



Monthly Newsletter

August 2019 Edition

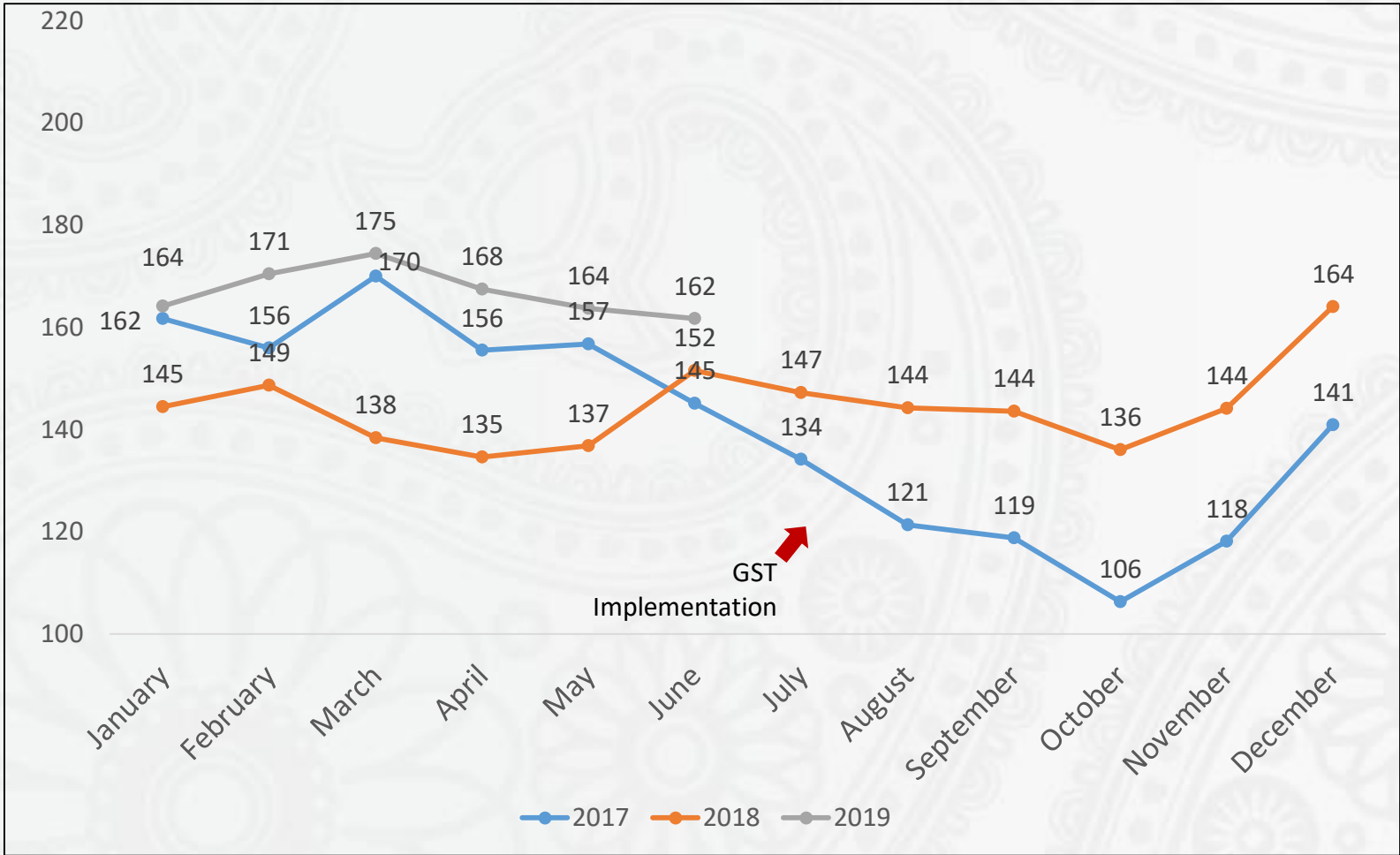


- Executive Summary
- Apparel Index of Industrial Production (IIP) Update
- Apparel Consumer Price Index (CPI) Update
- Monthly Apparel Exports Update
- Country wise Apparel Exports Update
- Monthly Apparel Imports Update
- Country wise Apparel Imports Update
- Financial Health of Select Brands, Retailers and Manufacturers

- The apparel IIP in June 2019 was 162, which is 1% lower than that in May 2019. The index has declined for three consecutive months.
- The apparel CPI has remained constant for the past three months at a value of 149.
- The apparel exports in June 2019 stood at US\$ 1,233 million, showing a decrease of 9% from June 2018. Apparel exports to Saudi Arab has shown the highest growth (56%); exports to largest market USA also increased by 7% in Apr-Jun 2019 as compared to Apr-Jun 2018. However, the apparel exports to other major markets have declined.
- The apparel imports in June 2019 stood at US\$ 78 million, which is 7% higher than that in June 2018. Apparel imports from Bangladesh, the largest apparel exporter to India, has increased by 40%. China's apparel exports to India have also grown by 19% during the same period.
- Analysis of financial filings of select apparel manufacturers and fashion brands & retailers for Q1 FY 2020 over Q1 FY 2019 highlights the following:
 - Most of the companies have shown an increase in their operating revenue.
 - Growth in Operating Profit Margins (OPM%) for majority of the companies is also very high with Gokaldas Exports and Pearl Global showing an increase of 11.3 and 4.6 percentage points.
 - The increase in OPM% of fashion brands and retailers is mainly because of a change in regulation by Ministry of Corporate Affairs*.

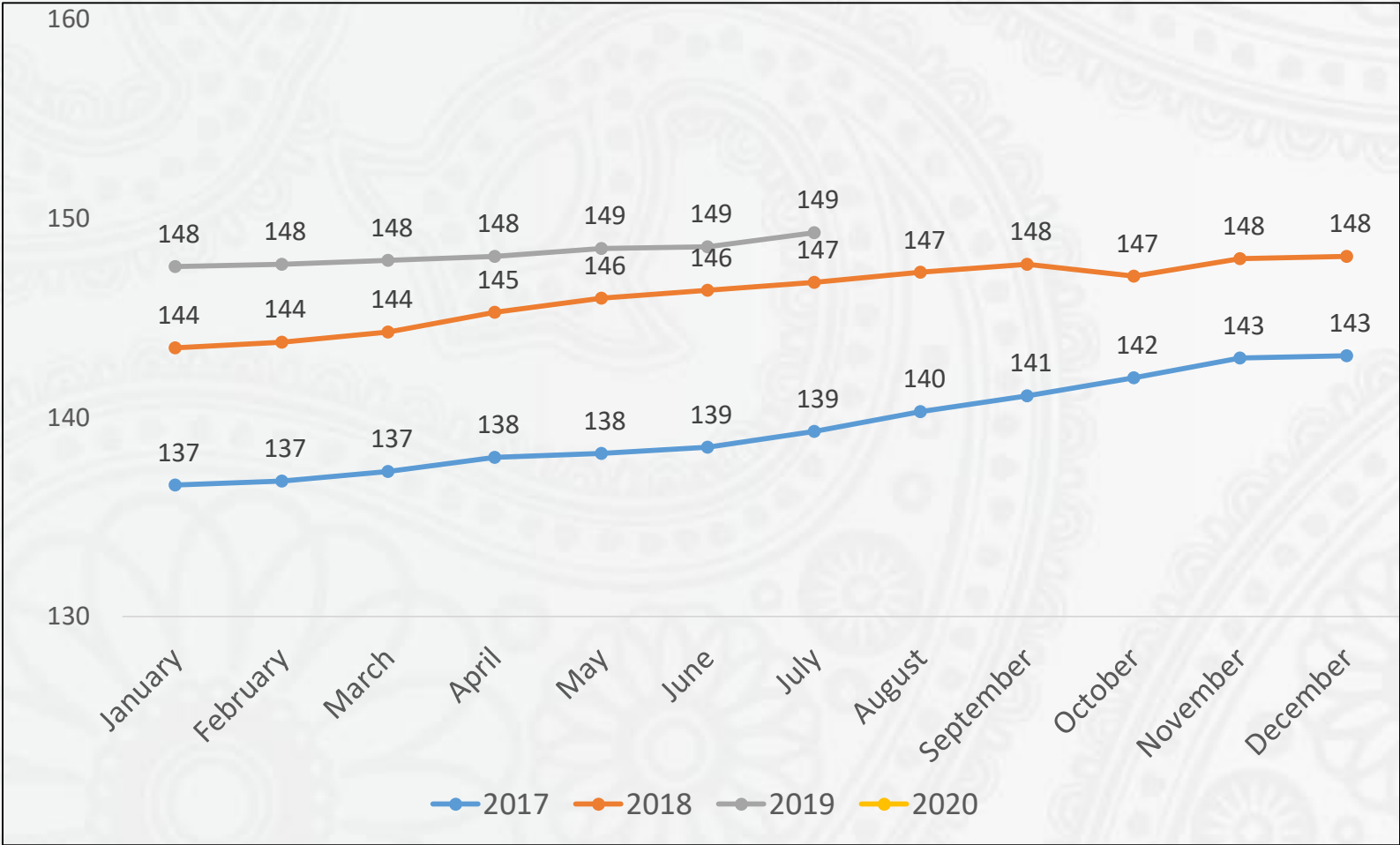
**Under new regulation (IND-AS 116), the rent expense will be replaced by depreciation and interest expense in the income statement, reflecting their right-to-use an asset for a period of time and the associated liability for payments.*

Apparel Index of Industrial Production (IIP) Update



- The apparel IIP has declined continuously for the past three months. With a value of 162 in June 2019, the apparel IIP was 1% lower than that in May 2019.

Apparel Consumer Price Index (CPI) Update



- The apparel CPI has remained constant for the past three months at a value of 149.
- As compared to July 2018, the apparel CPI increased by 2% in July 2019.

Monthly Apparel Exports Update

In US\$ Million	FY 2019	FY 2020	YoY Change	MoM Change
Apr	1,352	1,409	4%	-18%
May	1,339	1,530	14%	9%
June	1,359	1,233	-9%	-19%
YTD	4,050	4,172	3%	
Provisional Data for Latest Month				
July	1,275	1,365	7%	11%

- The apparel exports in June 2019 stood at US\$ 1,233 million, showing a **decrease of 9%** from June 2018.
- As compared to May 2019, the apparel exports **declined by 19%** in June 2019.
- The provisional data for July 2019 indicates an increase of 7% on YoY basis and an increase of 11% on MoM basis.

Country wise Apparel Exports Update

In US\$ Million	FY19 (Apr-Jun)	FY20 (Apr-Jun)	Change	% Growth
USA	1,040	1,113	73	7%
UK	431	418	-13	-3%
Germany	287	254	-33	-11%
Spain	229	212	-17	-7%
France	205	202	-3	-1%
Saudi Arab	90	140	50	56%
Netherlands	110	112	2	2%
Italy	83	80	-3	-4%
Japan	65	70	5	8%
Others	1,010	1,093	83	8%
Total (without UAE)	3,550	3,694	144	4%
UAE	500	478	-22	-4%
Total	4,050	4,172	122	3%

- Apparel exports to Saudi Arab has shown the highest **growth (56%)** with an addition of US\$ 50 million in Apr-Jun 2019 as compared to Apr-Jun 2018.
- The exports to largest market USA also **increased by 7%** in Apr-Jun 2019 as compared to Apr-Jun 2018.
- However, the apparel exports to other major markets of UK, Germany and Spain have **declined**.

Monthly Apparel Imports Update

In US\$ Million	FY 2019	FY 2020	YoY Change	MoM Change
Apr	56	68	21%	-22%
May	67	85	27%	25%
June	73	78	7%	-9%
YTD	196	231	18%	
Provisional Data for Latest Month				
July	101	109	8%	40%

- The apparel imports in June 2019 stood at US\$ 78 million, which is **7% higher** than that in June 2018. However, as compared to May 2019, the imports declined by 9%
- The provisional data for July 2019 indicates a **growth of 8%** on YoY basis and a **growth of 40%** on MoM basis.

Country wise Apparel Imports Update

In US\$ Million	FY19 (Apr-Jun)	FY20 (Apr-Jun)	Change	% Growth
Bangladesh	55	77	22	40%
China	52	62	10	19%
Spain	22	23	1	5%
Hong Kong	9	13	4	44%
Sri Lanka	16	11	-5	-31%
Vietnam	5	7	2	40%
Italy	4	4	0	0%
Cambodia	3	4	1	33%
Turkey	3	4	1	33%
UK	4	3	-1	-25%
Others	23	23	0	0%
Total	196	231	35	18%

- Apparel imports from Bangladesh, the largest apparel exporter to India, has **increased by 40%** in Apr-Jun 2019 as compared to Apr-Jun 2018.
- China's apparel exports to India have also **grown by 19%** during the same period.

Financial Health of Select Brands, Retailers and Manufacturers

	Company	Revenue from Operations (Rs. Crores)						Operating Profit Margin					
		FY 2019	Q1 FY 2019	Q1 FY 2020	Q2 FY 2020	Q3 FY 2020	Q4 FY 2020	FY 2019	Q1 FY 2019	Q1 FY 2020	Q2 FY 2020	Q3 FY 2020	Q4 FY 2020
Fashion & Lifestyle Brands and Retailers	Aditya Birla Fashion & Lifestyle	8,118	1,914	2,065				5.3%	4.1%	11.5%			
	Future Lifestyle Fashions	5,377	1,268	1,496				7.4%	6.9%	12.9%			
	Shoppers Stop	3,481	827	832				7.4%	5.5%	11.1%			
	Trent	2,532	591	767				9.3%	11.7%	18.3%			
	V-Mart Retail	1,434	361	453				8.9%	12.2%	10.6%			
	V2 Retail	748	188	202				3.9%	11.0%	10.1%			
Apparel Manufacturers	Page Industries	2,852	815	835				22.3%	23.6%	22.0%			
	Gokaldas Export	1,173	285	341				3.8%	2.8%	14.1%			
	Pearl Global	840	175	191				5.3%	0.9%	5.5%			
	S P Apparels	778	176	205				16.4%	13.9%	8.2%			
	Kitex Garments	607	123	146				26.0%	29.9%	20.6%			
	Kamadgiri Fashion Limited	319	67	69				3.7%	2.4%	1.8%			
	Celebrity Fashion	231	47	52				3.9%	0.6%	2.9%			
	E-Land Apparel	172	43	33				-23.0%	-24.6%	-42.8%			
	Bang Overseas	154	46	22				2.7%	0.6%	38.2%			



Thank you!