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**Fibre2Fashion**

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## SUSTAINABILITY AND TRACEABILITY WILL BE DRIVERS

GHCL is one of India's leading manufacturers of home textiles, with in-house spinning unit having capability to manufacture multiple varieties of 100 per cent cotton and blended yarns at various facilities. **MANU KAPUR**, President and CEO of GHCL Home Textiles, talks of trends and plans.



**G**HCL Limited, with headquarters at Noida in Uttar Pradesh, is a well-diversified group with footprints in the chemicals, textiles and consumer products segments. The textiles division at GHCL is an integrated setup commencing from spinning of yarn to weaving, dyeing, printing and processing till the finished products like sheets and duvets take shape and are primarily exported worldwide.

It is one of India's leading manufacturers of home textiles with an in-house spinning unit at Madurai, Tamil Nadu and a state-of-the-art home textiles facility at Vapi, Gujarat with a weaving and processing capacity of 45 million metres of fabric up to made-ups. A perennial innovator in bed linen, it has the flexibility to process both cotton and blended fabrics.

GHCL has achieved a compound annual growth rate (CAGR) of 14 per cent in the top line of its textiles business for the last eight years. With an existing capital investment of ₹13.50 billion in the textiles business, GHCL plans to invest another ₹3.50 billion in the next two years.

In September, GHCL launched Cirkularity, a new brand of eight lines of bedding supporting the circular economy at the New York Home Fashions Market Week. These lines centre on "reduce, reuse and recycle". Rekoop, the inspiration behind Cirkularity, is a brand of bedding products made from recycled plastic (rPET) and is the first bedding product to use Applied DNA Sciences' CertainT platform. Rekoop bedding products will be available for sale in the US beginning first quarter 2019.

**Fibre2Fashion (F2F): Which consumer trend is going to drive the way you do business in the next 2-3 years?**

Manu Kapur (MK): In my opinion, the trends that are going to drive business over the coming years are sustainability and traceability. Customers today are very conscious about their responsibility towards the planet and, according to a recent study, 66 per cent of global millennials are willing to spend more on brands that are sustainable. Clearly, sustainability is where brands will compete for the millennial spend. Moreover, there is no sustainability without



Sustainability in manufacturing is decidedly going to drive the way one does business over the next few years—sustainable raw material usage, sustainable production practices and sustainable supply chain solutions.

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Carpets have remained the highest traded category in the 2007–17 period, with a share of 19 per cent in overall trade in 2017, followed by made-up articles with a share of 14 per cent. Exports of carpets grew from \$13.4 billion to \$15.3 billion, while made-up articles jumped from \$5.4 billion to \$11.0 billion. Exports of flexible intermediate bulk containers has shown the highest growth since 2007, with a CAGR of 8 per cent, while the exports of bed linen of cotton have shown no growth for the same time period.

Exports of the former grew from \$1.0 billion to \$2.2 billion. Both made-up articles and blankets and travelling rugs (from \$2.0 billion to \$3.8 billion) have grown at 7 per cent. The categories of worn clothing and clothing accessories and curtains including drapes and blinds came next with a growth rate of 6 per cent during the ten-year period, according to the Wazir study.

Even though the category of carpets and other textile floor coverings remains the single-largest, its growth rate has been rather negligible—at 1 per cent. In contrast, the growth of made-up articles has been quite impressive—almost doubling in the decade under study.

Back home, the domestic home textiles market has been growing at the same pace, but only marginally faster. India's domestic home textiles market was close to about \$6 billion in 2017, which has grown at a CAGR of 9 per cent since 2009. It is expected to grow at a CAGR of 10 per cent to reach \$12 billion in 2025, according to an analysis of secondary sources by Wazir Advisors.

In terms of segmentation in 2017, the Indian home textiles market seems to be brutally dominated by bed linen with an overwhelming share of 58 per cent, followed by curtains and upholstery with 14 per cent and 9 per cent, respectively. Towels come in next with 7 per cent.

Figures of Indian home textiles exports do not show much of a contrast. The number stood at \$6.7 billion in 2017; it has increased at a CAGR of 7 per cent from \$3.5 billion in 2007. A cursory look at the break-up shows a lopsided dependence on a single market—the United States (US)—with a substantial share of 41 per cent. The next two biggest export markets for India are the United Kingdom (UK) and Germany with an identical share of 6 per cent. The rest are fragmented and just as minuscule.



The global retail market for home textiles is projected to grow from \$110 billion in 2016 to \$142 billion in 2023 at a CAGR of 3.7 per cent. The growth rate is going to be the highest in the Asia-Pacific region, rising from \$43 billion in 2016 to \$69 billion in 2023 at a CAGR of 5.6 per cent.

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traceability. Provenance and supply chain traceability of raw materials is of paramount importance for retailers and brands to stand behind their claims of sustainability.

**F2F: And, which manufacturing trend is going to drive the way you do business in the next 2-3 years?**

**MK:** Again, sustainability in manufacturing is decidedly going to drive the way one does business over the next few years—sustainable raw material usage, sustainable production practices and sustainable supply chain solutions. The relevance of 'responsible consumption and production', one of the 17 Sustainable Development Goals cannot be over-estimated. The linear economy model is giving way to the circular economy model. The trend of focusing on "Reduce, Reuse, Refurbish, Repair and Recycle" is fast catching on.

**F2F: What has been the response to Cirkularity so far? But this was launched in New York. How are you looking at the Indian market?**

**MK:** The response to Cirkularity has been overwhelming. Customers the world over have shown tremendous interest in the collections that form part of Cirkularity, all of which support the circular economy. Our plan for Cirkularity for the near term is to focus on markets that have a mature customer base that is sensitised to and willing to support the pressing need of curtailing environmental degradation—markets such as the US, Canada, Europe and Australia. We plan on launching some collections within Cirkularity in India online in 2020.

**F2F: Please tell us more about the Rekoop collection.**

**MK:** Rekoop is a sustainable bedding solution that is made using a blend of cotton and recycled polyester.

The recycled polyester is made from post-consumer PET bottles by Reliance Industries Limited (RIL). What makes the concept unique is the fact that the recycled polyester is forensically tagged through the CertainT platform of Applied DNA Sciences in New York. This secures provenance and traceability across the entire supply chain and accords unparalleled authenticity to the product.

**F2F: How do you look at the exports market in the coming year? How do you think the US-China trade-off and Brexit would affect GHCL?**

**MK:** The headwinds in the industry have been immense. The underperformance of brick and mortar stores, the dwindling of the department store format in the US, rampant store closures, a dilution of the wallet spend on retail and simultaneous growth of capacities the world over. As far as we at GHCL are concerned, the focus for us will be to continue to carve a niche for ourselves around sustainability, traceability, innovation and giving back to society. We will hence, by design, try and stay insulated from sporadic opportunities that come up on account of shifts in bilateral/multilateral relationships

**F2F: Which are your best-selling products? How many collections do you come up with each year?**

**MK:** Our current best sellers are our 200 and 300 TC Percales and our 600 TC Supima. We come up with at least two major collections each year, coinciding with the New York Home Fashions Market Weeks in March and September.

**F2F: Which are your major markets? What is the annual production capacity at your units?**



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With a share of around 25 per cent in overall exports in 2017, carpets were the largest exported category in Indian home textiles segment, followed by articles for interior furnishing with a share of 24 per cent. Sacks and bags were the most emerging category in terms of exports. This category has shown the maximum CAGR of 21 per cent since 2007, according to Wazir Advisors.

**Home Alone**

Export figures clearly indicate the level of manufacturing and that of the demand in countries which have been absorbing the home textiles, for varying reasons. Retail figures for home textiles, on the other hand, show the extent and growth of both the need and demand at the consumer level.

Fibre2Fashion’s Market Intelligence (MI) has assessed the global home textiles market at the retail level and finds that the projected CAGR till 2023 is much less than that of exports.

The global retail market for home textiles is projected to grow from \$110 billion in 2016 to \$142 billion in 2023 at a CAGR of 3.7 per cent. The growth rate is going to be the highest in the Asia-Pacific region, rising from \$43 billion in 2016 to \$69 billion in 2023 at a CAGR of 5.6 per cent. On the other hand, Europe, which is a big importer of home textiles, will grow at only 1 per cent. The Asia-Pacific market will also retain its position as the single largest bloc. In terms of proportion too, it would become bigger—from 43 per cent of the global retail market in 2016 to 49 per cent in 2023. The share of Europe, interestingly, will go down from 26 per cent in 2016 to 21.7 per cent in 2023.

As reflected in the Indian figures, the global retail market will see the highest growth in the bed linen and bed spread category—4.5 per cent, growing from \$48.6 billion in 2016 to \$66.6 billion in 2023. The proportion will change only marginally—from 44.2 per cent to 46.7 per cent. Bath/toilet line will see a 3.6 per cent growth, upholstery 3.5 per cent, kitchen linen 2.3 per cent and floor textiles 2.2 per cent.

China will remain the largest domestic market, growing at 6.6 per cent from \$27.9 billion in 2016 to \$43.2 billion in 2023. The US comes second with \$24 billion in 2016 and \$28.6 billion



In terms of segmentation in 2017, the Indian home textiles market seems to be brutally dominated by bed linen with an overwhelming share of 56 per cent, followed by carpets and upholstery with 14 per cent and 9 per cent, respectively

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**MK:** The US, Canada, UK, Europe and Australia. We see prospects growing in the UK and Continental Europe substantially. Our annual capacity is 15 million metres for weaving and 45 million metres for processing. We cut and sew 7.2 million sheet sets annually. About 90 per cent of what we manufacture is exported. We source raw material (primarily cotton) from the US, Australia, Egypt and India.

**F2F: What impact has the US-China trade war and the rupee depreciation had on business?**

**MK:** The oscillating US-China trade war hasn't had much of an impact on business in India. There haven't been any major shifts of business. The impact of depreciation of the rupee has been nullified largely because of forward contracts and the effect of imports.

**F2F: What are the short and long-term sustainability goals set at GHCL?**

**MK:** Over 40 per cent of our energy requirement for spinning—which translates to 25 MW—comes from renewable wind energy. We are working towards carbon neutrality for our entire textiles business by 2021. We are also actively using sustainable raw material in textiles—more sustainable cotton (BCI/organic/Supima), cellulosic fibres (Tencel Lyocell) and recycled PET fibres. In keeping with the circular economy, we try to reuse as much material as we can. For instance, we make paver blocks from fly ash, plastic and limestone fines.

**F2F: How do you look at the subjects of circular economy and blockchain?**

**MK:** The linear economy necessarily must give way to the circular economy, if we are to have any chance of saving our planet. Excessive consumerism and unmindful waste have brought us to a point where

doom is staring at us in the face. In keeping with one of the 17 SDGs 'responsible consumption and production', industry has to wake up to reality and do its bit in terms of saving the environment. 'Reduce, reuse, refurbish, repair and recycle' will need to be mantras that manufacturers live by. In terms of blockchain, the unalterable chain of custody of data across the supply chain will secure traceability of material, which again, is the need of the hour.

**F2F: What fabrics/materials are preferred by consumers for bedding?**

**MK:** Customers are primarily looking at sustainable material. Cotton is definitely still largely preferred by customers. We are moving towards 'more sustainable cotton' in a big way—through the Cotton Leads programme, which fosters efforts in sustainable cotton production in the US and Australia, through the Better Cotton Initiative (BCI) and the Global Organic Textile Standard (GOTS) for organic cotton. The other material being preferred by customers is cellulosic fibre such as Lenzing's Tencel Lyocell, which is biodegradable and compostable. Recycled polyester is again a material that is being looked at strongly.

**F2F: Consumer preferences would be the strongest for what kinds of products—handmade, functional, sustainable, ecofriendly? Which product lines do you plan to introduce in the near future?**

**MK:** There is a strong skewing of preferences towards sustainable, ecofriendly products. Our next big thrust is on bedding solutions that centre around health and wellness. We will be launching a new brand centring around this concept during the New York Home Fashions Market Week in March 2019. Stay tuned.

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**Table 1: Global Home Textiles Market: Region-wise**

	2016	2017	2018	2019	2020	2021	2022	2023	CAGR
Asia Pacific	47,300.0	50,198.7	53,192.4	56,317.1	59,611.4	62,974.1	66,412.4	69,934.7	5.6%
Europe	28,655.0	29,114.8	29,515.6	29,863.6	30,126.3	30,429.7	30,739.8	31,002.9	1.0%
North America	26,444.0	27,174.6	27,969.7	28,764.0	29,510.7	30,203.6	30,863.8	31,516.3	2.4%
RoW	7,601.0	7,911.9	8,241.1	8,611.9	9,003.3	9,389.6	9,769.0	10,153.7	4.3%
<b>Total</b>	<b>110,000.0</b>	<b>114,400.0</b>	<b>118,918.8</b>	<b>123,556.6</b>	<b>128,251.8</b>	<b>132,997.1</b>	<b>137,785.0</b>	<b>142,607.5</b>	<b>3.7%</b>

**Table 2: Global Home Textiles Market: Category-wise**

	2016	2017	2018	2019	2020	2021	2022	2023	CAGR
Bed Linen & Bed Spread	48,682.5	51,028.1	53,464.5	55,990.5	58,588.6	61,235.0	63,932.3	66,684.3	4.5%
Bath/ Toilet Linen	22,166.4	23,032.1	23,919.4	24,828.7	25,745.2	26,670.6	27,602.3	28,537.4	3.6%
Kitchen Linen	10,136.2	10,411.2	10,683.4	10,954.1	11,217.2	11,473.2	11,720.7	11,957.6	2.3%
Upholstery	13,216.7	13,728.2	14,244.6	14,773.2	15,310.0	15,853.3	16,400.3	16,947.6	3.5%
Floor	15,798.2	16,200.4	16,606.9	17,010.1	17,390.8	17,765.0	18,129.3	18,480.5	2.2%
<b>Total</b>	<b>110,000.0</b>	<b>114,400.0</b>	<b>118,918.8</b>	<b>123,556.6</b>	<b>128,251.8</b>	<b>132,997.1</b>	<b>137,785.0</b>	<b>142,607.5</b>	<b>3.7%</b>

**Table 3: Global Home Textiles Market: Major Countries**

China	2016	2017	2018	2019	2020	2021	2022	2023	CAGR
Bed Linen & Bed Spread	15,209.3	16,356.8	17,556.1	18,819.6	20,161.2	21,547.2	22,980.0	24,462.3	6.9%
Bath/ Toilet Linen	5,553.5	5,918.9	6,296.0	6,688.8	7,101.7	7,522.3	7,951.2	8,388.9	5.9%
Kitchen Linen	1,897.7	2,002.8	2,109.3	2,218.3	2,331.0	2,443.3	2,555.1	2,666.7	4.8%
Upholstery	3,600.0	3,838.5	4,084.7	4,341.4	4,611.4	4,886.6	5,167.4	5,454.3	6.0%
Floor	1,646.5	1,731.2	1,816.1	1,902.3	1,990.8	2,077.8	2,163.3	2,247.4	4.4%
<b>Total</b>	<b>27,907.0</b>	<b>29,848.2</b>	<b>31,862.2</b>	<b>33,970.5</b>	<b>36,196.1</b>	<b>38,477.2</b>	<b>40,817.0</b>	<b>43,219.6</b>	<b>6.3%</b>

India	2016	2017	2018	2019	2020	2021	2022	2023	CAGR
Bed Linen & Bed Spread	3,030.7	3,292.3	3,575.5	3,884.3	4,223.4	4,587.7	4,979.3	5,400.7	8.6%
Bath/ Toilet Linen	832.5	901.1	975.1	1,055.5	1,143.5	1,237.7	1,338.5	1,446.6	8.2%
Kitchen Linen	301.8	322.2	343.8	366.9	391.7	417.8	445.0	473.6	6.6%
Upholstery	780.5	849.7	924.9	1,007.1	1,097.4	1,194.7	1,299.6	1,412.7	8.8%
Floor	257.5	277.0	297.9	320.4	344.9	370.9	398.5	427.8	7.5%
<b>Total</b>	<b>5,203.0</b>	<b>5,642.3</b>	<b>6,117.1</b>	<b>6,634.2</b>	<b>7,201.1</b>	<b>7,808.8</b>	<b>8,460.9</b>	<b>9,161.4</b>	<b>8.4%</b>

U.S.	2016	2017	2018	2019	2020	2021	2022	2023	CAGR
Bed Linen & Bed Spread	11,141.7	11,480.2	11,847.8	12,218.1	12,570.0	12,900.6	13,217.3	13,532.1	2.7%
Bath/ Toilet Linen	4,812.8	4,945.5	5,090.0	5,234.8	5,371.1	5,497.5	5,617.4	5,735.8	2.4%
Kitchen Linen	1,877.0	1,903.1	1,932.3	1,960.1	1,983.3	2,001.6	2,016.2	2,029.1	1.0%
Upholstery	950.5	966.4	983.9	1,001.0	1,015.8	1,028.2	1,038.9	1,048.8	1.3%
Floor	5,282.1	5,420.1	5,570.5	5,720.9	5,861.5	5,991.0	6,113.0	6,233.1	2.3%
<b>Total</b>	<b>24,064.0</b>	<b>24,715.3</b>	<b>25,424.5</b>	<b>26,135.0</b>	<b>26,801.7</b>	<b>27,418.9</b>	<b>28,002.8</b>	<b>28,578.9</b>	<b>2.4%</b>

\* All values are in million \$

Source: F2F-MI

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in 2023, but growing at only 2.4 per cent. All of Europe was only \$28.6 billion in 2016, and is projected to grow at only 1 per cent to \$31 billion in 2023. The Indian market (\$5.2 billion in 2016 and \$9.16 in 2023) is small—in fact, in 2016 it was smaller than even Japan (\$7.57 billion) and Germany (\$5.73 billion). The domestic market in both these countries is projected to increase only marginally—0.9 per cent to \$8.25 billion in Japan and 1.1 per cent to \$6.25 billion in Germany—and fall back way behind India.

This is where it gets better—if one looks at prospects. The Indian market, which is only one-fifth of the US and China markets, is going to see the highest growth between 2016 and 2023—8.4 per cent, growing from \$5.23 billion to \$9.16 billion. The category-wise break-up shows that the highest growth will be in upholstery (8.8 per cent), followed by bed linen and bed spread (8.6 per cent), bath and toilet linen (8.2 per cent), floor textiles (7.5 per cent) and kitchen linen (6.6 per cent).

With the US projected to grow only marginally and the entire European market virtually stagnating, the global retail market will be driven by the domestic market in China. Even though India would be the fastest growing, its overall size would be hardly enough to steer global growth.

### Need for Home-land Security

A number of political developments at the international level and the global slowdown have had a negative impact on all exports, especially the export driven textiles-apparel industry of India—all the more so with home textiles. Many economists and trade experts have been arguing for bolstering the domestic front so as to boost and sustain the manufacturing sector.

The home market needs more attention.**FF**

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#### About the author

Subir Ghosh ([www.subirghosh.in](http://www.subirghosh.in)) is a Bengaluru-based journalist and researcher.