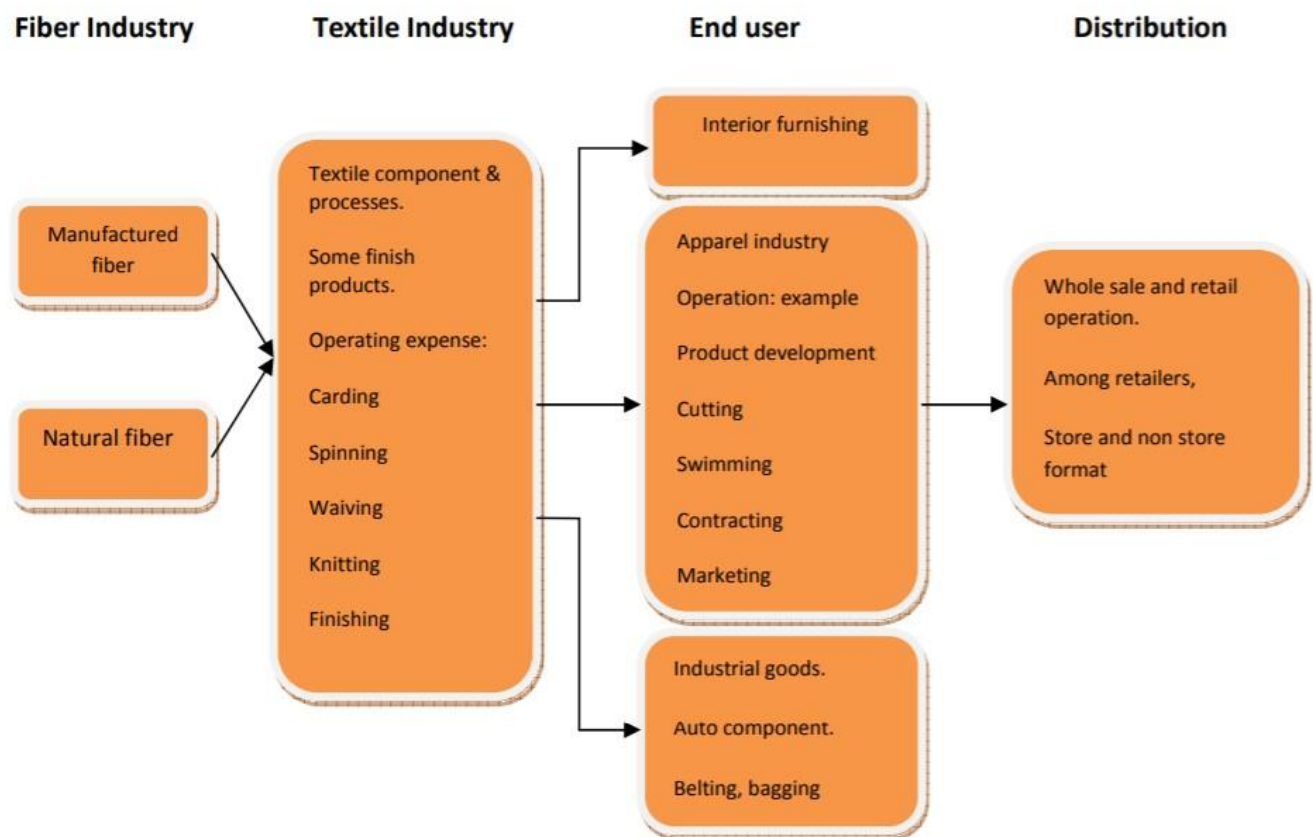
Industry Classification

The readymade garment sector is a sub sector of textile industry and which is divided into many types:

- Work wear
- Woolen wear
- Jersey wear
- Leisure wear
- Sports wear

Industry Structure

The majority of the readymade garment sector is unorganized and the organized sector of the garment industry is about 20% of the total industry, mainly looking on exports. These are usually limited Companies while the rest are proprietary or partnership Companies.



Market Size

India's garments exports totaled US\$ 16.2 billion during FY 2018-19, giving an inevitable market share of 3.3%. The EU, USA, Middle East are India's major markets.

The Industry proudly supports 12.90 million people as a part of its workforce, even today it is the second largest provider of employment in the country.

The Apparel sector contributes to 4.9% of India's total exports.

General nature of competition

India has been among the largest producers of cotton fiber since the days of yore. In the past India would export low-value items such as fiber or yarn to developed nations, which produced and manufactured fabric for clothing. However, because the profit margins are highest in the fabric and assembling for the apparel supply chain, the realization dawned to integrate vertically. India has emerged as a major sourcing base of cotton clothing worldwide and most of the leading US retailers such as Gap, J.C. Penney, and Nordstrom have set up sourcing offices in India.

As government policy has become more strongly oriented towards trade liberalization, the industries have become progressively exposed, through multi-lateral and bilateral deals, to the full force of international competition from a growing array of international suppliers. At the same time, the emergence of large, sophisticated retail groups together with intense retail competition has found retailers exercising their bargaining leverage by squeezing suppliers for lower prices, and higher levels of service and product innovation.

Market needs have become more changeable and fragmented, and consumers have become more discriminating with regard to product novelty, quality and value. Technological change has resulted in a broadening and a deepening of the financial and intellectual resources textile and apparel companies need to compete.

External environment sectors

Political factors

Government has gradually eradicated these constraints, by bringing down import responsibilities on capital equipment, offering overseas investors to set up production facilities in India. In recent years, India has provided a worldwide manufacturing platform to other multi-national companies that manufactures other than textile products; it can simply provide a bottom part for textiles industry.

The government has the ability to encourage companies to buy fabrics locally, especially if the taxation on imports from other countries increases. Many more people are buying from companies who create their clothing in the United States, as opposed to those who ship their fabrics to be sewn overseas

Social factors

The culture difference and the attitude of people towards the career affect the industry. The cost of the labor also depends on the society and that affects the cost and sale of the company. In addition to that fashion trend changing so quickly has led garment industry to take into acknowledgement and change their product accordingly.

Technology

Online shopping open up new possibility for so many people. Instead of visiting busy shops and manually looking for clothes you *might* like, you can surf through an online category, pick the size you want, and have it delivered in days.

the garment industry by defining the availability of the resources and their optimal use. The process used now-a-days is mainly automatic but not every owner is able to use due to increase in the cost.

Products

Products range

- Men's, Ladies, Toddler And Children:
- T-Shirt
- Tank Top
- Tunic
- Trouser
- Shorts
- Legging
- Nightwear
- Baby Bodies
- Sleep Suite
- Cardigan
- all kinds of knit garments

Print: Rubber, Pigment, Foil, Flock, High Density, Sublimation, AOP etc.

Washing: Deep dye, Cool dye, Pigment dye, garments wash, acid wash etc

Embroidery: Any kind of embroidery, like: Plain, Zigzag etc.

Product positioning

Variety: There is variation in garments category. They produce different kinds of product for ladies, gents and kids.

Quality: This Company always tries to provide the best quality product for its customers.

Design: Most of the time garments makes according to customer's designs. But sometimes merchandisers proposed some design to their customer.

Features: There are uncountable features on their shirts. For example: some shirts are short sleeved, some are long sleeved, some have buttons, and some don't have buttons.

Brand name: Graphics textiles garments produce T-shirt, Polo shirt for different branded company. Like G-Star, PUMA, ESPRIT, M&S, S. OLIVER, PVH, DEVENHAMS etc

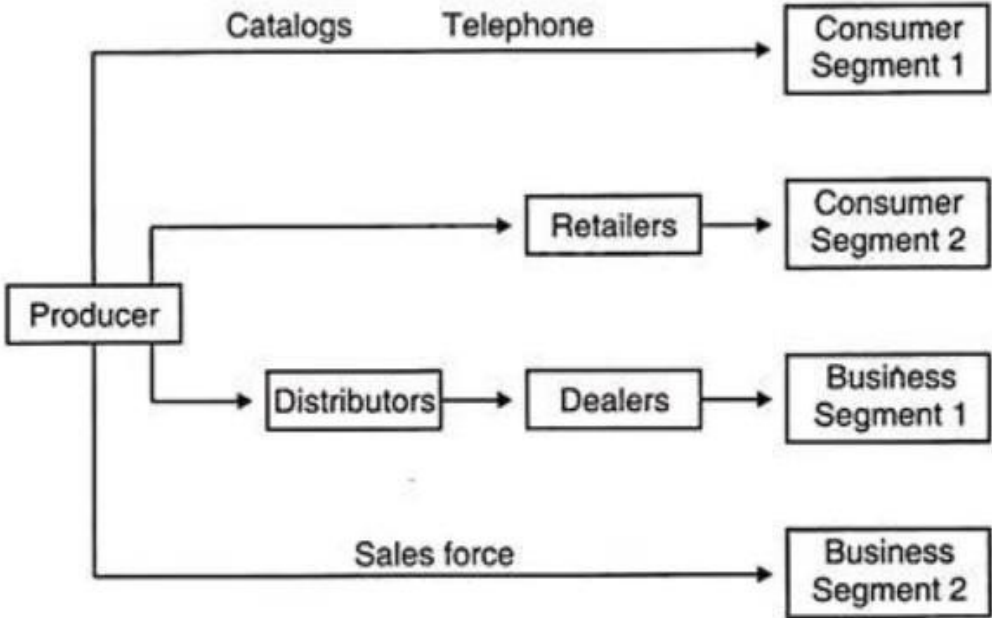
Packaging: There are three types of packaging. One is standard pack; another one is Flat pack and Hanger pack.

Price

Pricing is an important component of cash flow and profitability, as well as marketing and even branding. In general, company wants to price products and services high enough that firm doesn't leave money on the table, but low enough that firm are not losing potential customers. If garments are selling what's considered a commodity, garments have to figure out how to make firm business model work on minimal prices. Price is the amount of money customers have to pay to obtain the product.

- List price: Merchandisers quoted some price value for the shirt including cost of making charge, materials and accessories charge on what price they are ready to supply their shirt.
- Discount: If there is a big volume of order then Graphics textiles give some discount for their customer.
- Credit terms: Customers can not purchase the product on credit. They must need to give LC for buying.
- Price Promotions as a Sales Tool : Price promotions can be an effective means of increasing sales and customer loyalty for any pricing strategy in this industry. Back-to-school discounts, holiday sales events and off-season discounts all can be effective at moving more apparel off the shelves. Use customer loyalty programs, seasonal sales, off-season discounts, back-to-school promotions and coupons online and in printed circulars to bring new customers in the door and give existing customers a reason to spend more in your store.

distribution structure



Customers

customer profiling

- Budget customer

Many consumers seek low prices when shopping for apparel. Serving this segment can yield significant sales volume at the expense of lower per-unit profitability. Customers in this segment are willing to sacrifice quality for affordability and are less likely to be loyal to specific brands. A bundled pricing strategy can work well here. When multiple bundled products are sold together at a single low price, it can convey a sense of additional cost efficiency for budget shoppers.

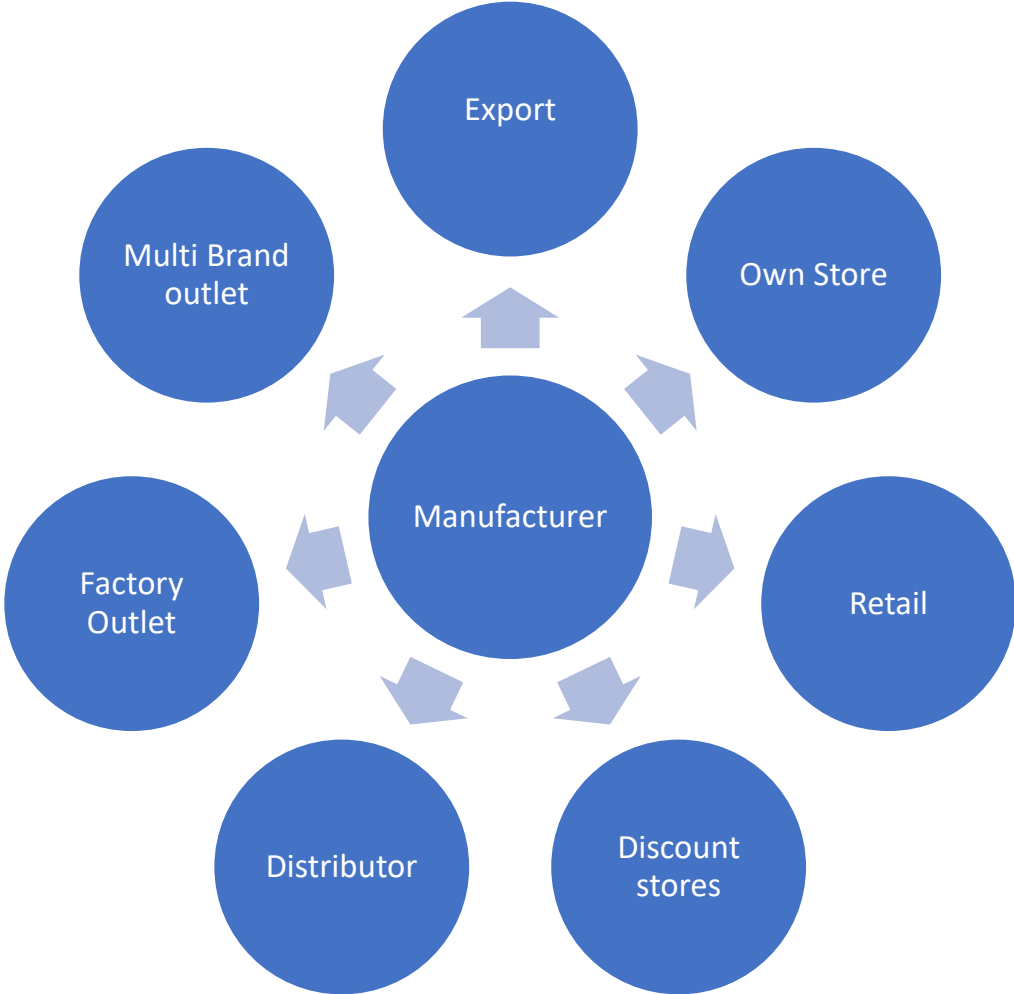
- Luxury customer

In the luxury tier of the market, consumers' price sensitivity often is more closely correlated with a brand's image rather than inherent product quality or market value. Apparel products are closely tied with self-expression and social status in consumers' minds, so consumers in this segment are often more concerned with the social image of their apparel than its durability or the quality of materials.

- Value customer

The value pricing strategy sits somewhere between the budget and luxury segments. The key to value pricing is to strike a balance between cost and quality. Value shoppers are not willing to sacrifice quality for extremely low prices, but they also are not willing to pay more than apparel is worth simply for a popular brand logo.

Customer Reach



Market competition

India is today recognized as one of the best sourcing destinations for garments, textiles, accessories and finish: It provides a perfect blend of fashion, design, quality, patterns, textures, colors and finish. Manufacturers here are ready to innovate, be flexible on quantities, have hands- on approach to quality control and keep the integrity on deadlines.

Labour is skilled and economical while process are highly competitive without taking away from the quality of the final product. Amazing technological developments, superior design capabilities and companies that provide integrated logistic solutions are other highly prized support systems that the industry thrives on.

Combined with these manmade assets are the country's natural assets which play a large role in boosting the garment industry- by providing raw materials of world class quality. Here are some of India's natural leverages that the industry uses to its full advantage: India the largest producer of Jute, The second largest producer of cotton, silk and cellulosic fiber, the third largest producer of raw cotton and the fourth largest producer of synthetic fiber.

Firm Analysis

Nandan Denim



Introduction

The Company is promoted by Shri, Vedprakash D. Chiripal and Shri. Brijmohan Chiripal on August 9, 1994 as a Private Limited Company for manufacturing, trading and export of textile products. Though it was incorporated in the financial year (FY) 1994, the actual operations commenced only during FY 1999. Since then the Company is making, profit and growing steadily. The Name of the Company was changed to Nandan Exim Limited w.e.f January 16, 2004.

The Company is managed and controlled by Chiripals headed by Shri. Vedprakash D. Chiripal, who has wide experience in the field of manufacturing, trading, export of textile products. The Board of Directors and professionals having experience in their respective fields duly support him. The company as a whole has well laid down organizational structure and delegation of authority at each level.

The group is doing reasonably well on account of the quality of its products, marketing network as well as the broad customer base created over the years. The company proposes to export the entire quantum of finished bottom weight cloth and other processed fabrics.

All their business processes are designed to capture the changing tastes of customers across geographies, economies, colour or race in real time. Therefore, delivering supreme quality products in full and on time, enabling Nandan to consistently stay ahead of the fashion curve. What closes the loop of their customer service is economy of production ensuring zero wastage and sustainable product line. In next five years, they want to become the number one choice for discerning customers across the world. Their customer oriented approach helps them understand the need-gap, which we then try to fill to the best of our innovative capabilities.

Company's Organisation Culture

- The company focuses on variety of community development and environment preservation projects. Key to this is Nandan employees who generously give of their time, experience and talent to serve communities; the company encourage and facilitate them to do so.
- Nandan equips communities with the capacity to achieve improved health, education and livelihood outcomes. It also works towards enabling other living things on the planet get their fair share of the resources.
- They make their employees undergo comprehensive analysis of skills, defining what is important to them, what they want to achieve, what strengths they already have that help to achieve their goals, and what they need to improve and develop with time.
- They enhance the right skills sets so that their team is prepared to deal with the markets.

Employee Values

Employee centric culture is to provide ample freedom to the team members along with the cushion to experiment. This happens when each and every individual takes up significant ownership of work. This happens when one is also allowed to commit errors, only to learn from them and continuously improve performance. And lastly, this happens when the team is trained not to just come up with problems, but also with solutions to those problems. These values are imbibed in our culture since 25 years and we function as a unit that represents our customers! This inward approach helps us better understand consumer requirements and serve them faster!

Vision

To Be No. 1

Mission

TO HAVE NANDAN ON EVERY TABLE.

TO DEVELOP NANDAN INTO A FASHION BRAND.

SMOOTH TRANSITIONING FROM MANUFACTURING TO SERVICE PROVIDER.

Comparative performance

- The sales of the company was not up to the mark as it was in the previous year.
- As we talk about marketing Nandan denim is very well known to its customers. The company has a wide market presence.
- The company is growing in a positive manner and the reviews from the customers are positive which make the company in a good position
- Their presence in the domestic market is comparatively less than that is there in the international market.
- The sales of the product in very high in the international market.
- They need to market more about their products, as their products are not very known to many customers.
- Majority of the reviews from the customer are very nice. The company should also start to generate more loyal customers.

Problem Areas

- Decline in the net profit was seen in the annual report. For that the company should look upon the sales and where the company is lacking from the previous year. A team should be incorporated from studying the situation.
- High transaction and power cost is seen in the company. The company should work upon decreasing the cost by getting proper maintenance.
- The company is not diversified into many clothing items as there is huge competition in the market the company should work on getting into diversified product line.
- The company should now focus on providing more of women garments option. They should bring a new face for women clothing.
- The increase in the number of the social and ecological awareness will put pressure on the company to follow international labour laws and environmental laws. For that the company should also start manufacturing sustainable clothing.
- Major change in not there in the growth of the company so the company should introduce more product category with varied price ranges.
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Company's strategic framework

- **Strategy**

Nandan Denim concentrates on quality of product at the same time offering the best customer services. They work on excelling in their quality Each and every fabric passes through international AATCC and ASTM test methods. These methods check the tensile strength, washing speed, crocking speed, shrinkage, weight and movement.

- **Structure**

They have inverted Pyramid approach. The customer is considered the Alta. Customer voices drive company decisions and actions so that we collectively maximize the utility and expand the customer base.

- **Systems**

The system provides all the employees to have an opinion. Employees are given social comfort and intellectual improvement.

- **Staff**

Employee centric culture is to provide ample freedom to the team members along with the cushion to experiment.

- **Skills**

Nandan denim enhance the skill sets of their employees. Each team is given a leader which helps them to be at par with their skill sets.

- **Style**

Nandan denim takes inputs from the customer then from the employees. So this helps them in getting a proper picture of the customers' demands.

- **Shared values**

They share the value of ethics, respect of diverse view, care for the environment, work for excellence.

Competitive position in industry

- **Bargaining Power of Customer**

As the quality of the garments is very nice customers buy their products. The “Core classics” includes the selection of timeless “regular basic denims” that are essential items in everybody’s wardrobe.

- **Barriers to Entry**

There is no barrier in entering the domestic market but in international market barrier can be there. As other nations also provide garments at a cheap cost.

- **Industry Competition**

As there a lot of players in the industry there is a huge competition. But they invest in technology for creating new kinds of denim corresponding to the needs of customers.

- **Bargaining Power of the Supplier**

Less competition is there as they have in-house yarn production. They get raw materials in a very less quantity from suppliers.

- **Threat of Substitutes**

There is a threat from substitutes as there are many options in the garments. There are various types of clothing items available.

Part B

Impact of Covid – 19 And Future of Readymade Garment Sector

Indian Textiles and Apparels (T&A) industry, accounts for approximately 4% of the global T&A market. The T&A industry is one of the largest and the most important sectors for the Indian economy in terms of output, foreign exchange earnings and employment. The industry contributes approximately 7% to industrial output in value terms, 2% to the GDP and 15% to the country's export earnings.

Due to countrywide lockdown, however, the industry is grappling with major hurdles in the following areas:

Labour force and employment:

T&A provides direct employment to over 45 million people but the nationwide lockdown has led to a temporary closure of factories and lay-offs have already begun among low wage workers.

Import & Exports of raw material and readymade garment:

The Covid-19 pandemic is primarily expected to adversely impact exports and with second order impact on the domestic markets with both exports as well as domestic sales falling.

The pandemic has affected the majority of India's export market (the US and EU together constitute for approximately, 60% of the total apparel exports from India in value terms), causing order cancellations/deferral of order leading to inventory build-up and expectation of slower realization of export receivables leading to higher working capital requirements.

Apparel exports are expected to fall due to drying up of order in the last quarter of FY20, working capital issues and lack of clarity on the duties and incentives especially when exporters from Bangladesh, Sri Lanka and Vietnam receive preferential access.

Additionally, domestic consumption is also getting impacted due to all India closure. New store openings have stopped and even domestic stores are facing an inventory build-up due to apparel sources for the upcoming summer season, Further, domestic prices could be negatively impacted if exporters dump their inventories in the domestic market leading to even reduced margins. This could lead to short term blips such as reduced employment of casual labour (factory closures and people moving back to their home towns) and reduced consumption.

Cash flow constraints:

The sector has been grappling with profitability issues due to a sharp decline in yarn exports, cheaper imports etc. these issues only look to get aggravated further with the current crisis.

Supply chain disruption:

The Garment manufacturers need to look at local sourcing opportunities, due impact on imports and export.

Consumer sentiment:

If nationwide lockdown continues and the situation persists, it will impact consumer sentiment on the higher side, due to closure of the market and mall also to maintaining social distancing, safety and health.

The extent of the outbreak and lockdown would directly impact the length of the recovery cycle. However, to minimize the impact the Confederation of Indian Textile Industry (CITI) has requested the government to immediately announce a relief package for the textile and apparel sector to mitigate the crisis being faced by the capital and labor-intensive textile Industry, post the corona virus spread.

Interview Analysis

In the next few months many changes are to be made as of the Covid situation. The procurement of raw material will be get very tough as the transport is very limited. There are many migrant labour in the factory so they have negligible social security and political capital in their work location. So their protection and security must be seen.

The issue of raw material procurement and quality assumes significance for textile processing enterprises. Even though India is a leading producer of many of the textile products, the levels of value addition are still suboptimal as compared to other countries. A key structural issue faced by the sector is the dominance of traders or middlemen who control the supply-demand equilibrium of the textile produce from the farm gate to the factory floor. Brand Retail outlet will see a drastic decrease in foot falls as people will avoid eating out. Rise in the consumption of cloth will increase once the situation comes back to normal.

Measures to be taken

- By providing PPE such as face masks, hair nets, disposable gloves, clean overalls, and slip reduction work shoes for staff. The use of PPE would be routine in high-risk areas . When staff are dressed in PPE it is possible to reduce distance between workers.
- By limiting the number of staff in a cloth preparation area at any one time.
- Frequent cleaning/disinfection of work surfaces and touch points such as doorhandles.
- Using floor markings inside the retail store to facilitate compliance with the physical distancing, particularly in the most crowded areas, such as serving counters and tills.
- Regulating the numbers of customers who enter the retail store to avoid overcrowding.
- Encouraging the use of contactless payments.

Learnings

- The main things which I learned from the report is how to an industry is formed and ran by the industry leaders. What are issues faced and how they overcome it.
- What are the new opportunities lying in the market and what are the new advancements made.
- Because of the Covid outbreak what type of problems will a producer and a customer will face and what are the changes needed in the running business because of the same.
- There will be rise in the industry but it will take a year.