Industry Report on Cotton Yarn

29th May 2026

Prepared for Vivekanand Cotspin Limited

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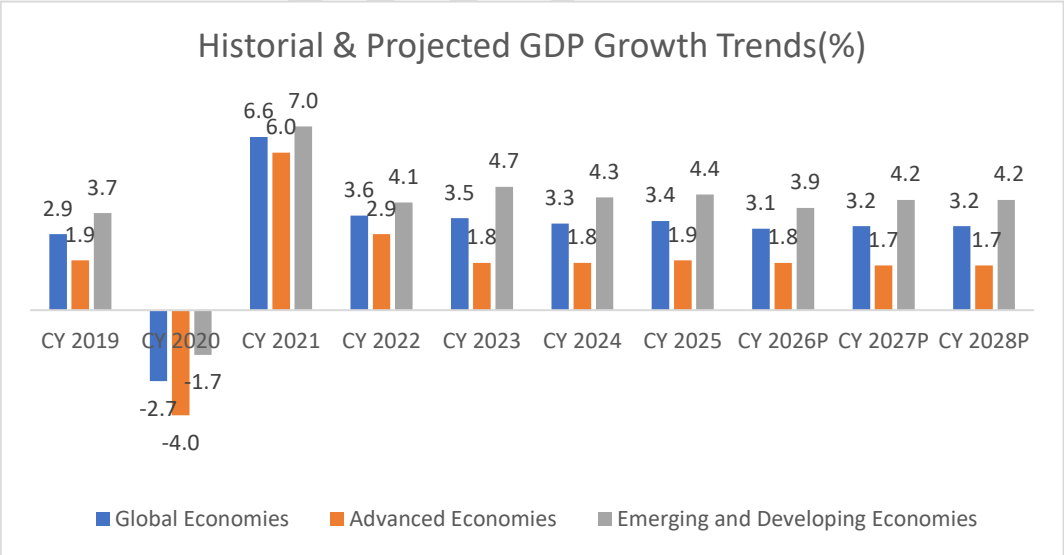
Global Economic Overview

According to World Economic Outlook, global growth is projected at 3.1% in 2026 and at 3.2% in 2027 and 2028, slower than the recent pace of about 3.4% in CY 2024–25 and is expected to settle at approximately that rate over the medium term, below the historical average of 3.7% during 2000–19. The forecast for 2026 has been revised downward by 0.2 percentage point, while the forecast for 2027 and 2028 remains unchanged compared with the January 2026 WEO Update. Global headline inflation is expected to rise to 4.4% in 2026 and decline to 3.7% in 2027, reflecting upward revisions for both years.

The conflict involving US, Isreal and Iran is increasingly functioning as a global supply and confidence shock. The International Energy Agency (IEA) describes the current situation as the largest oil supply disruption on record, with flows through the Strait of Hormuz reduced to a trickle and the resulting effects spreading across refined fuels and liquefied natural gas (LNG). At the same time, aviation disruptions and elevated risk premia are weakening services activity and increasing uncertainty around investment decisions. A significant share of global energy flows through the Strait of Hormuz, and shipping disruptions and insurance constraints are therefore translating directly into higher landed costs, supply chain delays, and greater output risks for energy-intensive manufacturing. As a result, the policy environment has increasingly become challenging, while growth support is required but renewed cost-push inflation across energy, freight, and eventually food inputs is limiting the scope for faster monetary easing.



Source – IMF Global GDP Forecast Release, April 2026

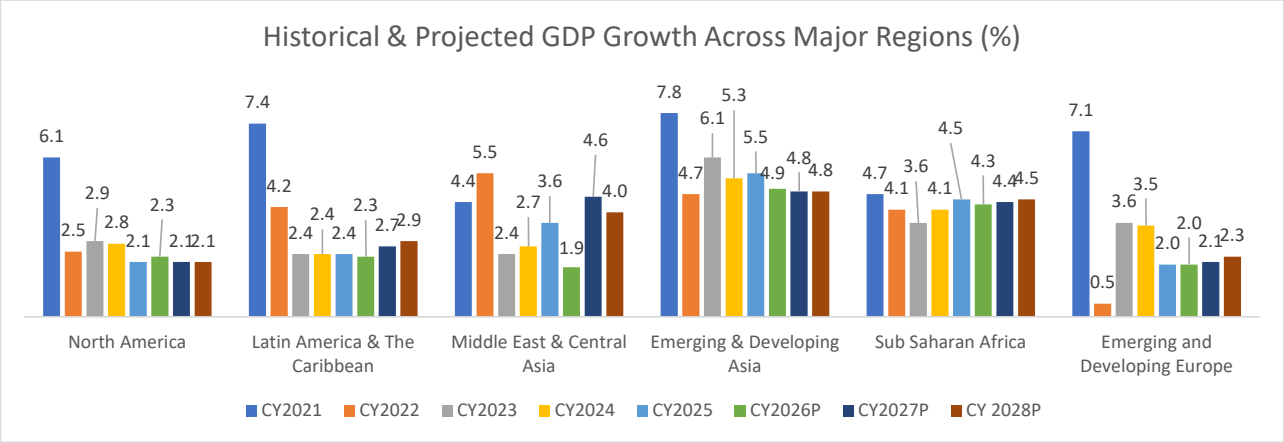
Note: Advanced Economies and Emerging & Developing Economies are as per the classification of the World Economic Outlook (WEO). This classification is not based on strict economic criteria and has evolved over time. It comprises 40 countries in the Advanced Economies category, including the G7 (the United States, Japan, Germany, France, Italy, the United Kingdom, and Canada) and selected Eurozone members (Germany, Italy, France, etc.). The group of emerging and developing economies (156) comprises all economies not classified as Advanced Economies (e.g., India, China, Brazil, Malaysia).

Historical and Projected GDP Growth

GDP growth across major regions showed a mixed trend during 2024–25. While growth in several regions—including Middle East & Central Asia, Emerging and Developing Asia, Sub-Saharan Africa as well as Latin America and the Caribbean—is expected to slow further in 2026, performance remains uneven across geographies.

In the Middle East and Central Asia, economic growth is projected to decline from **3.6% in 2025** to **1.9% in 2026**, before recovering to **4.6% in 2027 and 4.0% in 2028**, reflecting the region's direct exposure to the conflict and the anticipated rebound thereafter. For commodity-exporting economies directly affected by the conflict, reduced production and export activity are expected to result in a significant downward revision to 2026 GDP growth projections.

Growth in emerging and developing Asia is projected to moderate from **5.5% in 2025** to **4.9% in 2026** and is further estimated to grow at **4.8% in 2027 and 2028**. Within the region, China's 2026 growth forecast has been revised upward by **0.2 percentage point** relative to the October estimate, to **4.4%**, despite a **0.1 percentage point downward revision** from January. This upward adjustment reflects the impact of lower effective U.S. tariff rates on Chinese goods, along with stimulus measures that are expected to offset the negative effects of the shock arising from the Middle East conflict. However, China's growth is projected to slow to **4.0% in 2027**, as structural headwinds continue to weigh on the economy, including the prolonged slowdown in the housing sector, a shrinking labor force, declining returns on investment, and weaker productivity growth.



Source- IMF World Economic Outlook, April 2026

In Latin America and the Caribbean, economic growth is projected to remain broadly stable at 2.3% in 2026 before strengthening to 2.7% in 2027 and 2.9% in 2028. The effects of the Middle East conflict across the region are expected to be uneven, with smaller economies likely to experience a more pronounced negative impact due to their relatively greater vulnerability to external shocks.

Growth in sub-Saharan Africa is projected to remain relatively stable at 4.3% in 2026 and 4.4% in 2027 and 4.5% in 2028. However, this regional outlook masks significant variation across countries, with some

economies expected to face more pronounced challenges than others. In particular, oil-importing and non-resource-intensive economies are likely to be adversely affected by the conflict in the Middle East, as heightened external pressures may weigh on economic activity and weaken growth prospects. In emerging and developing Europe, economic growth is expected to slow sharply to 2.0% in 2025 and recover only marginally thereafter, with the region projected to expand at an average rate of 2.0% in 2026, 2.1% in 2027 and 2.3% in 2028.

Global Economic Outlook

The conflict between Israel/the United States and Iran, which began in February, has developed into a global shock to transport, trade, and security planning. As a result, periodic airspace closures across Israel and parts of the Gulf, together with severe disruption to shipping through the Strait of Hormuz, have affected the movement of oil, oil products, and LNG. Consequently, businesses have faced longer and less reliable supply lines, higher freight and insurance costs, and more frequent "stop-go" operating conditions.

The near-term growth outlook has softened as the conflict is affecting both demand and costs. Disruption to the oil channel is coinciding with pressure on the non-oil outlook as travel and services weaken and risk premia rise. Airspace disruption has increased operating costs and reduced travel reliability, while higher jet fuel costs have added to pressure on carriers and freight forwarders.

Investment conditions have also tightened as higher regional risk premia have increased insurance, shipping, hedging, and working capital costs. At the same time, logistics disruption and higher input costs are raising inflation risks. Fertilizer and related input disruption is also creating a lagged risk to food prices.

Asia-Pacific: In Asia-Pacific, the conflict has created sustained stress for business continuity. Even with fighting paused, energy availability, shipping disruption, and insurance costs are expected to continue weighing on operations over the next quarter. Oil prices remain well above January levels despite easing from March peaks, while war-risk insurance, tighter tanker availability, and rerouting costs remain elevated. As a result, several fuel-importing economies—including Japan, South Korea, India, and parts of Southeast Asia—have faced power-conservation measures and fuel rationing, increasing the risk of operational downtime in energy-intensive sectors.

Shipping and supply chains are also facing second-round effects. Many Asia–Europe shipments have been diverted via the Cape of Good Hope, thereby extending lead times by 10–14 days. Although some routes have reopened, schedules remain compressed and insurers remain cautious, which has increased delivery deadline risk across manufacturing, particularly in chemicals, electronics, and pharmaceuticals. Input volatility and fertilizer disruption are also adding to inflation risks and thereby complicating the policy outlook.

Latin America: In Latin America, the U.S.-Israel-Iran conflict has increased energy market pressures, with higher Brent crude prices raising input costs and inflation risks across the region. Consequently, net hydrocarbon exporters such as Brazil, Colombia, and Ecuador are benefiting from stronger external balances,

while net energy importers—including Panama, Chile, and much of Central America—are facing higher import costs. Elevated fertilizer prices are also weighing on agricultural output and margins, including in Brazil and Argentina. In response, governments have introduced fuel subsidies and price controls.

Middle East & North Africa: In the Middle East and North Africa, the conflict continues to affect the region directly, with many countries facing missile and drone attacks from Iran in response to attacks by the United States and Israel on Iran. In the short term, economic growth is expected to slow sharply as exports decline, uncertainty constrains spending, and governments delay investment initiatives. The reduction in food imports is also expected to significantly affect countries with limited domestic production capacity. Bahrain, Qatar, and Kuwait remain highly dependent on imports through the Strait of Hormuz and therefore face risks of food shortages and concerns regarding social stability if disruption persists.

Sub-Saharan Africa: In Sub-Saharan Africa, the conflict continues to disrupt energy and fertilizer supply chains, thereby keeping the region under significant external pressure. Higher global oil prices are sharply rising fuel and transport costs for import-dependent economies such as Kenya, Uganda, Ethiopia, and Ghana. Policy responses have varied across the region. Ethiopia introduced emergency fuel subsidies in mid-March to contain domestic price increases, while Kenya is experiencing stronger pass-through from higher fuel costs, which is weighing on aviation, logistics, and export activity.

Global Growth Projection

Growth in advanced economies is projected at 1.8% in 2026 and 1.7% in 2027 and 2028, while the overall impact of the Middle East conflict is expected to remain modest, lowering 2026 growth by 0.2 percentage point relative to the pre-conflict forecast. This limited effect reflects positive terms-of-trade gains in the United States and stronger growth momentum, supported by government measures, in Japan, whereas more significant negative effects are expected mainly in net energy-importing economies, including the euro area and the United Kingdom. In the United States, growth is projected at 2.3% in 2026 and 2.1% in 2027 and 2028, with fiscal policy and the lagged effects of monetary easing in 2025 continuing to support activity, even as higher trade barriers since April 2025 weigh on growth. The 0.1 percentage point downward revision from the January 2026 WEO Update reflects a small negative effect from the war, but this is partly offset by a rebound following the end of the 2025 federal government shutdown, along with stronger productivity growth and positive carryover effects. Although the International Emergency Economic Powers Act (IEEPA) ruling may reduce tariff-related fiscal revenues, its impact on the fiscal balance and activity is expected to remain limited and spread over the forecast horizon. Growth in 2027 is expected to remain solid, supported by tax incentives, including those for corporate investment under the One, Big, Beautiful Bill Act (OBBBA), while technology-driven momentum is projected to moderate and productivity growth is expected to gradually converge toward historical norms.

Growth in emerging market and developing economies is projected to slow to 3.9% in 2026 before recovering to 4.2% in 2027 and 2028, while the Middle East conflict is expected to have a greater impact on this group than on advanced economies, reducing 2026 growth by 0.3 percentage point relative to the pre-conflict forecast. In emerging and developing Asia, growth is expected to moderate from 5.5% in 2025 to 4.9% in 2026 and 4.8% in 2027 and 2028. Within the region, China's 2026 growth forecast has been revised upward to 4.4%, as lower effective U.S. tariffs and stimulus measures offset the impact of the conflict, although growth is projected to slow to 4.0% in 2027 as structural headwinds intensify. India's growth outlook has also improved, with growth revised upward to 7.6% in 2025 and projected to remain at 6.5% in 2026, 2027 and 2028, supported by strong carryover effects and lower additional U.S. tariffs on Indian goods. Meanwhile, several South and Southeast Asian economies are expected to face weaker domestic demand due to lower tourism and remittance inflows, while the Philippines has seen a sharp downward revision for 2026.

In the Middle East and Central Asia, growth is projected to decline from 3.6% in 2025 to 1.9% in 2026, before rebounding to 4.6% in 2027 and 4.0% in 2028, reflecting the region's direct exposure to the conflict. The downturn is expected to be most severe among affected commodity exporters, particularly Bahrain, Iran, Iraq, Kuwait, and Qatar, while the impact is expected to be less severe in other economies. Accordingly, Iran's economy is projected to contract by (-) 6.1% in 2026, before rebounding to 3.2% in 2027 and moderating to 1.5% in 2028. By contrast, Saudi Arabia's growth is projected at 3.1% in 2026, rising to 4.5% in 2027 before easing to 3.6% in 2028. In sub-Saharan Africa, growth is expected to remain broadly stable at

4.3% in 2026, 4.4% in 2027, and 4.5% in 2028, although oil-importing economies are likely to face greater pressure, while Nigeria and South Africa are expected to record moderate but gradually improving growth profiles. In Latin America and the Caribbean, growth is projected at 2.3% in 2026, 2.7% in 2027, and 2.9% in 2028, with Brazil expected to benefit modestly in the near term from its position as a net energy exporter, while Mexico is projected to recover gradually to 1.6% in 2026, 2.2% in 2027, and 2.1% in 2028.

In emerging and developing Europe, the sharp slowdown in growth to 2.0% in 2025 is expected to reverse only marginally, with the region projected to expand at an average rate of 2.0% in 2026, 2.1% in 2027, and 2.3% in 2028. Within the region, Russia's 2026 growth forecast has been revised upward by 0.3 percentage point relative to January, to 1.1%, as higher commodity prices are expected to support activity. This momentum is projected to continue, with growth remaining at 1.1% in 2027 before moderating slightly to 1.0% in 2028. By contrast, Türkiye's 2026 growth forecast has been revised downward by 0.8 percentage point relative to the January 2026 WEO to 3.4%, as weaker-than-expected growth in 2025 and higher oil and gas prices are expected to weigh on activity.

Key factors impacting Global Macroeconomic landscape

- Geopolitics continues to constitute a major source of global macroeconomic and business risk. The Russia–Ukraine war remains a persistent driver of instability, as Russia has intensified large-scale missile and drone attacks on Ukrainian cities and infrastructure, while Ukraine has stepped up strikes on Russian ports, refineries, and export infrastructure, reportedly contributing to a reduction in Russian oil output in April. The Israel–Iran–U.S. confrontation has emerged as the most significant near-term external shock to the global economy, with the IMF warning that disruptions to the Strait of Hormuz and regional energy infrastructure could materially weaken global growth and raise inflation; under its April 2026 reference forecast, global growth has been lowered to 3.1% and inflation raised to 4.4%, with materially worse outcomes under prolonged disruption scenarios. In parallel, the Pakistan–Afghanistan border conflict remains a significant regional flashpoint, although China-mediated talks are seeking to secure a ceasefire and reopen border crossings after months of cross-border attacks and trade disruption. At the same time, U.S. strategic activism continues to influence regional risk perceptions: Washington has removed sanctions on Venezuela's interim leadership and deepened engagement with Caracas, tensions over Greenland have re-emerged amid renewed U.S. rhetoric and ongoing diplomatic discussions with Denmark and Greenland, and U.S.–Nigeria security cooperation has continued to deepen in response to regional instability and counterterrorism concerns. In addition, resource nationalism and strategic competition over rare earths and other critical minerals have become increasingly operational concerns rather than distant strategic risks. The IEA's April 2026 assessment notes that demand for magnet rare earths has doubled since 2015 and is projected to increase by more than 30% by 2030, while supply chains remain highly concentrated, with China accounting for around 60% of mined output, more than 90%

of refining, and nearly 95% of permanent magnet production, thereby heightening global exposure to export controls, supply concentration, and industrial policy interventions

- The period of relatively frictionless trade supported by multilateral liberalisation and free trade agreements is increasingly giving way to regionalisation, nearshoring, friend-shoring, and diversification of production networks. Rising tariffs, policy uncertainty, and strategic realignment are creating a more fragmented trade environment and raising the premium on resilience over pure efficiency
- Technology adoption and sustainability have become core strategic priorities. Organizations are advancing digital transformation by embedding AI, automation, and cybersecurity into their operations to enhance productivity and safeguard critical assets. AI adoption is emerging as a visible driver of optimism, particularly within the information and communications sectors.

India Macroeconomic Analysis

India's economic growth outlook for 2025 has been revised upward by 1.0 percentage point from the October estimate to 7.6%, supported by stronger-than-expected performance in the second and third quarters of the fiscal year and sustained momentum in the fourth quarter. For 2026, the growth projection has been moderately increased by 0.3 percentage point (including a 0.1 percentage point upward revision from January) to 6.5%, primarily driven by the carryover effect of the strong 2025 performance and the reduction in additional U.S. tariffs on Indian goods from 50% to 10%, which more than offsets the adverse impact of the Middle East conflict. Growth is expected to remain steady at 6.5% in 2027. Across several South and Southeast Asian economies, disruptions linked to the Middle East conflict are anticipated to reduce tourism activity and remittance inflows, thereby weakening domestic demand and moderating overall economic performance.

Country	CY 2020	CY 2021	CY 2022	CY 2023	CY 2024	CY 2025	CY 2026 P	CY 2027 P	CY 2028P
India[1]	–5.8%	9.7%	7.6%	9.2%	6.5%	7.6%	6.5%	6.5%	6.5%
China	2.3%	8.6%	3.1%	5.4%	5.0%	5.0%	4.4%	4.0%	4.0%
United States	-2.2%	6.1%	2.5%	2.9%	2.8%	2.1%	2.3%	2.1%	2.1%
Japan	-4.2%	2.7%	0.9%	1.4%	-0.2%	1.2%	0.7%	0.6%	0.6%
United Kingdom	-10.3%	8.6%	4.8%	0.4%	1.1%	1.3%	0.8%	1.3%	1.6%
Russia	-2.7%	5.9%	-1.4%	4.1%	4.3%	1.0%	1.1%	1.1%	1.0%
Germany	-4.1%	3.9%	1.8%	-0.9%	-0.5%	0.2%	0.8%	1.2%	1.2%

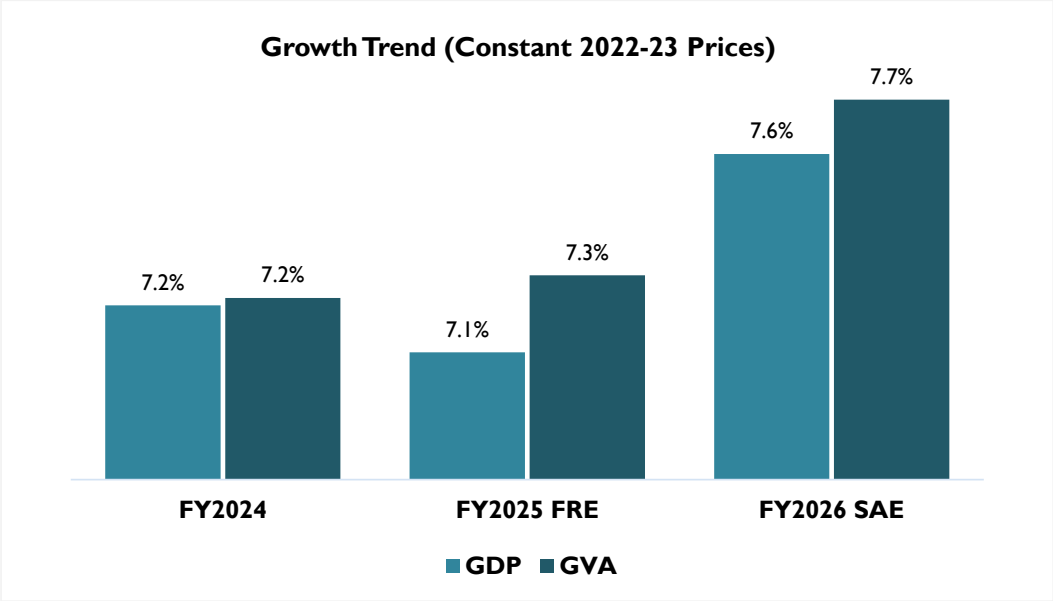
Source: World Economic Outlook, April 2026

Historical GDP and GVA Growth Trend

India Real GDP (GDP at constant prices) for FY 2025–26 is estimated to reach INR 322.58 lakh crore, compared to the First Revised Estimate (FRE) of INR 299.89 lakh crore for FY 2024–25. This represents a growth rate of 7.6% in 2025–26, higher than the 7.1% growth recorded in 2024–25.

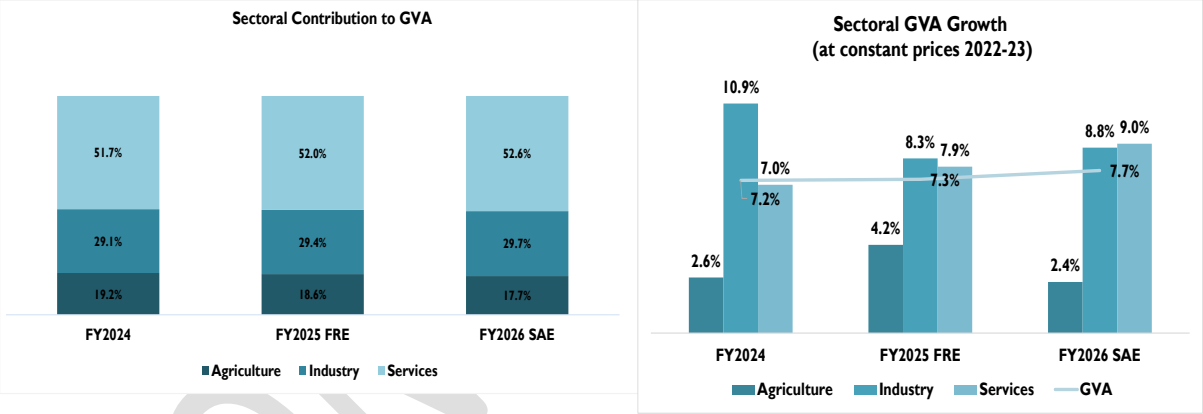
Similarly, Real GVA for FY 2025–26 is projected at INR 294.40 lakh crore, up from INR 273.36 lakh crore in FY 2024–25. This indicates a growth rate of 7.7%, compared with the 7.3% growth achieved in the previous year.

[1] For India, data and forecasts are presented on a fiscal year basis, and GDP from 2022 onward is based on GDP at market prices with fiscal year 2022/23 as a base year



Source: Ministry of Statistics & Programme Implementation (MOSPI), National Account Statistics: FY2025, FRE is First Revised Estimate, SAE is Second Advance Estimate

Sectoral Contribution to GVA and Annual Growth Trend



Source: Ministry of Statistics & Programme Implementation (MOSPI), CMIE Economics Outlook
FRE is First Revised Estimate, SAE is Second Advance Estimate

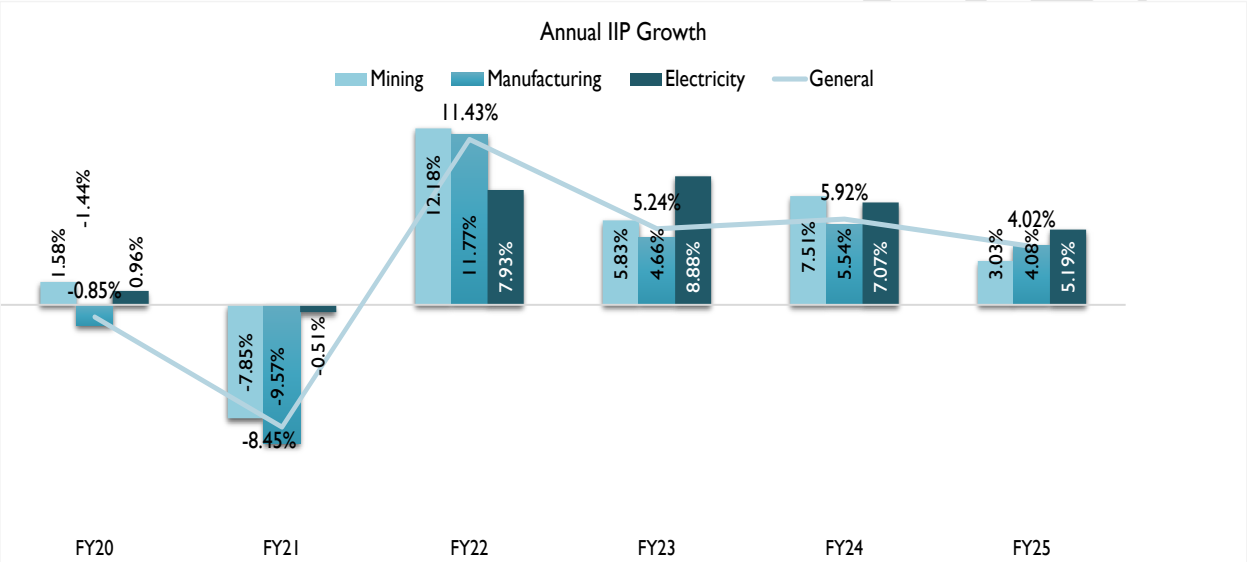
Sectoral analysis of GVA reveals that the industrial sector experienced steady growth momentum in FY 2026, recording a 7.7% y-o-y growth against 7.3% year-on-year growth in FY 2025. Within the industrial sector, growth moderated across sub-sectors with mining, and construction activities growing by 4.08%, and 7.08%, respectively in FY 2026, compared to 11.69%, and 7.30% in FY 2025. Growth in the utilities sector too moderated to 1.52% in FY 2026 from 2.87% in the previous year. The industrial sector's contribution to GVA increased marginally from 29.4% in FY 2025 to 29.7% in FY 2026.

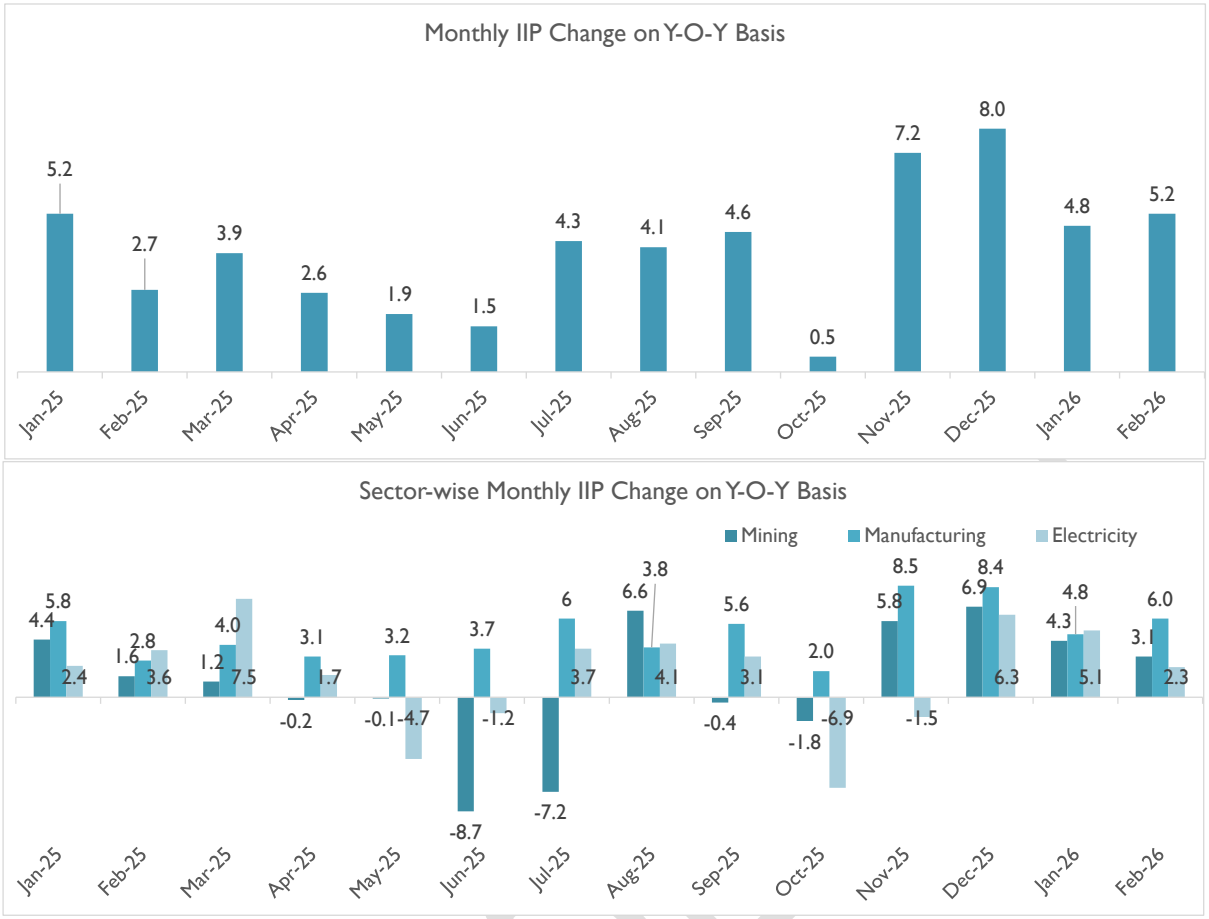
The services sector continued to be the main driver of economic growth. It expanded by 9.0% in FY 2026 from 7.9% in FY 2025. The services sector retained its position as the largest contributor to GVA, rising from 51.7% in FY 2024 to 52.0% in FY 2025, with a further increase to 52.6% in FY 2026.

The agriculture sector saw an acceleration in growth, increasing from 2.66% in FY 2024 to 4.18% in FY 2025, before moderating to 2.42% in FY 2026. However, its contribution to GVA declined marginally from 19.2% in FY 2024 to 17.7% in FY 2026. Overall, Gross Value Added (GVA) growth rose to 7.7% in FY 2026 from 7.3% in FY 2025.

Annual & Monthly IIP Growth

Industrial sector performance as measured by the IIP index exhibited moderation in FY 2025, recording a 4.02% y-o-y growth against 5.92% increase in the previous year. The manufacturing index showed moderation, increasing by 4.08% in FY 2025 compared with 5.54% in FY 2024. The mining sector index also moderated, growing 3.03% in FY 2025 compared with 7.51% in the previous year, while the Electricity sector index moderated by 5.19% in FY 2025 compared with 7.07% in the previous year.



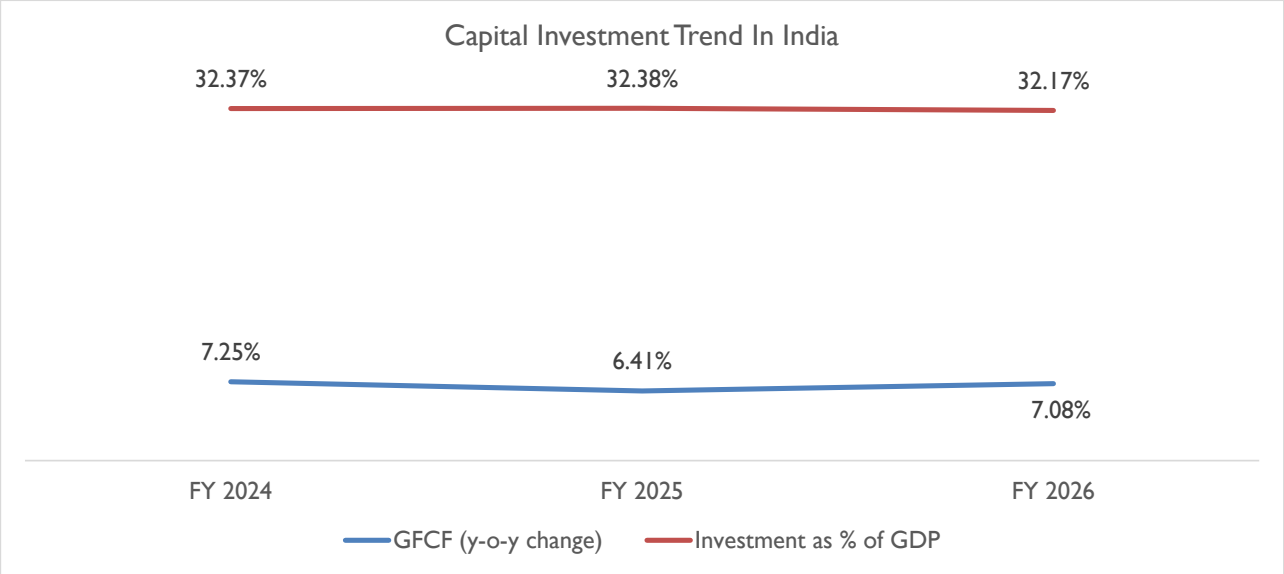


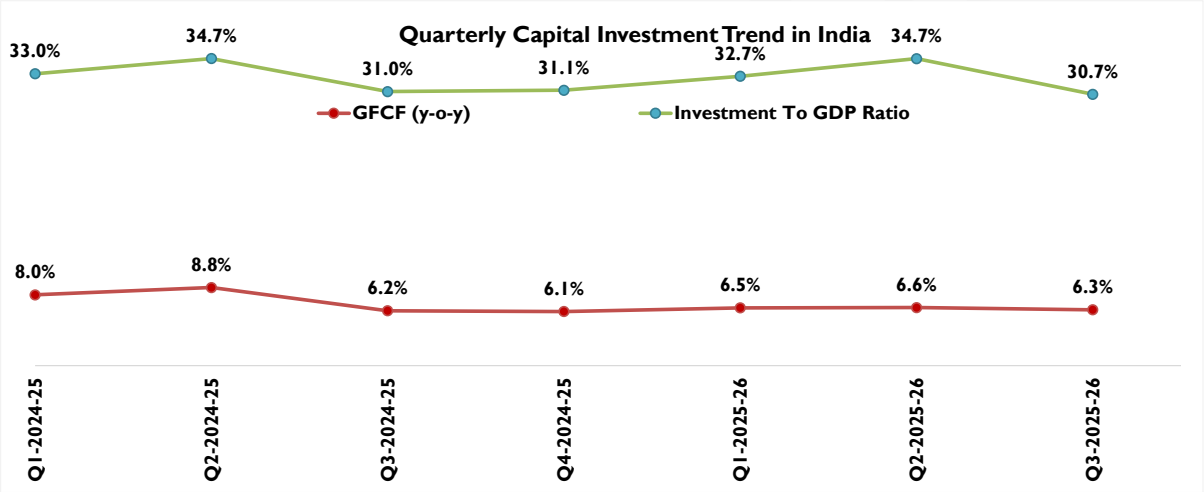
Source: Ministry of Statistics & Programme Implementation (MOSPI)

The IIP growth rate for the month of February 2026 is 5.2 percent which was 4.8 percent (Quick Estimate) in the month of January 2026. The growth rates of the three sectors, Mining, Manufacturing and Electricity for the month of February 2026 are 3.1 percent, 6.0 percent and 2.3 percent respectively.

Annual and Quarterly: Investment & Consumption Scenario

Other major indicators, such as Gross Fixed Capital Formation (GFCF), a measure of investment, increased during FY 2026, registering 7.08% year-on-year growth compared with 6.41% in FY 2025, bringing the GFCF-to-GDP ratio to 32.17%.

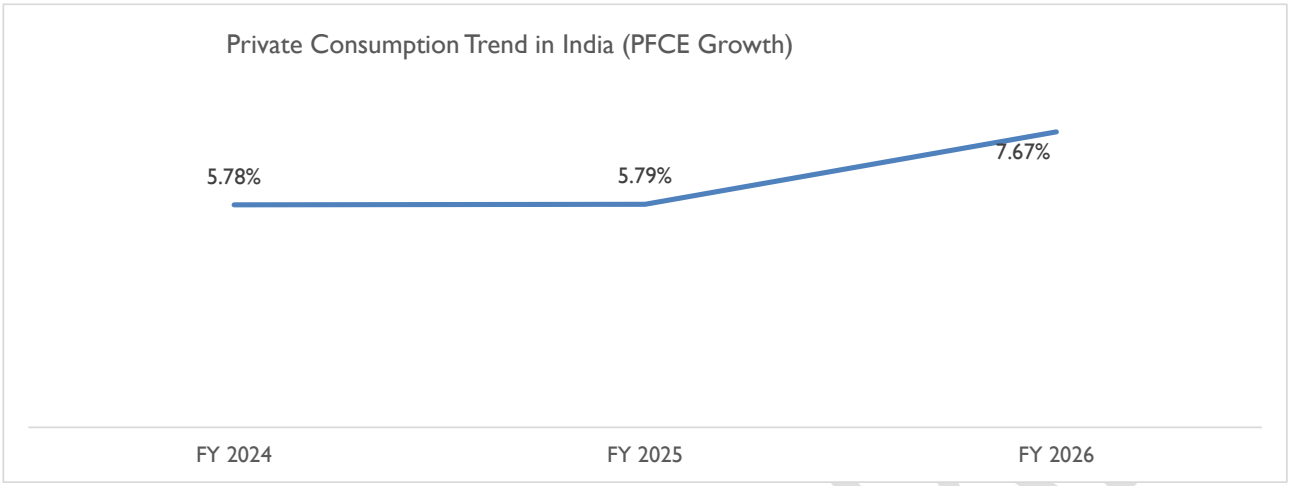


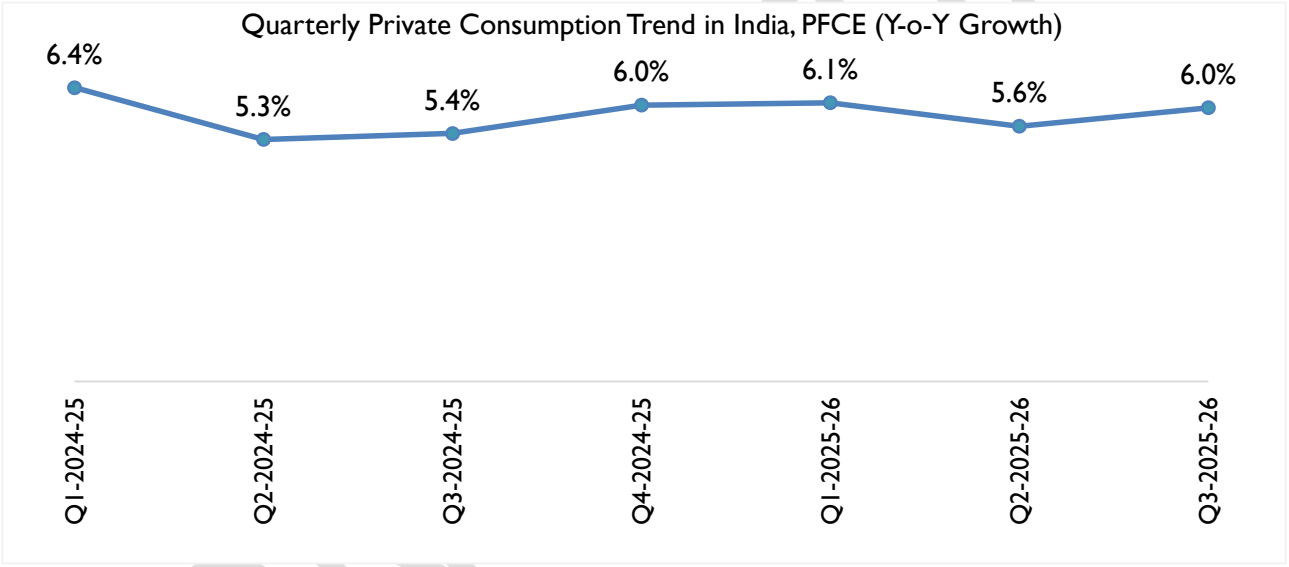


Source: Ministry of Statistics & Programme Implementation (MOSPI), CMIE Economics Outlook

On a quarterly basis, India's capital investment indicators display a pattern of moderate but uneven momentum. The Investment-to-GDP ratio remained above 30% throughout the period but shifted within a narrow and cyclical band—rising from 33.0% in Q1 FY 2024-25 to 34.7% in Q2, before softening to 31.0% and 31.1% in Q3 and Q4, respectively. The ratio recovered to 32.7% in Q1 FY 2025-26 and 34.7% in Q2, before easing to 30.7% in Q3, indicating fluctuating capital deployment across quarters. Meanwhile, GFCF (y-o-y) growth also exhibited volatility. After rising to 8.8% in Q2 FY 2024-25, growth moderated to 6.2% in Q3 and 6.1% in Q4, reflecting a deceleration in both government and private investment activity. Growth improved marginally to 6.5% in Q1 FY 2025-26 and 6.6% in Q2, but eased to 6.3% in Q3, signalling a plateauing in investment momentum. Overall, the data suggests that while investment levels remain healthy, quarterly volatility persists, underscoring the dependence on fiscal spending patterns and the still gradual recovery of private capital expenditure.

Private Consumption Scenario





Sources: MOSPI, CMIE Economics Outlook

Private Final Consumption Expenditure (PFCE), a practical proxy for household spending, recorded growth in FY 2026 relative to FY 2025. Quarterly Private Final Consumption Expenditure (PFCE) has reported 6.0% growth rate during Q3 of FY 2025-26 as compared to the 5.6% growth rate in the corresponding period of the previous financial year.

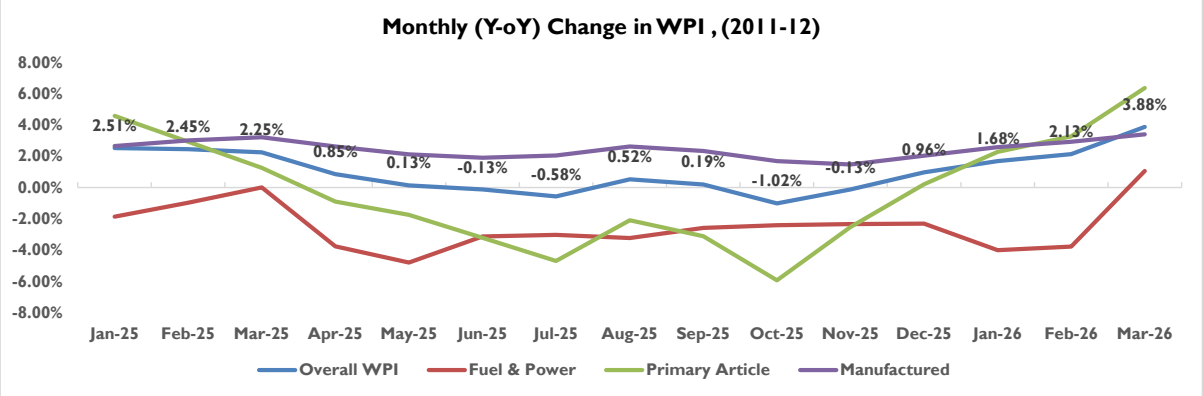
Inflation Scenario

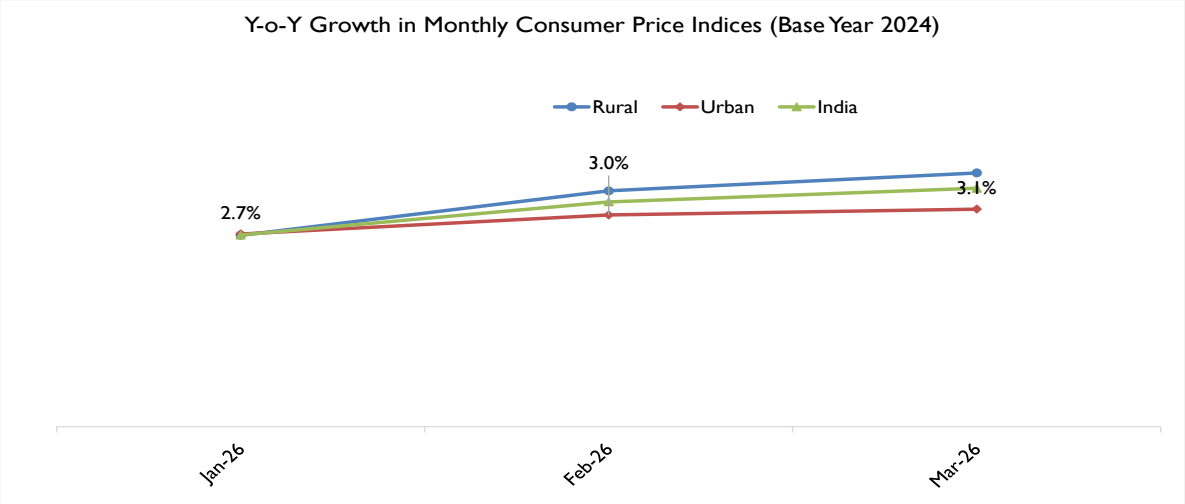
The annual rate of inflation based on All India Wholesale Price Index (WPI) number is 3.88% (provisional) for the month of March 2026 (over March 2025). Positive rate of inflation in March 2026 is primarily due to increase in prices of crude petroleum & natural gas, other manufacturing, non-food articles, manufacture of basic metals and food articles etc.

Primary Articles (Weight 22.62%): - The index for this major group increased by 2.28 % from 192.9 (provisional) for the month of February, 2026 to 197.3 (provisional) in March, 2026. The price of crude petroleum & natural gas (36.16 %) and minerals (0.12%) increased in March, 2026 as compared to February, 2026. The Price of food articles (- 0.85%) and non- food articles (-0.22 %) decreased in March, 2026 as compared to February, 2026.

Fuel & Power (Weight 13.15%): - The index for this major group increased by 4.13 % from 147.6 (provisional) for the month of February, 2026 to 153.7 (provisional) in March, 2026. The Price of mineral oils (8.77 %) increased in March, 2026 as compared to February, 2026. The Price of electricity (-5.07%) decreased in March, 2026 as compared to February, 2026.

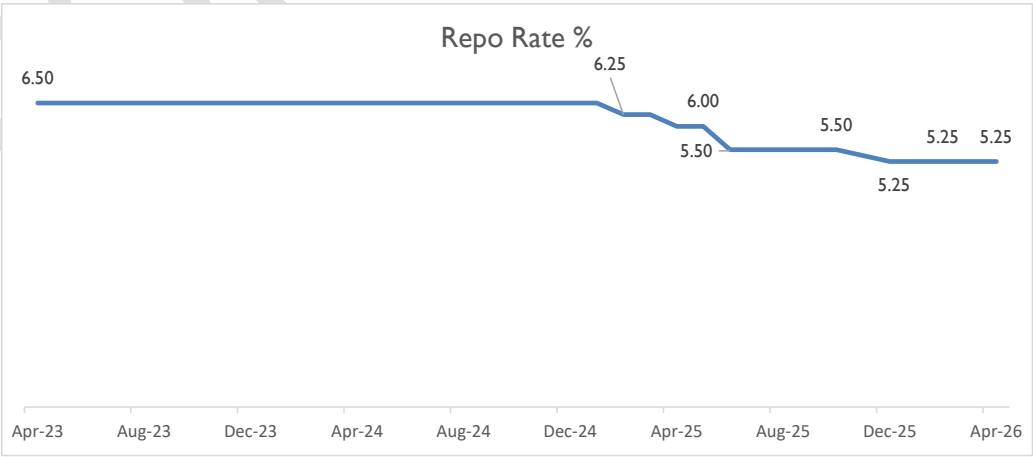
Manufactured Products (Weight 64.23%): - The index for this major group increased by 0.88 % from 148.2 (provisional) for the month of February, 2026 to 149.5 (provisional) in March, 2026. Out of the 22 NIC two-digit groups for manufactured products, 16 groups witnessed an increase in prices and 6 groups witnessed a decrease in prices. Some of the important groups that showed month-over-month increase in prices were manufacture of food products; chemicals and chemical products; basic metals; textiles and other manufacturing etc. some of the groups that witnessed a decrease in prices were manufacture of machinery and equipment; beverages; fabricated metal products, except machinery and equipment; computer, electronic and optical products and wearing apparel etc in march, 2026 as compared to February, 2026.





Source: MOSPI, Office of Economic Advisor

With effect from January 2026, the National Statistics Office (NSO) introduced a revised CPI series with base year 2024=100, drawing revised item weights from the Household Consumption Expenditure Survey (HCES) 2023-24. Year-on-year inflation rate based on All India Consumer Price Index (CPI) with base year 2024 for the month of March, 2026 over March, 2025 is 3.40%(Provisional). Corresponding inflation rates for rural and urban are 3.63% and 3.11%, respectively. On the monetary policy front, the RBI had cumulatively raised the repo rate by 250 basis points between May 2022 and February 2023, bringing it to 6.50%, where it was held steady through January 2025 to anchor inflationary expectations. With inflation moderating below target and growth requiring support, the RBI's Monetary Policy Committee (MPC) commenced an easing cycle in February 2025, delivering a cumulative 125 basis points of rate cuts through four reductions — 25 bps each in February 2025, April 2025, and December 2025, and a larger 50 bps cut in June 2025 — interspersed with pauses in August and October 2025. The repo rate currently stands at 5.25%, following the MPC's decision to hold rates unchanged at its April 2026 meeting.



Sources: CMIE Economic Outlook

Growth Outlook

The Union Budget 2026–27 sets out a quantitatively strong push to build resilient supply chains and develop next-generation industrial capacity. The record ₹12.2 trillion capital expenditure outlay is aimed at easing logistics bottlenecks and enhancing India's cost competitiveness. Employment measures extend across both urban and rural India in one sweep. In cities and large towns, capex is channelled into "connectors" such as the seven proposed high-speed rail corridors and upgraded Tier-2 and Tier-3 infrastructure, thereby creating construction, logistics, and service jobs while cutting commute times. In smaller towns and villages, job creation is expected to be supported by mega textile parks, the Mahatma Gandhi Gram Swaraj Initiative's push for khadi and handloom, training for tourist guides, and new waterways and coastal shipping. Together, these steps broaden the wage base instead of providing a short-term bump.

This domestic push is complemented by targeted measures to strengthen strategic supply chains. Dedicated rare earth corridors in Odisha, Kerala, Andhra Pradesh, and Tamil Nadu; customs exemptions for capital goods used in critical mineral processing and battery cells; and the India Semiconductor Mission 2.0 aim to pull manufacturing deeper into components and materials. If executed well, these measures could reduce import dependence in magnets, batteries, and chip inputs and lift the share of higher-productivity manufacturing jobs — thereby raising household incomes durably.

Alongside these domestic measures, India is also seeking to strengthen its external trade architecture through major trade agreements. The conclusion of the India–EU FTA negotiation marks a major strategic milestone, as it offers near-universal market access for 99.5% of India's exports by value and integrates India more deeply into a USD 24 trillion economic bloc. By providing duty-free entry for key labour-intensive sectors, expanding services access, and establishing a mobility framework for Indian professionals, the deal is expected to improve market access, support export competitiveness and high-value job creation. It is likely to promote a predictable, rules-based environment for long-term trade and investment flows.

In a similar vein, India–Oman Comprehensive Economic Partnership Agreement (CEPA)[2] has been framed as a comprehensive arrangement covering trade in goods and services, investment, professional mobility, and regulatory cooperation, with the objective of strengthening bilateral economic integration between India and Oman. Bilateral trade between the two countries stood at USD 10.61 billion in FY 2024–25, providing the economic basis for the agreement. Under the CEPA, India has secured 100% duty-free market access in Oman across 98.08% of tariff lines, covering 99.38% of India's export value, thereby improving export competitiveness across sectors such as engineering goods, pharmaceuticals, agriculture and processed food, electronics, textiles, plastics, and gems and jewellery. At the same time, India has adopted a calibrated liberalisation approach by offering tariff concessions on 77.79% of its tariff lines, covering 94.81% of imports

[2] https://www.pib.gov.in/PressReleasePage.aspx?PRID=2213203&reg=3&lang=1
The Comprehensive Economic Partnership Agreement (CEPA) between India and Oman marks a meaningful step forward in the economic relationship between the two countries. The agreement brings together trade in goods and services, investment, professional mobility, and regulatory cooperation under a single, coherent framework aimed at deepening bilateral economic integration.

from Oman by value, while retaining safeguards for sensitive domestic sectors. The agreement also provides gains in services, with Oman undertaking commitments across 127 services sub-sectors, alongside improved provisions for professional mobility, including an increase in the Intra-Corporate Transferee ceiling from 20% to 50% and commitments for a defined category of Indian professionals. Overall, the CEPA is presented as a framework intended to support trade expansion, improve market access, and strengthen long-term economic cooperation between India and Oman.

However, these gains remain exposed to external geopolitical risks. The escalation of the Middle East crisis represents an external shock for India, transmitted primarily through energy markets, logistics, and trade-linked business exposure. The Gulf–Levant 11[3] (GL 11) economies account for around 15% of India's merchandise exports and 21% of its imports, with trade concentrated in high-value categories such as mineral fuels, precious metals, and electronics; disruptions in this region therefore have an outsized impact despite its modest share of global GDP.

Export exposure is unevenly distributed across India, with risks concentrated in specific districts that serve as production hubs. Discretionary exporters, such as gems and jewellery firms in the districts of Surat, Jaipur, and Mumbai; apparel manufacturers in Tiruppur; automotive producers in Ahmedabad; and electronics assemblers in Kanchipuram and Kolar, are vulnerable to demand slowdown and order deferrals in Gulf markets.

At the same time, Perishable agricultural exporters, including grapes from Nashik, bananas from Solapur, and bovine meat from Ghaziabad, face acute risks from shipping delays and logistics disruptions. Dun & Bradstreet data show that over 4,500 Indian exporters and around 1,800 importers relied on the Strait of Hormuz trade route in 2025, exposing them to working capital stress, payment delays, and production interruptions, while, for import-dependent industries, delays in critical inputs raise the risk of temporary shutdowns and sustained energy price volatility amplifies margin pressure across manufacturing and services.

[3] For the purposes of this report, the analysis is confined to a defined group of countries referred to as the Gulf–Levant 11 (GL-11). This group comprises Bahrain, Iran, Iraq, Israel Jordan, Kuwait, Lebanon, Oman, Qatar, Saudi Arabia, and the United Arab Emirates. These economies are treated collectively because they are either directly involved in, or immediately exposed to, the current crisis through geographic proximity, security linkages, energy production and transit, or their role as regional trade and financial hubs

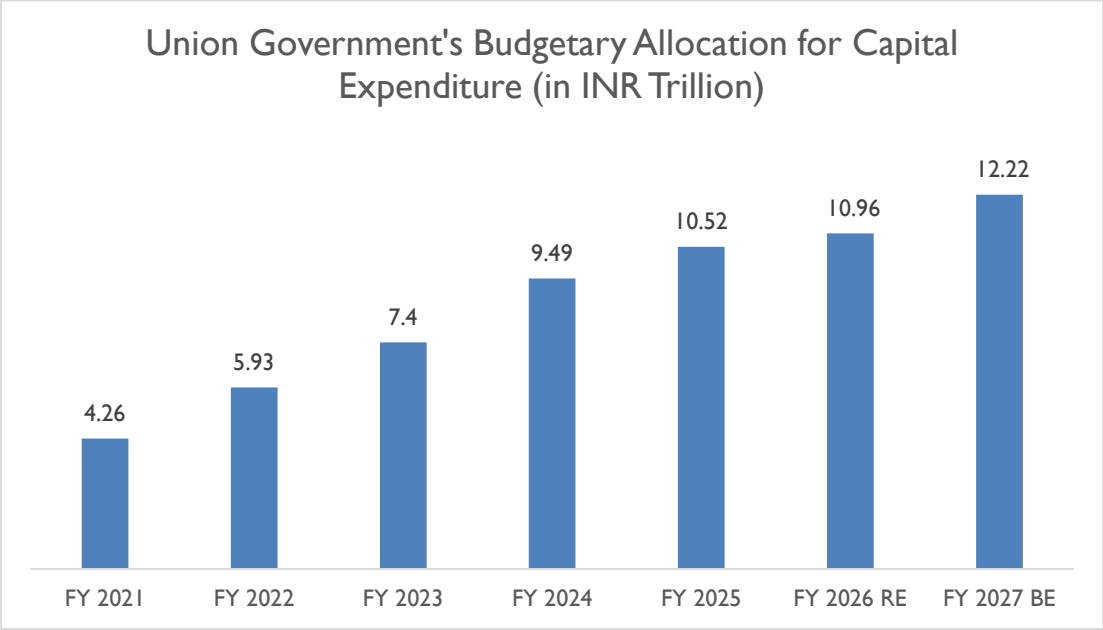
Key Growth/Demographic Drivers for Economic Growth

Government focus on infrastructure development

The infrastructure sector has received a strong boost in Budget FY'27, marked by a record INR 12.2 trn[4] public capital expenditure allocation, reinforcing the government's focus on making assets more efficient and sustainable. The introduction of the landmark Infrastructure Risk Guarantee Fund aims to provide partial credit guarantees to lenders and revitalise private sector participation in large-scale projects. By lowering project risk premiums and easing borrowing costs, this mechanism is likely to help crowd in private capital and accelerate construction phase financing across the sector. The transport and logistics sector, in particular, will buoy infrastructure growth. Railways have received a substantial boost in allocation, which will help support the planned development of seven new high-speed rail corridors and a Dankuni-Surat DFC[5], which aims to cut logistics costs and improve national connectivity. Moreover, the rollout of 20 new National Waterways, new ship repair hubs and a scheme to double the share of coastal and inland water transport from 6.0% to 12.0% by 2047[6] will together build a greener, more efficient multimodal freight network. Urban transformation continues through targeted development of Tier-2 and Tier-3 cities – with populations over 0.5mn – alongside the creation of City Economic Regions, each supported by multi-year, challenge-based financing to establish new growth hubs and reduce pressure on metros. A broader ecosystem of reforms strengthens medium-term sector prospects. The government aims to scale domestic construction and infrastructure equipment manufacturing, reducing import dependence and improving execution capability in tunnelling, metro construction and road building machinery. The monetisation of CPSE assets will be accelerated through dedicated REIT[7] structures, helping unlock liquidity for redevelopment and new project pipelines. Additional support flows through region-specific initiatives, such as industrial corridor expansion, and tourism development in cultural and Buddhist heritage zones will further reinforce construction demand.

Together, these measures will strengthen India's infrastructure ecosystem through higher public investment, improved risk mitigation tools and wider multimodal connectivity – creating a constructive environment for sustained growth in construction, logistics and urban development.

[4] https://www.pib.gov.in/PressReleasePage.aspx?PRID=2222521&reg=3&lang=1#:~:text=Reinforcing%20the%20role%20of%20public,productive%20capacity%20across%20the%20economy.
[5] https://prsindia.org/budgets/parliament/demand-for-grants-2026-27-analysis-railways
[6] https://www.pib.gov.in/PressReleasePage.aspx?PRID=2221817&reg=3&lang=1
[7] https://www.hindustantimes.com/real-estate/budget-2026-eyes-dedicated-reits-for-cpse-asset-monetisation-what-it-means-for-investors-101769942312710.html#google_vignette



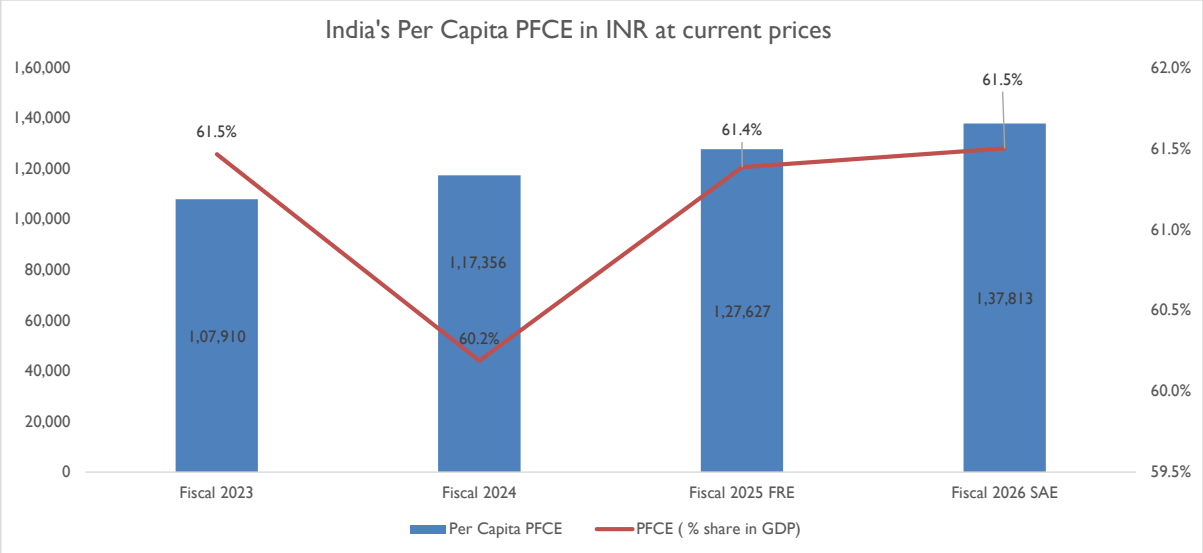
Union Budget, Government of India
Note: BE (Budget Estimates) and RE (Revised Estimates)

Development of Domestic Manufacturing Capability

The Government launched the Production Linked Incentive (PLI) scheme in early 2020, initially aimed at improving domestic manufacturing capability in large-scale electronic manufacturing and gradually extended to other sectors. At present it covers 14 sectors, ranging from medical devices to solar PV modules. The PLI scheme provides incentives to companies on incremental sales of products manufactured in India. This incentive structure is aimed at attracting private investment into setting up manufacturing units and thereby strengthening domestic production capabilities. The overall incentive outlay earmarked for the PLI scheme is estimated to be INR 2 trillion. If fully realised, the PLI scheme could add nearly 4% to annual GDP growth, by way of incremental revenue generated from the newly formed manufacturing units.

Strong Domestic Demand

Domestic demand has traditionally been one of the key drivers of the Indian economy. After a brief lull caused by the Covid-19, domestic demand is recovering. Consumer Confidence surveys by the Reserve Bank and other institutions point to an improvement in the Consumer Confidence Index, which is a precursor of improving demand. India has a strong middle-class segment, which has been the major driver of domestic demand. Factors like fast paced urbanization and improving income scenario in rural markets are expected to accelerate domestic demand further. This revival is reflecting in the private final consumption expenditure (PFCE) metric. The PFCE at current prices is on steady rise from FY 2022 onwards. Between FY 2015 and FY 2026, PFCE in India increased by nearly 2.5 times. Its share in GDP also increased from 58.1% to about 61.5% in FY 2026 (as per the first advance estimates).



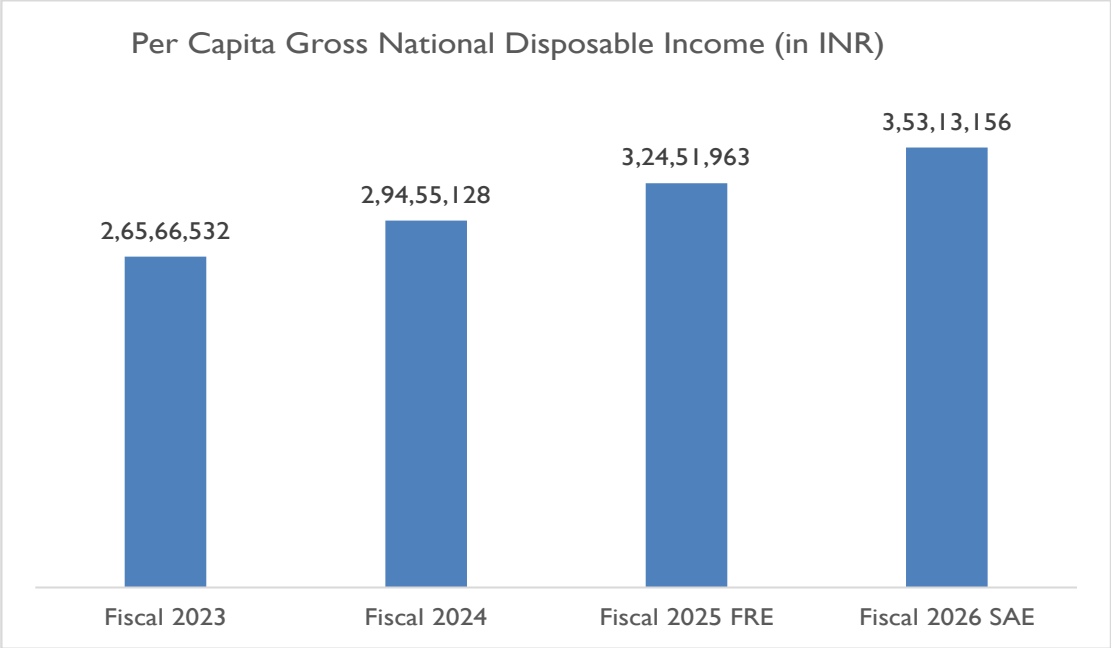
Source: Ministry of Statistics & Programme Implementation (MOSPI)

FRE is First Revised Estimate, SAE is Second Advance Estimate

There are two factors driving this domestic demand: first, the large pool of consumers; and second, the improvement in purchasing power.

- The share of middle class increased from nearly 14% in 2005 to nearly 30% in 2021 and is expected to cross 60% by 2047 [8]. This expanding middle class household segment is fuelling India's growth story and would continue to play a key role in propelling India's economic growth.
- Consumer-driven domestic demand is majorly fuelled by this growth in per capita income. As per National Statistics Office (NSO), India's per capita net national income (at constant prices) stood at INR 1,37,813 per person in FY 2026 against INR 1,27,627 per person in FY 2025 and INR 76,379 in FY 2018. This increase in per capita income has impacted the purchasing pattern as well as disposable income. The Gross National Disposable Income during FY 2023-26 has increased from INR 2,65,66,532 to INR 3,53,13,156.

[8] As per the survey conducted by People Research on India's Consumer Economy. Households with annual income in the range of INR 5 – 30 lakh are considered as middle-class households.

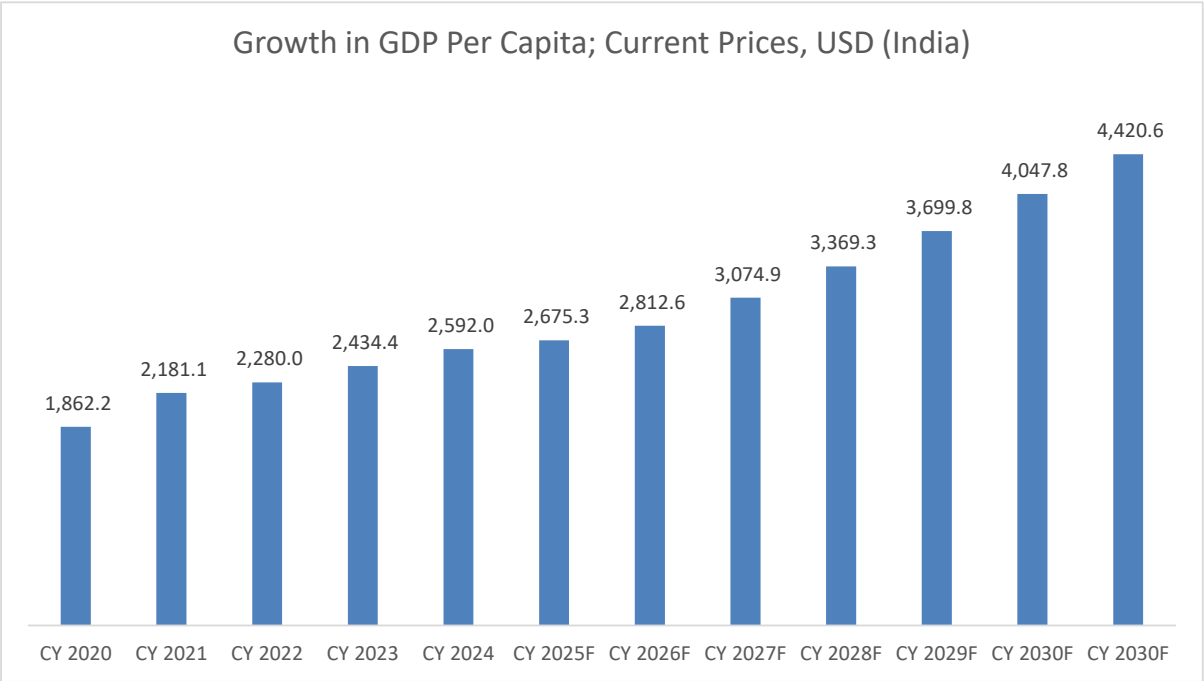


Source: Ministry of Statistics & Programme Implementation (MOSPI)
FRE is First Revised Estimate, SAE is Second Advance Estimate

India's Per Capita GDP Trends

India is poised to become the world's third-largest economy with a projected GDP of USD 5 trillion within the next three years, driven by ongoing reforms. As one of the fastest-growing major economies, India currently holds the position of the fifth-largest economy globally, following the US, China, Japan, and Germany. By 2027-28, it is anticipated that India will surpass both Germany and Japan, reaching the third-largest spot. This growth is bolstered by a surge in foreign investments and a wave of new trade agreements with India's burgeoning market of 1.4 billion people. The aviation industry is witnessing unprecedented orders, global electronics manufacturers are expanding their production capabilities, and suppliers traditionally concentrated in southern China's manufacturing hubs are now shifting towards India.

To achieve its vision of becoming the world's third-largest economy by 2027-28, India will need to implement transformative industrial and governmental policies. These policies will be crucial for sustaining the consistent growth of the nation's per capita GDP over the long term.

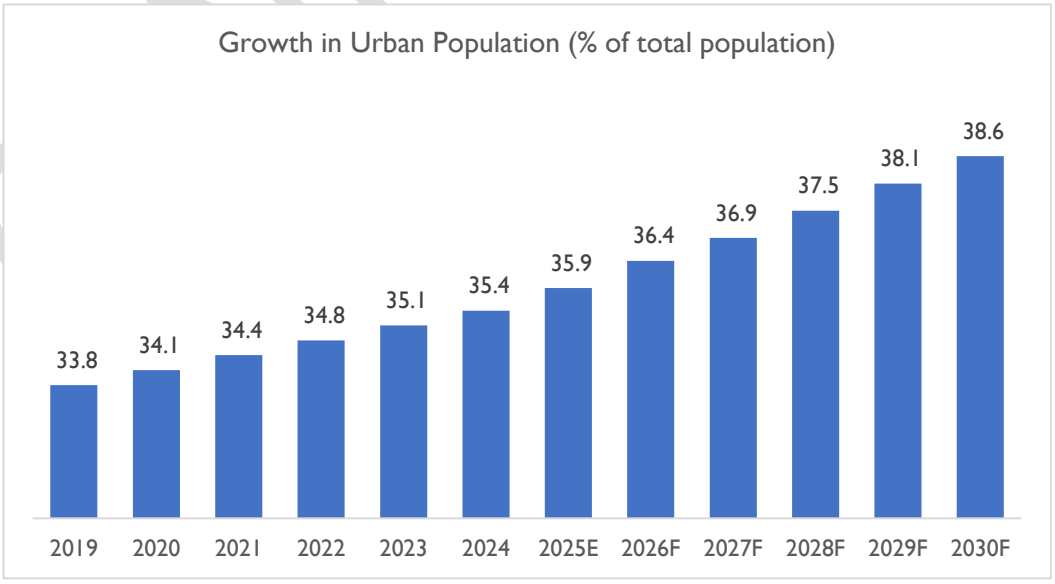


Source: IMF

From CY 2024 to CY 2031, India's per capita GDP is projected to grow at a compound annual growth rate of 7.9%. This growth will be driven by the service sector, which now accounts for over 50% of India's GDP, marking a significant shift from agriculture to services.

Increasing Urbanization

As per the Handbook of Urban Statistics 2022, India's urban population has been on a steady rise. Urban dwellers accounted for over 469 million in 2021 and are projected to rise to over 558 million by 2031 and further exceed 600 million by 2036.



Source: World Bank, [9] Dun & Bradstreet Research and Estimates

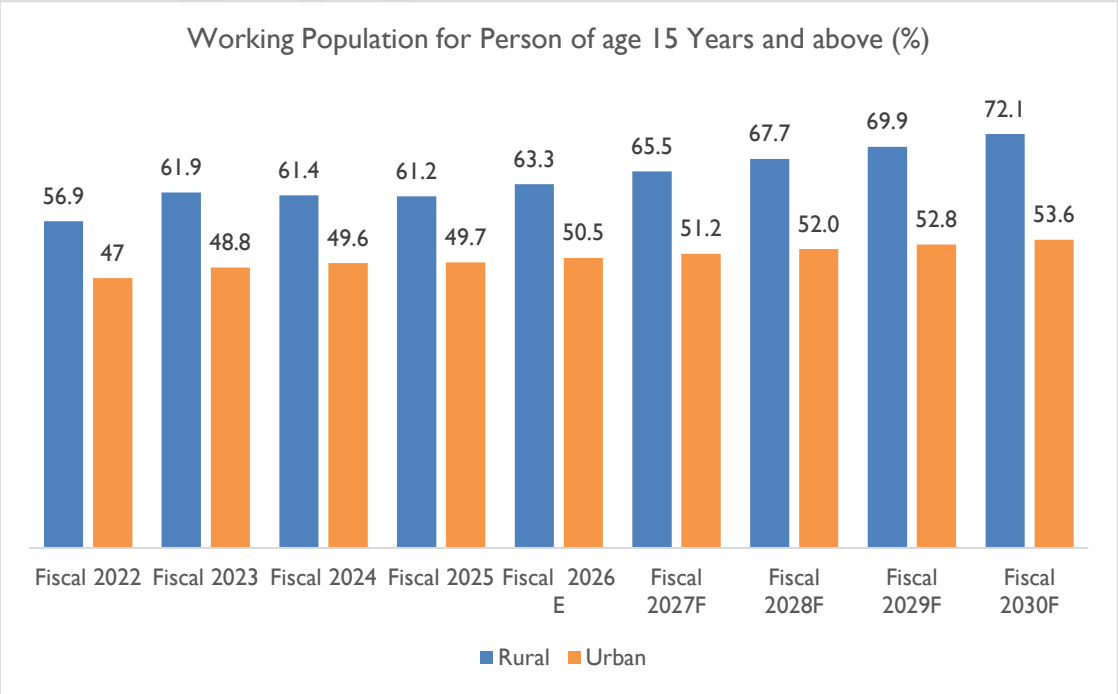
[9] https://data.worldbank.org/indicator/SP.URB.TOTL.IN.ZS?end=2022&locations=IN&skipRedirection=true&start=1960&view=chart

The share of urban population in total population has been rising steadily. In 2019, 33.81% of the total population was urban. By 2025, it had reached 35.9%, showing an increase over a span of five years of about 2.10%. The share of urban population is further forecasted to cross 38.6% by 2030. This increase in urban population is set to demand drastic changes in infrastructure development. Cities are a major driver for the construction industry. With cities expanding rapidly, there will be an increased need for improved housing, water supply, sewage systems, and electricity. Urban planning will need to account for higher population densities, necessitating the development of smart cities with integrated technology for efficient management of resources and services. The Smart Cities Mission targeted at 100 cities is aimed at improving the quality of life through modernised, technology-driven urban planning. This transformation will also require significant investment in public health, education, and recreational facilities to enhance the quality of urban living. The surge in urban population will also propel demand for improvement in multimodal transport infrastructure for freight and passenger travel requirements.

Rural vs. Urban Working Population by Age Group

As India continues to experience economic growth and development, the working population in both rural and urban areas is increasing. In the case of the urban population, this growth is reflected in the increase from a share of 47% in FY22 to 49.7% in FY25, whereas in rural areas, it grew from 56.9% in FY22 to 61.2% in FY25.

This growth is driven by a combination of factors, including demographic changes, economic policies, and the expansion of various industries. The rise in employment opportunities across sectors such as agriculture, manufacturing, services, and information technology has contributed to the overall increase in the working population, thereby fostering economic stability and enhancing the standard of living for many Indians.



Source: Periodic Labour Force Survey (PLFS) Annual Report, Dun & Bradstreet Research and Estimates

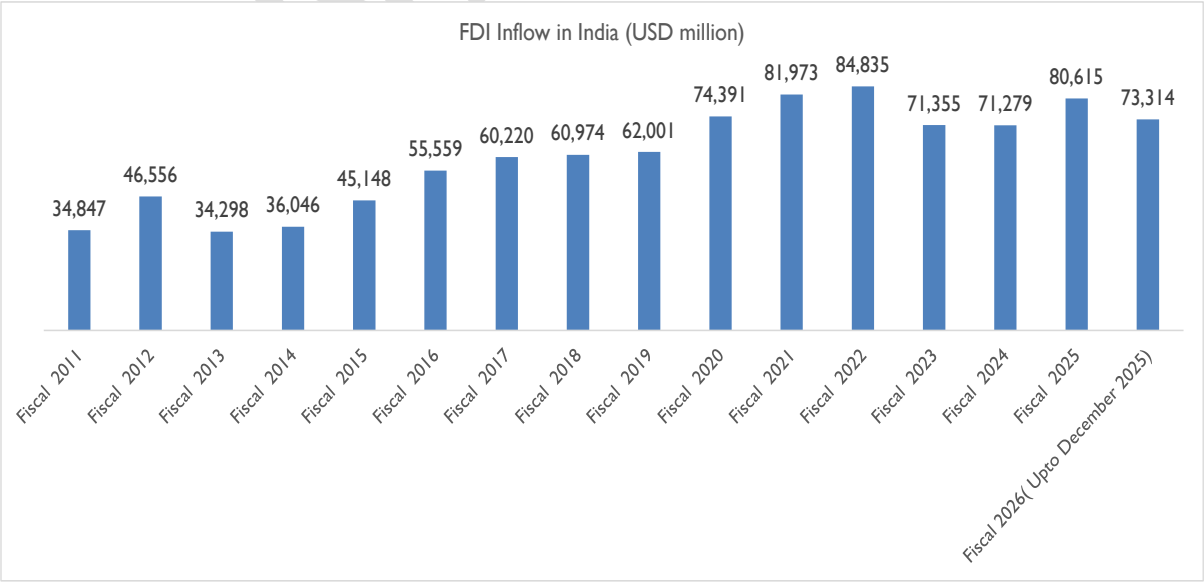
Note: 2025 refers to the period January 2025 – December 2025 and likewise for 2024, 2023 and 2022

In urban areas, the working population is growing rapidly due to the proliferation of jobs in sectors like IT, finance, retail, and healthcare. Additionally, the development of infrastructure, such as improved transportation networks and housing, has made urban centers more accessible and desirable for the working population. In rural areas, the working population remains substantial, primarily due to the dominance of the agricultural sector. Government initiatives aimed at rural development, such as improved access to education and skill development programs, have also played a crucial role in enhancing employment prospects in these regions.

The dominance of the rural working population over its urban counterpart can be attributed to the labour-intensive nature of the agricultural sector, which ensures a consistent demand for human labor despite advancements in mechanization, sustaining employment rates in rural areas.

Foreign Direct Investment Trend in India

FDI inflows in India observed a steady increase from FY 2013 to FY 2022 while it witnessed a decline of 15% in FY 2023 and a decline of 0.1% in FY 2024 due to several factors, including the ongoing conflict between Russia and Ukraine, changes in US monetary policy, and other global uncertainties. However, the country has received substantial FDI inflows from April 2000 to December 2024. This increasing FDI can be attributed to the new investment facilitation measures like the National Single-Window System (NSWS), which streamlines the approval and clearance process for investors, entrepreneurs, and businesses, along with sectoral measures and PLI schemes, supporting growth prospects in tier-2 and tier-3 cities. Further, tax compliance for startups and foreign investors has been simplified and the Income Tax Act, 1961, was amended in 2024 to abolish angel tax and to reduce income tax rate chargeable on income of a foreign company.



Sources: Department for Promotion of Industry and Internal Trade

Overview of Indian Textile Industry

The Indian textile industry encompasses the production of fibres, yarns, fabrics, and finished textile products such as garments and home furnishings, covering the entire value chain from raw material processing to final consumption. It is one of the most significant sectors of the country's economy, playing a vital role in industrial development, employment generation, and export performance. The sector contributes nearly 2.3% to India's Gross Domestic Product (GDP), accounts for approximately 13% of overall industrial production, and contributes around 12% to total export earnings. It is also one of the largest employment generators in the country, providing livelihoods to nearly 45 million people across its diverse value chain.

The industry is characterized by a diversified fibre base, comprising both natural fibres and man-made fibres (MMF). The natural fibre segment includes cotton, jute, silk, wool, coir, and flax, with cotton being the most dominant. On the other hand, man-made fibres are broadly classified into cellulosic and non-cellulosic categories. Cellulosic fibres, derived from natural cellulose sources such as cotton and wood pulp, include rayon (viscose), acetate, and triacetate. Non-cellulosic fibres are produced through petrochemical processes and include polyester, acrylic, olefin, nylon, and spandex.

India's textile sector has developed strong manufacturing capabilities, enabling it to cater to both growing domestic demand and international markets. The country has established itself as the second-largest producer of textiles and garments globally and the sixth-largest exporter of apparel and clothing[10]. In the ready-made garment (RMG) segment, India commands close to 4% share in global trade, while the segment itself contributes nearly 45% of the total textile exports from the country.

In addition, India is one of the leading manufacturers of synthetic yarns globally. The segment has witnessed significant investments over the years, resulting in the production of a wide range of yarn products. The growth of this segment has been further supported by the presence of a well-developed petrochemical industry, which ensures the availability of key raw materials, thereby strengthening the overall textile manufacturing ecosystem.

[10] UN Comtrade

Textile Manufacturing Value Chain

Stages in Textile Manufacturing	
Raw Material	**Natural Fibres**: India is one of the world's largest producers of cotton and jute, which are fundamental to the textile industry. The cultivation practices of these fibres directly impact the quality and sustainability of the raw materials. **Synthetic Fibres**: Man-made fibres, supplied by the petrochemical industry, have gained prominence since the mid-20th century. These fibres are crucial for producing a wide range of textile products, including easy-care clothing and furnishings.
Spinning	The spinning stage involves converting raw fibres into yarn. This process is pivotal as it determines the quality and characteristics of the yarn, influencing the final textile product. India boasts a robust spinning sector that integrates both natural and synthetic fibres, catering to a wide array of market demands.
Weaving & Knitting	**Weaving:** This process involves interlacing yarns to create fabric. India has a significant number of weaving units, although challenges related to quality and cost often result in the importation of woven fabrics. **Knitting:** The knitting sector in India is more integrated, with many facilities capable of producing finished garments directly from yarn. This segment has experienced substantial growth, with local production meeting a significant portion of domestic demand.
Fabric Processing	After fabric creation, it undergoes various treatments such as dyeing, printing, and finishing to enhance its properties. This stage is crucial for adding value to the fabric, making it suitable for the final product market. The processing sector plays an essential role in ensuring the fabric meets consumer expectations in terms of quality and aesthetics.
Apparel Manufacturing	The final stage of the value chain involves converting fabric into finished garments. India's apparel manufacturing sector is diverse, ranging from traditional handloom products to modern, mass-produced clothing. This segment is labour-intensive, employing millions and serving as a vital component of the economy.

Cotton Spinning

Cotton fibre is converted into textile products through a two-stage manufacturing process. The first phase involves conversion of raw cotton fibre to yarn through the spinning process and the second process involves converting the cotton yarn to fabric through weaving process. It needs to be noted that these two phases are broad classifications which also includes other activities such as mixing, carding, combing, drawing, rowing, warping, and finishing. But spinning and weaving form the core of cotton fabric production.

Ring frame spinning / ring spinning, and open-ended spinning are two of the spinning processes deployed in Indian cotton spinning sector. Ring spinning uses spindles while open-ended spinning uses rotors to convert cotton fibre into yarn. Among the two processes, open-ended spinning is technically superior and open-ended rotors are 4 to 8 times faster than spindles in producing cotton yarn.

Ring Spinning	Open End Spinning
Ideal for spinning finer cotton yarns	Three to five times faster than ring spinning
Suitable for producing comber yarn	Ideal for manufacturing carded yarn (coarser)
Suitable method for all staple fibres	Not suitable for spinning manmade fibre (except rayon)
Yarn produced through ring spinning can be used for a wide variety of applications	Open end spun cotton yarn ideal for heavier fabrics like denims, towels and poplins[11]

Open Ended Spinning

The faster production rate and higher yield were the initial attributes that popularized the open-end spinning technique. Moreover, open end spinning mills are better suited for process automation, which is expected to become a mainstay in the textile industry. Additionally, open end spinning process also eliminates the need for rowing and winding process. These attributes, along with higher yield, have led to the popularity of open-end spinning mills, leading to the creation of open-end spinning hubs, the largest of which is concentrated in Tamil Nadu.

Of late, open-end spinning mills have been gaining prominence because of its superiority in manufacturing yarn from cotton waste. With sustainable production practices gaining momentum across the country, the popularity of open-end spinning mills has gone. Initially, these mills used cotton waste which was then

[11] Plain weave cotton fabric with a strong, silky and lustrous surface. Poplin is commonly used to manufacture men's & women's shirts, women dresses, sportswear and raincoats

converted to yarn. However, the increase in the price of cotton have forced these mills to explore other recyclable materials.

Ring Frame Spinning

Ring spinning is the oldest of spinning processes to convert fibres to make a yarn. The ring spinning frame, commonly called the ring, is the conventional spinning system and it transforms the roving from the roving frame into spun yarn using the operations of drawing, twisting and winding. The ring spinning machine is capable of simultaneously twist staple fibres into yarn and then wind it onto bobbins for storage. The technology provides the widest range in terms of the yarn counts it can produce. It is used to product produce high quality spun yarn ranging from fine (60 Ne, 10 tex) to medium count (30 Ne, 20 tex) range, with a small amount produced in the coarse count (10 Ne, 60 tex) range. End uses include high-quality underwear, shirting, towels. However, ring spinning is a comparatively expensive process because of its slower production speeds and the additional processes (roving and winding) required for producing ring spun yarns.

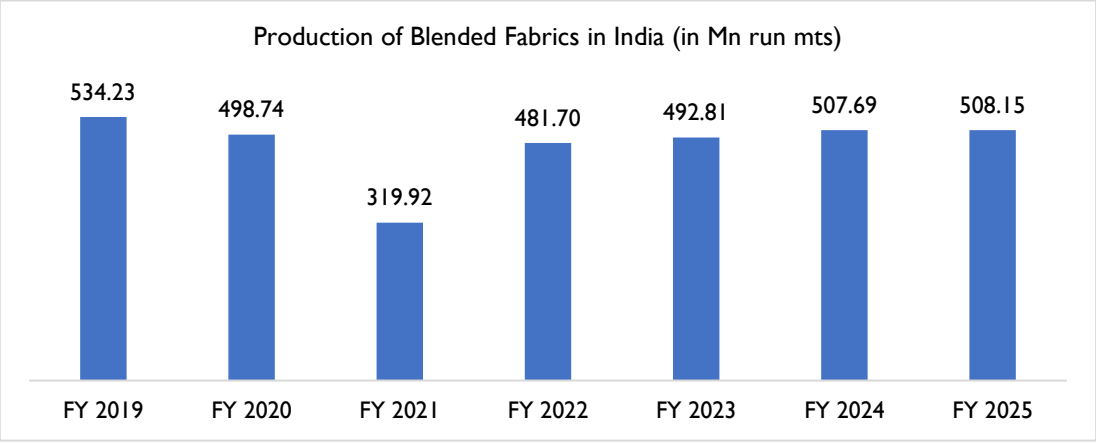
Current Scenario

The Indian textile and apparel industry is currently valued at around USD 174 billion as of FY 2024, with strong growth driven by domestic consumption and exports. The sector contributes approximately 2.3% to India's GDP, 13% to industrial production, and 12% to total exports, highlighting its significant role in the economy. India is the world's sixth-largest exporter of textiles and apparel, recording USD 37.75 billion in exports in FY2025, reflecting its strong presence in global trade. Furthermore, the Indian textile and apparel market has reached USD 185.6 billion in FY 2025, reflecting a 7.0% year-on-year growth from the previous year.

The country is one of the largest cotton producers globally, contributing around 24% of global cotton production, and has the largest area under cotton cultivation, accounting for nearly 40% of global acreage. India is also the second-largest producer and consumer of cotton, supported by strong domestic demand from its textile industry. The cotton sector plays a crucial socio-economic role, supporting the livelihoods of millions of farmers and workers across cultivation, processing, and trade activities.

The industry is the second-largest employment generator after agriculture, providing direct employment to over 45 million people, with a large share of production concentrated in MSME clusters. Supported by government initiatives such as PM MITRA Parks, Production Linked Incentive (PLI) Scheme, and the National Technical Textiles Mission, the sector is witnessing steady growth and increasing investments. Overall, with strong raw material availability, a large domestic market, and sustained policy support, India continues to strengthen its position as a key global hub for textile manufacturing and exports.

The total annual production of fabric (comprising of cotton woven fabrics and polyester/viscose blended fabric) in India is estimated to be nearly 508.15 million running meters[12] in FY 2025. Between FY 2021-25, the production has increased at 12.3% CAGR, indicating a positive trend.



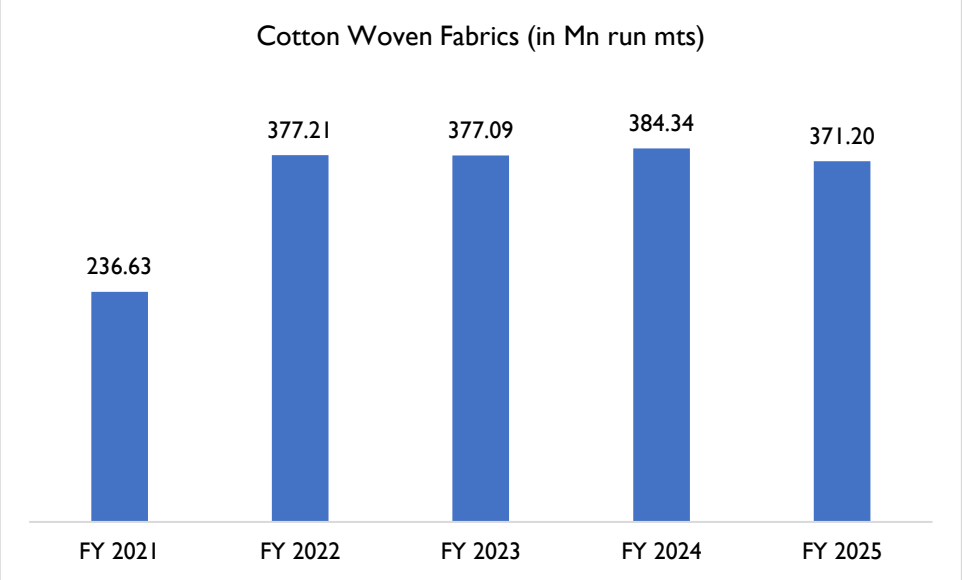
Source: CMIE Industry Outlook (sourced from Central Statistics Office Data)

[12] Specialized unit of measurement used in textile industry. It refers to the length of continuous material or fabric that is typically uncut or unaltered.

Cotton Yarn & Textiles

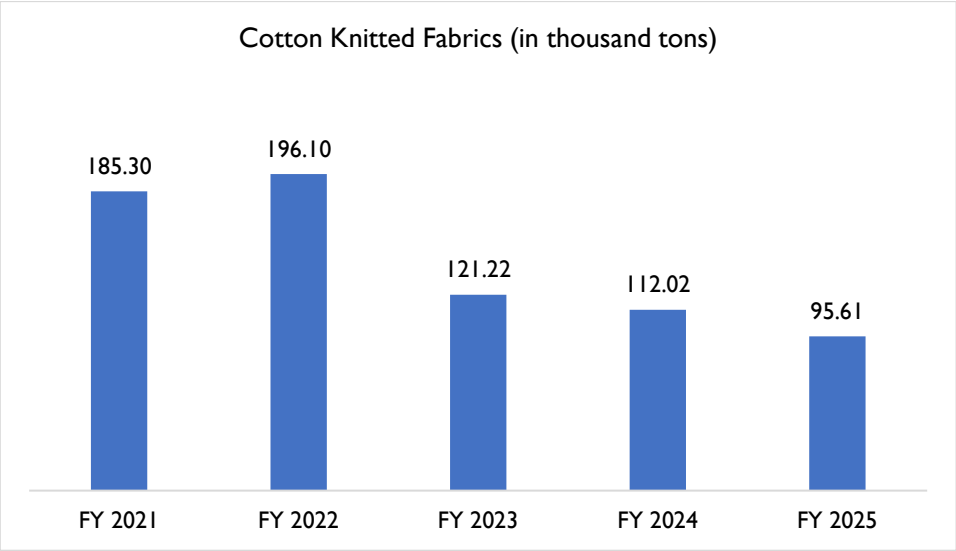
India is one of the largest consumers and producers of cotton, with one of the highest acreages of around 12–12.5 million hectares, accounting for a significant share of the global area under cotton cultivation. Annual production of cotton in the country reached approximately 323–325 lakh bales (with each bale weighing around 170 kgs) in FY 2024. Production is estimated at around 320.50 lakh bales for FY 2025–26, indicating a marginal decline due to factors such as adverse weather conditions, including excessive rainfall in key growing regions.[13]

This dominance in cotton production has naturally given India an edge in global cotton yarn and cotton textile production. The total annual production of cotton woven fabrics in India is 371.20 million run meters in FY 2025 while the production of knitted cotton fabrics during the same year reached 95.61 thousand tons. Production volume of both cotton woven textiles & knitted fabrics have dipped in the recent years, primarily due to the challenges in adequate cotton availability.



Source: CMIE Database

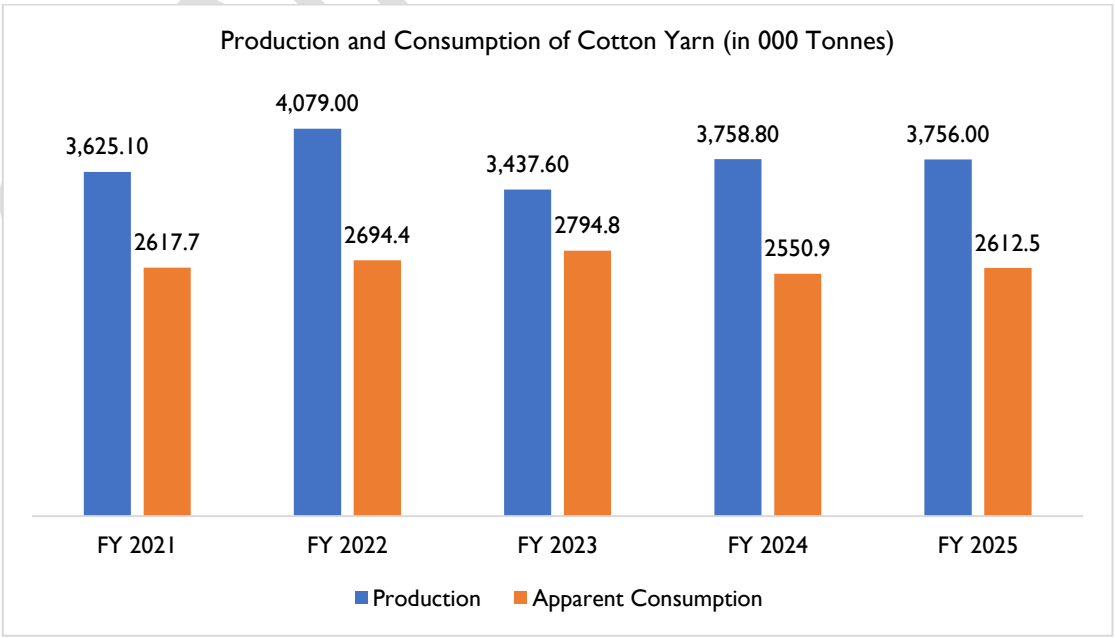
[13] As per Cotton Association of India (CAI)



Source: CMIE Database

Production & Consumption of Cotton Yarn in India

India possesses the second-largest spinning capacity in the world, with a significant concentration in key textile hubs such as Gujarat, Maharashtra, and Telangana. This strong manufacturing base has enabled the country to emerge as a global leader in cotton yarn production, with output reaching around 3.76 million tonnes in FY2025. India is also the second-largest producer of cotton yarn globally, contributing nearly one-fifth of global production. The extensive production capacity not only supports the domestic textile industry but also strengthens India's position as a major exporter in the global market. Approximately 70% of the total yarn produced is consumed domestically by fabric and garment manufacturers, while the remaining share is exported to international markets, with imports accounting for only a minimal portion of the overall demand.



Source: D&B Research, CMIE Database, Note: Apparent Consumption: (Production + Imports) - Exports

Cotton yarn production increased from 3,625.10 thousand tonnes in 2021 to 4,079.00 thousand tonnes in 2022, indicating strong recovery and higher manufacturing activity. However, production declined significantly to 3,437.60 thousand tonnes in 2023, likely due to factors such as raw cotton price volatility or supply constraints.

In the subsequent years, production recovered to 3,758.80 thousand tonnes in 2024, but remained relatively stable at 3,756.00 thousand tonnes in 2025, suggesting stabilization in output levels with limited growth momentum.

Apparent consumption of cotton yarn showed a gradual increasing trend initially, rising from 2,617.7 thousand tonnes in 2021 to 2,794.8 thousand tonnes in 2023, reflecting steady demand from the textile sector.

However, consumption declined sharply to 2,550.9 thousand tonnes in 2024, indicating weakening demand conditions, possibly due to shifts towards synthetic yarns, export slowdowns, or changes in consumer preferences. In 2025, consumption showed a slight recovery to 2,612.5 thousand tonnes, suggesting partial demand revival.

Key Demand Drivers

The demand for cotton yarn is directly related to the demand scenario prevalent in the domestic textile industry. Being the primary input material used for cotton textiles, factors that have an impact on the overall textile as well as cotton textile industry have a direct impact on cotton yarn demand. Some of the key factors that have an impact on the larger textile and cotton textile industry include:

Access to a large urban population, India's young demographic profile, availability of raw materials, the existence of an integrated value chain, government support, and technology upgradation are major factors that contribute to the growth of overall textile sector.

Access to large base of Urban population:

India has been undergoing rapid demographic change for over three decades, with a population of 1.44 billion, India has become the most populous country in the world. An emerging middle class with higher discretionary spending power and increased appetite for consumer goods is fuelling the overall textile industry in the domestic market. Growth in domestic textile market has a high degree of correlation with the rise of affluent middle class centered in urban markets. With increasing population, the trend of urbanization is also increasing. More and more people are migrating to cities every year, thus increasing urban population along with increasing disposable income.

India's capital New Delhi is identified as the world's fastest growing city, surpassing Tokyo, and Shanghai. Urban population increased from 278 Mn to 373 Mn during the past decade (2001-11) and the proportion of urban population to total population increased from ~27.8% to ~31%. In the last decade urbanization in India has increased at an average annual rate of about 2.4%. By 2030, the share of urban population is estimated to grow to about 41.7% of the population of India i.e., 625 Mn where 5 states in India, namely Tamil Nadu, Gujarat, Maharashtra, Karnataka, and Punjab will have more than 50% urbanization. Also, the number of metropolitan cities in India is projected to increase from 46 in 2011 to 68 by 2030. Similarly, the urbanization of India is only at 33%[14], which is an indicator that there remains a significant rural-urban divide in the country, which has the potential to become urban as tier II and tier III cities in the long term.

These larger trends (on urbanization & overall population growth) have created a large customer base for all kinds of consumer products, including textile products. Since cotton textile products have traditionally been strongly favoured by Indian consumer class, the growth in consumer base has helped in increasing the demand for all types of cotton textiles, and consequently for cotton yarn.

[14] U.N Population Fund "State of World Population" Report, 2023

Higher demand from rural areas:

Traditionally, demand for textile products was lower in rural areas because of lower disposable income of rural consumer compared with that of their urban peers. However, the difference in disposable income has been improving in favor of rural consumers due to higher employment by means of government sponsored job outreach programs like MNREGA. Consequently, rural consumer base has increased, and rural income growth has been supporting the growth of textile products.

Changes in spending pattern

Spending pattern of the new class of consumer segment with higher disposable income has turned out to be entirely different from previous existing consumer segments. Spending on consumer durables and non-durables has seen a particular increase as this new consumer class mirrors the spending pattern observed in advanced economies. Exposure to consumption pattern and lifestyle pattern in western economies has played a role in this change. Consequently, the frequency of spending on clothing products among this new consumer segment has gone up.

Growth in Fashion Industry:

The fashion industry in India is evolving rapidly, and demand for fast-fashion products is witnessing a surge. This is driven by changing consumer preferences, increasing disposable incomes, and the influence of social media. This growth trend is reshaping the retail landscape and creating significant opportunities for both established and emerging brands.

The primary drivers of this demand for fast fashion are Millennials and Gen Z consumers, who are increasingly seeking affordable yet trendy clothing options. Fast fashion brands cater to this demographic by offering a constant stream of new styles that align with current trends. Reports indicate that these consumers are not only purchasing more frequently but also experimenting with diverse styles, influenced heavily by social media platforms like Instagram. The ability of fast fashion brands to quickly identify and capitalize on viral trends has become a crucial factor in their success.

This has directly resulted in higher demand for all kinds of textile products, and consequently for all type of textile input materials including cotton yarn.

Rise in organized retail sector as well as e-commerce:

The rise of organized retail and the e-commerce sector in India have significantly contributed to the increased demand for textile apparel. These platforms have expanded access to a wide range of apparel products, providing convenience and a diverse selection for consumers across the country. The availability of a broader product range, competitive pricing, and discounts have fueled consumer interest in textile apparel. Moreover, the enhanced consumer experience through user-friendly websites, personalized recommendations, and hassle-free returns has further stimulated demand.

The influence of social media and influencer marketing, along with the penetration of organized retail and e-commerce in tier 2 and tier 3 cities, has opened new markets and brought textile apparel within the reach of a larger consumer base. Overall, these developments have transformed the textile apparel market, making it more accessible, convenient, and appealing to consumers, leading to a rise in demand for textile apparel products.

Export Demand & Global Market Linkages

India is one of the largest exporters of cotton yarn and textiles globally. Demand from key markets such as the US, Europe, Bangladesh, and Vietnam plays a crucial role in shaping overall cotton yarn demand. Shifts in global sourcing patterns, especially the "China+1" strategy adopted by international buyers, have increased preference for Indian textile products. Additionally, favourable trade agreements and competitive pricing have enhanced India's position in global textile supply chains, thereby supporting yarn demand.

Regulatory Landscape

The textile industry has consistently received significant government focus due to its positive impact on employment and the substantial foreign exchange it generates through exports. This special attention is evident through the introduction and amendment of various acts, policies, and schemes over time. These measures were implemented to foster the growth of a robust manufacturing infrastructure and encourage the export of textile products.

The government also initiated schemes such as Amended Technology Upgradation Fund Scheme (ATUFS), Scheme for Integrated Textile Parks (SITP), Integrated Skill Development Scheme (ISDS), supply of power and energy at subsidized rates, setting up Integrated Textile Parks, sops on export, and benefits under scheme of Fund for Regeneration of Traditional Industries (Khadi, village and coir industries).

Regulatory Policy Framework Governing the Industry

Indian textiles sector is poised for significant expansion, which is supported by government policies and regulatory framework, to support domestic participants in expanding operations, product lines, and exports. This growth could employ 35 million people in this sector, which will contribute to the country's economic growth.

The Government of India has launched several regulatory policies and initiatives for the textile industry which are listed below:

- Textile Policy 2024 – Focuses on labor-intensive units that employ at least 4,000 registered individuals under Employee Provident Fund (EPF) scheme.
- PM MITRA – A Government of India initiative to establish Mega Integrated Textile Regions and Apparel Parks across India.
- PLI Scheme – A government initiative that incentivizes companies based on cumulative sales of domestically manufactured goods.
- Samarth Initiative – A skill development program for the textile sector led by the Ministry of Textiles to address the skill gap in textile sector.
- National Technical Textiles Mission (NTTM) – A four-year mission that focuses on improving technical education, promoting research and innovation, and promoting market growth.
- The Handlooms (Reservation of Articles for Production) Act, 1985 – An act to promote regional handlooms and traditional designs of that region.
- The Jute Companies (Nationalisation) Act, 1980 – An act to protect companies involved in jute processing and jute products manufacturing.

- Jute Packaging Materials Act, (Compulsory Use), 1987 – An act exclusively for the companies operating in processing jute as packaging materials.
- The Textile Committee Act, 1963
- Make in India Investment Cell

Other Regulations exclusively to promote fashion industry are:

- The Trade Marks Act, 1970
- The Designs Act 1926
- The Copyright Act 1957

Policy Initiatives/Government Incentives to Promote Industry Activity

The key policy initiatives and government incentive schemes that promote textile industry activity in India is listed below:

Amended Technology Upgradation Fund Scheme (ATUFS)[15]

ATUFS is aimed at technologically upgrading the machinery used in textile industry. Upgrading machinery in textile industry improves quality of products and reduces the manufacturing cost, which will make Indian textile industry more competitive in the global arena. With the aim of 'Make in India' and 'Zero Defect and Zero Effect' in manufacturing, the government provides credit linked capital investment subsidy. This scheme would facilitate augmenting of investment, productivity, quality, employment, exports and import substitution in textile industry. It will also indirectly promote investment in textile machinery manufacturing.

Key Features:

- Objective: Encourage textile units to adopt modern machinery, improve productivity, enhance quality, create employment, increase exports, and reduce dependence on imports.
- Coverage Period: 13 January 2016 – 31 March 2022 (currently applicable only for committed liability cases).
- Eligibility: Textile units that meet the lending norms of financial institutions and the scheme's benchmark criteria.
- Subsidy Structure:
    - Garments & Technical Textiles: 15% capital investment subsidy (CIS) up to ₹30 crore.
    - Weaving, Processing, Jute, Silk, Handloom: 10% CIS up to ₹20 crore.
    - Composite Units/Multiple Segments: 10–15% CIS depending on investment.

[15] Ministry of Textiles, Government of India

- Disbursement: Subsidy is credit-linked, released after verification of eligible machinery investment supported by sanctioned term loans.
- Impact: Encouraged modernization across the sector, especially among MSMEs, strengthening India's textile manufacturing ecosystem.
- Budget Allocation – INR 17,822 Crores for FY2023.

PM MITRA Scheme

The PM Mega Integrated Textile Region and Apparel (PM MITRA) scheme is a government initiative to create a modern textile value chain in India. The scheme aims to make the sector globally competitive by building best-in-class manufacturing infrastructure, upgrading technology to foster innovation, enhancing skills, and reducing costs in the textile sector.

Under this initiative, the Government has approved the setting up of 7 PM MITRA Parks with a total scheme outlay of INR 4,445 crore (FY2021–22 to FY2027–28). The parks are planned across seven states:

- Tamil Nadu (Virudhnagar)
- Telangana (Warangal)
- Gujarat (Navsari)
- Karnataka (Kalaburagi)
- Madhya Pradesh (Dhar)
- Uttar Pradesh (Lucknow/Hardoi)
- Maharashtra (Amravati)

These parks aim to create integrated industrial infrastructure with plug-and-play facilities covering the entire textile value chain, attracting investment and facilitating cluster-based growth. The PM MITRA scheme is expected to attract INR 70,000 crore in investments and create nearly 20 lakh direct and indirect jobs. Once operational, each PM MITRA Park will generate substantial employment opportunities and enhance manufacturing competitiveness in the sector.

National Technical Textiles Mission (NTTM)

The National Technical Textiles Mission (NTTM) is a Government of India initiative launched to boost research, innovation, market development, export promotion, and skill development in the technical textiles sector. Technical textiles are engineered for functional use across industries such as agriculture, healthcare, infrastructure, and automotive, rather than for aesthetic appeal.

Under the mission, a total budget outlay of INR 1,480 crore has been sanctioned for the period FY2020–21 to FY2025–26. As of March 2025, INR 517 crore has been allocated and about INR 393.39 crore utilized

toward various activities including research and innovation, market promotion, export facilitation, and skilling initiatives. A total of 168 research projects valued at around INR 509 crore have been approved under the mission to support development across segments such as specialty fibres, geotextiles, agro-textiles, medical textiles, and smart textiles.

The mission aims to strengthen India's technical textile ecosystem by fostering innovation, indigenous technology development, expanding market adoption, and enhancing export competitiveness, positioning the country to increase its share in the global technical textiles market.

Production Linked Incentive (PLI) Scheme for Textiles

The Government of India approved the Production Linked Incentive (PLI) Scheme for Textiles in September 2021 to promote manufacturing of Man-Made Fibre (MMF) apparel, MMF fabrics, and products of technical textiles. The scheme aims to boost domestic production capacity, attract investment, support exports, and enhance the global competitiveness of the textile sector.

- Budget Outlay: INR 10,683 crore
- Duration: FY2025-26 to FY2029-30 (5 years), with early eligibility from FY2024-25 possible
- Coverage: MMF apparel, MMF fabrics, and 10 technical textile segments
- Structure: Incentives are linked to incremental sales turnover achieved over the base year; companies must meet minimum investment and turnover criteria
- Eligibility: Part-I requires minimum investment of INR 300 crore, Part-2 requires ₹100 crore investment, with corresponding turnover thresholds

The scheme is expected to attract large-scale investments, create employment, and scale up production in high-value textile segments, strengthening India's position in both domestic and global textile markets.

Samarth – Scheme for Capacity Building in Textile Sector

The Samarth Scheme is a government initiative under the Ministry of Textiles aimed at skill development and capacity building in the textile sector. It focuses on demand-driven and placement-oriented training to enhance employability and meet industry requirements. The scheme covers the entire textile value chain (excluding spinning and weaving), including segments like apparel, garmenting, handloom, handicrafts, silk, and jute.

It provides training and upskilling for both new entrants and existing workers in the sector. The scheme is implemented through industry associations, central and state agencies, and sectoral organisations such as the Development Commissioner (Handloom), Development Commissioner (Handicrafts), Central Wool Development Board, and Central Silk Board.

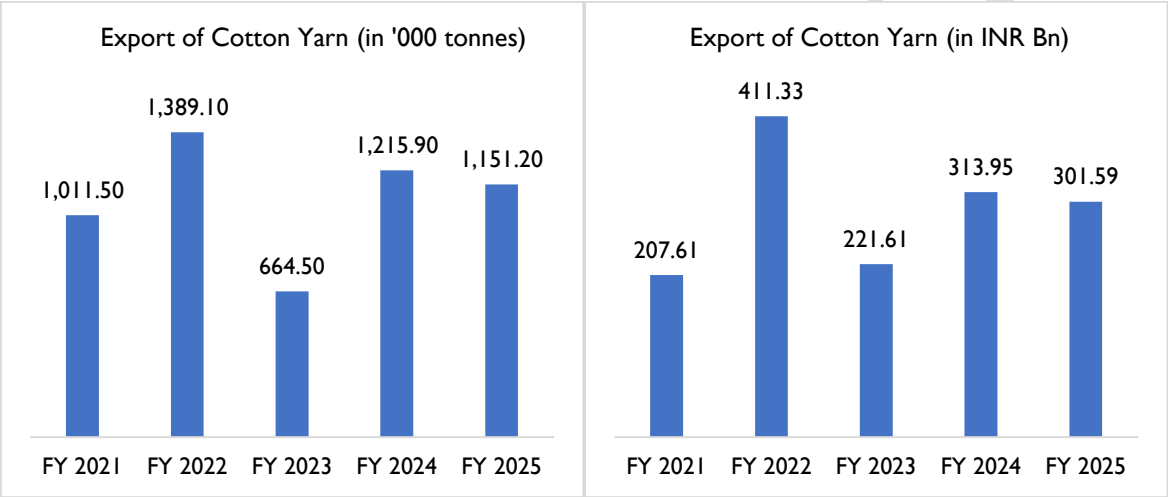
As of the latest data, the Samarth Scheme has trained over 3.27 lakh candidates, with approximately 2.6 lakh placed in jobs, and has focused significantly on women's employment, training around 2.89 lakh women.

Duration & Budget: Extended till March 2026, with a total budget allocation of INR 495 crore for FY2024-25 and FY2025-26.

Trade Scenario

India is the leading exporter of cotton yarn in the world, with approximately 20 – 25% of domestic production being exported annually. The trade of cotton yarn reflects changing global demand–supply dynamics, price fluctuations, and evolving trade patterns. Export trends show dependence on key international markets, while imports indicate the need to manage domestic supply gaps. Together, trade value, volume, and partner distribution highlight market concentration and diversification, which are important for assessing growth and risk.

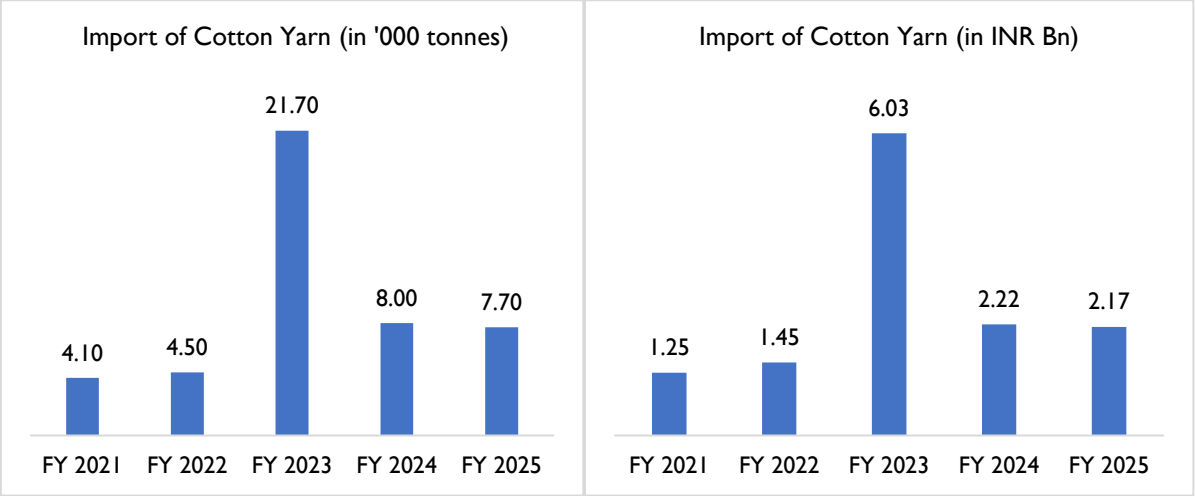
Export



Source: CMIE Database

Export value increased significantly from INR 207.61 billion in FY2021 to a peak of INR 411.33 billion in FY2022, before declining sharply to INR 221.61 billion in FY2023. It then recovered and stabilized at INR 313.95 billion in FY2024 and INR 301.59 billion in FY2025, indicating a post-peak correction and relatively stable pricing environment. In terms of volume, exports rose from 1,011.5 ('000 tonnes) in FY2021 to 1,389.1 ('000 tonnes) in FY2022, followed by a steep drop to 664.5 ('000 tonnes) in FY2023. The volumes rebounded to 1,215.9 ('000 tonnes) in FY2024 and slightly declined to 1,151.2 ('000 tonnes) in FY2025, reflecting recovery with mild moderation. Overall, the trend indicates a cyclical pattern with a peak in FY2022 followed by stabilization.

Import

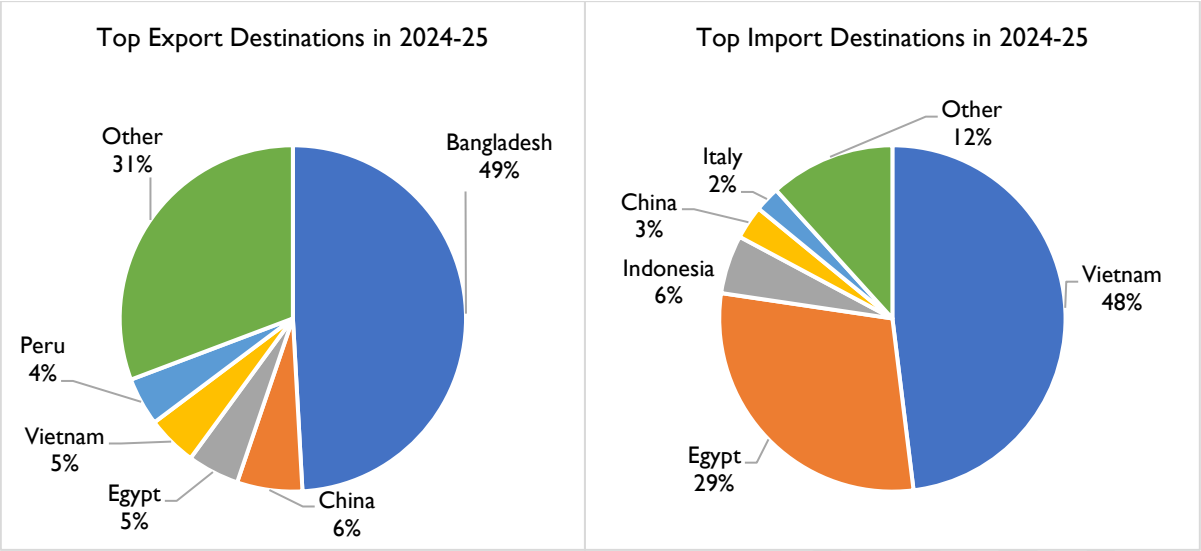


Source: CMIE Database

Import value showed a fluctuating trend over the period, increasing from INR 1.25 billion in FY2021 to INR 1.45 billion in FY2022, followed by a sharp surge to INR 6.03 billion in FY2023, indicating a peak driven by strong demand or higher global prices. Subsequently, import value declined to INR 2.22 billion in FY2024 and further to INR 2.17 billion in FY2025, reflecting market correction and stabilization. In terms of volume, imports rose from 4.10 ('000 tonnes) to 4.50 ('000 tonnes), before jumping significantly to 21.70 ('000 tonnes). This was followed by a decline to 8.00 ('000 tonnes) and 7.70 ('000 tonnes), indicating normalization after a temporary spike. Overall, the trend suggests a cyclical pattern with a peak phase followed by stabilization.

Top Export and Import Destinations for Cotton Yarn

The trade pattern of cotton yarn reflects a high level of concentration on both the export and import sides. On the export front, nearly half of the shipments are directed to Bangladesh (49%), making it the dominant market due to its strong textile manufacturing sector. Other countries such as China (6%), Egypt (5%), Vietnam (5%), and Peru (5%) hold relatively small shares, while other markets 31% collectively contribute a significant but fragmented portion. This indicates that although exports are spread across multiple regions, there is a heavy reliance on a single country, increasing exposure to demand or policy changes in that market.

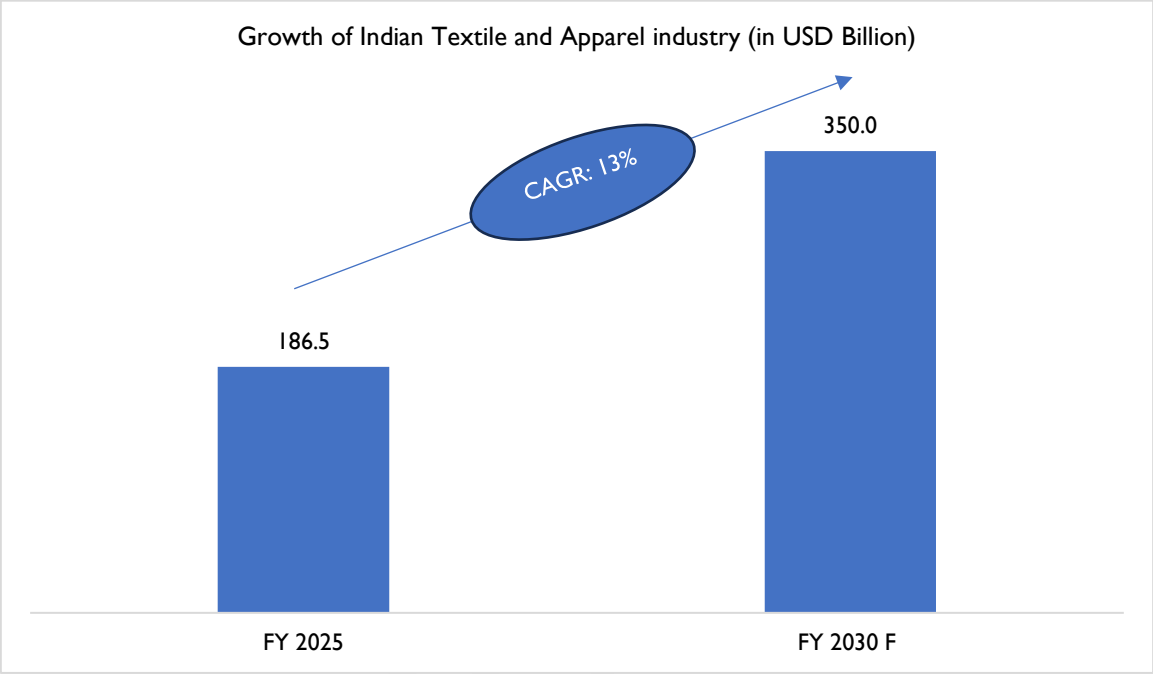


Source: CMIE Database

On the import side, the sourcing of cotton yarn is similarly concentrated, with Vietnam (48%) and Egypt (29%) together accounting for a substantial majority of imports. Additional suppliers such as Indonesia 6%, China (3%), and Italy (2%) contribute marginal shares, while other countries (12%) provide some diversification. This pattern highlights dependence on a limited number of supplier nations, which could pose risks in case of supply disruptions. Overall, the cotton yarn trade structure underscores the need for broader market diversification and supplier expansion to enhance stability and reduce concentration risks.

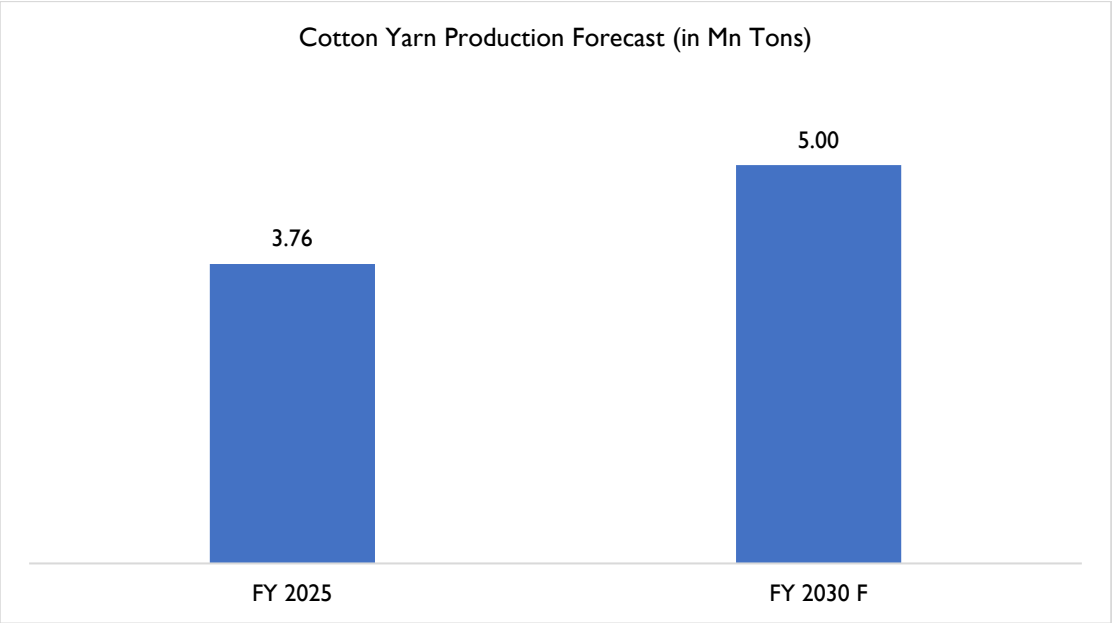
Growth Forecast

The Indian textile and apparel industry is a key pillar of the country's manufacturing sector, driven by strong domestic consumption and a growing presence in global markets. Supported by abundant raw material availability, a large workforce, and government initiatives, the sector continues to play a vital role in economic growth and export performance.



Source: D&B Desk Research, Press Information Bureau, Ministry of Textiles

The industry is poised for strong growth, with the market size estimated at around USD 186.5 billion in FY2025 and projected to reach USD 350.0 billion by FY2030, reflecting a CAGR of approximately 13%. This expansion is primarily driven by rising disposable incomes, rapid urbanization, and evolving consumer preferences, which are boosting demand for apparel and textile products. Additionally, initiatives such as the Production Linked Incentive (PLI) Scheme and PM MITRA Parks are enhancing manufacturing capabilities and attracting investments. The growth of e-commerce, technological advancements, and increasing focus on quality and sustainability are further strengthening the sector's competitiveness, while strong demand from both domestic and export markets is expected to support sustained long-term growth.



Source: D&B Research and Estimates

Cotton textiles have been the dominant textile segment in India, and it is expected to retain its preeminent position as textile material of choice in the coming years too. Thus, the domestic demand for cotton yarn is expected to remain strong, both from domestic market as well as exports. Accordingly, the domestic production of cotton yarn is expected to grow at a faster rate in the coming years, and annual production is expected to touch nearly 5 million tons by FY 2030, up from the current level of nearly 3.76 million tons (as on FY 2025).

Threats & Challenges

Two of the major threats facing the domestic cotton yarn manufacturing industry are the price volatility and availability of cotton yarn, as well as increasing competition from synthetic textile products. In addition, the growing focus on sustainability & increasing scrutiny on environmental issues are also causing some challenges, however those can be at best termed as temporary roadblocks.

Raw Material Scenario: Raw material (cotton) cost is the single biggest cost component in yarn manufacturing and is estimated to account for more than half of the total yarn production cost. Consequently, any deviation in cotton price will have a significant impact on the operations of yarn manufacturers. Although domestic production of cotton is one of the largest in the world, several domestic & international factors have an impact on the product pricing. For example, the recent political unrest in Bangladesh has impacted the textile industry as a whole, and it is believed to have also impacted cotton as well as yarn pricing. Similarly, factors like uneven climatic conditions that impact the cotton yield, any supply chain disruptions, and import/export variations all have an impact on cotton supply and in turn its pricing.

Competition from Synthetic Textiles: Cotton textile products face competition from synthetic textiles owing to the lower cost and some superior attributes of the latter. Globally synthetic textile is growing at a faster rate than cotton textiles because of attributes ranging from lower price to specific functionalities (like design & better fitment for the fast fashion industry, durability, quicker drying time, superior wrinkle resistance). Although cotton textile continues to be a preferred choice in India, their dominance is eroding as more and more customers are opting for the functionality offered by synthetic textiles.

Sustainability and Regulatory Pressures

The textile industry is increasingly facing environmental and sustainability-related challenges, including stricter regulations on water usage, chemical processing, and carbon emissions. Global buyers are emphasizing sustainable sourcing, traceability, and eco-friendly production practices, which require additional investments in technology and compliance. While these measures improve long-term competitiveness, they increase short-term costs for manufacturers.

Competitive Scenario

The textile industry in India is highly fragmented and is broadly classified into organized and unorganized sectors. The top 30 players from the organized sector contribute approximately about 13-15%, which shows the extent of fragmentation in the industry. Organized sector comprises composite mills as they are integrated throughout the value chain of the industry, which extends from the generation of raw material to ginning, processing, garment manufacturing, and distribution.

Spinning Sector

In the spinning sector, bulk of the capacity is concentrated among 20 to 25 major mills, giving it an organized nature. Compared with other segments in the Indian textile industry, spinning sector is more developed with manufacturing technology and product quality comparable to global standards. This was made possible by investments by mills in improving their production infrastructure as well as quality standards. Thus, the existing players have set a high threshold, and any new entrant will have to spend considerable amount of time as well as capital to catch up. This high threshold translates as an entry barrier. Moreover, only large players with world-class product quality can meet the export standards, which plays in favor of the organized segment.

Notable Cotton Yarn Manufacturers in India

Company	Profile
Lagnam Spintex Limited	Lagnam Spintex Limited was established in 2010 and is headquartered in Bhilwara, Rajasthan. The company is engaged in the manufacturing and export of high-quality ring spun and open-end cotton yarns for domestic and international markets. Its product portfolio includes compact yarn, ring yarn, open-end yarn, low twist yarn, high RKM OE yarn, and yarn spun on perforated dye tubes, catering to applications such as denim, terry towels, home textiles, bottom wear, knitting, shirting, sheeting, and industrial fabrics. The company operates a manufacturing facility at RIICO Growth Centre, Hamirgarh, Rajasthan, spread across approximately 48,000 square meters. Lagnam Spintex has an installed capacity of around 67,000 spindles, including 41,472 compact yarn spindles, 25,536 normal ring yarn spindles, and 1,920 open-end rotors, with a production capacity of nearly 70 tonnes per day. The company exports its products to countries across Europe, Asia, Africa, and Latin America and is certified under ISO 9001:2015, OEKO-TEX, and USTER Technologies quality standards.

Deepak Spinners Limited (DSL)	Deepak Spinners Limited (DSL) is a Chandigarh-associated textile company and a well-established name in the synthetic yarn manufacturing industry, operating in the market since 1986 under the leadership of its Chairman, Mr. P. K. Daga, with a strong positioning as a leading manufacturer of dyed synthetic yarn for domestic as well as export markets including Syria, the Middle East, Turkey, Belgium and the U.S.A. The company commenced operations in 1986 with 12,000 spindles and a dye house at Baddi, Himachal Pradesh, subsequently expanded into acrylic yarn manufacturing in 1988, established its second unit at Guna, Madhya Pradesh in 1991 with an initial capacity of 8,000 spindles, and attained export house status in 1993, reflecting its progressive capacity expansion and market development. Presently, DSL's major installed operating capacity comprises a total of 90,864 spindles across its Baddi and Guna units, supported by a fibre dyeing plant, while its production infrastructure includes preparatory machinery from Trutzschler and LMW, spinning machinery from LMW, post-spinning and doubling machinery from Schlafhorst, Murata and Veejay Lakshmi, yarn conditioning by Sieger, and quality control through Uster testing equipment. The company's line of business is the manufacture and supply of synthetic and blended yarns, with products made from polyester, viscose, acrylic and their blends; its regular product portfolio includes 100% Polyester, 100% Acrylic, 100% Viscose, Polyester Viscose Blends, Polyester Acrylic Blends, Carpet Pile Yarns, Acrylic and Line Blends with Poly-Viscose, Trilobal/Polyester Blends, High Bulk Acrylic Yarns and High Bulk Poly-Acrylic Yarns, supported by an in-house fibre dyeing facility capable of producing a wide range of colours and shades as per customer requirements. With its registered office at Baddi, Himachal Pradesh and administrative office at Industrial Area, Phase II, Chandigarh, DSL presents itself as a quality-focused and customer-oriented manufacturer, following principles such as TQM, Six Sigma, Kaizen, R&D-oriented manufacturing, innovation, employee engagement, customer focus and strong corporate governance to maintain high standards of trust, quality, productivity and customer satisfaction.

Company Profile[16]

Vivekanand Cotspin Limited, is the flagship Company of the Vivekanand Group of Industries which was established in 1999. The Group has operational presence across sustainable farming, ginning, spinning, trading, and export-import (of raw cotton and cotton yarn). The manufacturing infrastructure of the group comprises of three ginning units and one ring spinning unit.

The Company was originally established as Vivekanand Cotspin LLP in July 2015 and was subsequently converted into a private limited company in August 2024 and later into a public limited company in December 2024. The Company is primarily engaged in cotton ginning and spinning, with an installed capacity of approximately 400 bales per day for ginning and around 25,000 spindles for spinning.

The Company's product line includes raw cotton bales, cotton seed, cotton yarn (both cotton combed compact yarn and compact carded yarn), and comber noil. In addition, the Company also supplies imported premium cotton yarn to its customers in India.

Product Portfolio	
Raw Cotton Bales	Supplies long and short staple Shankar-6 variety of raw cotton. The Company has an annual production capacity of approximately 8,000 tons of cotton bales, catering to domestic textile manufacturers.
Cotton Seed	Cotton seed is sourced from its ginning operations, which after processing is used for cotton seed oil cake and delinting.
Cotton Yarn: Combed Compact Yarn	Supplies combed compact cotton yarn of count ranging from Ne 16' to Ne 40'
Cotton Yarn: Carded Compact Yarn	The Company manufactures carded compact cotton yarn with yarn of counts ranging from Ne 16 to Ne 40. widely used in knitting and weaving applications due to its cost efficiency and versatility. The Company has an installed capacity of approximately 4,550 tons per annum of cotton yarn.
Comber Noil	Comber Noil is a byproduct produced during ring-spun cotton yarn production. It is produced when cotton is combed to remove short fibres. Comber noil is used in the manufacture of currency paper, in surgical products, and for blending purposes in open-end spinning mills

[16] Compiled basis information from Company Website and Financial Statements published

Spinning Infrastructure: The Company's spinning infrastructure comprises 25,536 spindles, established in 2015 with a modern ring spinning facility. It is capable of producing a wide range of yarns, including organic yarn, BCI-compliant yarn, open-end yarns, ring spun (carded/combed, single or double), and compact yarns. The unit is supported by advanced machinery and quality control systems to ensure consistent product standards.

Peer Benchmarking: Financial KPI[17]

Particular	Unit	Lagnam Spintex Limited			Deepak Spinners Limited			Vivekanand cotspin Limited		
		As at end for Fiscal			As at end for Fiscal			As at end for Fiscal		
		Fiscal 2026	Fiscal 2025	Fiscal 2024	Fiscal 2026	Fiscal 2025	Fiscal 2024	Fiscal 2026	Fiscal 2025	Fiscal 2024
Revenue From operations	₹ in Lakhs	60,523.19	60,580.30	43,778.98	53,416.0	52,406.7	47,097.8	40,801.01	29,046.69	35,738.81
Total revenue	₹ in Lakhs	60,498.05	60,556.46	43,750.24	53,862.0	52,636.4	47,377.8	40,932.15	29,093.76	35,801.62
EBITDA	₹ in Lakhs	6,683.69	6,530.44	4,507.86	2,010.0	504.9	2,207.4	1,509.31	-6,087.77	1,459.46
EBITDA Margin	in %	11.05%	10.78%	10.30%	3.76%	0.96%	4.69%	3.70%	-20.96%	4.08%
Profit after tax	₹ in Lakhs	1,438.98	1,285.47	1,457.32	364.0	-1,019.0	130.3	368.78	494.29	335.33
PAT Margin	in %	2.38%	2.12%	3.33%	0.68%	-1.94%	0.28%	0.90%	1.70%	0.94%
Return on Equity (ROE)	In %	11.23%	11.19%	13.38%	1.60%	-4.43%	0.55%	15.96%	26.09%	11.72%
Return on Capital Employed (ROCE)	in %	9.40%	9.23%	6.99%	1.15%	-4.45%	1.83%	13.14%	12.16%	13.41%
Debt To Equity Ratio	In Times	2.64	3.21	3.47	0.13	0.16	0.18	1.56	3.17	1.94
Current Ratio	In Times	5.79	7.97	8.81	2.84	2.35	2.51	1.09	1.12	0.79
Net Capital Turnover Ratio	In Times	3.11	3.02	2.77	6.28	6.45	5.19	11.52	13.56	26.24

[17] Note: For All Companies we have considered Standalone Balance Sheet

Formulae Table

Ratio	Methodology
Revenue From Operations	Revenue from Operations means the Revenue from Operations as appearing in the Restated Financial Statements.
EBITDA	EBITDA is calculated as profit before tax plus depreciation & amortization expense, exceptional items and interest costs minus other income.
EBITDA Margin	EBITDA Margin is calculated as EBITDA divided by revenue from operations.
Return on Equity	Return on equity (RoE) is equal to profit after tax for the year divided by the average total equity during that period and is expressed as a percentage.
Debt to equity ratio	Debt to equity ratio is calculated by dividing the debt (excluding lease liabilities) by total equity (which includes issued capital and all other equity reserves).
RoCE	RoCE (Return on Capital Employed) (%) is calculated as profit before tax plus interest expenses divided by Capital Employed.* Capital Employed = Total Equity +Non-current borrowing + Current Borrowing +Deferred Tax liabilities - Deferred Tax Assets
Current Ratio	Current Ratio is a liquidity ratio that measures our ability to pay short-term obligations (those which are due within one year) and is calculated by dividing the current assets by current liabilities.
Net Capital Turnover Ratio	Net Capital Turnover Ratio quantifies our effectiveness in utilizing our working capital and is calculated by dividing our revenue from operations by our average working capital (i.e., current assets less current liabilities).