



# Monthly Newsletter

October 2019 Edition

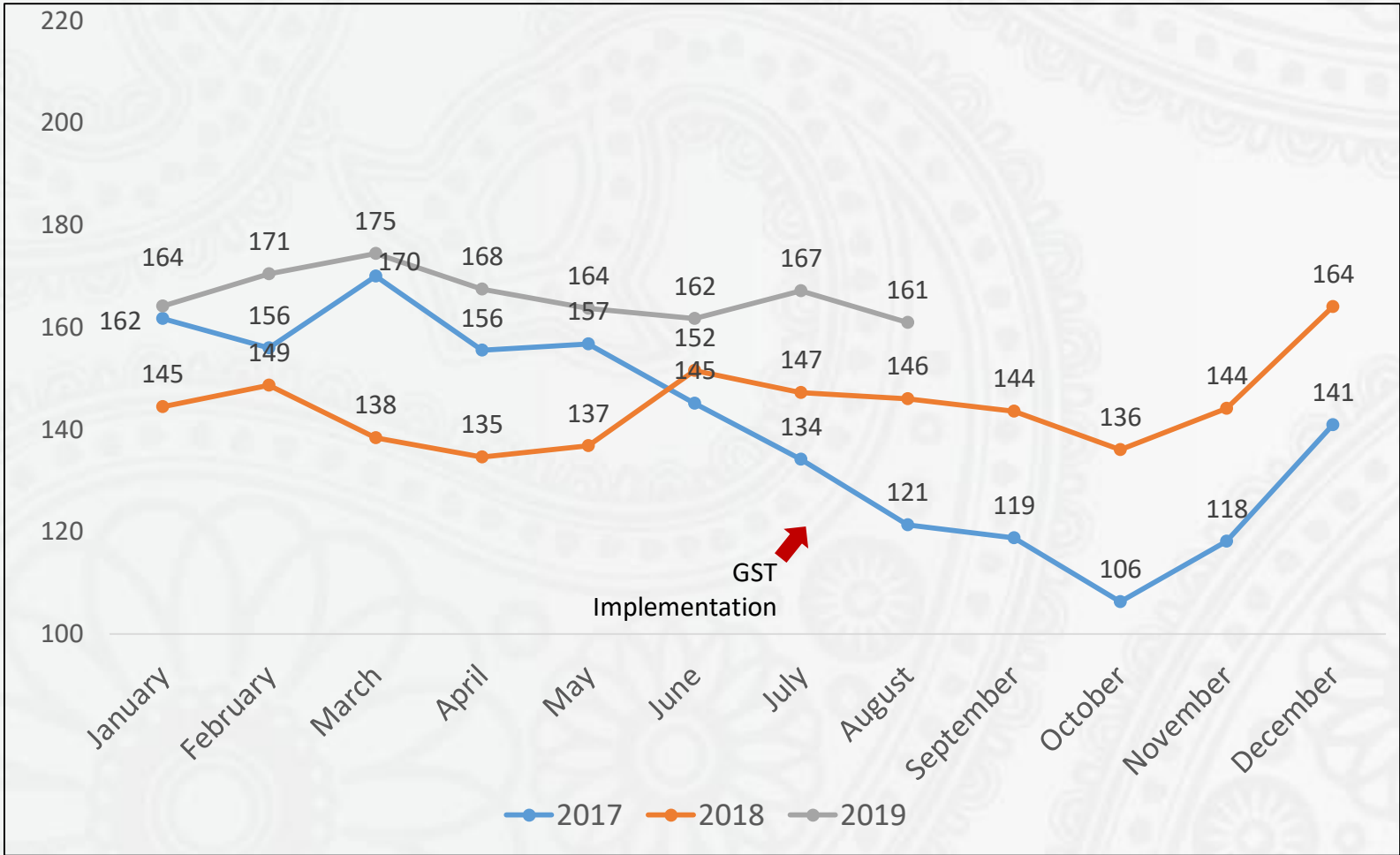


- Executive Summary
- Apparel Index of Industrial Production (IIP) Update
- Apparel Consumer Price Index (CPI) Update
- Monthly Apparel Exports Update
- Country wise Apparel Exports Update
- Monthly Apparel Imports Update
- Country wise Apparel Imports Update
- Financial Health of Select Brands, Retailers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

- The apparel IIP was valued at 161 in August 2019, recording a decline of 4% as compared to that in July 2019.
- The apparel CPI has remained constant for the past five months at a value of 149.
- The apparel exports in August 2019 stood at US\$ 1,262 million, showing a decrease of 8% from July 2019 and of 2% from August 2018. The apparel exports to the largest market USA showed a steep decline of 13% in Apr-Aug 2019 as compared to that in Apr-Aug 2018. The exports to other major markets including Germany, UAE, Spain, France and UK have also declined.
- The apparel imports in August 2019 stood at US\$ 127 million, which is 3% lower than that in August 2018 and 16% higher than that in July 2019. Apparel imports from Bangladesh, the largest apparel exporter to India, has increased by 17% in Apr-Aug 2019 as compared to that in Apr-Aug 2018. India's imports from Hong Kong and Vietnam have also increased.
- 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, respectively.
  - The increase in OPM% of fashion brands & retailers is mainly because of a change in regulation by Ministry of Corporate Affairs\*.

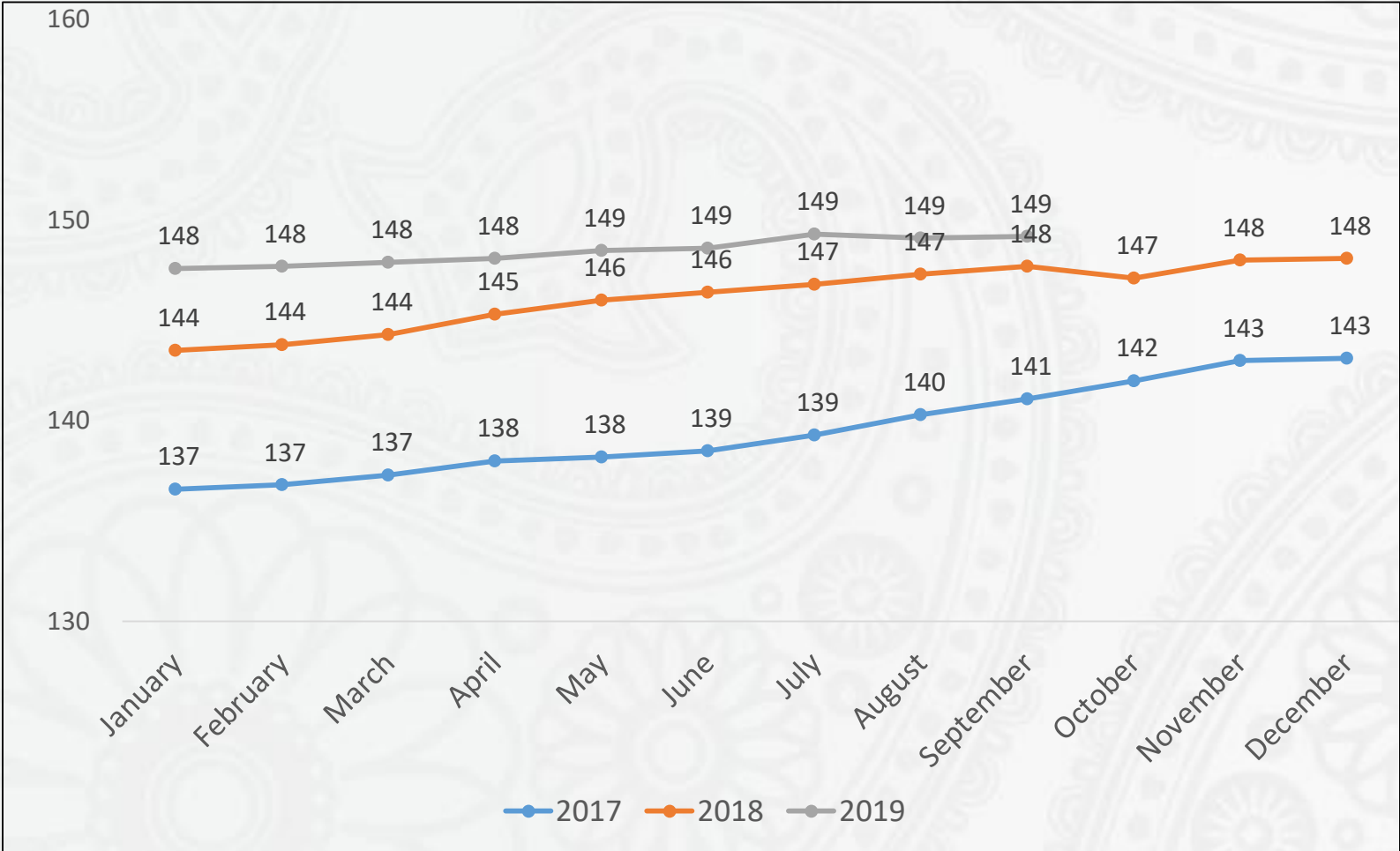
*\*Under new regulation (IND-AS 116), the rent expense will be replaced by depreciation and interest expense in the income statement, reflecting their right-to-use an asset for a period of time and the associated liability for payments.*

# Apparel Index of Industrial Production (IIP) Update



- The apparel IIP was valued at 161 in August 2019, recording a decline of 4% as compared to that in July 2019.

# Apparel Consumer Price Index (CPI) Update



- The apparel CPI has remained constant for the past five months at a value of 149.
- As compared to September 2018, the apparel CPI showed a minute increase of 1% in September 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%
July	1,275	1,366	7%	11%
August	1,293	1,262	-2%	-8%
<b>YTD</b>	<b>6,619</b>	<b>6,800</b>	<b>3%</b>	
Provisional Data for Latest Month				
September	1,105	1,080	-2%	-14%

- The apparel exports in August 2019 stood at US\$ 1,262 million, showing a **decrease of 8%** from July 2019.
- As compared to August 2018, the apparel exports **decreased by 2%** in August 2019.
- The provisional data for September 2019 indicates a **decrease of 2%** on YoY basis and a **decrease of 14%** on MoM basis.

# Country wise Apparel Exports Update

In US\$ Million	FY19 (Apr-Aug)	FY20 (Apr-Aug)	Change	% Growth
USA	1,694	1,470	-224	-13%
UAE	820	769	-51	-6%
UK	678	674	-4	-1%
Germany	489	410	-79	-16%
Spain	345	329	-16	-5%
France	300	289	-11	-4%
Saudi Arab	152	229	77	51%
Netherlands	186	179	-7	-4%
Italy	146	144	-2	-1%
Nigeria	64	121	57	89%
Others	1,745	2,186	441	25%
<b>Total</b>	<b>6,619</b>	<b>6,800</b>	<b>181</b>	<b>3%</b>

- The apparel exports to the largest market USA showed a steep **decline of 13%** in Apr-Aug 2019 as compared to that in Apr-Aug 2018.
- The exports to other major markets including Germany, UAE, Spain, France and UK have also **declined**.
- Apparel exports to Saudi Arab and Nigeria have shown an **increase** in Apr-Aug 2019 as compared to that in Apr-Aug 2018.

# 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%
July	101	109	8%	40%
August	131	127	-3%	16%
<b>YTD</b>	<b>428</b>	<b>468</b>	<b>9%</b>	
Provisional Data for Latest Month				
September	113	117	3%	-7%

- The apparel imports in August 2019 stood at US\$ 127 million as compared to US\$ 131 million in August 2018. This indicates a **decrease of 3%** on YoY basis while an **increase of 16%** on MoM basis.
- The provisional data for September 2019 indicates a **growth of 3%** on YoY basis and a **decline of 7%** on MoM basis.



# Country wise Apparel Imports Update

In US\$ Million	FY19 (Apr-Aug)	FY20 (Apr-Aug)	Change	% Growth
Bangladesh	135	158	23	17%
China	126	135	9	7%
Spain	39	38	-1	-3%
Hong Kong	18	27	9	50%
Sri Lanka	31	22	-9	-29%
Vietnam	11	16	5	45%
Italy	7	8	1	14%
Cambodia	8	8	0	0%
Turkey	7	7	0	0%
UAE	5	6	1	20%
Others	41	43	2	5%
<b>Total</b>	<b>428</b>	<b>468</b>	<b>40</b>	<b>9%</b>

- Apparel imports from Bangladesh, the largest apparel exporter to India, have **increased by 17%** in Apr-Aug 2019 as compared to that in Apr-Aug 2018.
- India has also reported a significant **increase** in its apparel imports from Hong Kong and Vietnam, however the values are low.
- India's apparel imports from Sri Lanka have shown a significant **decline of 29%**.

# 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	845			7.4%	5.5%	11.1%	12.8%		
	Trent	2,532	591	767				9.3%	11.7%	18.3%			
	V-Mart Retail	1,434	361	453	314			8.9%	12.2%	10.6%	-0.2%		
	V2 Retail	748	188	202	151			3.9%	11.0%	10.1%	2.5%		
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%			
	Bang Overseas	154	46	22				2.7%	0.6%	38.2%			



Thank you!