

Indian Denim Industry: Global Perspective



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Rajiv Dayal is a chemical engineer from IIT Delhi. Prior to Mafatlal Denim, he had been with Hindustan Lever and Arvind Mills. He joined Mafatlal Burlington Industries Limited in 1998 as Chief Executive Officer. Subsequent to the purchase of equity from Burlington Industries by the Arvind Mafatlal Group in 2006, he was nominated to the Board as Managing Director of Mafatlal Denim Limited.

Denim is not only fashion, it's an aspiration

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We are just a 25-year-old industry in India. Denim came to India in 1986. Dr P R Roy took out the first denim meter in India. Initially denim was just a basic five-pocket jeans. It was a 14 and a half ounce heavy uncomfortable denim. Over the next 5 to 10 years the Indian denim industry started growing with many domestic and international brands coming to India. The Indian product started becoming acceptable to global markets. The last 10 years really have been a rapid growth for the industry.

The Indian market has grown quickly. Today we have a range of denim starting from Rs 500 to Rs 10,000. Fashion trends have been introduced by all the brands. Along with fabric which has evolved over time, become lighter and fashionable, washing and finishing techniques have also modernized.

We started off with three mills with 35 million meters. Today the capacity of India is 650 million meters in a year with 26 independent mills making the product and we are expecting this to move to 800 million meters in the next two years. We have 450 million meters in the Indian market and 200 million meters are exported. Today we make garments in India. We use them for domestic brands as well as exports. We have a rapidly growing market in India along with the potential of exporting fabrics and garments. The median age of Indians is 26 to 27 years and 40 to 50 per cent Indians are between the age group of 15 to 35 years. This is actually the denim target segment. As well, 80 per cent of denim used is being used by the age group of between 15 to 35 years.

There is also significant move toward casuals and comfortable dressing. People wear jeans even to work. In colleges and social functions it's becoming an acceptable product. International brands are available here. Moreover 80 per cent of Indian denim is being used in men's jeans. Simultaneously rapid growth is also happening in women's and kids' denim. There is rise in disposable income with the tremendous growth in Tier II and Tier III cities.

Denim is not only fashion, it's an aspiration that is coming from actors and actresses. As I said, the market size in India is 450 million meters a year. Out of the total 1.2 billion people, the potential dressers are 700 to 750 million. There are 0.35 pair of jeans being used per potential user. This will grow to one pair of jeans per person per year. We expect the market to grow by 10 to 12 per cent a year over the coming decade.

We need better product distribution systems. In Tier II and Tier III cities, distribution isn't where it should be. Jeans should be easily available. Every potential dresser should have a pair of jeans. We need to have agility in manufacturing. We should use IT very quickly including concepts like cloud computing. We can use this for designing, distribution, checking where your product is on the global platform. Ecology is going to be very important. You need to monitor your carbon and water footprints.

The global market size today is 5 billion meters. Since we are 650, we have a global market share of 11 per cent. By 2015 the global market may be 5.8 billion meters. The market will grow to a billion meters in India, with a 14 per cent market share and have the potential to grow to 1.5 billion meters of fabric with a 18 per cent market share by 2020.

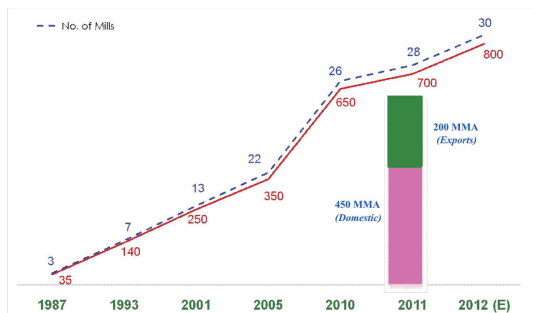
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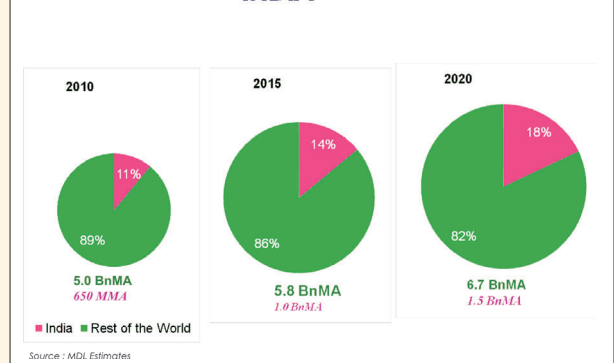
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GROWTH OF DENIM FABRIC IN INDIA : 1987 – 2010.



The Denim Markets have seen a 10 – 12% growth in India.

POTENTIAL GROWTH OF DENIM IN INDIA



Source : MDL Estimates