

**Institute of Management,
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MBA (FB&E) 2019-21 Batch**



Summer Internship Assignment

Submitted To: Prof Tripura Joshi

Topic: Summer Internship -Textile Industry

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Declaration

To Whom It May Concern:

I, Keshav Rathi hereby declare that this assignment is my original work and is not copied from anyone/anywhere. If found similar to other sources, I shall take complete responsibility of the action, taken thereof by, WAC Team.

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PART A-INDUSTRY ANALYSIS

INTRODUCTION

Indian Textile Industry is one of the most seasoned part of the Indian economy. It is the second biggest material industry on the planet after China. The material business in India is the second biggest work producing division after Agriculture, creating occupations for 45 million individuals. The homegrown material industry contributes 2.3% to India's GDP and furthermore represents 12% of the nation's fare.

The quick development in the material business is fundamentally a direct result of the explanation that it has fortified over the worth chain from fiber, yarn, texture to attire.

In the crude material fragment, India is biggest maker of cotton and jute on the planet. India is the second biggest maker of PPE on the planet. India has a portion of around 25% in the cotton yarn section and 12% offer in the creation of fiber and yarn in the world. The nation has the most noteworthy loom limit, including handlooms, and has a portion of 61% in world loom-age. The Apparel Industry is one of biggest unfamiliar income donor and holds 12% of the nation's complete fare.

The Indian Textile Industry is exceptionally differentiated extending from customary craftsmanship Industry to the profoundly mechanized and composed specialized materials fragment.

There are numerous development drivers and speculation openings that will guarantee the consistent development of the business in India.

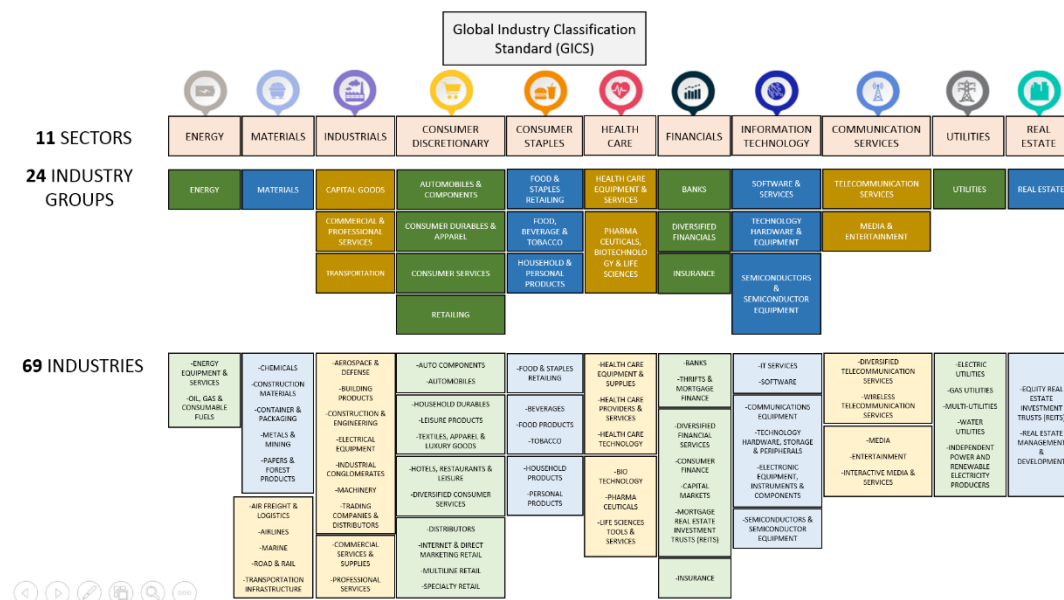
INDUSTRY CLASSIFICATION

There are a few distinct boundaries based on which different groupings of the material business are inferred. The significant approaches to characterize material industry are as per the following:

1. GICS Classification
2. Characterization as Organized and Unorganized Sector
3. Order based on finished result: Clothing Textile and Technical Textile

1. GICS Classification

Global Industry Classification Standard (GICS) is an industrial classification that was developed for the purpose of financial investment by MSCI and Standard & Poor's(S&P). Under this classification industries are classified as:



According to this classification the textile industry falls under the **Consumer Discretionary** sector.

2. Classification as Organized and Unorganized Sector

Organized Sector: This incorporates all the turning plants and composite factories wherein the whole cycle is sorted out under one rooftop.

unorganized Sector: This is the decentralized area which predominantly incorporates the weaving exercises. For this situation all the cycles are done in an unexpected way. This incorporates power weavers' handlooms.

3. Classification on the basis of end product: Clothing Textile and Technical Textile

This order depends on the end utilization of the material items. There two principle classes:

Apparel Textile: This incorporates all the material materials that are utilized to fabricate pieces of clothing and adornments.

Specialized Textiles: This incorporates the material items that are utilized for specialized reason like medical care and cleanliness, defensive attire, mechanical apparel, and so forth.

INDUSTRY STRUCTURE

The Indian Textile Industry has an exceptionally particular structure which involves numerous little scope units performing different tasks that are a piece of changing over fiber to articles of clothing. These little scope businesses are work concentrated and produce a gigantic measure of work.

The structure involves these fundamental components:

Composite Mills: These factories are a joined set up of all the material framing measures that is turning, weaving and completing under one rooftop. The quantity of composite plants have diminished definitely in the previous 20 years due high operational expense and costly machine set up.

Turning Mills: This can be supposed to be the initial step to texture development. In this stage the regular or man-made filaments are changed over to persistent yarn that can be utilized for weaving and sewing. There has been noteworthy improvement in this industry to expand the creation and plan shortcoming free yarn.

Assembling: The spun yarn is then changed over to texture by these two significant assembling measures

Weaving: It is exceptionally chaotic area with numerous little scope units running force weaving machines produce textures that can be later used to make attire, specialized materials and apparel frill.

Sewing: In contrast with weaving this is a more specialized cycle and requires costly machines. The texture created by sewing is normally used to deliver like sweater, socks, and so on.

Texture Processing: This fragment is additionally alluded as texture wrapping up. It incorporates measures like coloring, printing, mercerization, and so on. These cycles mean to either enhance the texture or to improve its center attributes.

Garments: There are numerous little scope piece of clothing or material assembling units in India that convert the texture to completed attire.

Specialized Textiles: In India there are not many units that make specialized material items however there are numerous units that produce textures that are utilized to fabricate specialized material items.

GENERAL NATURE OF COMPETITION

The Indian Textile Industry is an exceptionally serious Industry with numerous homegrown and global players seeking the piece of the pie. In the previous decade with expanding advancement numerous worldwide players have begun producing units in india to exploit the modest work and plenitude of crude material. This has additionally expanded the opposition. These global players have raised the quality bar of Indian Textile Industry. They have purchased advances that improve productivity and henceforth the creation levels.

Numerous organizations have put vigorously in information and exploration to make imaginative items that take care of the issue of the buyer. They have utilized this development for their potential benefit and focused on a specialty in the market.

With the expansion in attention to the client the organizations need to zero in on quality and plan items according to the changing needs of clients which has added to the issue for little scope units.

It is getting harder continuously for little scope units as the enormous homegrown and global organizations are broadening their business at a quick rate.

PESTEL ANALYSIS

POLITICAL FACTORS

The political factors play a major role in the profitability of the textile industry by laying out different policies for the running of business. Some major political factors are:

- The policies to help out small scale units has led to significant reduction in composite mills.

- Tax rates
- Minimum wage laws
- Employee benefits
- Incentives for new opportunities to set textile mills.
- Factory safety laws

ECONOMICAL FACTORS

There are several micro and macro-economic factors that affect the textile industry. Some of these factors are:

- Per capita income
- Infrastructure development
- Exploitation of natural resources
- Employment availability and employment generation.
- Industry development
- Literacy rate of the country
- Inflation rate

SOCIAL FACTORS

The values and ethics of Indian society affects the textile industry in many ways. The entire process from cultivation of fiber to garments involves many local people with different set of values.

Some social factors that affect majorly are:

- Rural community norms and beliefs
- Education
- Knowledge
- Entrepreneurial spirit and schemes
- Demographics

TECHNOLOGICAL FACTORS

The application of new technologies in textile industry has changed the industry drastically. The production rate and efficiency has increased

- Computer aided machinery
- Fast changing technology
- Automation

ENVIRONMENTAL FACTORS

Environment protection and prevention is the responsibility of the textile industry. The main environmental factors that affect are:

- Climate changes

- Forest protection laws before setting up a unit.
- Water and Air pollution regulations.
- Recycling of industry waste
- Adopting environment friendly production methods

LEGAL FACTORS

Legal aspects play a very important role in textile industry. There are several laws that the Industry needs to follow for its proper working. Following are some basic laws that Textile Industry needs to follow:

- Industry licensing
- Factory administration
- Labor laws
- Taxation laws
- Export and Import laws

ANALYSIS ON THE ATTRACTIVENESS OF THE INDUSTRY:

There are many factors that are responsible for attracting new start-ups and investors in this industry. These factors are stated below:

- India ranks amongst the top textile and apparel manufacturing countries.
- Textile is one of the basic needs of a person.
- The innovation in technical textiles has attracted many investors. These textile products are highly demanded and there are limited manufacturers.
- The manufacturing of fabric in India is quite cheaper compared to other countries. This is due to two main factors first abundance of raw material and cheap labor. This makes favorable scenario for exports.
- Large and growing domestic market.

- Higher disposable income.
- Increase in apparel sales on e-commerce platforms.
- The government has set-up different industrial investment schemes to provide benefits and incentives for new venture in textile and apparel industry.

SWOT ANALYSIS:

STRENGTH:

- Abundance of raw material at every stage.
- Cheap skilled and unskilled labor.
- The Industry is self-reliant and independent.
- Changing lifestyle of people
- Technological advances

WEAKNESS

- Highly fragmented
- Highly dependent on cotton
- Technological changes are slow to undergo
- Lower productivity at some segments like weaving
- Highly expensive machinery for purpose of technical textiles

OPPORTUNITIES

- Growth in domestic and international markets
- Emerging e-commerce and malls are providing bigger platform for apparels and handicraft Industry
- Increase in investment and FDI opportunities
- Incentive schemes by government
- Increase in product diversification

- Higher export rate

THREAT

- Competition from other developing countries like China
- Different quality norms for different markets
- Threat to traditional handicraft Industry by increasing cheaper alternatives.
- Fluctuation in demand.

FIRM ANALYSIS

1. RAYMONDS



GROWTH STORY

Raymond was fused in 1925 as Raymond Woolen Mills close to Thane brook. It began with assembling of covers and wraps. Raymond's gathering have continued coordinating and expanding their business to accomplish a consistent development. They began fabricating shirting and fitting material and opened their first retail outlet in 1958 in Mumbai. With change in patterns towards readymade pieces of clothing, Raymond set up a readymade article of clothing plant at Thane in 1968. Another assembling office was set up at Jalgaon (Maharashtra) during the year 1979 to fulfill the expanding need for worsted woolen textures.

In the 90's Raymond centered around expanding its quality both locally and universally. Presently they have more than 1100 restrictive stores spread across 380+ urban communities and a far reaching organization of more than 20,000 retail locations in India. Raymond send out items to more than 55 nations including USA, Canada, Europe, Japan and the Middle East.

With a limit of 38 million meters in fleece and fleece mixed textures, Raymond orders more than 60 percent piece of the overall industry in worsted fitting in India and positions among the initial three completely incorporated producers of worsted fitting on the planet.

Today Raymond's is a material force to be reckoned with creating everything from fiber to texture with an item portfolio including covers, cloaks, shirting and fitting textures, denim textures and different extravagant textures for attire industry. It is likewise a forceful part in the readymade article of clothing segment with numerous brands like Park Avenue, Raymond Ready To Wear, ColorPlus&Parx.

With the development in material industry Raymond enhanced business in designing business with the foundation of JK Files (India) Ltd. in 1949. Today, JK Files Ltd. is a main maker of steel documents on the planet with a homegrown piece of the pie of about 65% in the records business. The gathering likewise has a presence in the auto parts industry through its auxiliary Ring Plus Aqua Ltd. This business contains the production of Ring Gears, Flexplates and Water siphon heading. The organization is available in assorted industry sections, for example, Automotive, Industrial and Power generators, Agricultural and Marine Applications, set apart by solid associations with homegrown and global OEMs.

ORGANIZATION CULTURE:

Raymond Ltd bunch follows these three primary fundamental beliefs: trust, quality and greatness. They have cutting edge fabricating framework, best industry rehearses that has increased current standards of Indian material assembling. They utilize current advancements to improve their quality and creation rates, keeping up the best Industry norms. They are a client driven association and both their vision and mission spins around that. They have faith in putting resources into individuals and give extraordinary motivating forces and execution evaluation to their representatives, this has helped them construct a solid and dependable group.

Raymond Ltd has insightfully incorporated their Textile business with initial descending combination into yarn fabricating business and afterward as the pattern changes towards readymade articles of clothing they began a readymade article of clothing producing plant.

They have ensured that their items reach to each end client by building a solid circulation channel and furthermore setting up retail outlet in numerous homegrown territories.

COMPARITIVE PERFORMANCE

- Raymond Ltd has created a unique perception for its customers. They symbolize Raymond's fabric to be of highest quality. This is highly beneficial for them in the suiting and shirting segment where there are many big companies like Louis Philippe, Grasim and Van Heusen.
- Raymond Ltd has multiple garment brands under the group. This is beneficial as each brand can cater to a different segment of society.

7S FRAMEWORK:

Strategy:

With strong manufacturing set up and great distribution channel Raymond's focus is on improving their marketing. They are redesigning their marketing strategy to enter into new categories and bump up their sales.

Structure:

Raymond Ltd has a matrix type structure. They have a chairman or managing director followed by executive directors for different areas. These executive director have many managers under them to manage different operations of the company forming a complex matrix structure.

Systems:

Raymond Ltd has different systems that work together for its efficient working. These are starting from manufacturing activities, logistics, designing, marketing for their retail brands and sales.

Style:

The style of the organization is to innovate their products as per the change in trends and according to the needs of customers.

Staff:

They provide proper training session and incentives to keep their staff motivated.

Skills:

The different divisions of Raymond Ltd requires different operational skills. The manufacturing sector requires the employees to have basic knowledge of the process and quality standards. While the retail sector requires them to know the product features to make better appeal to customers.

Shared Value:

Raymond Ltd group follows these three main core values: trust, quality and excellence.

COMPETITIVE POSITION IN THE INDUSTRY

THREAT OF NEW ENTERANT

The threat of new entry is low for Raymond Ltd because of these reasons:

- Brand identity of a company is highly beneficial.
- The Industry is not lucrative
- Capital requirement to set up is high.
- There are many small scale players but the entry barrier to the next stage is high.

BARGAINING POWER OF BUYERS

- High demand for apparel and home textile domestically and internationally.

- Product difference and brand identity are high.
- Buyer volume is low
- Buyer information is high
- Thus buyer bargain power is low

BARGAINING POWER OF SUPPLIERS

- High availability of raw material
- Low cost labor
- Presence of substitute raw material like for cotton- viscose.
- Cost relative to total purchase in Industry is low
- Thus supplier bargaining power is low.

THREAT OF SUBSTITUTE

- The threat of garments produced by domestic manufacturing units is high.
- There are brands producing similar products so switching is possible.

RIVALRY

- Fixed cost are high
- Brand identity is high
- Product difference are high
- There many brands using same base fabric
- Thus rivalry is high

PROBLEM AREAS

- Raymond Ltd should build up a brand to focus on youth clothing trends as their brands are usually referred to as brand of previous generation.
- Raymond Ltd should build a strategy to counter sudden change in market like the current situation of COVID-19 to stabilize their sales.

- They should also focus on ladies garments and accessories. Their brand is usually seen as the men's apparel brand.

PART B: IMPACT OF COVID ON BUSINESS

Local materials and clothes major Raymond hopes to receive the rewards of likely low imports from China taking into account the COVID-19 pandemic, the organization said in an announcement on Tuesday. It is additionally taking a gander at long haul financing and substitute working capital accessibility to oversee liquidity as business restarts with slow facilitating of lockdown.

Revealing its present status of activities post lockdown, the organization said product costs have mellowed because of the pandemic. This would bring down the info expenses and backing the general gainfulness this financial.

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Unveiling its present status of tasks post lockdown, the organization said item costs have mellowed because of the pandemic. This would bring down the info expenses and backing the general gainfulness this financial.

The organization is taking a gander at all accessible alternatives that incorporate long haul subsidizing and interchange working capital accessibility to oversee liquidity in the current circumstance, it included. The organization is currently finding a way to give non convertible debentures (NCDs) that would uphold the rebalancing of its obligation blend preferring long haul obligation, it said including that in June quarter of 2020-21, the organization has raised Rs 145 crore through NCDs at market benchmarked rates.

"In accordance with the overarching economic situations and extraordinary difficulties, the organization has embraced the cycle of cost defense and different cost control estimates identified with labor, deals and advertising, rentals and others to limit the effect on business," the organization said.

On activities of assembling plants, Raymond said its fitting and shirting texture fabricating units keep on staying shut because of quelled interest. "Creation arranging and resuming of plants in a staged way is under assessment," it said.

The organization's garmenting offices and devices, equipment and auto segments sections have incompletely continued tasks, it included. On Monday, Raymond pronounced its quarterly and yearly outcomes finished March 31, 2020.[Text Wrapping Break]Raymond

detailed a combined total deficit of Rs 69.10 crore for January-March 2020 affected by COVID-19 and the lockdown.

Income from activities was down 29.30 percent to Rs 1,278.65 crore during the quarter under audit as against Rs 1,808.71 crore in the comparing time of the past monetary.

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