

# Opportunities and Challenges for Viscose Fibres

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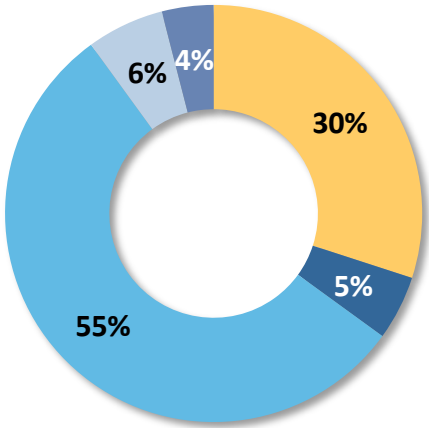
Birla Cellulose

28<sup>th</sup> Nov 2018



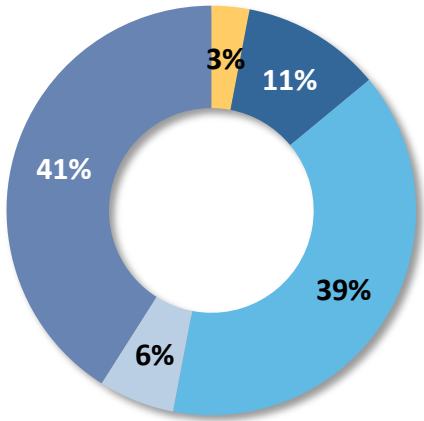
# Global Fiber Consumption

## Textiles



Cotton
VSF
Polyester
Acrylic & Nylon
Others

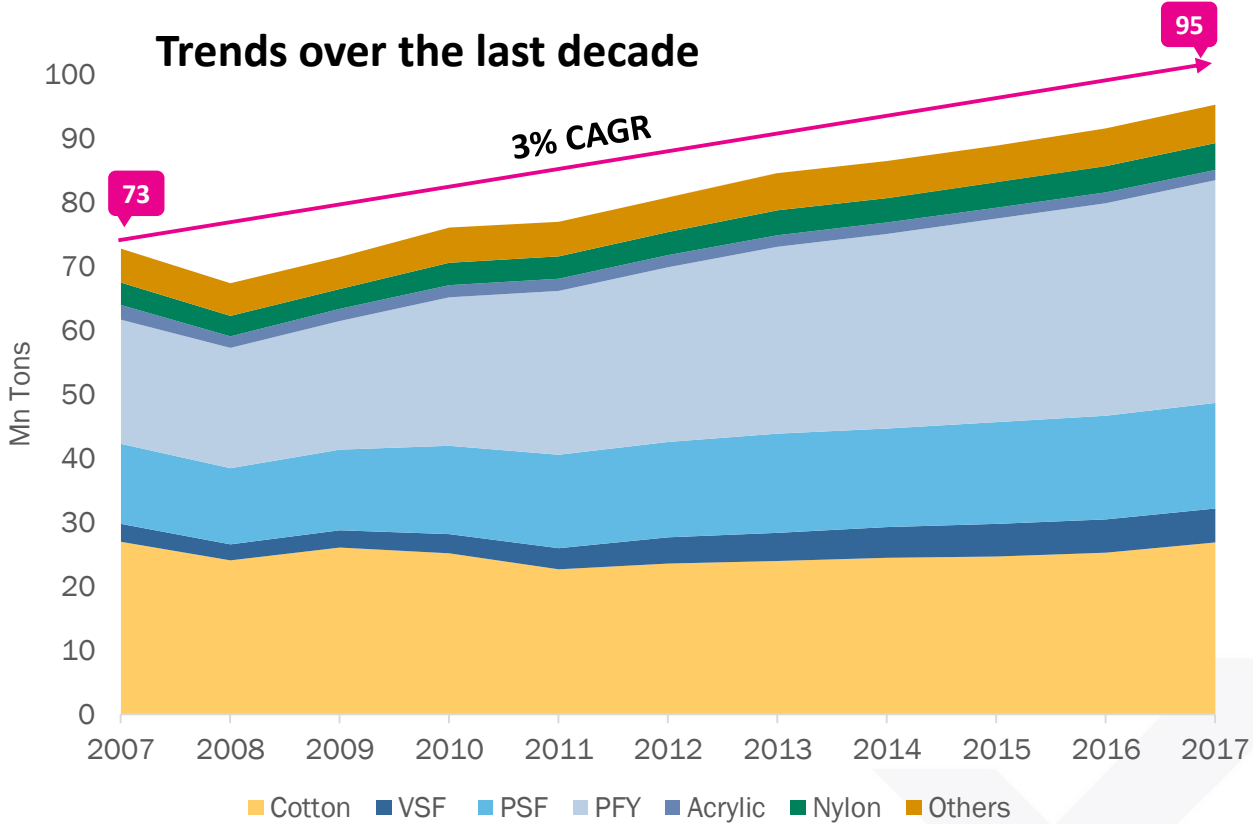
## Nonwoven



### Global Fiber Consumption, 2017

- Textiles 89 MnT  
 - Nonwoven 6 MnT

## Trends over the last decade

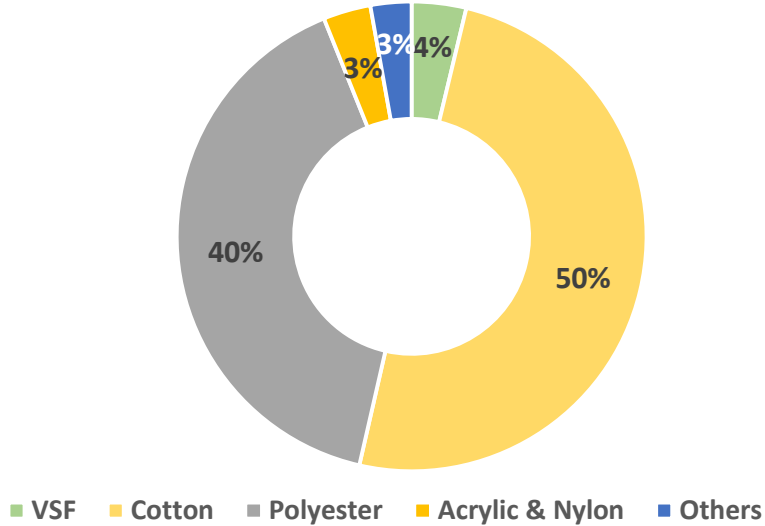


Over the last decade, global fiber consumption grew @ 3% CAGR

Cotton showed no growth through the decade

VSF emerged as the preferred fiber growing at 6.5%, >2X overall growth

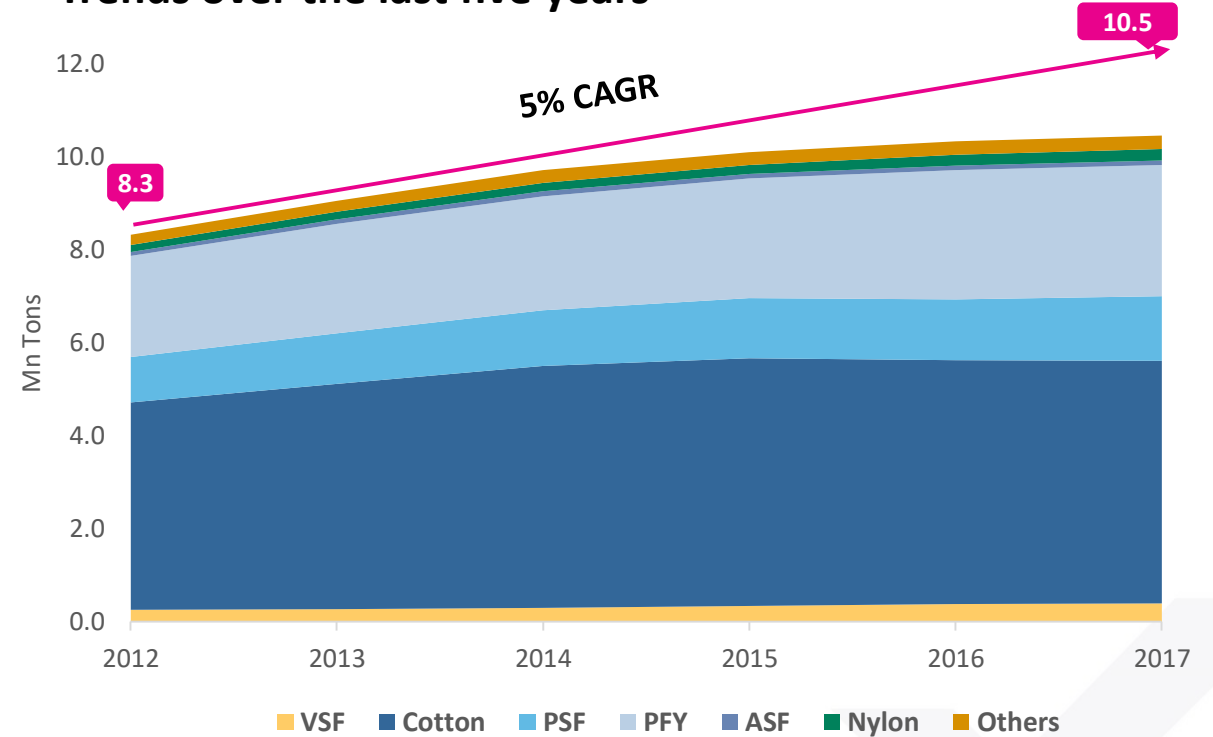
# India Fiber Consumption



India Fiber  
Consumption,  
2017

- 10.5 Mn Tons

## Trends over the last five years



Over the five years, fiber  
consumption grew  
**@ 5% CAGR**

Cotton showed  
lowest growth  
during the period

VSF emerged as the  
preferred fiber growing  
at **9%**

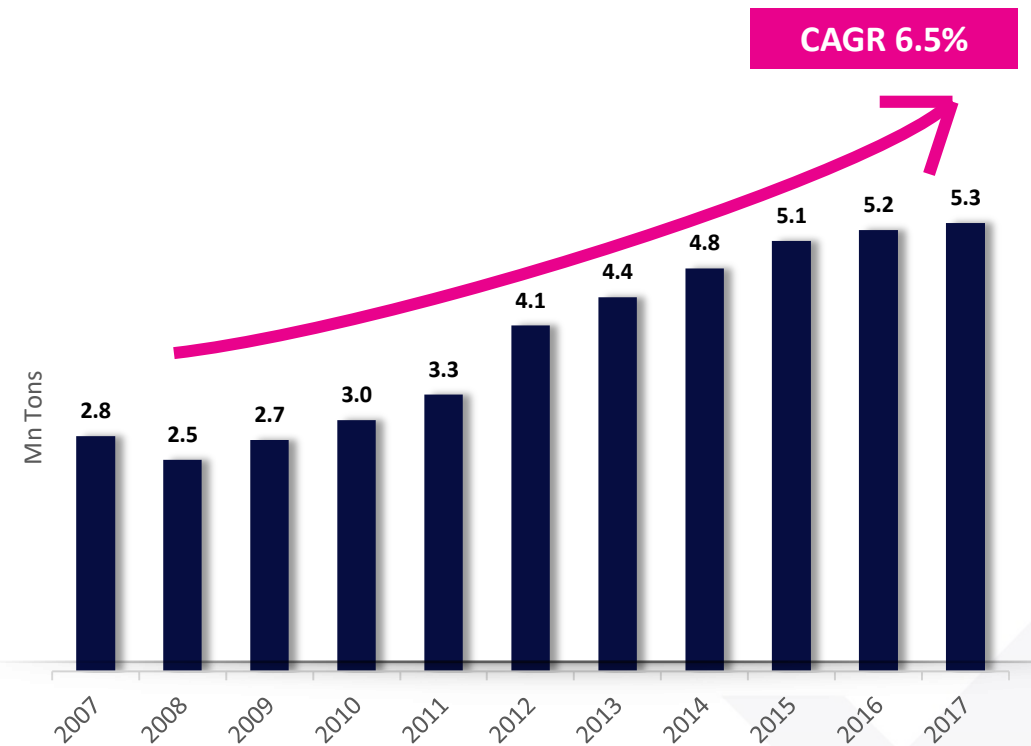
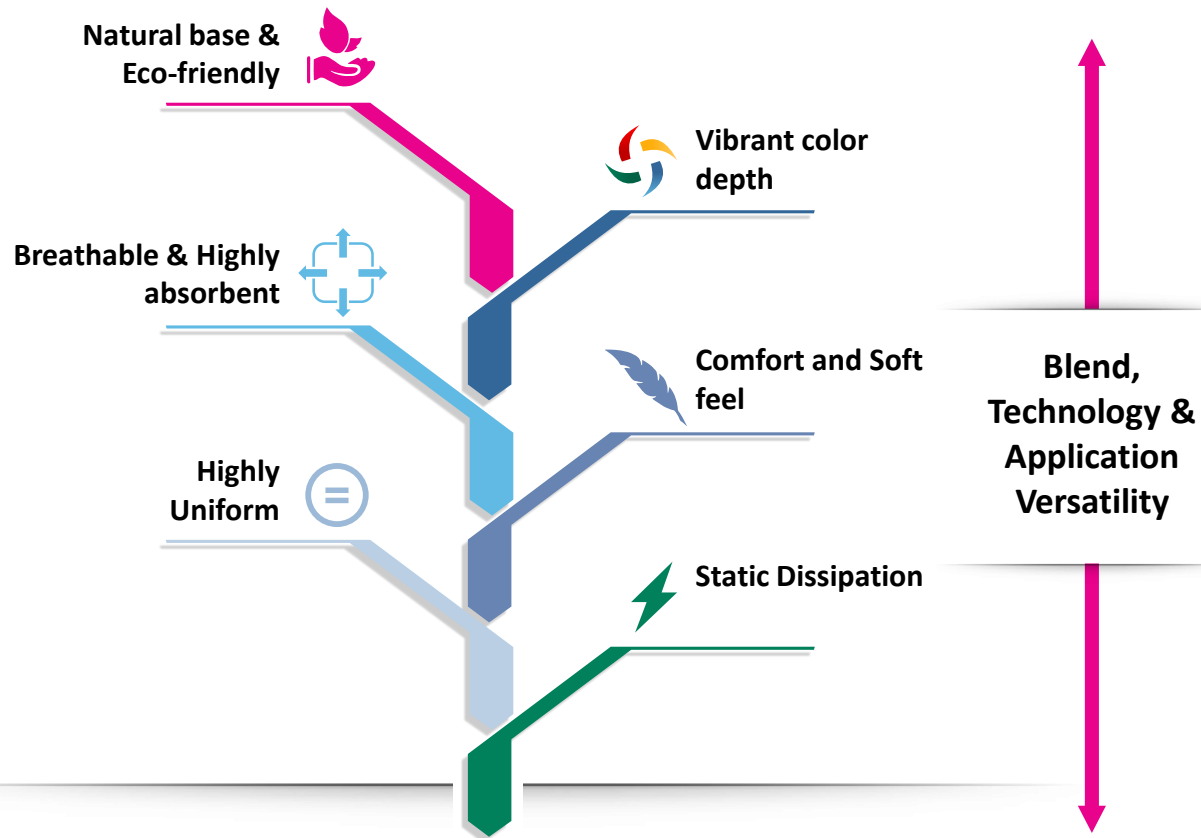
# Global Textile & Apparel Industry

- **The world consumption of apparel is estimated at US\$ 1.8 trillion in 2017** and will grow at a CAGR of 4% and will reach US\$ 2.6 trillion by 2025.
- **The world is moving more and more towards the use of synthetics & MMF due to the uncertainty in the long term availability of natural fibres** like cotton due to shortage of land and other natural resources like water.
- **Global share of MMF: Cotton is the ratio of 73:26** where as in India it is in the ratio of 50:49.
- **Global textile and apparel trade in 2017 was US\$ 750 bn** and India has only 4-5% share of the total global trade whereas China alone contributes nearly 33% of this global trade.
- While the overall fibre consumption in China is 5 times the fibre consumption in India, China's manmade fibre consumption is 8 times more than India.
- **This highlights the significant opportunity that is available to India to expand its textile industry based on manmade fibre apart from satisfying the fast growing demand in the domestic market** itself which can act as a springboard for increased share of global trade as the industry will develop rapidly with an assured domestic market. This will provide a huge fillip to employment across a wide spectrum of education & skills and boost the national and per capita income.

# Opportunities for the Indian Textile Industry

- Have set a target of US\$ 650 Billion for the Indian Textiles & Apparel industry by 2025
- This will require a massive growth of MMF as sufficient cotton will not be available either in India or globally.
- **In order to achieve the vision of \$ 650 billion, India will need around 25 million tons of fibres.** Maximum possible production of cotton in India will be nearly 10 million tons from current level of 6 million tons. Imports of cotton may not be an option as cotton is likely to be in short supply across the world given it's 'Natural Resource' intensity of arable land and water.
- With rising disposable incomes and aspirations, the Indian domestic market is set to witness a boom in textiles and apparel consumption.
- Slowdown in China's exports.
- **Substantial investments plus incentives will need to be given to the MMF based value chain.**

# Reasons for VSF Growth



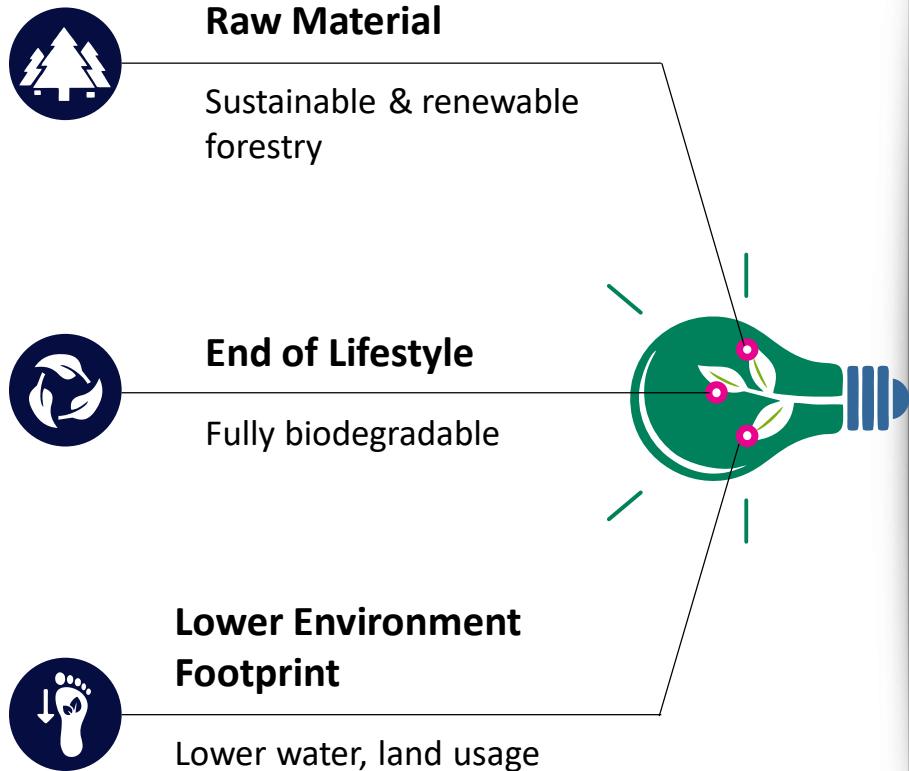
## Consumers love VSF in

- Apparels – soft, comfortable, fashionable
- Wipes – soft, absorbent, skin friendly

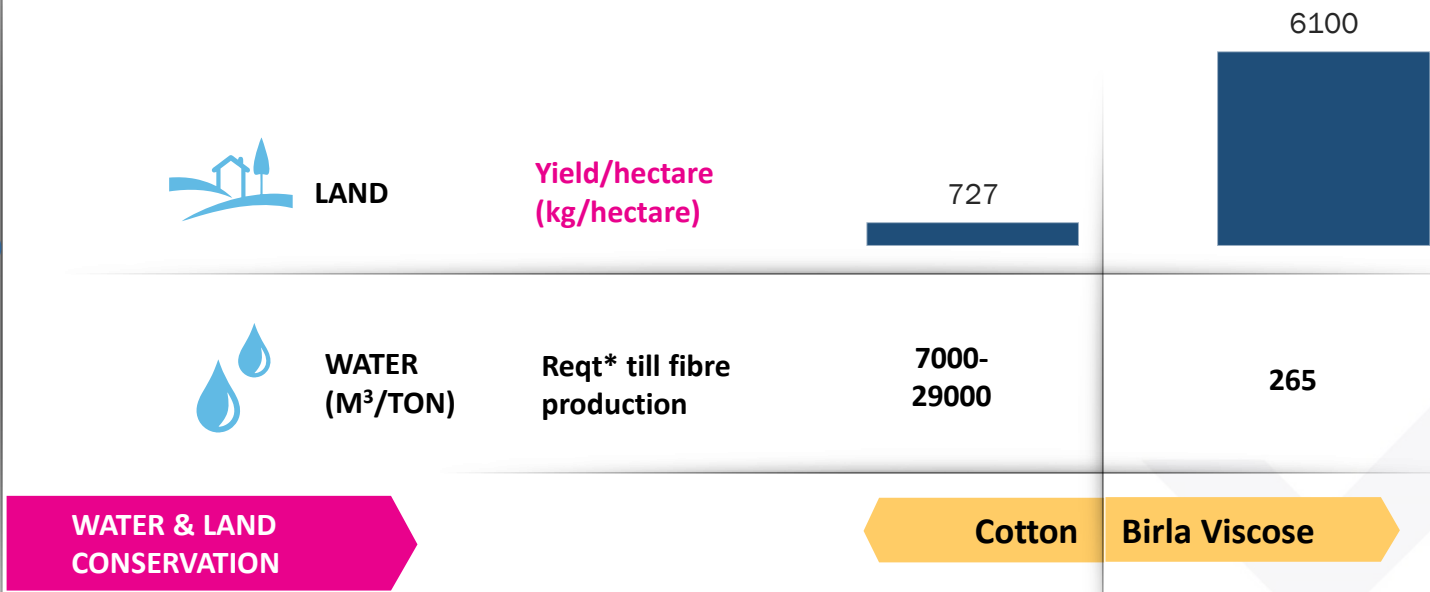


VSF Consumption grows by 100% over the last decade

# VSF – The Most Sustainable Fiber



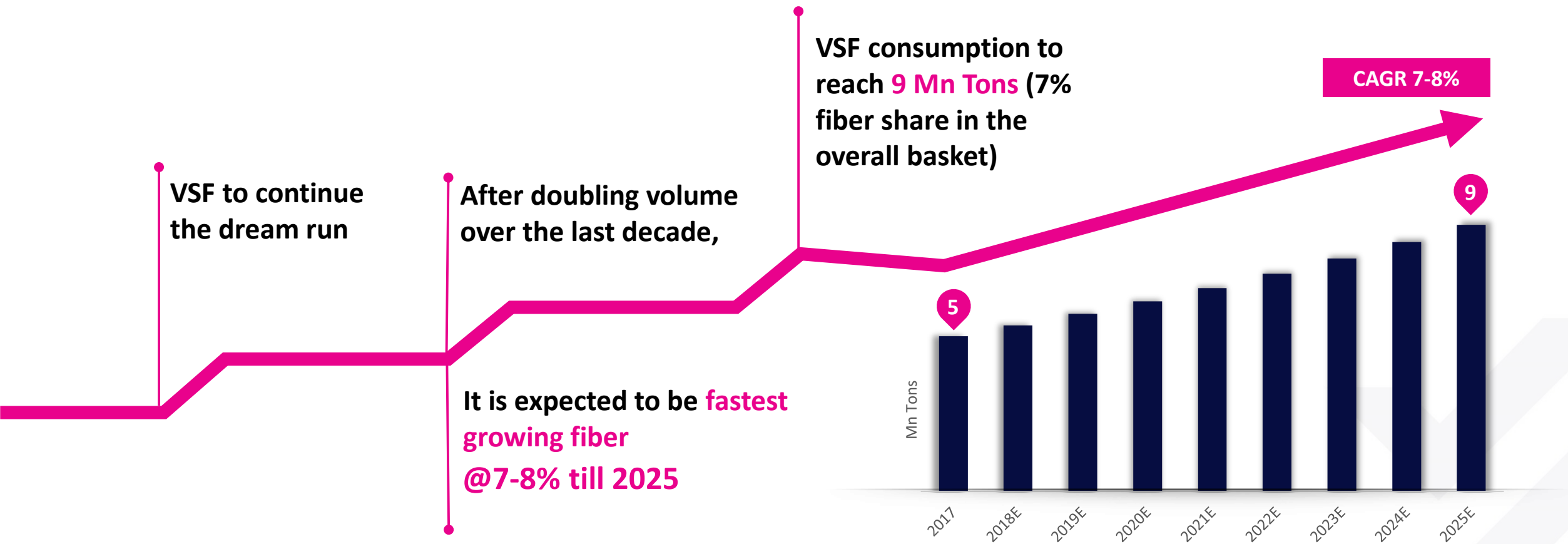
## LAND AND WATER RESOURCE UTILIZATION IS BETTER WITH VSF



Note: \*Measured in m<sup>3</sup>/ton of fibre

# Going Forward

VSF Expected To Grow Even Faster



# Birla Cellulose is geared up to leverage this opportunity

## Quality & Innovation focus

- Unrelenting focus on Quality & Hygiene
- Steady & strong innovation pipeline
- With a deeper understanding of our customers, it's our endeavour to develop newer products that are differentiated



## Sustainability in the DNA

- Getting to the Pole position on sustainability
- Investment Committed to make manufacturing processes adhere to the committed roadmap
- World Class Manufacturing with low environmental footprint, Sustainable raw material sourcing, Transitioning to closed loop production, traceability

## Partnership

- We believe in building relationships with our customers and value chain partners beyond transactions
- World class service
- “Partners in progress”



## ROBUST CAPACITY ADDITION

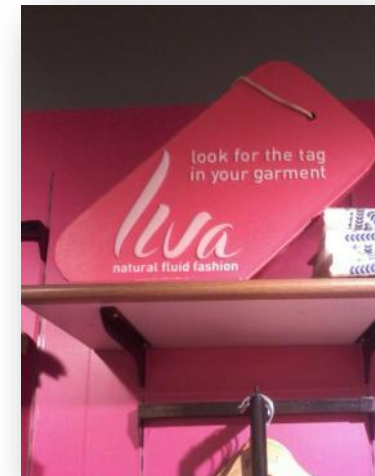
- **Regular VSF** Investment of ~USD 500 Mn underway for increasing capacity by 30%. Further investments planned.
- **Lyocell** Investment of ~ USD 100 Mn underway to increase capacity to 30 ktpa

# Brand LIVA – Influencing end consumers to create pull for VSF based garments & enable value chain to profitably deliver superior quality products

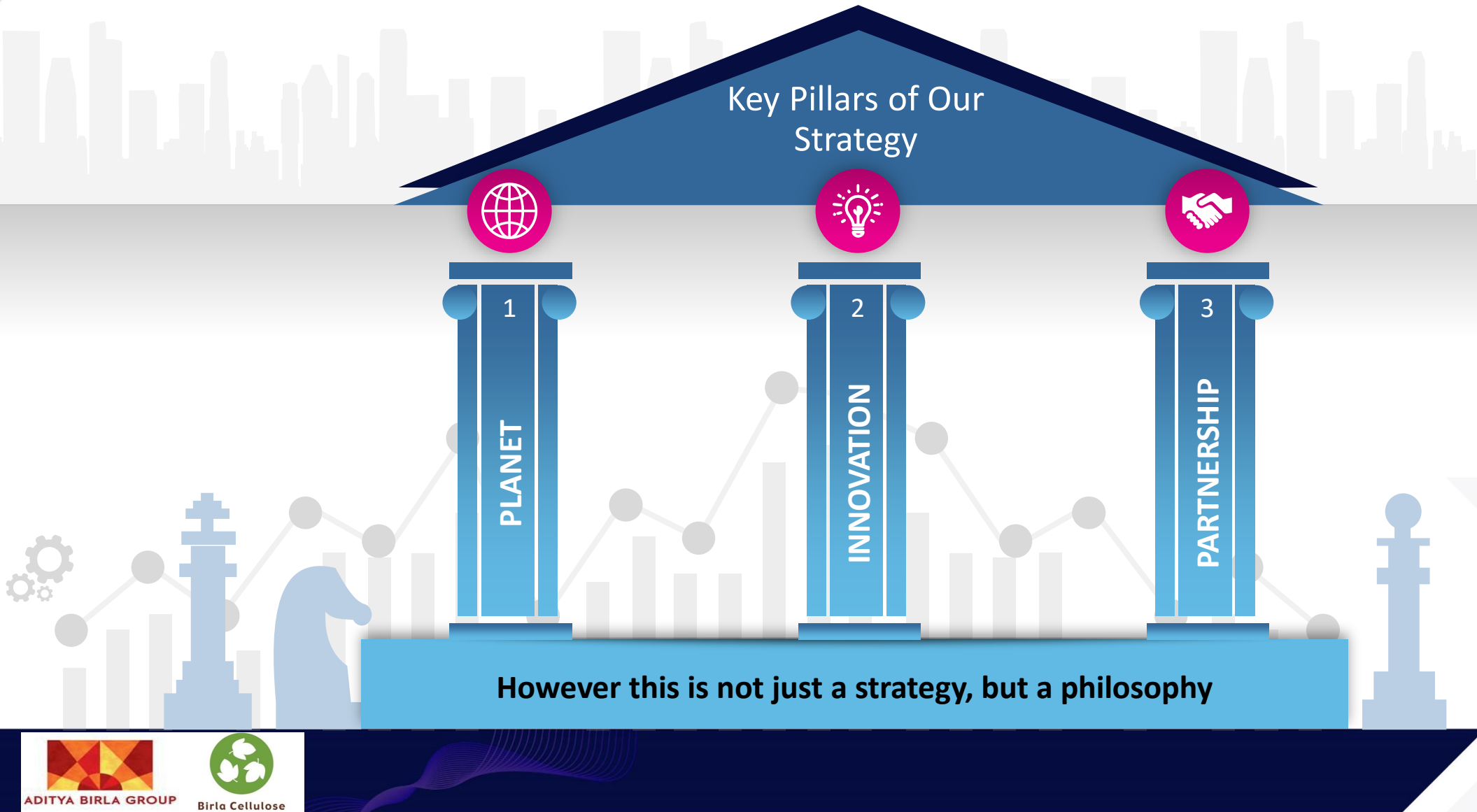
**Delighting millions of women consumers with a winning proposition - Natural Fluid Fashion**



## LIVA CREATION OF A STRONG INGREDIENT BRAND



# Three pillars for our strategy - PIP



# Planet

A Philosophy of Giving back to our planet more than we take



## RAW MATERIAL

- Sustainable Raw Material Sourcing – wood from renewable & non-endangered forests
- Canopy Initiative – Birla Cellulose ranked no. 1

## PROCESSES

- Life Cycle Assessment (LCA): Carried out for all products at all sites in accordance with ISO 14040/44 standards.
- WASH Pledge: Water, Sanitation and Hygiene pledge compliance in all Pulp & Fibre Units. (lowest water consumption across industry ~40 m<sup>3</sup>/ton at Vilayat)
- High, Industry leading Higg score
- Partnering with ZDHC for industry leading standards on emission
- Traceability

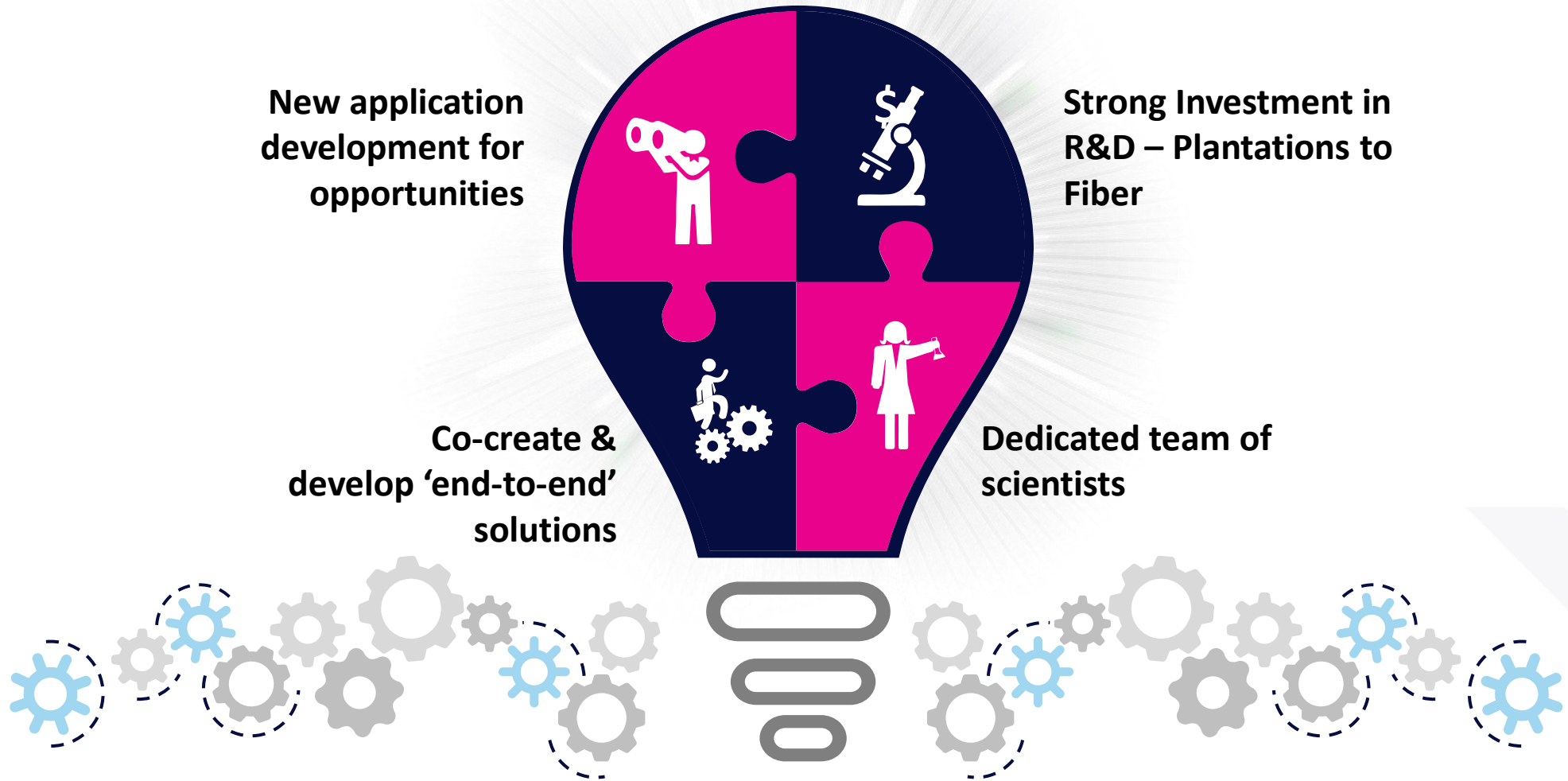
## CERTIFICATIONS



*\* Self assessment scores, pending 3rd party audit*

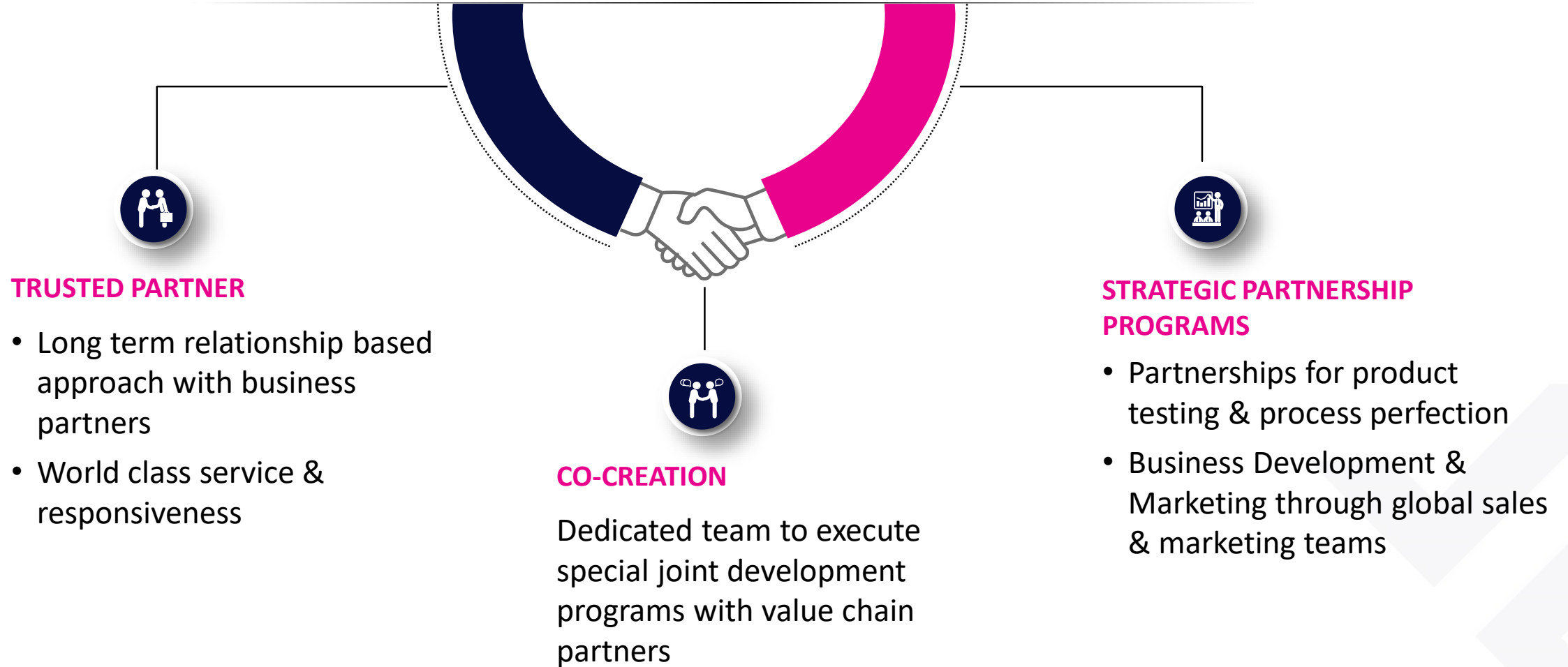
# Innovation

A Philosophy of Innovating solutions that improve peoples' life



# Partnership

A Philosophy Where We 'Go The Extra Mile' For Our Partners



Giving back to our  
planet more than  
we take



Innovating  
solutions that  
improve peoples'  
life



'Going The Extra  
Mile' For Our  
Partners

We call it a

# PHILOSOPHY OF CARE &

We have just given it  
a name!



# Indian Textile Industry – Recommendations

- Aligning Textile Value Chain with Global Demand by promoting Man Made fibre based industry along with cotton based industry to provide more choice to consumers and engender an equitable growth.
- Implementation of standard, systems & processes.
- Trade pacts must be used judiciously to open up large consumption markets on a preferential basis for the Indian textile industry rather than opening up the Indian market to competing countries.
- Need to strengthen the downstream sectors specially processing industry.
- Sourcing restrictions for safeguarding the interest of Indian domestic industry.
- Enhancing Competitiveness and Attracting Investments.
- Integration of supply chain.
- Building up World class infrastructure.

Thank You...