



# Monthly Newsletter

September 2019 Edition

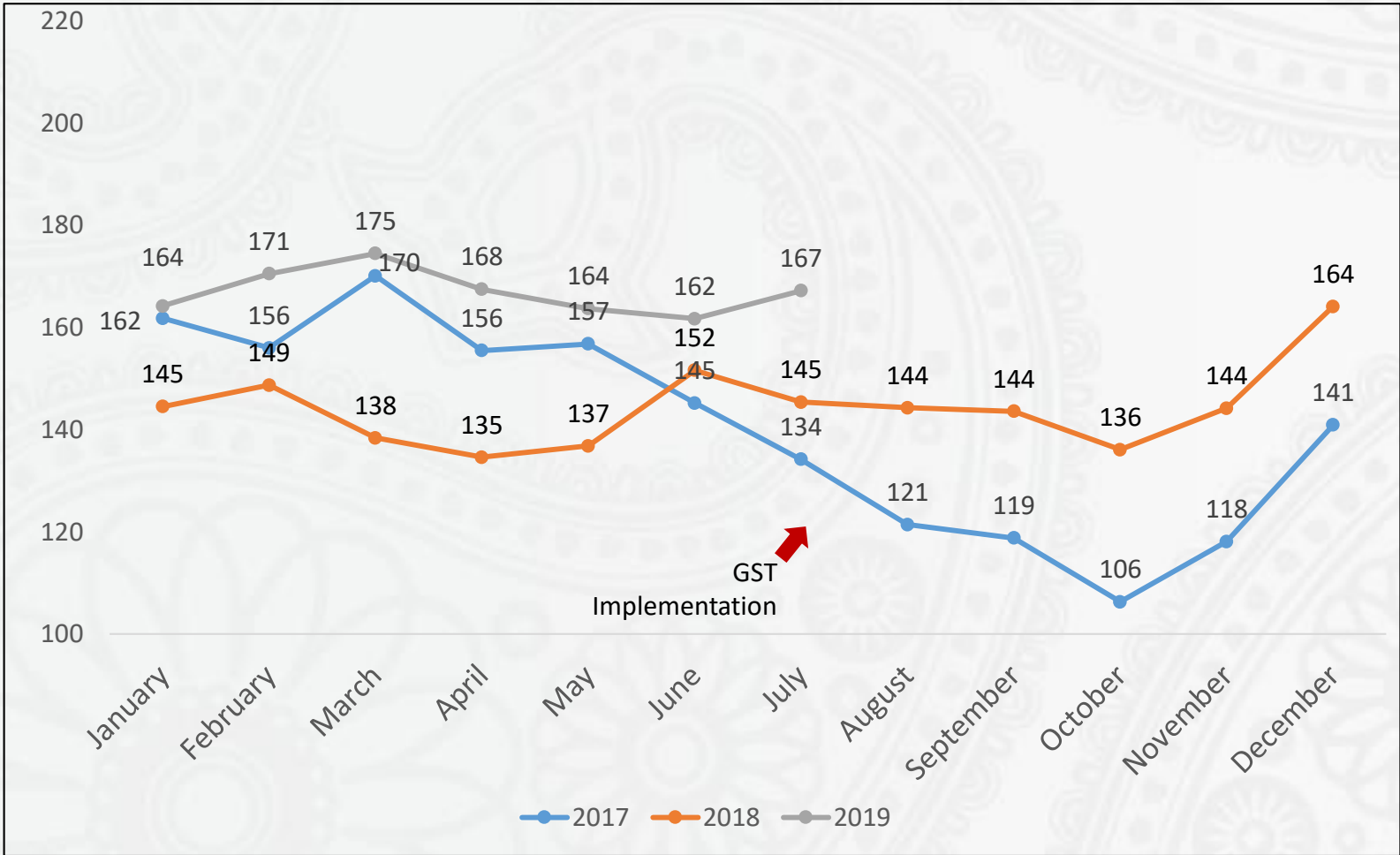


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- The apparel IIP in July 2019 was 167, which is 3% higher than that in June 2019. The index has shown a growth for the first time in the past four months.
- The apparel CPI has remained constant for the past four months at a value of 149.
- The apparel exports in July 2019 stood at US\$ 1,366 million, showing an increase of 11% from June 2019 and 7% from July 2018. Apparel exports to largest market USA increased by 7%; exports to Saudi Arab has shown the highest growth (59%) in Apr-July 2019 as compared to Apr-July 2018. However, the apparel exports to other major markets have declined.
- The apparel imports in July 2019 stood at US\$ 109 million, which is 40% higher than that in June 2019 and 8% higher than that in July 2019. Apparel imports from Bangladesh, the largest apparel exporter to India, has increased by 31%.
- 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\*.

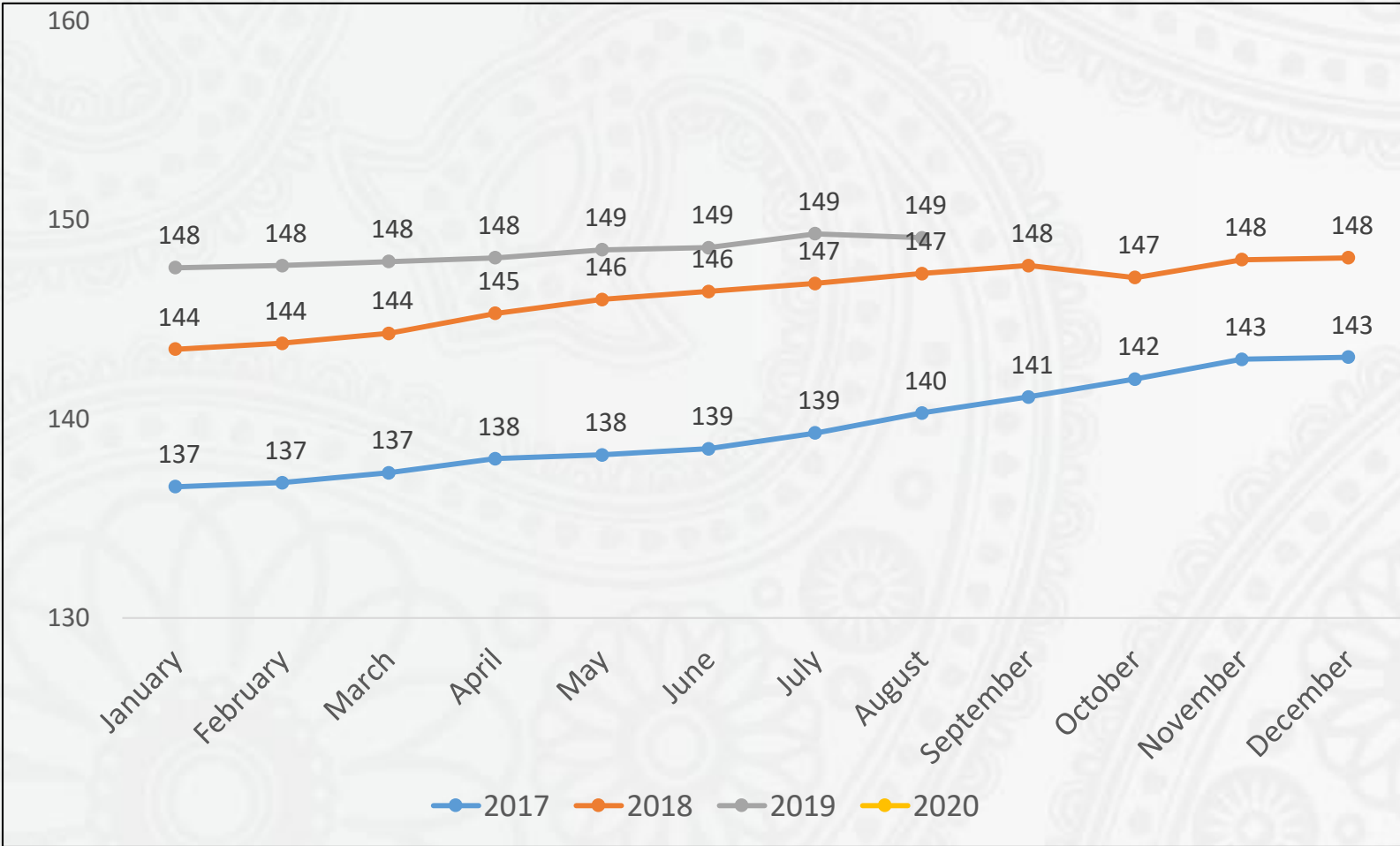
*\*Under new regulation (IND-AS 116), the rent expense will be replaced by depreciation and interest expense in the income statement, reflecting their right-to-use an asset for a period of time and the associated liability for payments.*

# Apparel Index of Industrial Production (IIP) Update



- The apparel IIP showed growth in July 2019 after continuously declining for the past three months. With a value of 167 in July 2019, the apparel IIP was 3% higher than that in June 2019.
- As compares to July 2018, the apparel IIP is 15% higher in July 2019.

# Apparel Consumer Price Index (CPI) Update



- The apparel CPI has remained constant for the past four months at a value of 149.
- As compared to August 2018, the apparel CPI is 1% higher in August 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%
<b>YTD</b>	<b>5,326</b>	<b>5,538</b>	<b>4%</b>	
Provisional Data for Latest Month				
August	1,293	1,262	-2%	-8%

- The apparel exports in July 2019 stood at US\$ 1,366 million, showing an **increase of 11%** from June 2019.
- As compared to July 2018, the apparel exports **increased by 7%** in July 2019.
- The provisional data for August 2019 indicates a **decrease of 2%** on YoY basis and a **decrease of 8%** on MoM basis.

# Country wise Apparel Exports Update

In US\$ Million	FY19 (Apr-July)	FY20 (Apr-July)	Change	% Growth
USA	1,371	1,470	99	7%
UK	552	543	-9	-2%
Germany	384	340	-44	-11%
Spain	291	278	-13	-4%
France	259	255	-4	-2%
Saudi Arab	121	192	71	59%
Netherlands	150	149	-1	-1%
Italy	116	115	-1	-1%
Japan	80	86	6	8%
Others	1,346	1,474	128	10%
<b>Total (without UAE)</b>	<b>4,670</b>	<b>4,903</b>	<b>233</b>	<b>5%</b>
UAE	656	635	-21	-3%
<b>Total</b>	<b>5,326</b>	<b>5,538</b>	<b>212</b>	<b>4%</b>

- Apparel exports to the largest market USA **increased by 7%** in Apr-July 2019 as compared to Apr-July 2018.
- The exports to Saudi Arab has shown the highest **growth (59%)** with an addition of US\$ 71 million in Apr-July 2019 as compared to Apr-July 2018.
- However, the apparel exports to other major markets have declined with Germany showing a **decline of 11%**.

# 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%
<b>YTD</b>	<b>297</b>	<b>341</b>	<b>15%</b>	
Provisional Data for Latest Month				
August	131	127	-3%	16%

- The apparel imports in July 2019 stood at US\$ 109 million, which is a significant **jump of 40%** as compared to that in June 2019. The imports also showed an **increase of 8%** as compared to that in July 2018.
- The provisional data for August 2019 indicates a **decline of 3%** on YoY basis, but a **growth of 16%** on MoM basis.



# Country wise Apparel Imports Update

In US\$ Million	FY19 (Apr-July)	FY20 (Apr-July)	Change	% Growth
Bangladesh	87	114	27	31%
China	86	96	10	12%
Spain	28	29	1	4%
Hong Kong	13	18	5	38%
Sri Lanka	23	17	-6	-26%
Vietnam	8	11	3	38%
Italy	5	6	1	20%
Cambodia	6	6	0	0%
Turkey	5	5	0	0%
UAE	3	5	2	67%
Others	32	33	1	3%
<b>Total</b>	<b>297</b>	<b>341</b>	<b>44</b>	<b>15%</b>

- Apparel imports from Bangladesh, the largest apparel exporter to India, has **increased by 31%** in Apr-July 2019 as compared to Apr-July 2018.
- India has reported a significant **increase of 38%** in its apparel imports from Hong Kong and Vietnam as well, however, the values increase are miniscule.

# 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!