

Indo Count: The next symphony

Indo Count Textiles appreciated 5,600 per cent in the past couple of years, even as I kept saying 'The stock will technically correct,' but never did it happen. Welspun saw tenfold rise from its bottom levels. Himatsingka Seide stayed so terribly sluggish for months between ₹80 and ₹90 that just when one gave up, the stock doubled in four weeks.

It appears India's domestic textiles segment is being re-rated. Indo Count has been reporting stronger margins — 12.6 per cent in the last quarter of 2013-14 to 17.6 per cent in the last quarter. It has been reporting higher returns on employed capital — 7.6 per cent in 2010-11 to 34.5 per cent in 2014-15 (twice its largest competitor). It has transformed its bottom line from ₹10.66 crore in 2010-11 to ₹145.88 crore in 2014-15.

It would be simplistic to ascribe this to the 'textile cycle'. There is something deeper at work here.

In this capital-intensive sector, Indo Count graduated towards asset-lightness. The company began to experiment successfully with outsourcing (buying grey fabric from other companies) over insourcing (backward integration) and focusing on grey fabric processing over manufacturing everything under one roof. The result: a superior return on employed capital in a capital-intensive sector translated into a consistent increase in profitability.

Even as the company was a part of the corporate debt restructuring programme, it expanded processing capacity from 36 million metres per annum to 45 million metres per annum and 68 million metres per annum — through accruals. In 2015, Indo Count will implement incremental expansion at a substantially lower cost (processing

capacity increase 88 per cent at 40 per cent of the original greenfield processing cost), expected to generate an unprecedented payback.



MARKET MIND

MUDAR PATHERYA

Concurrently, Indo Count graduated from the low-mid product segment to the mid-to-high (marked by progressively higher thread counts), expanded horizontally (from an erstwhile bed sheet focus to fashion bedding, utility bedding and institutional bedding), graduated from 'made to stock' to 'made to order', increased inventory turns and committed to capital investments only after receiving reasonable purchase commitments by customers.

The result is that Indo Count exited from its corporate debt restructuring plan four years ahead of schedule, after paying a recompense amount of ₹26 crore to banks in 2015 in lieu of the preponed exit.

One would assume the big play in Indo Count would be over. Yes and no. Yes, because it would be unrealistic to expect similar percentage returns in market cap growth from this point onwards. No, because the company is likely to generate far more cash (following its low cost expansion) than it can hope to consume, helping pare (or even eliminate) working capital.

When you have a topline of about ₹3,000 crore, earnings before interest, taxes, depreciation, and amortisation margin of even 15 per cent (I am a pessimist) and no debt on your books, you have people willing to price you differently.

Wonder if this could be the next symphony.

The author is a stock market writer, tracking corporate earnings and investor psychology to gauge where markets are not headed

At home and overseas, ethnic wear is the new rage

Flourishing segment is drawing big players, new customers into its fold; market set to cross \$19600m mark in 2018

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THE booming ethnic wear industry is driving apparel sales and it is, therefore, no wonder that retailers are vying for a significant pie of this segment.

Retailers say that ethnic wear is shaping the fashion industry as in the past few years its growth has attracted many new entrants. The market is getting redefined with brands and designers exploring new opportunities, and targeting a new set of consumers based in the domestic and overseas markets.

The ethnic wear market is expected to grow at a CAGR of 8 per cent and reach \$19,600 million in 2018, according to Technopak.

Rahul Jashnani, managing director of Jashn, says: "Being the owner of one of the fastest growing ethnic brands, I would say that Indians are definitely embracing ethnic wear and going back to their roots. Though most of today's women are fond of adorning themselves in western outfits, their love for ethnic wear has not died down. This can be seen in the steady growth in the ethnic wear segment over the past years. This segment is projected to grow further by 8.4 per cent over the next decade from the present Rs 61,679 crore."

Jashnani says that his focus for a very long time has remained on being an offline player. But the times are changing as Indian consumers are becoming habituated to new trends in terms of both products and retail options. Convenience of the customer is the key here and the online space has changed the whole dynamics of buying habits. So, Jashn is now present on Jabong, Myntra, Snapdeal, Amazon and Flipkart.

"We also have an online site where our products are available exclusively. As far

as revenues are concerned, we are happy with both. The only challenge in the online sector is that this category is of a very touch-and-feel kind, where the consumers have to check the product before investing in them. So yes, I would say that in our sector, we gain more revenues from the brick and mortar stores rather than from online sales," Jashnani asserts.

When Jashn had started off, ethnic wear for women was considered a niche market. In a very short span, ethnic apparel has generated a large customer base among urban women.

"This is the reason Jashn has redefined traditional Indian clothing by giving it a modern touch that appeals to contemporary women. Today, all high network places, along with boardrooms across India, are adapting to chic Indian ethnic wear. It can also be said that the ethnic consumer base is divided into traditional and modern," Jashnani says. There has been a massive growth in the market share of Indian ethnic brands over the years and this has resulted in a simultaneous influx in the number of such brands. Owing to fundamental societal factors such as rapidly increasing female workforce, disposable income, mall culture, international recognition given to traditional Indian attires and concerns for maintaining individuality, ethnic brands are able to cut through the competition posed by western outfit brands and attract the interests of not only middle-aged but also young female population.

"Ethnic brands are no longer seen as the carriers of ancient cultural value but their roles have evolved to a point where they are able to fuse power, femininity and modern fashion with traditional dressing. Factors like these have inspired brands like us to quit



GLOBAL DESI: Ethnic brands are reaching different corners of the world via online platforms as well as through physical presence

mainstream fashion dominated by western wear and make a niche market space marked by the intersection of the best of international and Indian features, and people are responding positively and enthusiastically to this change in retail and designer label industries," according to Rupali Lakra, fashion designer and founder of Pralii.

Praveen Sinha, managing director and founder, Jabong.com, says that unlike yesteryears, ethnic brands now mirror the new age Indian woman. They have redefined traditional Indian outfits as something that a woman can wear and look simple and yet stylish. "With a view to giving the Indian woman variety in her day wear and to infuse a dose of excitement in her wardrobe, brands like W, Biba, Rangmanch, Fabindia, among others have bolstered their fare. They offer their customers contemporary, fashionable and stylised garments to suit different occasions," Sinha says.

Apart from these, Jabong has brands like

Meena-Bazaar and Vishal, who forte lies in providing pure ethnic products, which are deep-rooted in Indian culture. The designer wear brands (Ritu Kumar, Rohit Bal, Neeta Gulia, Vikram Khadnis, Rocky S and so on, now present online, have also reached out to a wider consumer base, Sinha explains.

The ethnic wear market of India stood at \$13,100 million in 2013 out of which the contribution of men's ethnic wear was only 3 per cent. Contribution of kid's ethnic wear is 9 per cent and that of women's ethnic wear is 88 per cent.

According to Sinha, the online apparel market in India is flourishing like never before, with more and more consumers getting wired to the internet. Though the online space has created a specific space in the market, it is in the offline market that the growth has been particularly tremendous.

The growth of ethnic brands is largely offline at the moment. However, with the changing paradigms of shopping wit-

nessed in the last couple of years, retailers and designers have opted actively for the online market space.

A few online players claim that they are growing faster than the offline players, as they have greater reach to the customers.

Manoj Gupta, founder, Craftsvilla.com, says that, going forward, new ethnic brands will most likely come from online players. There is a broader trend that new brands are getting created now online rather than offline. The growth is mainly coming from the domestic market with internet disrupting this market and providing much wider reach to tier-II and tier-III towns.

Gupta said his company's target customers are mostly in smaller towns and smaller metros. Villages and tier-III towns also have potential buyers.

Animesh Kumar, assistant director - categories, fashion, said, that online retail is growing much faster than offline, and ethnic wear sales are higher than western outfits sale. The trend is not restricted

to the domestic market alone. It is spreading internationally too. There is a significant growth in the international market and demand continues to be on the rise. There are huge potential markets are the US, Australia and Singapore, says Sinha of Jahong.

Ethnic brands are reaching different corners of the world via online platforms as well as through physical presence, and NRIs and foreigners are showing greater interest in these brands. However, the growth magnitude is much higher in the domestic market, says Lakra.

According to Gupta of Craftsvilla, the company, at present, has about 2 per cent of their sales from international markets. However, going forward, international ethnic is likely to contribute 20 per cent of Craftsvilla's sales by 2017.

International markets have always had a fondness for Indian ethnic styles. Ethnic wear has flooded the fashion runways through styles, designs, colours, etc. and you proba-

Designers abroad have taken the intercultural barriers of the world and blurred them

bly haven't even realised it. Designers abroad have taken the intercultural barriers of the world and blurred them.

"The influence of Indian ethnic fashion on the industry is immeasurable. Through our sales, we have seen a big rise in India's rural markets, but at the same time the feedback from the international market is immense. We have firmly placed roots in the West Asian regions, with three stores in UAE; one in Dubai and two in Abu Dhabi," said Jashnani of Jashn.

Craftsvilla, too, launched services in Singapore and Malaysia in June 2015. The other geographies on the company's anvil are Thailand, Indonesia, Philippines, Latin America, Argentina and Brazil.

"We plan to enter these countries and sell local ethnic products to the local customers," says Gupta. "We believe that there is potential to secure at least a fifth of our sales from the international business", he adds.

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बॉलीवुड के रंगों में रंगा रहा कोतूर वीक



नई दिल्ली | विशाल ठाकुर

राजधानी में इंडिया कोतूर वीक के अंतिम दिन रैम्प पर अभिनेत्री कंगना रनोट ने फैशन डिजाइनर मानव गंगवानी का कोतूर कलेक्शन पेश किया। पिछले पांच दिनों में यह फैशन वीक बॉलीवुड के रंगों में रंगा हुआ दिखाई दिया।

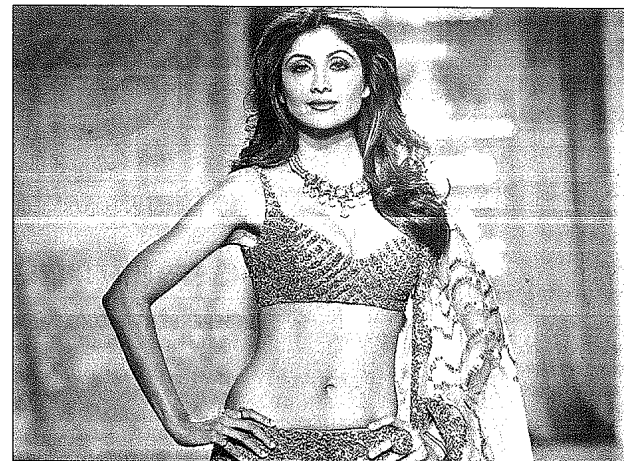
दो दिनों में अभिनेत्री शिल्पा शेट्टी, रिचा चड्ढा, अदिति राव हैदरी और चित्रांगदा सिंह भी रैम्प पर दिखाई दीं। तो उधर, पहली कतार में अभिनेत्री टिस्का चोपड़ा और आगंतुकों में अभिनेता नील नितिन मुकेश प्रमुखता से दिखाई दिए। इस बार कोतूर वीक में राजसी लुक वाले भारतीय पारंपरिक परिधानों का जोर दिखाई दिया, जो आने वाले शादी-ब्याह के सीजन के मद्देनजर एक अच्छी बात मानी जा रही है।

अक्सर देखा गया है कि रैम्प पर शिरकत करने वाली सुंदर और कसी हुई काया वाली मॉडल्स के चेहरों से

मुस्कान गायब रहती है। फैशन कोरियोग्राफी की एबीसी के मुताबिक उन्हें उक्त कलेक्शन की थीम के आधार पर अपनी भाव-भंगिमा प्रकट करनी होती है। मगर जब पार्श्व में दिल ये बैचेन वे... और चल छड़ियां छड़ियां छड़ियां... सरीखे गीत बजते हैं तो लक्ष्मी राणा जैसी सीनीयर मॉडल भी खुद को रोक नहीं पातीं और सैंकड़ों चमचाते कैमरों की फ्लैश के सामने हल्के से मुस्करा देती हैं। उत्सव के माहौल में फिल्मी गीतों के साथ ये सब चलता रहता है और अचानक होती है डॉन की एंट्री, जिसका आज भी 40

मुल्कों की पुलिस को इंतजार है।

ये नजारा है फैशन डिजाइनर दिब्यारुण के कलेक्शन 'हीरोइन' का, जिसे बॉलीवुड अंदाज में पेश किया गया। रैम्प पर अदिति राव हैदरी और चित्रांगदा सिंह के आने से बॉलीवुड की दावेदारी भी साबित हो गयी। फैशन डिजाइनर रिपल और हरप्रीत के शो में शिल्पा शेट्टी के आते ही माहौल में एक रवानगी सी आ गयी, जो फैशन डिजाइनर रेनू टंडन के शो में भी कायम रही। रेनू के शो में सूफीयाना माहौल के बीच कच्वाली चल ही रही थी कि तभी रिचा चड्ढा की एंट्री हुई।



रविवार को इंडिया कोतूर वीक-2015 में फैशन डिजाइनर रिपल और हरप्रीत के कलेक्शन को पेश करती अभिनेत्री शिल्पा शेट्टी। • हिन्दुस्तान

Raymond slashes loss by 58 per cent

OUR BUREAU

Mumbai, August 2

Textile major Raymond has reduced its losses by 58 per cent from ₹33 crore to ₹14 crore for the first quarter ended June 30, 2015.

Net revenues increased by 2 per cent from ₹1,120 crore to ₹1,145 crore.

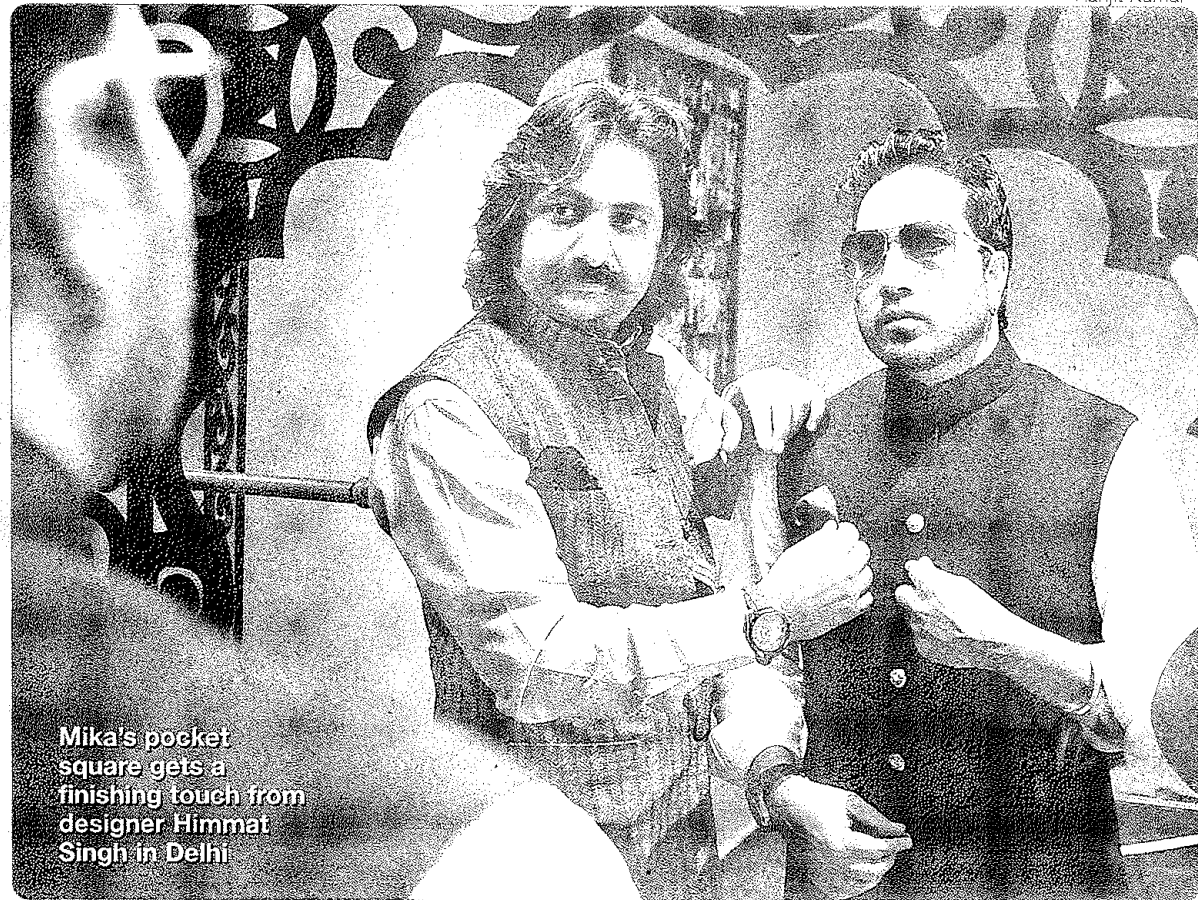
In a statement, Gautam Hari Singhania, CMD, Raymond, said, "The current quarter witnessed a subdued consumer sentiment in the domestic market and sluggish demand in the export markets particularly in the garmenting and automotive segment."

Mika gets a regal Rajasthani look

If you're wondering what Mika's Rajasthani connection here is, it's the regal look of that *bandhgala* and its Rajasthani designer, Himmat Singh. The singer attended the recent launch of Himmat's store in Delhi's Khan Market, where the designer will make available his royal designs for men, women and children.

Himmat's USP is that regal look in clothing like *sherwanis*, polo coats, breeches and Nehru jackets, all of which display innovative style and have a great fit. Because of that, he is a favourite among erstwhile *rajgharanas* and also has people from Bollywood as clients – stars like Ajay Devgn, Kapil Sharma, Shilpa Shetty, Raj Kundra and others.

The Delhi store will showcase his most popular heritage Royal collection, which shows Studio Himmat's signature style.



Mika's pocket square gets a finishing touch from designer Himmat Singh in Delhi

Pics: Ranjit Kumar and Samik Sen



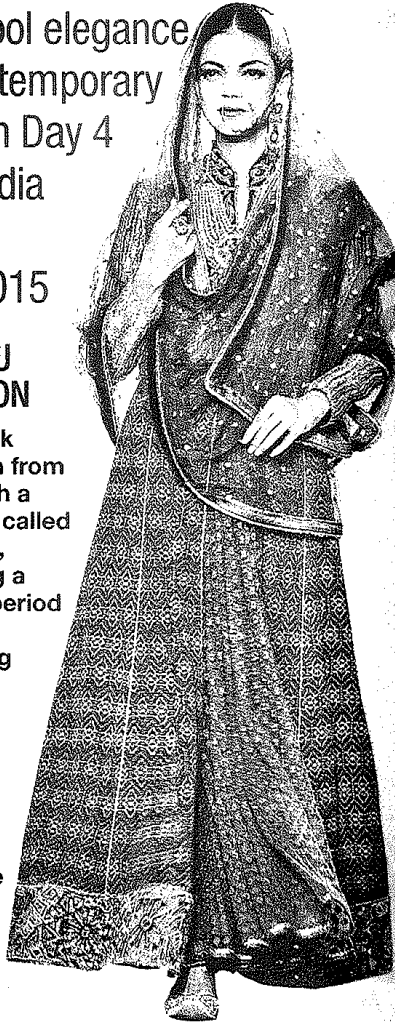
ROHIT BAL

New school ornateness

Old school elegance met contemporary twists on Day 4 of the India Couture Week 2015

REYNU
TAANDON

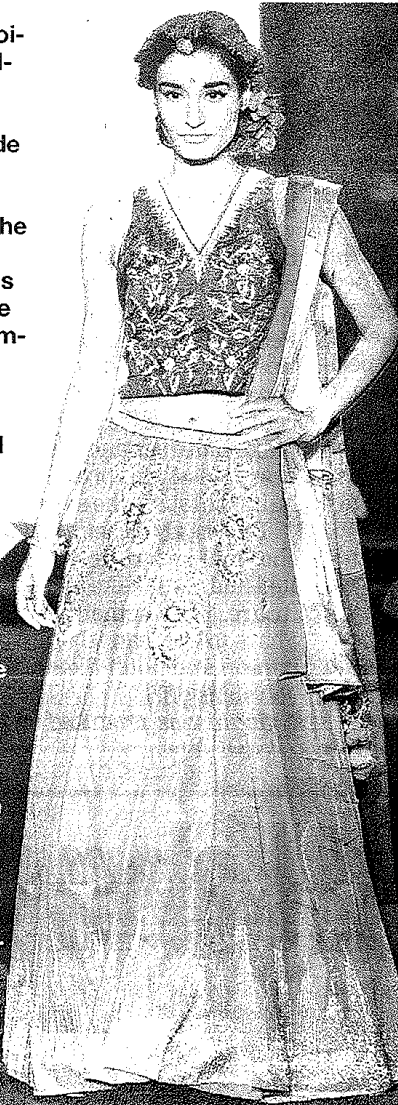
Reynu took inspiration from Persia with a collection called Shahbanu, presenting a series of period creations comprising *shararas*, *anarkalis* and *lehengas*. Seen here is model Nayanika Chatterjee



Gudda's collection had intricate embroidery and fine detailing. The collection, titled Husn-e-Taairaat, was an ode to artisans and craftsmen. Flower motifs, especially the lotus, have been a part of his creations earlier, but this time he created hand-embroidered bird and animal motifs on jackets and coats. Seen here is model Rikee Chatterjee

DEBARUN

Starting with black and white costumes representing the 50s and 60s, Debarun's collection was inspired by the evolution of film costumes over the decades. Seen here in a colourful outfit representing the 70s and 80s is former Miss India Kanishtha Dhankhar



RIMPLE AND HARPREET

Rimple and Harpreet presented a collection inspired by Indian maharajas and nobles and their lifestyles from the era of the Raj, which were influenced by their travels to the West. Seen here is model Sonalika Sahay



Walked for Debarun



Walked for Rimple and Harpreet



Walked for Rimple and Harpreet