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Industry Report on Indian Ethnic Wear Market for Women



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1. Overview of Indian Economy

India GDP and GDP Growth

India is the world's 6th largest economy and expected to be in the top 3 global economies by FY 2050

Currently, India ranks sixth in the world in terms of nominal gross domestic product ("GDP") and is the third-largest economy in the world in terms of purchasing power parity ("PPP"). India is estimated to be among the top three global economies in nominal GDP by Fiscal 2050.

Exhibit 1.1: GDP at current prices (In US\$ Tn) and GDP Ranking of Key Global Economies (CY 2020)

Country	Rank in GDP (PPP)	CY 2010	% Share	CY 2015	% Share	CY	% Share	CY 2025P	CAGR (2020-2025)
China	1	6.1	9.20%	11	14.70%	14.7	17.40%	22.5	8.90%
USA	2	15	22.50%	18.2	24.30%	20.9	24.70%	26.7	5.00%
India	3	0.9	2.50%	1.7	2.80%	2.6	3.10%	4.2	10.10%
Japan	4	5.7	8.70%	4.4	5.90%	4.9	5.80%	6.3	5.20%
Germany	5	3.4	5.10%	3.4	4.50%	3.8	4.50%	5.1	6.10%
France	8	2.6	4.00%	2.4	3.20%	2.6	3.10%	3.4	5.50%
UK	9	2.5	3.70%	2.9	3.90%	2.7	3.20%	3.8	7.10%
Italy	10	2.1	3.20%	1.8	2.40%	1.9	2.20%	2.4	4.80%
Korean Republic	13	1.1	1.70%	1.5	2.00%	1.6	1.90%	2.1	5.60%
Canada	14	1.1	2.40%	1.5	2.10%	1.6	1.90%	2.4	8.40%

Source: World Bank Data, RBI, Technopak Analysis

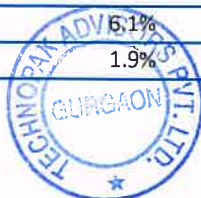
India expected to fare better than developed economies and recover to a high growth path in the coming years

India's real gross domestic product ("GDP") has sustained an average growth between 6% and 7% since FY 1991. India has been the fastest-growing G20 economy since FY 2015, with an annual growth rate hovering around 7%. India's economy grew at ~7% in FY 2019. The real growth rate declined to 4% in FY 2020 and witnessed a degrowth of 7.3% in FY 2021 due to the outbreak of the COVID-19 pandemic, which led to the imposition of lockdowns towards the last quarter of FY 2020 and a major part of the first quarter of FY 2021 causing a contraction in the economy. India is projected to have the highest real GDP growth rate as compared to other key economies affected by COVID-19. India witnessed a strong recovery in H2FY22 especially after relaxation of lockdown and other restrictions post the second wave of COVID-19 pandemic. An increased demand from consumers fueled the recovery of the Indian economy.

Exhibit 1.2: Real GDP Growth rate of Key Global Economies (CY 2018 - CY2021P)

Country	GDP Growth Rate - 2018 (in %)	GDP Growth Rate - 2019 (in %)	GDP Growth Rate - 2020 (in %)	GDP Growth Rate - 2021P (in %)
United States	3.0%	2.2%	-3.5%	5.1%
China	6.8%	6.0%	2.3%	8.1%
Japan	0.6%	0.3%	-5.8%	3.1%
Germany	1.1%	1.1%	-4.6%	3.5%
United Kingdom	1.3%	1.4%	-10.0%	4.5%
India*	5.1%	4.2%	-7.3%	9.5%
France	1.9%	1.8%	-7.9%	5.5%

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Italy	0.9%	0.4%	-8.9%	3.0%
Brazil	1.8%	1.4%	-4.1%	3.6%
Canada	2.4%	1.9%	-5.3%	3.6%

Source: World Bank data, WEO April 2021 by IMF; Data of India is based on Financial Year (April-March) basis.

*Secondary sources and Technopak Analysis. 2021P: Projected numbers for 2021

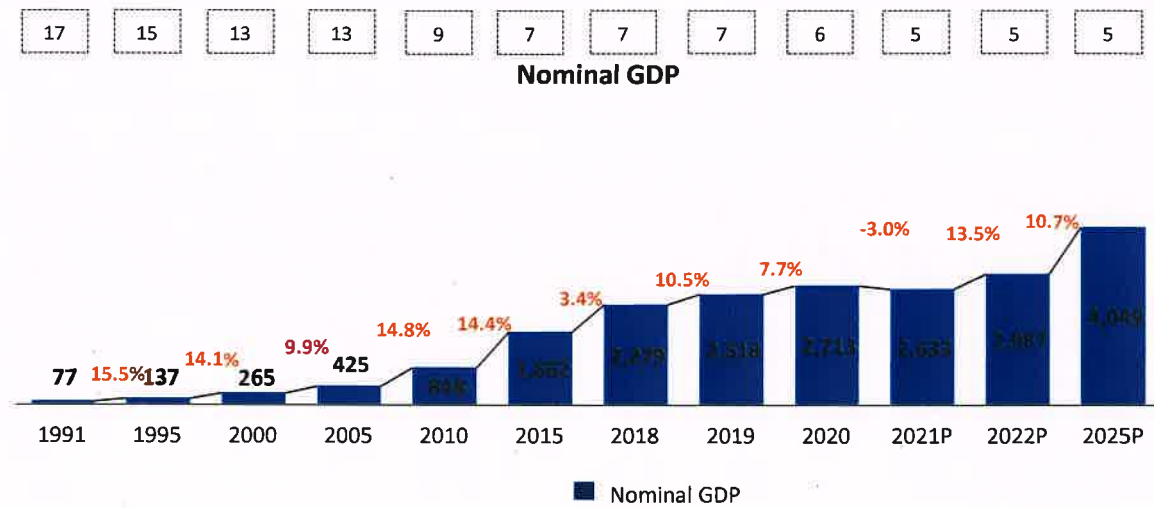
CY2018 numbers for other countries is compared with FY 2019 numbers of India. Similarly, CY2021 (P) for other countries is FY2022 for India

India's GDP Growth almost Twice as that of the World Economy

Since FY 2005, the Indian economy's growth rate has been twice as that of the world economy and it is expected to sustain this growth momentum in the long term. In the wake of COVID-19, India's nominal GDP contracted by approximately 3% in FY2021 but expected to bounce back and reach US\$ 4,049 Bn by FY 2025. It is also expected that the growth trajectory of Indian economy will enable India to be among the top 3 global economies by FY 2050.

Several structural factors are likely to contribute to economic growth in the long run. These include favorable demographics, reducing dependency ratio, rapidly rising education levels, steady urbanization, growing young & working population, IT revolution, increasing penetration of mobile & internet infrastructure, increasing aspirations and affordability etc.

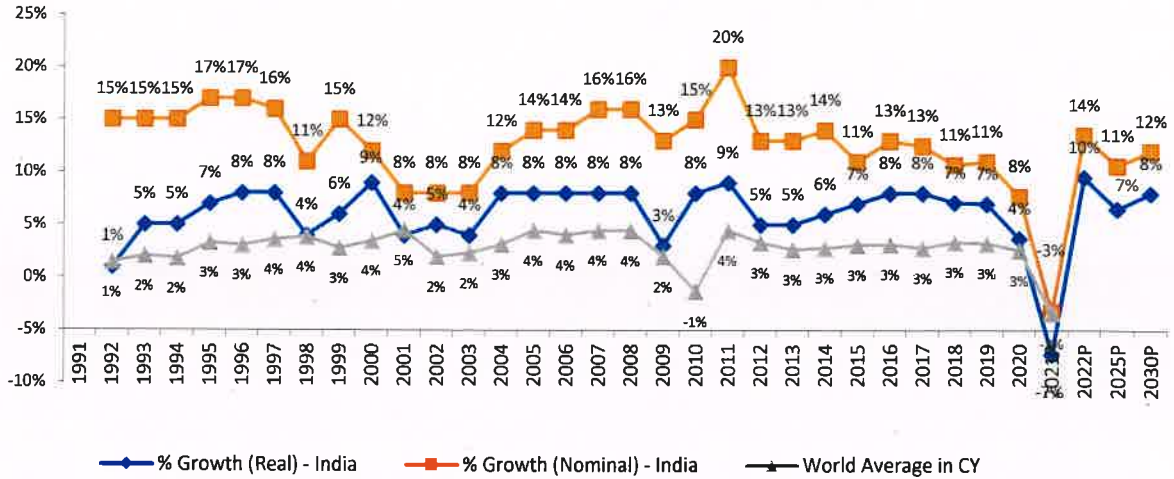
Exhibit 1.3: India's Nominal GDP in FY (US\$ Bn)



Source: RBI Data, Economic Survey, World Bank, EIU, IMF
1 US\$= INR 75

White boxes at the top refer to India's GDP rank on a global basis

Exhibit 1.4: Historical GDP Growth in FY (%)

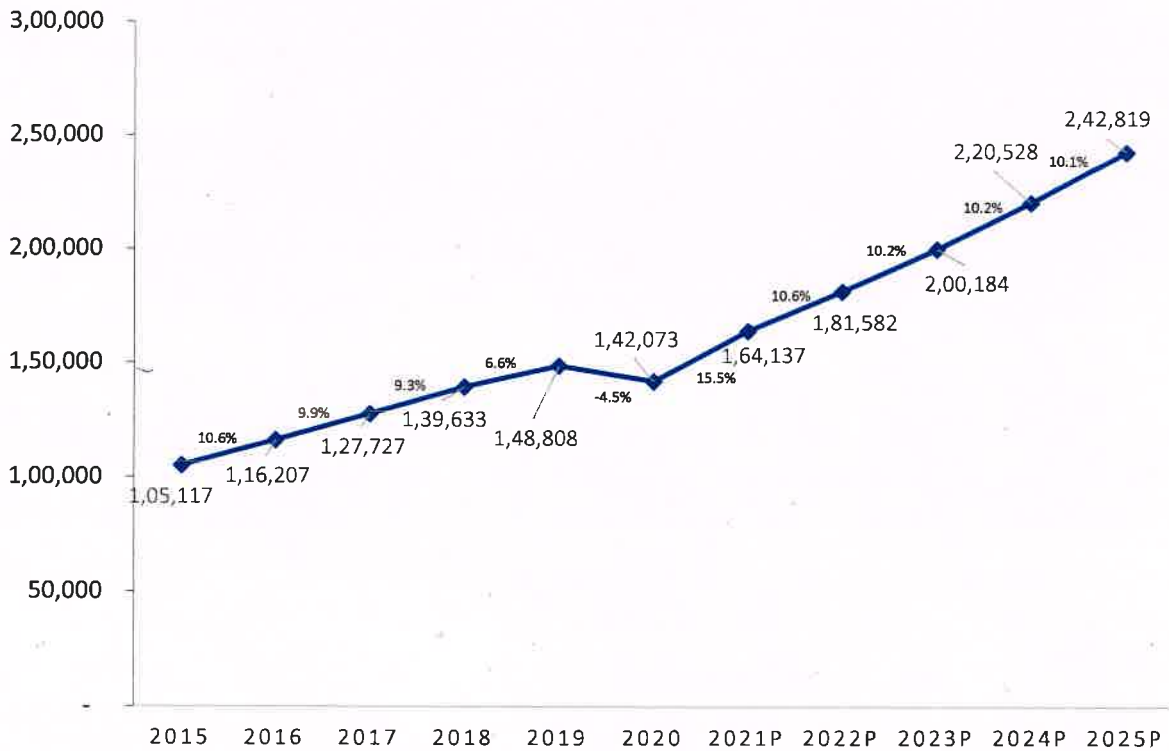


Source: RBI Data, World Bank, IMF

*2012- GDP Spike in Real growth rate due to change of base from 2004-05 to 2011-12. Hence excluded from decadal growth rate as well

Evolution of Per Capita Income

Exhibit 1.5: India's GDP Per Capita in CY (INR) (Current Prices)



Year indicates CY. Source: IMF projections. Note: Numbers for 2021-2025 are Provisional

The per capita income of India has been showing an increasing trend since 2012; growing at a healthy CAGR of approximately 10%, the per capita income reached ₹1,48,808 in CY 2019. Given the impact of COVID-19, it decreased to ₹1,42,073 in CY 2020. However, it is expected to bounce back to ₹1,64,137 in CY 2021 and continue its growth journey at a CAGR of 10.3% between CY 2021 and CY 2025.

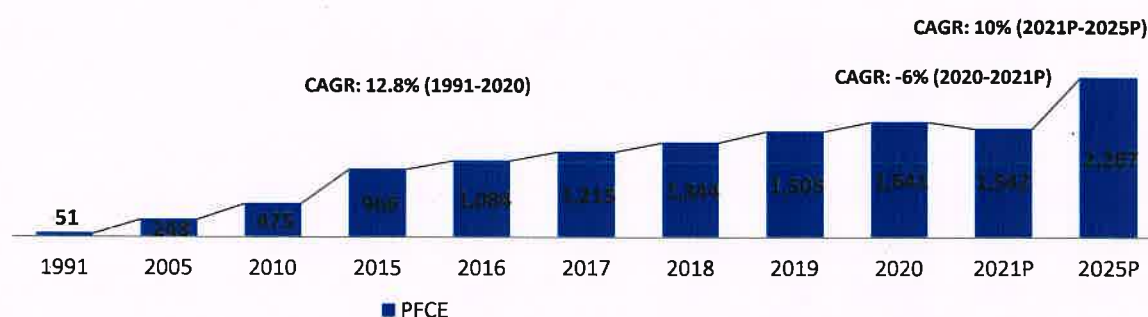
Private Final Consumption

High share of domestic consumption in Private Final Consumption Expenditure

India's share of domestic consumption, measured as private final consumption expenditure, in its GDP was ~60.5% in FY 2020. This private consumption expenditure comprises both goods (food, lifestyle, home, pharmacy etc.) and services (food services, education, healthcare etc.). In comparison, China's domestic consumption share to GDP in 2019 was 36.8%. High share of private consumption to GDP has the advantage of insulating India from volatility in the global economy. It also implies that sustainable economic growth directly translates into sustained consumer demand for goods and services. India's domestic consumption has grown at a CAGR of 7.3% between FY 2016 and FY 2021, compared to 2.8% and 4.7% in the USA and China, respectively during the similar period of CY 2015 and CY 2020.

With the economic environment becoming uncertain, not only are consumers more thoughtful about their consumption but also more conscious of their savings and investments. The consumption priorities are also driven by the health and safety concerns and the other behavioral changes adopted because of the pandemic.

Exhibit 1.6: India's Household Final Consumption Expenditure in FY (in US\$ Bn)



Source: Technopak Analysis, RBI Data; Year indicates FY

The annual growth rate for FY 1991-2005 was ~13% and this increased to ~14% for FY 2005-2019. While in the short term, consumption will suffer a setback, it is expected to reach to ~US\$ 2.27 Tn by FY 2025. This sustainable growth is expected to increase the Private Final Consumption Expenditure of Indians, leading to a growth in The Indian retail and Service industry.

The drop in consumption is mainly because of consumer sentiment being weak both due to health and economic reasons. Structurally, all the other variables remain the same, the quantum of consumption will not take long to revive. However, the loss suffered during COVID-19 manifest itself as loss of momentum of growth. The loss in momentum and current fall will recover bringing the economy back to FY2019 levels in FY2022.

In FY 2020, PFCE accounted for ~60% of India's GDP. This is much higher than that in China (~39%) and comparable to that of the US (~67%). This sustainable growth is expected to increase the Private Final Consumption Expenditure of Indians, leading to a growth in the Indian retail and Service industry.

Exhibit 1.7: Total Private Final Consumption Expenditure in CY (Current Prices US \$ Bn)

Country	CY 2010	CY 2011	CY 2012	CY 2013	CY 2014	CY 2015	CY 2016	CY 2017	CY 2018	CY 2019	CY 2020	CY 2021P	Contribution to GDP (2020)	CAGR 2015-2020
U.S.	10,260	10,699	11,047	11,363	11,847	12,263	12,693	13,239	13,993	14,428	14,047	14,347	64.8%	2.8%
China	2,090	2,637	3,019	3,429	3,845	4,178	4,344	4,745	5,353	5,605	5,611	6,347	38.2%	6.1%

Germany	1,872	2,036	1,937	2,036	2,075	1,778	1,829	1,918	2,068	2,018	1,951	1,924	49.6%	1.9%
India*	411**	447**	749	863	966	1,084	1,215	1,344	1,505	1,641	1,542	1,718	57.5%	7.3%
France	1,463	1,573	1,469	1,536	1,549	1,318	1,341	1,397	1,503	1,463	1,398	1,394	48.8%	1.2%
Italy	1,296	1,401	1,279	1,304	1,309	1,116	1,128	1,179	1,258	1,202	1,093	1,108	54.8%	-0.4%
Brazil	1,330	1,577	1,514	1,526	1,546	1,153	1,154	1,331	1,239	1,216	906	1,230	56.4%	-4.7%
Indonesia	424	495	518	519	509	495	539	582	594	648	624	723	48.5%	4.7%
Thailand	178	196	212	221	214	206	207	223	248	271	265	259	50.2%	5.2%
Malaysia	123	143	156	167	177	163	165	177	206	218	205	226	19.0%	4.7%

Source: World Bank, RBI, Technopak Research & Analysis

2020P: The projections have been arrived at by considering impact of COVID-19

* For India, CY 2020P means FY 2021P, India Data in FY

** For CY 2010 & CY 2011, base year was 2004-05

1US\$ = INR 75

Key Growth Drivers

India's medium to long term growth and its positive impact on private consumption will be determined by inter-play of demographics, urbanization, and policy reforms. The per capita income of India has been showing an increasing trend since 2012; growing at a healthy CAGR of approximately 10%, the per capita income reached ₹1,48,808 in CY 2019. Given the impact of COVID-19, it decreased to ₹1,42,073 in CY 2020. However, it is expected to bounce back to ₹1,64,137 in CY 2021 and continue its growth journey at a CAGR of 10.3% between CY 2021 and CY 2025.

Demographic Profile of India

India has one of the youngest populations globally compared to other leading economies. The median age in India is estimated to be 28.1 years in 2021 as compared to 38.1 years and 37.4 years in the United States and China, respectively, and is expected to remain under 30 years until 2030. A younger consumer class absorbs and interprets fashion trends faster, has a higher tendency towards discretionary spend and is also more digitally connected & exposed than their counterparts were in the past. These factors collectively enable the growth of retail.

Exhibit 1.8: Median Age: Key Emerging & Developed Economies in CY (CY2021 Estimated)

Country	India	China	USA	Singapore	Russia	Korea	Canada	UK
Median Age (Yrs.)	28.1	37.4	38.1	34.6	39.6	41.8	42.2	40.5

Source: World Population Review, Technopak Analysis

The size of India's young population is contributing to a decline in the dependence ratio (the ratio of dependent population size compared to the working-age population size (15 to 64 years of age)), which has decreased from 64% in Fiscal 2000 to 50% in Fiscal 2018. This trend is expected to lead to rising income levels per household as well as higher levels of discretionary expenditure. A substantial rise in India's working age population from 36% in Fiscal 2000 to 50% in Fiscal 2019 is expected to continue sustaining the growth momentum of the Indian economy and lead to rising income levels in the long-term. The younger segment of the population is naturally pre-disposed to adopting new trends and exploration given their educational profile and their exposure to media and technology, which presents an opportunity for domestic consumption in the form of branded products and organized retail.

Women Workforce

Numerous factors, including better health care and greater media focus are allowing women in India, in both urban and rural areas, to exercise greater influence on their families and society as a whole. The most important factor, however, is educational opportunity. Between 2005 and 2015, enrolment of girls in secondary education increased from 45.3% to 81% and in FY 2019 was higher than enrolment of boys. In FY 2021, women held a total share of 49% in total enrolment in higher education. Higher education has also seen an increase in women

enrolment, with almost 20% of women pursuing higher education studies compared to 22% of men.

These changes are expected to have a broad impact on societal factors, including workforce demographics and economic independence for women. The share of women workforce in the services sector has increased from 17.5% in CY 2010 to 28% in CY 2019. The overall share of working women increased from approximately 14% in 2000 to approximately 17% in 2010 and to approximately 24% in 2018. This increase of women in the workforce has seen a shift of patterns in terms of household activity, including an upward trend towards purchase of branded products including fashion and lifestyle.

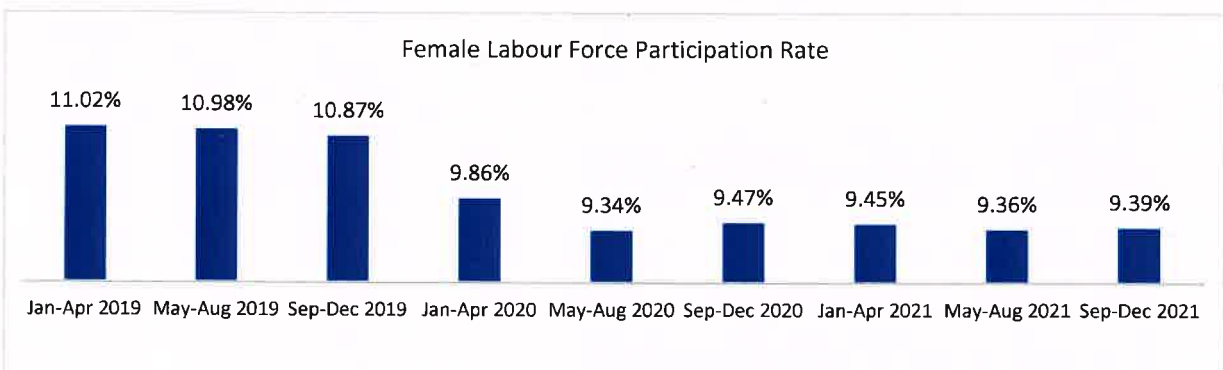
Exhibit 1.9: Sector wise Split of Female Employment in CY

Sector	CY 2010	CY 2011	CY 2012	CY 2013	CY 2014	CY 2015	CY 2016	CY 2017	CY 2018	CY 2019
Agriculture	67.0%	63.6%	60.0%	59.4%	58.7%	57.9%	57.2%	56.4%	55.5%	54.7%
Industry	15.5%	17.1%	18.8%	18.4%	18.2%	18.0%	17.7%	17.5%	17.3%	17.4%
Services	17.5%	19.3%	21.3%	22.2%	23.2%	24.1%	25.1%	26.1%	27.2%	28.0%

Source: World Bank Data

However, female employment in the workforce has declined post pandemic, with the decline being sharper in urban areas which witnessed a decline in female employment of 6.9% in CY 2021 as opposed to CY 2020 and a decline of 22.1% as compared to pre-pandemic year of CY 2019. Rural areas witnessed an increase of 9.2% and decline of 0.1% during the two periods respectively. Women job seekers looking for jobs actively decline 33.7% from CY 2019 to CY 2021 with 9.52 Mn women actively seeking jobs every month in CY 2019 as opposed to 6.52 Mn women in CY 2021. This decrease in workforce is expected to be temporary and the country's employment condition is witnessing a rapid recovery.

Exhibit 1.10: Female Labour Force Participation Rate – Impact of COVID

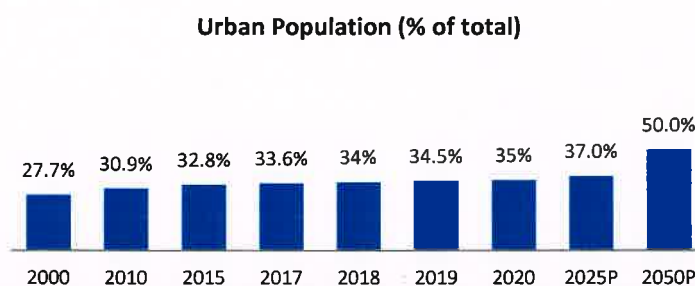


Source: CMIE

Urbanization

India has the second largest urban population in the world in absolute terms at 472 Mn. in FY 2019, second only to China. However, only 34.5% of India's population is classified as urban compared to a global average of 54%. It is the pace of India's urbanization that is a key trend to note for implication on India's economic growth. Currently urban population contributes 63% of India's GDP. Going forward, it is estimated that 37% (541 Mn.) of India's population will be living in urban centers by FY 2025. Urban population is expected to contribute 75% of India's GDP in FY 2030.

Exhibit 1.11: Increasing Urbanization in CY



Source: World Bank, Technopak Analysis

Exhibit 1.12: Urban Population as Percentage of Total Population of Key Economies (CY 2020)

Country	India	China	USA	Singapore	Russia	Malaysia	Vietnam	UK
Urban Population as %age of total population	34.9%	61.4%	82.6%	100%	74.8%	77.1%	37.3%	83.9%

Source: World Bank

Urbanization is also creating two trends that are impacting India's domestic consumption habits:

Growing Middle Class

The households with annual earnings between US\$ 5,000-10,000 have grown at a CAGR of 10% from FY 2012-2020 and their number is projected to further double by 2025 from 2020 levels. The households with annual earnings between US\$ 10,000-50,000 have grown at a CAGR of 20% between FY 2012-2020.

Increase in number of households with annual earnings of US\$ 10,000 to US\$ 50,000 has led to an increase in discretionary spending on food and beverages, apparel & accessories, luxury products, consumer durables and across other discretionary categories.

Exhibit 1.13: Household Annual Earning Details

Year	Total House Holds (in Mn.)	HHs with Annual earning US\$ 5,000 - 10,000 (Mn.)	% of total HHs	HHs with Annual earning US\$ 10,000 -50,000 (Mn.)	% share of total HHs
2009	236	36	15.2%	11	4.7%
2012	254	60	23.8%	22	8.7%
2014	267	71	26.5%	27	10.2%
2015	274	85	30.9%	36	13.2%
2018	295	121	41.2%	86	29.3%
2020*	310	132	42.5%	95	30.6%

Source: EIU, *Technopak Estimates

Nuclearization

The growth in the number of households exceeds population growth, which indicates an increase in nuclearization in India. According to the 2011 census, 74% of urban households have five or less members, compared to 65% in 2001. It is expected that that smaller households with higher disposable income will lead to a greater expenditure in, among others, fashion, jewellery, home & living, packaged food and food services.

Exhibit 1.14: Indian Household Size and Growth Trend

Year	Total No. of HHs (Mn.)	Avg. HH Size	Avg. Urban HH size	Decadal growth rate of HHs	Decadal growth rate population
1981	119	5.5	5.4	19.2%	24.7%
1991	148	5.5	5.3	24.4%	24.4%

2001	192	5.3	5.1	30.4%	25.7%
2011	248	4.8	4.6	28.5%	16.4%

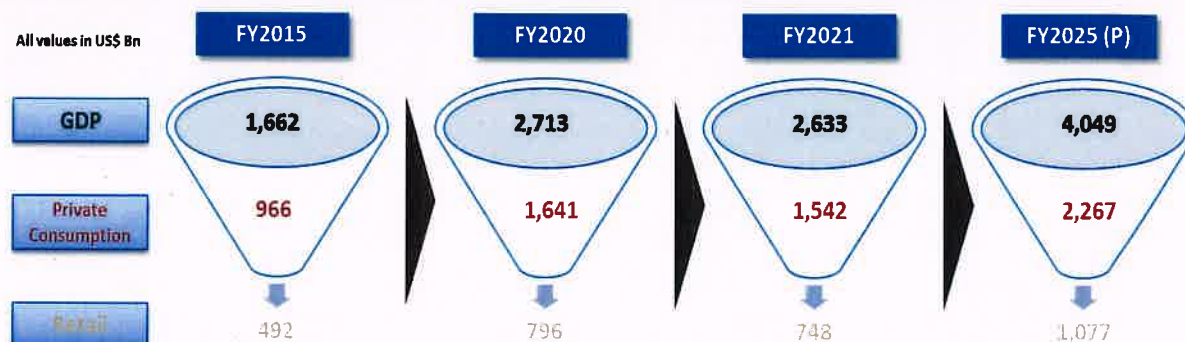
Source: Census 2001 and 2011

2. Apparel Industry in India

Retail Market in India

Retail Market in India was valued at US\$ 492 Bn in FY 2015 and reached a value of US\$ 796 Bn in FY 2020, growing at a 10.1% CAGR over this period. Currently, the Retail Market in India was valued at US\$ 748 Bn (INR 56,10,000 Cr) in FY 2021 and is expected to grow at a CAGR of 9.5% to reach US\$ 1,077 Bn (INR 80,77,500 Cr) by FY 2025.

Exhibit 2.1: India's Consumption Funnel in FY (in US\$ Bn)



Source: Technopak Analysis. 1US\$ = INR 75

Retail Size – Overall & across Key Categories

In Fiscal 2020, India's retail basket was approximately 48.5% of its private consumption and it is expected to maintain roughly this share in private consumption for the next five years. The food & grocery ("F&G") segment forms the major share of India's merchandise retail expenditure (~66%), it has jumped to ~73% amid the disruptions caused by COVID-19 in fiscal 2021. While other sectors in retail have contracted by 25-30% during FY 2021 due to the impact of COVID-19, need based categories like food & grocery and pharma retail have witnessed growth. The apparel market in India was estimated at ~US\$ 60 billion as of FY 2020 and is one of the larger segments of the Indian retail sector.

As the per capita income of India increase, the spend on Primary Non-Food is also expected to increase, thus increasing its share in Indian Retail Basket by FY 2025. Apparel and accessories is estimated to have the highest share in Primary Non-Food sector and is expected to show the highest growth at 22.4% CAGR over the next 5 years. Share of Apparel & Accessories in overall retail is expected to further increase from 7.9% in FY 2020 to 9% in FY 2025.

Exhibit 2.2: Share of various categories in overall Indian Retail Basket in FY (in US\$ Bn)

Type of Categories	Categories	FY 2020	FY 2021	FY 2025 (P)	CAGR (FY 2021 - FY 2025)
	Total Retail (US\$ bn)	796	748	1077	9.5%
Need based	Food and Grocery	66.2%	73.2%	63.3%	5.6%
	Pharmacy & Wellness	2.9%	3.2%	3.3%	10.0%
Primary Non-Food	Apparel & Accessories*	7.9%	5.7%	9.0%	22.4%
	Jewellery & Watches	7.9%	6.0%	8.7%	20.2%
	Consumer Electronics	6.4%	5.7%	7.1%	15.9%
Other Non-Food	Home & Living	4.3%	3.0%	4.4%	19.8%
	Footwear	1.2%	0.8%	1.3%	23.7%
	Others	3.2%	2.2%	3.1%	18.8%
	Total	100%	100%	100%	9.5%

*Accessories includes Bags, Belts, Watches and Wallets; Others include Books & Stationery, Toys, Eyewear, Sports Goods, Alcoholic Beverages & Tobacco, etc. Source: Technopak analysis. Year Indicates FY. 1US\$ = INR 75

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Exhibit 2.3: Share of Need based & Discretionary categories: Comparison with US and China (CY 2019)

Type of Categories	Categories	India	US	China
	Total Retail (US\$ bn)	796	5,564	5,005
Need based	Food and Grocery	66%	13%	29%
	Pharmacy & Wellness	3%	5%	1%
Discretionary	Apparel & Accessories	8%	5%	5%
	Others	23%	77%	65%
	Total	100%	100%	100%

Source: Technopak Analysis

For comparison: CY2019 of other countries vis a vis FY 2020 of India

Exhibit 2.4: Share of Merchandise and Services in Household Expenditure- India (FY 2020)

Broad Category	Share in Household Expenditure	Category	Share of Wallet
Merchandise Retail	~49%	Food and Grocery	32%
		Jewellery	4%
		Apparel & Accessories	4%
		Footwear	1%
		Pharma & Wellness	1%
		Consumer Durables & Information Technology	3%
		Home & Living	2%
		Others Retail Categories	2%
Services	~51%	Healthcare, Travel, Hospitality etc.	51%

Source: Technopak Analysis

The share of apparel in overall Indian retail basket is expected to be 9% by FY 2025, which would be the highest within discretionary spend categories.

While organized retail, primarily brick & mortar, has been in India for 2 decades now, its contribution to total retail was low at 11.9% (US\$ 94 bn) in FY 2020. The organized retail penetration is expected to increase to ~20% by FY 2025.

Exhibit 2.5: Overall Retail Market in FY (US\$ Bn)



Source: Technopak Analysis

Consumption of Retail basket across key Categories

Apparel & Accessories, Jewelry & Watches and Consumer Electronics are the other three key categories which accounted 7.9%, 7.9% and 6.4% of retail respectively in 2020. Share of Apparel & Accessories is expected to grow to reach 9% in FY 2025, growing at a CAGR of 8.8% from FY 2020 to FY 2025. Apparel & accessories is one of the fastest growing categories amongst all other retail categories and is expected to grow at a CAGR of 22.4% in the period FY 2021 to FY 2025. The share of organized is expected to increase further to 45% by FY 2025 and that will continue to support of branded apparel as well.

Between FY 2015 and FY 2020, e-commerce sales in the Apparel and Accessories segment have grown at CAGR of 53% and it is estimated that the share of e-commerce retail in this segment will reach approximately 21.8% of the market in FY 2025 from 17.5% in FY 2020.

Exhibit 2.6: Share of Brick & Mortar and E-commerce across Categories in FY

	FY2015					FY2020					FY2025				
	Share of Retail	Retail Size (US\$ Bn)	Share of Unorganised retail	Share of organised B&M Retail	Share of organised E-commerce	Share of Retail	Retail Size (US\$ Bn)	Share of Unorganised retail	Share of organised B&M Retail	Share of organised E-commerce	Share of Retail	Retail Size (US\$ Bn)	Share of Unorganised retail	Share of organised B&M Retail	Share of organised E-commerce
Food and Grocery	66.7%	328.2	97.0%	2.5%	0.5%	66.1%	526.2	95.5%	4.0%	0.5%	63.2%	680.7	91.0%	5.0%	4.0%
Jewellery	7.3%	35.9	73.0%	25.0%	2.0%	7.5%	59.7	68.0%	28.0%	4.0%	8.4%	90.5	60.0%	33.0%	7.0%
Apparel & Accessories*	8.4%	41.3	77.0%	19.5%	3.5%	8.3%	66.1	68.0%	14.5%	17.5%	9.3%	100.2	55.0%	23.0%	21.8%
Footwear	1.2%	5.9	91.0%	5.5%	3.5%	1.3%	10.3	70.0%	14.2%	15.8%	1.3%	14.0	62.0%	16.0%	22.0%
Pharmacy & Wellness	3.0%	14.8	95.0%	4.5%	0.5%	2.9%	23.1	90.0%	7.8%	2.2%	3.3%	35.5	80.0%	11.0%	8.0%
Consumer Electronics	5.9%	29.0	74.0%	16.5%	9.5%	6.4%	50.9	68.0%	4.7%	27.3%	7.1%	76.5	55.0%	9.0%	36.0%
Home & Living	4.5%	22.1	91.0%	7.6%	1.4%	4.3%	34.2	85.0%	7.7%	7.3%	4.4%	47.4	70.0%	11.0%	19.0%
Others	3.0%	14.8	89.0%	10.4%	0.6%	3.3%	26.3	86.0%	5.3%	8.7%	2.9%	31.2	78.0%	10.0%	11.0%
Total	100.0%	492.0	91.7%	7.1%	1.2%	100%	796.0	88.1%	7.2%	4.6%	100%	1077.0	80.4%	10.0%	9.6%

* Accessories include Bags, Belts, Wallets & Watches. Source: Technopak Analysis. 1US\$ = INR 75

The e-commerce market in India has witnessed an accelerated growth and is expected to reach 9.6% (US\$ 103.4 Bn) of the total retail market by FY 2025 from its share of 4.6% in FY 2020 (US\$ 36.6 billion) at a growth rate of ~23% CAGR.

Evolution of Organized Apparel Retail Segment in India

Organized retailing share of Apparel has increased from 14% in FY 2007 to 32% in FY 2020. In other words, in the last thirteen years, organized retail not only captured the new incremental demand, but it has also succeeded to shift the demand away from unorganized apparel retail in its favour. Given the fact that organized retail sells branded apparel, the growth of organized retail is poised to be a key growth enabler for the growth of branded apparel. Apart from the demographic and urbanization (that were the reasons for the growth of branded apparel) that aided the growth of organized retail, the rapid evolution of organized retailing models for apparel is a key reason that has also enabled this growth. The share of organized is expected to increase further to 45% by FY 2025 and that will continue to support of branded apparel as well.

Exhibit 2.7: Organized Apparel Retail's Evolution in India



Source: Technopak Analysis

Note: The graph represents the four phases of the organized retail evolution and indicates the players who took center stage in these phases.

Phase I (Pre 1995) – Till 1995, organized retail for apparel was synonymous with Exclusive Brand Outlets (EBOs) of a handful of apparel brands. These EBOs were restricted by their physical reach (number of stores and coverage across cities) and product offering (fabrics, suits, formal dressing etc.). Brands like Van Heusen, Arrow, Raymond, Vimal, and Bombay Dyeing signified organized apparel retailing. Indian Wear focused Brands such as Pothy's, Kalaniketan, Nalli, The Chennai Silk, Fabindia etc entered the organized retail sector and became category creators in their segment.

Phase II (1995 – 2000) – Shoppers Stop started the first large format multi-brand outlet in the mid-nineties that triggered the expansion of multi brand retail for apparel and other retailing categories. Around the same time, Westside and Lifestyle also started their private brand led large format stores. Indian apparel fashion brands like Nalli, Fabindia, The Chennai Silk also initiated the expansion of their stores beyond their places of origin. This period also saw the entry of Benetton into India. These developments expanded the product offerings for the consumer and aspects around product design, sourcing and supply chain became key focus areas for organized retailers. This period also marked the entry of global sportswear brands like Nike that introduced the Indian market to Athleisure as an extension of footwear.

Phase III (2001 – 2015)– This phase was marked by the bifurcation of apparel retailing into specialized groups viz. Casual, Sportswear, Daily wear, Denimwear, Sarees, SKDs etc. Existing players expanded their physical retail presence through exclusive brand outlets like Nalli and Pothy's in Indian fashion and Shopper's Stop & Westside in LFS. This phase also saw the genesis of prominent players like Sai Silks Kalamandir Ltd with brands Kalamandir, Mandir, Vara Mahalakshmi being launched in 2005, 2011 and 2012 respectively. This phase also witnessed increase in competitive intensity with the entry of more players. Western wear brands like Zara and Marks & Spencer entered India during the same period. General Merchandise retailers like Future Group (Central, Brand Factory, fbb) and Lifestyle expanded their private brand offering into Apparel fashion. This period also witnessed the emergence of brand aggregator model for international brands into India with players like Arvind Brands and Reliance Brands becoming major India partners for many international apparel fashion brands. This phase has also witnessed rapid growth of E-commerce. Online emerged as a key organized retailer for apparel in India

with the scale up of players like Myntra+Flipkart and Amazon. Online and offline channels proved to co-exist and jointly grow the organized retail pie. Product differentiation of organized apparel retailers also became sharper on price points (value fashion, mid to premium and premium plus offering) and on product attributes (fusion, prints, fabric, look).

Phase IV (2016 onwards) – The current phase represents distinct segmentation of channels of organized retail for Apparel. This phase also represents emergence of category leaders in respective groups of Western (formal and casual), Indian, and Athleisure etc. Value fashion retail has emerged as the mainstay of growth of apparel in the country. Value fashion retailer such as fbb, Max Fashion, V-Mart are working towards bridging the price gap in the branded apparel market by offering quality products at affordable prices. Exclusive Brands Outlets (EBOs) have emerged as a core channel for most national apparel retailers irrespective of the category (type of apparel sold) or fashion (Indian or western) play. This phase also saw the entry of existing leading players into value-mid segment, like Sai Silks Kalamandir launching KLM Fashion Mall. LFSs have also grown their footprints with the expansion of Central, Brand Factory, Shoppers Stop, Reliance Trends, Westside, Decathlon and Pantaloons in towns beyond Metros and Tier I cities and are important growth drivers for organized apparel retailing.

Digitization in India: An Enabler to Retail

Increasing Omni-channel approach by Retailers

Omnichannel approach to sales provides customers with a seamless shopping experience, irrespective of the channel that consumers are choosing to shop through, whether online from a desktop or mobile device, by telephone, or in a brick-and-mortar store. It ensures integration between distribution, communication and promotion channels and consumers can pick up from where they left. The customer can use a desktop computer to check inventory by store on the company's website, buy the item later with a smartphone or tablet, and pick it up at a chosen location.

'Omnichannel' approach improves customer service by providing multiple communication options. The back-end integration of channels also allows for more flexibility, as the customer can switch between channels throughout an interaction. It also improves customer service by providing multiple communication options. Hence more flexibility is achieved through back-end integration of channels and provides for a seamless experience for consumers.

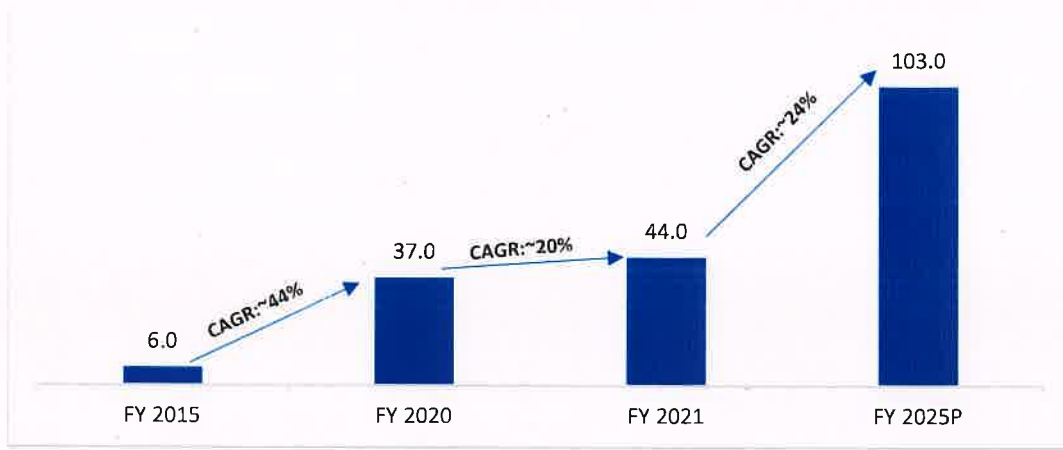
Brands and large e-retailers have started creating scale ecosystems, serving as a one-stop shop for digital and retail needs. These ecosystems use sticky offerings such as video streaming and gaming to drive consumer engagement and capture a larger share of consumer time and spending. Many retailers have started video commerce for promoting their products and tagging products in the video that help consumers directly shop the product being seen. Social commerce is also on the rise, especially in Tier 2 and Tier 3 cities with platforms like Meesho engaging with resellers to promote and sell products via WhatsApp, Instagram and Facebook by creating texts, images or videos.

Retailers and brands are prioritising the listing of products across online and offline channels including EBOs, MBOs, LFSs, E-commerce marketplaces and verticals. E-commerce has seen disparate growth owing to lockdown and restrictions. Retailing in India is witnessing scale up of many multiple category single brand national & regional players like such as Nalli, Pothy's, Kalamandir, Fabindia, Zara, H&M, Marks & Spencer, etc. providing customers with a wide assortment and options, across many categories under a single roof. Customers can choose products offline which can be delivered to their home in the size of their choice.

Online/E-tailing Opportunity

E-tail in India has witnessed a rapid growth trajectory and is expected to reach 9.6% (US\$ 103.4 Bn.) of total retail by FY 2025 from its share of 4.6% in FY 2020 (US\$ 36.6 Bn.), expected to grow at rate of 23%. Between 2015 and 2020, the e-commerce sales have grown at CAGR of 44%. In 2012, the e-tail pie was INR 4,500 Cr (US\$ ~0.6 Bn) and that was limited to key categories of Electronics, Books, Stationery, and Music which catered to nearly 50% of the pie.

Exhibit 2.8: Growth of E-retail in India in FY 2015, FY 2020, FY 2021, FY 2025P (in US\$ Bn)



Source: Technopak Analysis

Retailers across categories are moving towards online channel to expand their offerings, in an attempt to have a place in the 'Omni-channel Ecosystem' where all channels of retailing are essential to reach to the consumers. The lines between offline and online retailing are blurring gradually, whereby consumers connect with brands through any medium of their preference. A purchase made by a consumer is often a mix of various mediums. E.g., A consumer searches online and reading reviews about a product before making a purchase decision, then going to an offline store to look and experience the product, and the eventual purchase could be through either of the channels. This makes presence across mediums essential for retailers to connect with the consumer at every touch point.

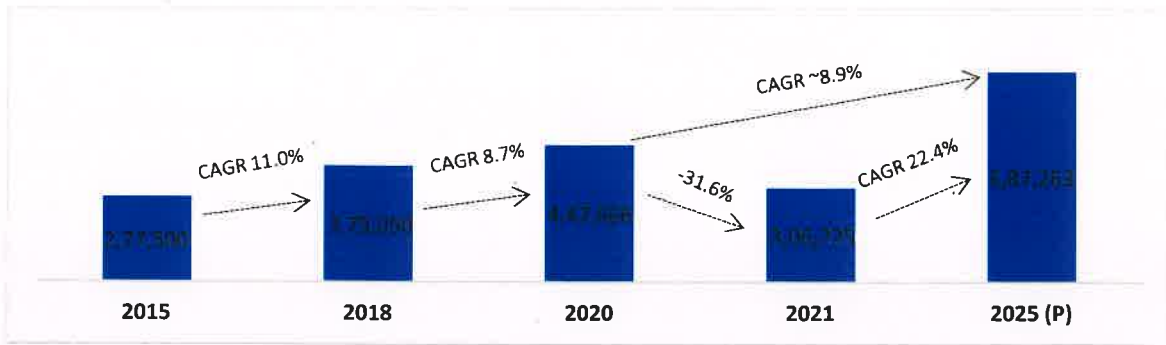
Increase in penetration of smart phones and low-cost internet data has led to a boost in Online retailing. Option of payments across various methods (card, cash, wallets), and e-commerce transaction security has led to a faith in these payment systems. The option of easy returns at e-commerce portals has led to trial of products and services. As the disposable income is increasing, and with increase in women employment, time has become of essence which has also led to the growth of ecommerce. Covid, eventually increased the pace at which these changes were happening and made companies and consumers alike to adapt to the online medium. In the context of apparel retail. Online channel of sales allows product and price discovery with more ease. Consumers can research about the product at their convenience through browsing, reviews, and discussion. Innovations in online retailing such as virtual try- on further enables consumers to engage through better interface and the convenience of easy delivery and replacements encourages them to undertake sales through the online channel.

India Apparel Market Size & Level of Organization

Apparel market size in FY 2020 was INR 4,47,666 Cr (US\$ 59.7 Bn) and expected to grow at a CAGR of ~8.9% between FY 2020 and FY 2025 to reach INR 6,87,263 Cr (US\$ 91.6 Bn) by FY 2025 on the back of factors like higher brand consciousness, increasing digitization, greater purchasing power and increasing urbanization. While the apparel market has degrown by ~32% to reach a value of INR 3,06,225 (US\$ 40.8 Bn) in FY 2021 due to negative impact of COVID-19 pandemic, the market is expected to recover at a higher pace of 22.4% between FY 2022 and FY 2025.

While the CAGR of total apparel market between FY 2020 and FY 2025 is expected to be ~8.9%, the branded apparel and organized apparel retail are expected to grow at CAGR of ~10% and ~11% respectively in the same period. In other words, growth of both branded apparel share and organized apparel retail share in apparel category will outpace the overall category growth. COVID-19 gave impetus to the growth of e-commerce which is expected to become a significant growth driver for the organised market.

Exhibit 2.9: Apparel Market Size in India (in INR Cr) (Year In FY)



Source: Technopak Analysis

Note: Year indicates FY; Excludes accessories (Bags, Belts, Wallets etc.)

Exhibit 2.10: Share of Branded Apparel and Organized Apparel Retail as a percentage of Apparel Market (Year in FY)

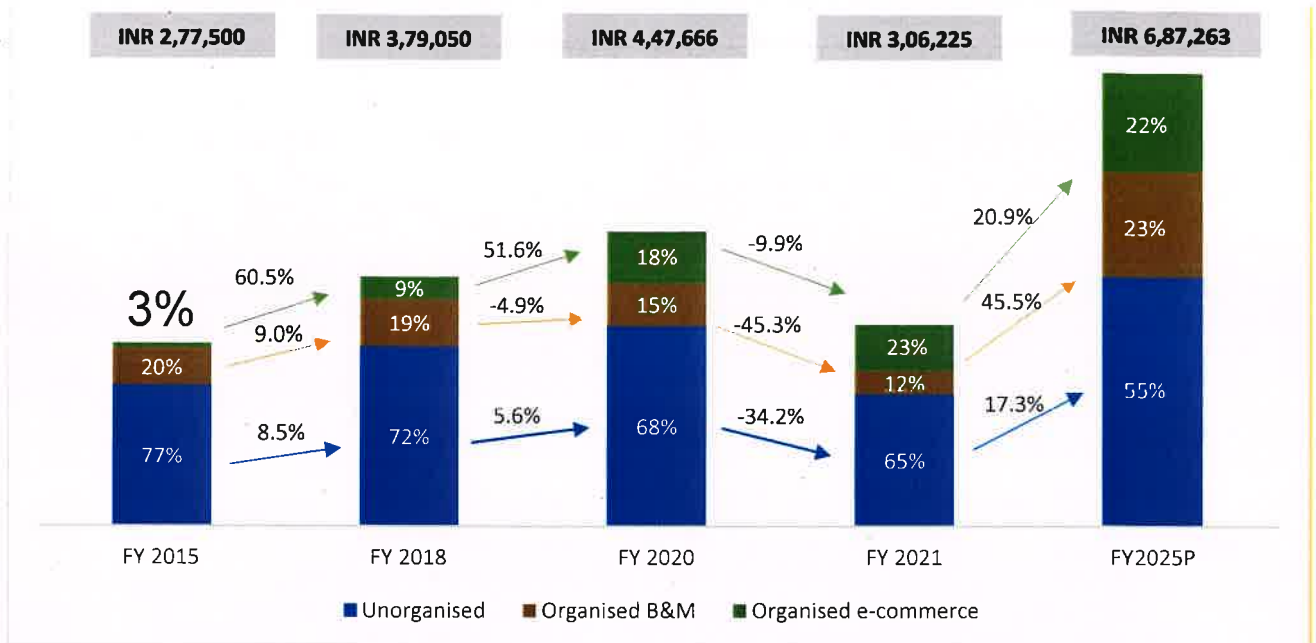


Source: Technopak Analysis

Branded apparel signifies registered trademarks that are regularly patronized by customers and that are sold through both organized retail and trade channels. Organized retail signifies formal retail channels of Exclusive Brand Outlets (EBOs), Multi Brand Outlets (MBOs), Large Format Stores (LFS), E-commerce etc. Apparel retailed through these organized retail points of sales is necessarily branded. Therefore, organized share is less than the share of Branded apparel in total share

India has the youngest population in comparison to other leading economies. The median age in India was estimated to be 28.1 years in CY 2021 as compared to 38.1 and 37.4 in the United States and China, respectively, and is expected to remain under 30 years until 2030. Younger population is naturally pre-disposed to adopting new trends and exploration given their educational profile and their exposure to media and technology, which presents an opportunity for domestic consumption in the form of branded products and organized retail.

Exhibit 2.11: Share and Growth of Organised Vs Unorganised in Apparel Industry (in INR Cr)



Source: Technopak Analysis

The total organised apparel retail in FY 2020 was INR 1,43,400 Cr (US\$ 19.1 Bn) which is expected to grow to INR 3,09,975 Cr (US\$ 40.9 Bn) in FY 2025 at a CAGR of 16.7%. The share of organised retail which was 32% (15% B&M+18% Ecommerce) in 2020 is expected to increase to 45% (23% B&M+22% Ecommerce) in 2025.

The total unorganised apparel market in the FY 2020 was INR 3,04,200 Cr (US\$ 40.56 Bn) which is expected to increase to INR 3,78,225 Cr (US\$ 50.8 Bn) in FY 2025. However, its overall share in the apparel market is expected to decrease from 68% to 55%.

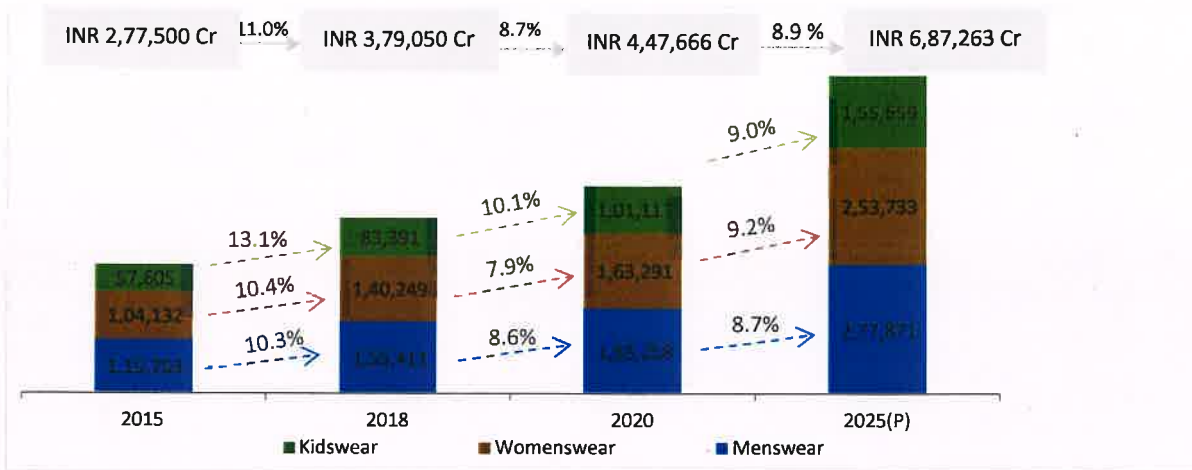
Product Segmentation

Men's apparel constituted ~41% and Women apparel share was estimated to be ~36% of the total apparel market in FY 2020. The balance ~23% is contributed by kids' apparel. Out of the total apparel market, Indian wear accounted for approximately 31% or INR 1,40,964 Cr (~US\$ 19 Bn) (FY 2020) and the balance 69% of the market comprised of western wear. The high share of Indian wear in the total apparel is a unique feature of apparel market in India. In women wear market, Indian wear contributed ~71% to the total market.

Also, women wear is expected to be the fastest growing segment in Indian Apparel market (Exhibit 2.12). However, for men and kids, the contribution of western wear is significant.

The disproportionate size of Indian wear in womenswear is an outcome of the distinct positioning of Indian wear for women compared to that for men in India. For Indian women, Indian fashion is a mainstream need for both festive wear and daily wear use, whereas for men it is currently restricted to occasion wear viz. weddings and festivals.

Exhibit 2.12: Growth Projections of Apparel Market by Gender



Source: Technopak Analysis

The women wear market is projected to grow at a faster rate compared to menswear and kidswear market. This is due to multiple factors like a) an increase in the number of working women, b) a shift towards aspiration rather than need based buying c) design innovation, (d) continued & strong cultural association with Indian wear for women, especially Sarees, and (d) a culture of mix and match in women apparel whereby bottom and top wear are mixed and matched interchangeably across Indian, western, fusion categories.

Apparel E-tail

The share of E-tail in apparel & accessories in overall retail share was 3.5% in FY 2015. It is estimated that in FY 2020, E-tail’s share in Apparel & Accessories was over 17.5% and the share is expected to reach to ~21.8% by FY 2025.

Exhibit 2.13: Broad types of Apparel E-tailers (2020)



Source: Secondary Research, Technopak Analysis

Lifestyle E-tailers fall into 5 key types based on merchandise offering and business models:

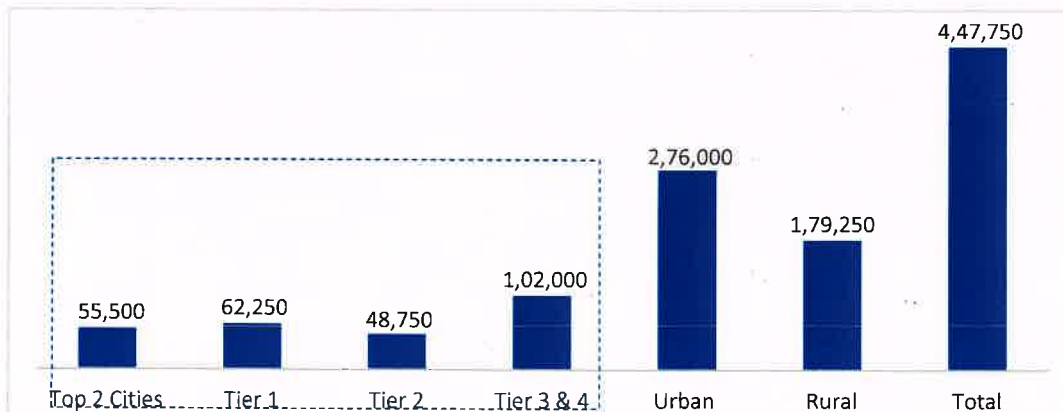
1. **Horizontal Marketplace:** Having a wide spectrum of offering and multi-brand offering
2. **Vertical Marketplace:** They have a relatively narrower category focus, e.g., apparel and lifestyle and offer multiple brands within their segments
3. **Online-only Fashion Retailers:** They offer lesser categories, but along with multi-brand offering they also have a focus on private brands
4. **Online-only Curators:** They are Indian only focused players. While they have a sizeable category offering in the form of apparel and lifestyle, their products are principally based around Indian taste
5. **Online Extensions of B&M Retailers:** Many B&M centric players have forayed into E-tailing. This trend is observed with multi-format retailers like Future Retail, Future Lifestyle Fashions, Shoppers Stop as well as apparel and lifestyle brands like Kalamandir, Pothy's, Nalli, Fabindia etc.

Brands and retailers are bringing agility to their channels of sale in the wake of growing penetration of internet and thereby e-commerce. Not only are the retailers developing their own transactional websites and placing their products in the marketplace e-commerce platforms but also, they are making the experience seamless by letting the consumers use more than one channel for a transaction. For example, buying a garment in a physical store and asking for a return online.

Apparel Market Segmentation across City Types

The urban apparel market had a share of 60% of the total market compared with a share of 40% contributed by the rural India in FY 2020. Almost 21% of the urban apparel demand can be attributed to Delhi NCR and Mumbai making these cities the largest consumers of apparel in India. However, a distributive growth across the country is resulting in growth of demand from Tier II, III & IV cities which together account for 34% of the demand.

Exhibit 2.14: Apparel Market Segmentation across City Types – FY 2020 (in INR Cr)



Source: Technopak Analysis

Top 2 cities: Delhi NCR and Mumbai

Tier I Cities: All State Capitals & Metros

Tier II Cities: Cities with Census Population >10 lacs & not Tier I.

Tier III Cities: Towns with Census Population >2 lacs or Towns with Census Population between 1 & 2 lacs and District HQ

Tier IV Cities: Towns with Census Population between 1 & 2 lacs and Not District HQ or Towns with Census Population <1 lacs

Key Trends in Indian Apparel Retail

1. Digital enablement of all Retail Channels

Activating digitally enabled channels became even more important during & post Covid. Brands adopted digital channels faster than originally planned, and the whole eco-system is leading towards digital enablement. Offline channels are also using digital in some form for sales through social commerce with WhatsApp, Mailings etc. Digitally enabled commerce will become important that will subsume both brick retail and ecommerce and therefore activating these channels and harnessing their potential will become important for the growth of the

brand and the sector. This also allows to address dispersed demand, meet consumer needs across different purchase drivers and purchase triggers.

2. Online Purchase of Apparel

Apparel has traditionally been a category which requires trial for size, and touch-feel of the fabric to assess and make a purchase decision. However, it saw an increase in ecommerce uptake during Covid, and led to a change in consumer behavior and there was an increased adoption of online channel for apparel purchase too. Companies and consumers alike adapted to this change and there was use of various mediums like Apps, Websites, and social commerce channels like WhatsApp, Video-shopping from home etc. Companies also accelerated their online adoption plans. Use of AI and softwares which would enable consumers to see how they look in a garment have witnessed traction enabling virtual try-ons etc.

3. Technology Intervention

In Indian apparel sector, technology deployment in manufacturing, sourcing, retailing, marketing and data management is becoming the biggest value creator.

In-store Experience – Apparel players are implementing in-store technologies in congruence with the growing number of tech savvy, knowledgeable and demanding customers. Some of the technological components being used are: Augmented Reality (AR); Virtual Reality (VR); Video screens and kiosks for in-store ordering; Beacon tech/Apps; Checkout Free Scan & Go Services

Customer Data Mining - Apart from generating valuable insights on consumer behaviour through analysis of data collected, these technological experiences are engaging shoppers from product discovery to product delivery. They assist customers at every stage of shopping.

4. Digital Marketing

Use of Digital media as a marketing tool is being adopted by all key players. Its wider reach and relatively lower cost of customer conversion makes it a medium of choice. Adoption of social media by youth has given an opportunity to brands to reach the consumers directly through targeted campaigns. All major Women Indian wear players have their presence on social media channels to connect with consumers on a regular basis. For e.g. Sai Silk Kalamandir has an established social media presence across various platforms like Facebook (9,83,276 followers), Instagram (3,10,400 Followers), Youtube (1,09,660 subscribers), consolidated for all its brands (as on 12th July 2022).

WhatsApp is expected to emerge as a Super-App with messaging, Business, News, Payment services combined. Everyone who owns a smartphone uses WhatsApp. Widespread adoption of WhatsApp makes it a useful business tool. Brands & local businesses alike are using this medium to reach out to consumes belonging to every age group.

5. Category Extension & Customization by Premium Brands

Premium brands have extended portfolios by adding new categories like innerwear, accessories, footwear, luggage etc. Similarly, new sub brands allow premium brands to get into new segments like sports, luxury etc. Brands like Arrow and Louis Philippe have extended into sub-categories like accessories, footwear, luggage etc. Similarly, new segments have been added like LP Sports and Luxure by Louis Philippe and Arrow Sports and New York (young formals) by Arrow. Customization is another trend by premium brands. Currently premium Indian apparel brands are providing this exclusivity and uniqueness to high end customers in a limited manner, but the trend is catching up.

6. Growth of Private Brands

Acceptance of private brands among multi-brand retailers is on the rise across product categories. Some reasons that can be attributed for their growth are:

- **Higher Margins:** Due to low advertising and promotional costs, they offer higher margins.
- **Customer Loyalty:** Private brand buyers are more store loyal as these merchandise are generally sold only in their respective Large Format Stores.
- **Value Offerings:** Private brand players generally operate in the Value-segment offering catering to a larger customer base.
- **Differentiation:** Provide opportunity to retailers to differentiate themselves from other stores.
- **Higher Bargaining Power:** A successful retailer with high share of private brands gets higher bargaining power to negotiate with suppliers.

Westside, Max, Pantaloons, KLM Fashion, Kalaniketan and other retailers that have achieved scale and profitability will naturally progress towards building private brand portfolio that will give incremental gross margin additions. Similarly, both offline and online retailers in India have been aggressive with their private brands.

Value Fashion led growth being accelerated by the pandemic

Going forward, value fashion will continue to be the mainstay of growth of apparel retailers and brands in both Indian and western wear segments. This growth can be attributed to movement from unbranded to branded, Ready to Stitch (RTS) to Ready to Wear (RTW) and migration from rural to urban centres. Value fashion retailer such as fbb, Max Fashion, Unlimited, V-Mart, KLM Fashion Mall etc are bridging the price gap in the branded apparel market by offering quality product at affordable price. This value-sensitivity has been accelerated by Covid, leading to demand for core offerings and in value segment.

As a result of this growing demand, value fashion focussed brands, private brand led retailers, LFS and online aggregators will continue to benefit.

Key Restraints in the Indian Apparel Sector

1. Environmental Sustainability

The fashion industry is one of the most polluting industries. Brands and companies are working to incorporate more sustainable practices into their businesses. Governments of various countries are bringing out policies in trying to reduce the pollutants of the apparel industry. Consumers are showing an inclination towards sustainable fashion. But a lot needs to be done in the direction to improve sustainability in the apparel segment. There has been a rise in new and upcoming apparel brands that are sustainable by using second-hand and recycled fashion. The thrifting industry, although currently negligible, is also on the rise.

2. Adverse Consumer Sentiments

Post COVID-19, macro-economic factors like inflation, fuel prices have dampened the consumer sentiments. This in turn has had an impact on the ability of consumers to spend on discretionary categories including products and services like apparel. Quite a few of these economic factors are a result of both global and India specific economic conditions and it is estimated that these factors will be under some stress in the near future impacting consumer sentiments.

3. Rising Raw Material Cost

Inflation has been a global issue in the recent past in both developed economies like US & UK and developing economies like India. Wholesale Price Inflation ran into double digits in the period Apr 21 to Dec 21 and Consumer Price Inflation was ~5-6% during the same period. This has led to rising costs of raw materials for apparel manufacturers and suppliers. High inflation is expected to be challenge in the short to medium term there impacting cost of manufacturing and thereby margins

Indian Apparel Market Size vis-a-vis Other Global Economies

While China and USA are the largest markets, India stands as the third largest apparel market in the world sharing its position with Japan and Germany in terms of value. However, India's unit consumption is estimated to be more than 4 times when compared with Japan and Germany, indicating that the Indian market is dominated by value fashion. Globally the apparel market is dominated by womenswear accounting for 52% of the market followed by menswear and kidswear with a share of 34% and 14% respectively. However, for India, menswear segment leads with a share of 40% followed by womenswear with a share of 36% primarily because of the dominance of Indian wear (Sarees and SKDs), large volumes of which are unbranded.

Exhibit 2.15: Apparel Market Size (in US\$ Bn)

Country/Region	CY 2014	CY 2019	Share (CY 2019)
China	198	270	21%
USA	240	268	21%

India*	37	59	5%
Japan	60	59	5%
Germany	58	59	5%
United Kingdom	51	55	4%
France	34	33	3%
Italy	34	31	2%
Russia	23	29	2%
Canada	22	24	2%
South Korea	21	23	2%
Spain	20	21	2%
Brazil	17	18	1%
Rest of World	253	337	26%
World	1,063	1,284	100%

Source: Secondary research, Technopak Analysis

*Figures for FY 2015 & FY 2020. 1US\$ = INR 75

The size of Apparel market in India is almost equivalent to that of Japan and is almost one-fifth of that of key economies such as US and China, Although the key differentiating factor is the per capita spend on apparel, where an average Indian spends ~43 US\$ annually, whereas the per capita spend of an average American, Japanese and Chinese is ~816 US\$, ~467 US\$ and ~193 US\$ respectively. Indian apparel market also has potential to reach the higher levels of Online penetration as seen in other key economies.

Exhibit 2.16: Comparison of Apparel Market and Online Retail across Key Economies

Category	India	US	Japan	China
Apparel Market Size (CY 2019) (US\$ Bn)	59	268	59	270
Per Capita Spend (US\$) (CY 2019)	43	816	467	193
Online Penetration in Apparel category	18%	39%	23%	35%

Source: Secondary Research, Technopak Analysis

Many South Asian countries like China, South Korea, Japan, etc that are still culturally rooted with their respective traditional wear. For e.g., in China, the four major traditional wears are Hanfu, Zhongshan suit (Mao suit), Tang suit, and Cheongsam (qipao). From being a wardrobe choice of the elite class, these clothing have now evolved to be a piece of heritage and culture and are often wore on major festivals such as the Chinese New Year and other special occasions. Similarly, in Japan, Kimono is considered as country's national wear equivalent that is strongly rooted in cultural history of the country and worn on special occasions. Middle eastern region has its own lineage of traditional attires such as Abaya, Kaffiyeh, that have origins in the cultural history of their respective tribes and worn on special occasions.

However, most of such apparels are addressed through made to stich, unbranded or small and specialized tailoring shops. India stands-out among all these regions and not only has the largest share of its traditional apparel in overall Apparel (31% of overall) but a high share of branded market within it. The high share of Indian traditional wear is majorly driven firstly by Women Indian apparel that comprises 71% overall Women apparel as traditional wear and that in turn is driven by Women's continued preference to wear traditional wear both for special occasions and daily purposes. Secondly, Indian home-grown retail led brands have succeeded to position their offering as relevant both for daily wear and special occasion purposes. This has led to outsized growth of branded segment within the overall traditional wear market in India. Ethnic wear retail led brands in SKD segment like Biba, W and in Saree segment like Kalamandir and Nalli's have grown both by capturing overall growth of the market and by successfully addressing the shift of the demand from un-organized to organized segment. This is unique to India and has not been observed in other markets like in Middle East and Japan.

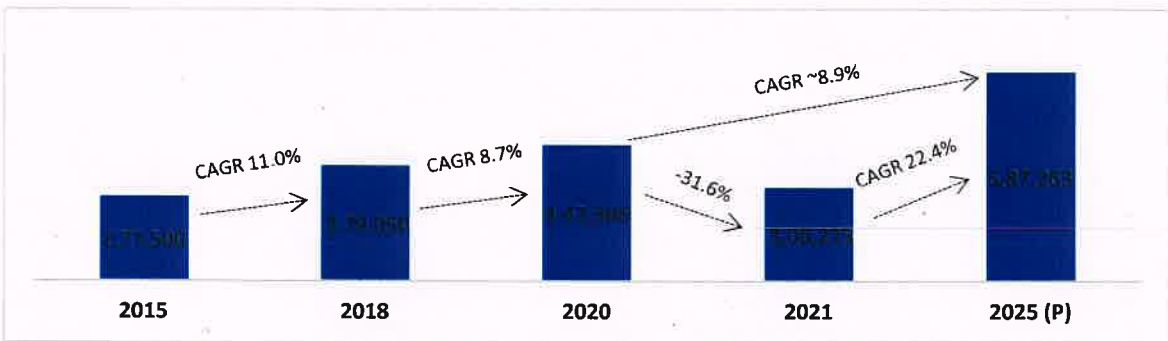
3. Women Apparel and Women Indian Wear Market

India Apparel Market Size & Level of Organization

Apparel market size in FY 2020 was INR 4,47,666 Cr (US\$ 59.7 Bn) and expected to grow at a CAGR of ~8.9% between FY 2020 and FY 2025 to reach INR 6,87,263 Cr (US\$ 91.6 Bn) by FY 2025 on the back of factors like higher brand consciousness, increasing digitization, greater purchasing power and increasing urbanization. While the apparel market has degrown by ~32% to reach a value of INR 3,06,225 (US\$ 40.8 Bn) in FY 2021 due to negative impact of COVID-19 pandemic, the market is expected to recover at a higher pace of 22.4% between FY 2022 and FY 2025.

While the CAGR of total apparel market between FY 2020 and FY 2025 is expected to be ~8.9%, the branded apparel and organized apparel retail are expected to grow at CAGR of ~10% and ~11% respectively in the same period. In other words, growth of both branded apparel share and organized apparel retail share in apparel category will outpace the overall category growth. COVID-19 gave impetus to the growth of e-commerce which is expected to become a significant growth driver for the organised market. The pace of adoption of online purchase has, hence, further accelerated and has emerged as an important channel for apparel and lifestyle retail

Exhibit 3.1: Apparel Market Size in India (in INR Cr) (Year In FY)



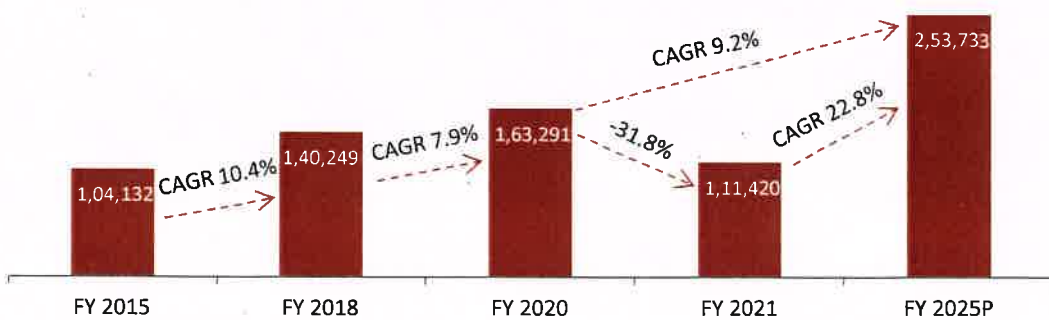
Source: Technopak Analysis

Note: Year indicates FY; Excludes accessories (Bags, Belts, Wallets etc.)

Women Apparel Market in India

The women apparel market contributes ~36% of the total apparel market of India in FY 2020 and is estimated at INR 1,63,291 cr. (~US\$ 21.8 Bn.) and the same is expected to grow at a CAGR of 9.2% for the next 5 years to reach INR 2,53,733 cr. (US\$ 33.8 Bn.) by FY 2025.

Exhibit 3.2: Growth Projections of Women Apparel Market (in INR Cr) – FY 2015, FY 2018, FY 2020, FY 2021, FY 2025P



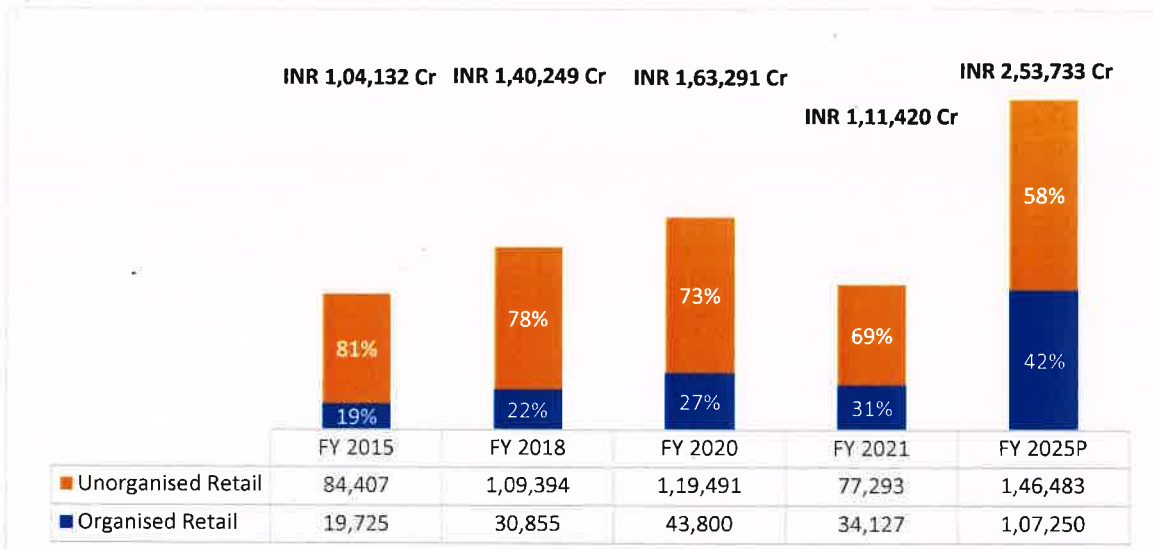
Source: Technopak Analysis

Ankur Bisen
Senior Partner



Factors like sustained growth of Indian daily wear; continued demand for Indian festive wear; rising share of organized retail; design innovations and changing consumer demographics etc. are aiding the growth of Indian women wear market and the trends will be there for upcoming years to fuel the women wear market in India.

Exhibit 3.3: Share of Organised and Unorganised Retail as a percentage of Women Apparel Market (in INR Cr) – FY 2015, FY 2018, FY 2020, FY 2021, FY 2025P



Source: Technopak Analysis

Earlier, consumption of women's apparel was centred around the informal market through standalone boutiques or hawkers selling unbranded products and the sale of unstitched fabrics, allowing women to create their desired garments through made-to-measure services. The share of organised retail in women apparel which was 19% in FY 2015 increased to 27% in FY 2020 and is expected to reach 42% by FY 2025 amounting to INR 1,07,250 Cr in FY 2025. Emergence of organized retail channels (EBOs, LFS/MBO, Value Retail, E-Commerce) and scale of organized players such as Biba, Fabindia, Reliance Trends, Trent, Westside, Shopper Stop, ABRFL etc. have managed to address the consumer demands better than unorganized segment enabling transition of consumer demands towards organized retail in women apparel sector.

Prevalent Retailing Channels for Women Apparel Market in India

- EBOs: Retail led apparel brands** are signified by players that are present through their own 'exclusive brand outlets' (EBO) as the principal retail channel (30-%+ of the sales from the channel) supported by small but growing E-commerce and shop in shop in large format stores (LFS). Such retail led brands are however focussed on a few categories and that define their brand positioning in the market. For instance, Kalamandir and Pothys for Indian Wear for Women Indian Wear, with Sarees as the primary focus. The retail led brands have been the mainstay of lifestyle retailing's growth in India in the last decade. Indian wear fashion retail brands like Fabindia & Neerus, Saree specific brands like Kancheepuram Vara Mahalakshmi Silk, Kalamandir, Pothys, Nallis, Athleisure Retail brands like Decathlon, Fast Fashion brands like H&M are all examples of Retail Led brands that have witnessed growth in the last decade and today represent leadership positions in their respective categories. Such retail led brands take an integrated view to product development and retailing that allow them to exploit synergies across the value chain. For instance, Retail led brands design their products, get them manufactured through an ecosystem of their own suppliers and retail them through their own retail channels (supplemented by other channels). This enables them to constantly monitor all levers of the value chain. For instance, EBOs of such retail led brands are effectively used to create a physical connect with the customer and to create brand stickiness. This brand equity provides a favourable disposition for retail led brands to leverage online commerce – an advantage that does not exist for pure online labels.

- **Large Format Stores or LFS** are signified by 30,000 - 50,000 sq. ft. stores that offer their products across multiple apparel and lifestyle categories (Kids, Men, Women/ Western wear, Indian Wear etc.). These LFS can broadly be classified into two groups of (a) only private label products on offer implying 100% of the products sold within their stores are their own in-house brands and labels viz. Trent Westside and (b) product mix that comprise both private label and outside brands viz. Reliance Trends, Pantaloons, Shopper Stop. These LFS stores have also taken a price and a location-based positioning. LFS like Reliance Trends with mid-price positioning have most of its store's presence in Metros, Tier I and Tier II cities. However, LFS like KLM Fashion, V-Mart and Vishal have a value price-based position and are concentrated more in Tier II, Tier III cities apart from Tier I. Post-COVID -19, LFS stores have activated their digital e-commerce journey. However, bulk of their sales comes from their own brick stores. LFS is the second largest channel for Women wear segment in organized brick retail.

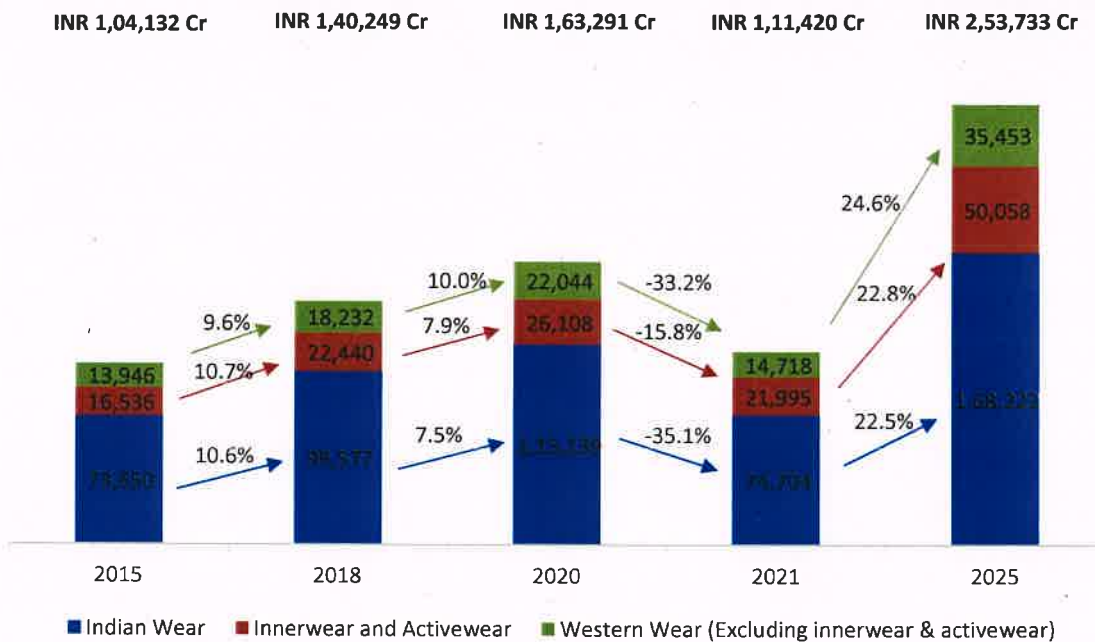
Multi Brand Outlets (MBOs) are 10,000 - 20,000 sq. ft. destination stores that offer range of products across multiple categories of apparel, accessories, footwear, beauty & wellness etc. They are signified by players like Vama, Lulu's and Kapsons. Their positioning is mid to premium, and their differentiation is based on their ability to aggregate different brands under one roof. For brands that aspire for such a positioning and consumer outreach, MBOs become an important channel for brand visibility.

- **Online Commerce or E-commerce** is now the largest channel of retail for Women wear in India within organised segment. This channel comprises three groups and each group has a distinct position and play
 - **E-commerce Marketplaces** (Amazon, Flipkart), that primarily offer range and value without any specific positioning. Women apparel products are available across price points and SKUs. While this positioning appeals to value and mid-price segment, it poses a challenge for brands that seek differentiation and therefore seek right adjacency in such listings. For this reason, such marketplaces become the mainstay for trade-labels but are selective for branded labels
 - **Vertical Specialists** (Myntra, Tata Cliq) are marketplaces in their generalist pitch, but they are focussed on lifestyle and fashion. This enables them to offer higher degree of adjacency and curation for the brand labels. Their offer mix comprises distribution brands, retail led brands, own labels and brands with exclusive arrangements.
 - **Brand's own website enabled e-commerce** (Kalamandir, Nalli, TCNS, M&S) comprises websites of retail led brands that have managed to successfully scale up their online presence. Own website allows these brands to curate the offer and create the right appeal that they seek but face restriction in generic e-commerce marketplaces. Post-COVID, the virtues of own e-commerce website were further recognized both for its ability to create brand connect and for sales. Therefore, the focus on the growth of E-commerce sales increased significantly for many leading brands because they view own brand website as sales platform that capitalizes on their brand equity. For such retail led brands, own brand website is an important channel as part of their multi-channel retailing focus.
- **Distribution led brands (Killer, Duke, Monte Carlo)** are standalone brands that are sold through a retailing structure comprising wholesalers / distributors and largely targeted at traditional retailers that continue to be the largest retailing channel for the women wear segment. These brands are positioned on price and for the ability to replicate emerging fashion trends. Their proposition also lies in catering to dispersed and fragmented demand with core products where brand differentiation is contested (e.g., denim) and demand is cyclical (winter wear). Post COVID, distribution led brands also saw opportunities in selling through E-commerce platforms, particularly on E-commerce marketplaces. There is an opportunity in D2C brands with their growing presence in the Indian market with brands like Okhai, Suta, Karigari, etc.

Segmentation of Women Apparel Market

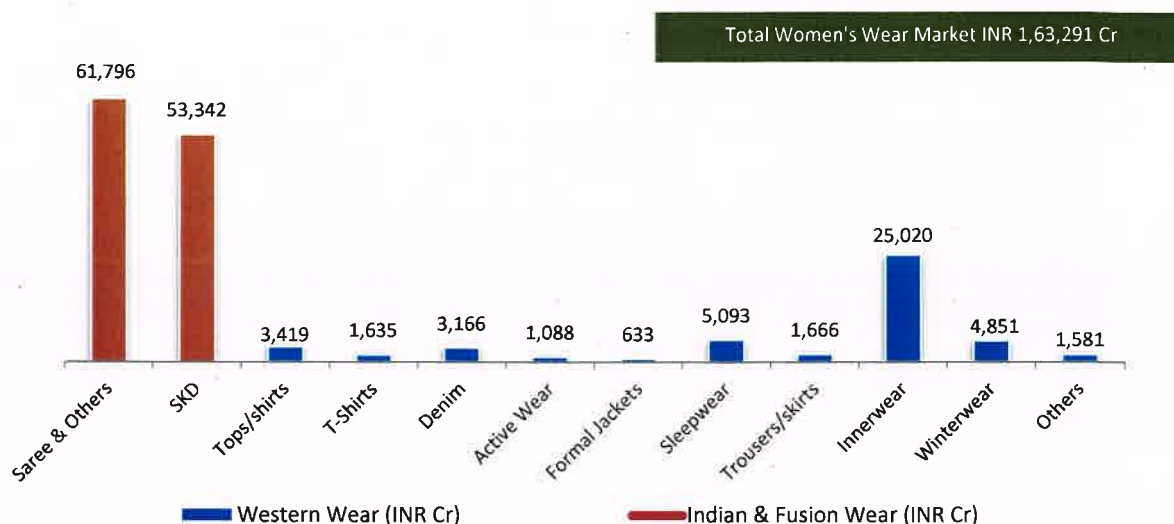
Women Indian wear is the largest segment within the women apparel market in India and contributes around 71% of the market in FY 2020. Despite having a high current share, the share of Indian wear in the overall Women apparel segment will continue to be resilient in future. In any other major apparel markets (China, Japan, Southeast Asia etc.) nearly the entire apparel category is made up of western wear. Indian fashion is influenced by Indian ethos and values with impact the apparel’s cut, shape, silhouette and nature of raw material used (not restricted to power loom but also extends to handlooms fabrics). In this context, the Indian women apparel industry’s categorization into Indian wear and western wear is significant given the Indian wear’s size and its unique existence compared to other major markets.

Exhibit 3.4: Segment Contribution: Women Apparel market – FY 2015, 2018, 2020, 2021 & 2025P (in INR Cr)



Source: Technopak Analysis. Western Wear (excluding Innerwear & Activewear) includes Tops/shirts, T-shirts, Denim, Formal Jackets, Sleepwear, Trousers/skirts, Winterwear & clothing accessories

Exhibit 3.5: Segmentation based on Product type of Women wear market FY 2020 (in INR Cr) and CAGR 2020-2025



Source: Technopak Analysis. Note: Year indicates FY. Others: Women Clothing Accessories. 'Others' in Saree & Others includes Lehenga set, Indian dresses/gowns etc. SKD includes Sets, Mix & Match and Dupattas/ Stoles etc.

Product Categories like T-Shirts, Denim, Activewear, Sleepwear, and Tops/Shirts are considered among the western wear in Women apparel segment. While denim brands initially focussed on the men's segment, but due to influence of western lifestyle among India diaspora, denim brands started catering to women consumers as well due to acceptance of western products among India women.

Women Indian Wear Market

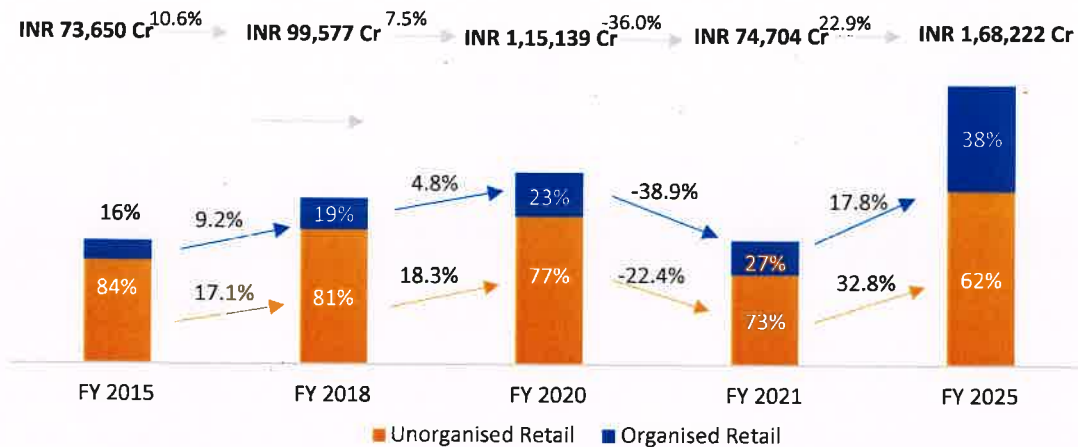
In FY 2020, Women Indian wear accounted for around 71% of the total women apparel market & stood at INR 1,15,139 cr. (US\$ 15.3 bn.), implying women Indian wear is the mainstay for women apparel market in India. The women Indian wear category can broadly be classified into Saree & others (others includes Indian dresses, Lehenga etc.) and SKD (including Sets, Mix & Match, Dupattas. Stoles etc.). It also comprises of fusion wear, which is an amalgamation of other cultural influences on Indian wear.

The Women Indian wear market is expected to grow at a CAGR of 8% for next 5 years to reach INR 1,68,222 (US\$ 22.4 bn.) by FY 2025. Sarees & Others category forms almost 54% of the Indian wear market for women, the rest of the market of 46% is contributed by SKDs (salwar, kameez, dupatta) etc.

Organized Retail in Women Indian Wear

In FY 2020, 77% of women Indian wear was sold through the unorganized/traditional channel. However, the share is expected to reduce to 62% by FY 2025 enabled by growth of organized retail players (Retail led brands) taking a multi-channel retail route, expansion of value retailers and LFS formats and growth of E-commerce.

Exhibit 3.6: Organised vs Unorganised Women Indian Wear Retail Split (in INR Cr)- FY 2015, FY 2018, FY 2020, FY 2021, FY 2025P



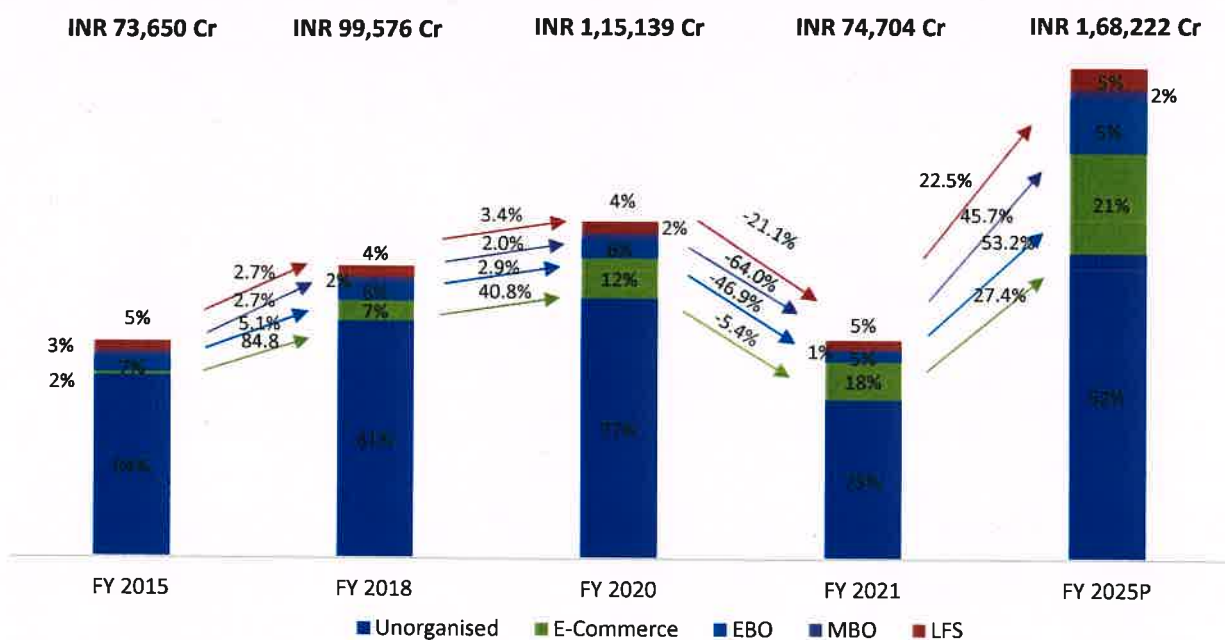
Source: Technopak Analysis

The organized women Indian wear was estimated at INR 26,482 cr. in FY 2020 and is expected to grow at a CAGR of 23.2% for the next 5 years to reach INR 63,924 cr. by FY 2025.

Channel wise segmentation of Women Indian Wear Market

In FY 2020, 23% of the retailing of Women Indian fashion is done through organized retail channels and that comprises Exclusive Brand Outlets (EBOs), Large format stores (LFS), Multi brand Outlets (MBOs) and E-commerce.

Exhibit 3.7: Split of Women Indian wear Market across all Formats- FY 2015, FY 2018, FY 2020, FY 2021 & FY 2025P (in INR Cr)



Source: Technopak Analysis

In FY 2015, within the total Indian Women apparel retail, the share of EBO was the highest at 7% followed by LFS at 5%, MBO at 3% and online sales only accounted for 2% of Women Indian apparel retail. However, the share of online retailing increased from 2% to reach 12% in FY 2020, owing to digitalisation by brands, COVID 19

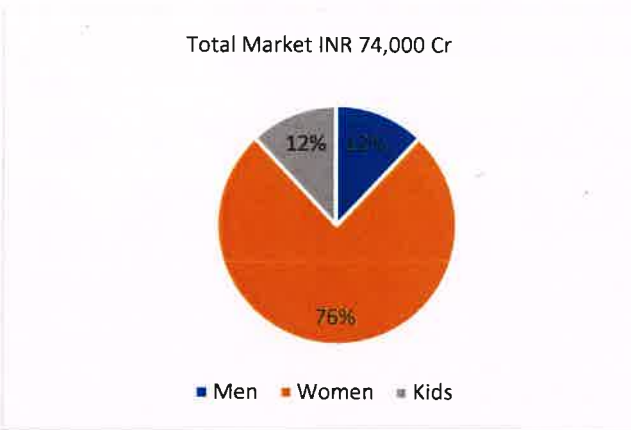
pandemic and acceptance of online channel by consumers alike. Online channel’s activation currently comprises marketplaces, vertical specialists’ online stores, EBO led retail brands selling through digital route, and Online-only brands. EBOs a key channel for organized Indian Wear sector contributed 6% of the total retail in FY 2020 and this is expected to grow to 11% in FY 2025. Their sales through digital route in FY 2020 averaged ~12% of the total sales (INR 13,817 Cr) and this is provisioned as part of the E-commerce sales and the same is expected to reach 21% of the total sales by FY 2025 i.e INR 35,327 Cr.

Indian Wedding & Festive wear Market

The Indian Wedding & Festive wear market comprises of Indian apparel worn on occasions like weddings and related celebrations, festivals; other occasions with friends & family; other events of significance etc.

This market was valued at INR 74,000 Cr in FY 2020. Within is market, the share of Indian Women Occasion wear is most significant capturing 76% of the market and valued at INR 56,100 Cr for FY 2020.

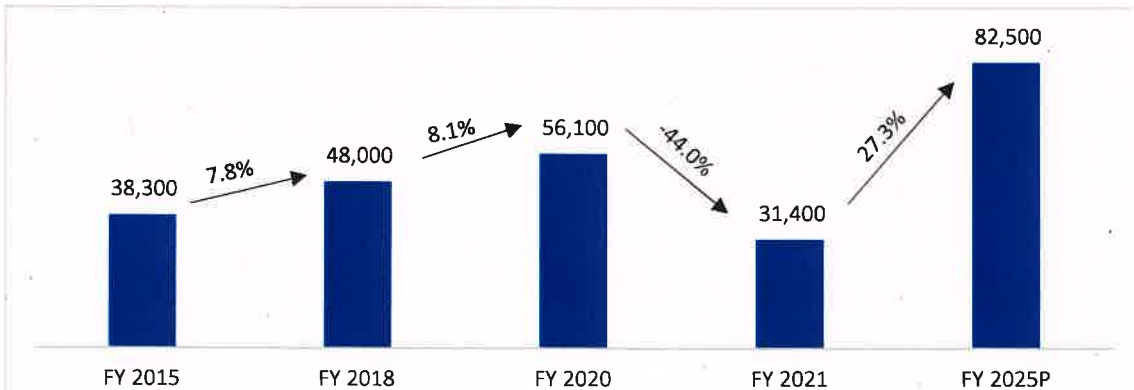
Exhibit 3.8: Split of Women, Men and Kids category in Indian Wedding and Festive wear market- FY 2020



Source: Technopak Analysis

The Women Indian Wedding and Festive wear market, which forms the largest share of this category is expected to grow at a CAGR of 8% to reach INR 82,500 Cr in FY 2025 from the existing INR 56,100 Cr in FY 2020.

Exhibit 3.9: Growth & size of Women Indian Wedding & Festive wear market (in INR Cr)



Source: Technopak Analysis

The growth in this segment is being driven by the saree category with a 41% share of this segment valued at INR 23,200 Cr for FY 2020. SKD Sets accounted for 29% valued at INR 20,500 Cr for FY 2020, and Lehenga, Indian dresses/ gowns accounted for 22% valued at INR 12,400 Cr for the same time period.

The Indian wear Wedding and Festive Saree market is being driven by the South Indian Wedding and Festive Saree market with a 50-55% contribution to the same. The wedding industry is an important contributor to the saree market in south India, with high cultural significance of saree for wearing and gifting purposes, with an average south Indian wedding contributing to the purchase of 50-100 sarees in various price ranges from mass to premium.

Exhibit 3.10: Key festivals in India

Festival	Key region of India where festival celebrated	
	Key region of India where festival celebrated	Month of celebration
Lohri	North	Jan
Makar Sankranti	North	Jan
Pongal	South	Jan
Vasant Panchmi	North	Feb
Mahashivratri	North	Feb
Holi	North	Mar
Gudi Padwa	West	Apr
Akshay Tritiya	West, East	Apr
Janmastami	North	Aug
Onam	South	Aug
Raksha Bandhan	North	Aug/Sep
Ganesh Chaturthi	West	Aug/Sep
Navaratri	North	Oct/Nov
Durga Pooja	East	Oct/Nov
Dussehra	North, West	Oct/Nov
Diwali	North	Oct/Nov
Thrissur Pooram	South	Apr/May
Ugadi	South	Mar/Apr

Source: Technopak Analysis, Secondary research

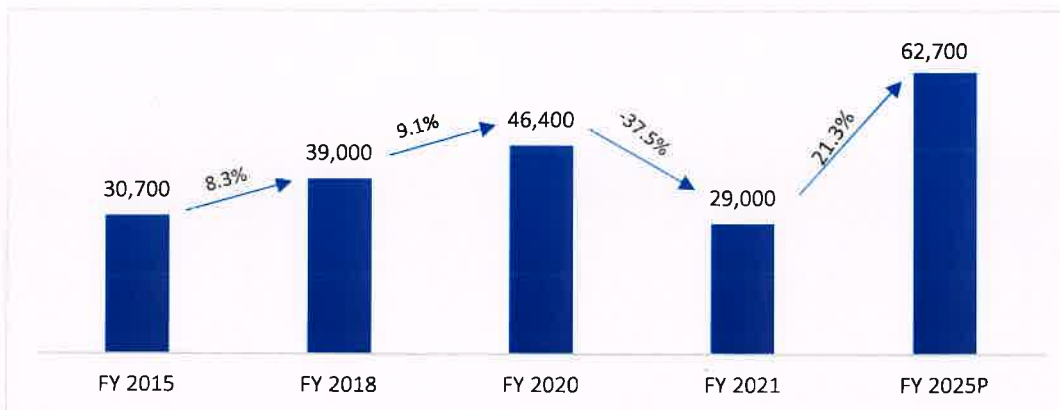
India has a rich heritage and culture and the number of festivals celebrated in the country are many, with women from both rural and urban India preferring sarees during festivals. The sale of sarees during festivities, which go round the year in different regions of India, increases manifold.

Saree Category

Women Indian wear market is further segmented into key categories- Saree & Others (Others including Lehenga, Indian dresses/gowns etc) and SKD (Sets, Mix & Match & Others (Dupattas/Stoles etc). Saree & Others category is expected to grow at a CAGR of 6.5% from FY 2020 to FY 2025, reaching INR 61,796 Cr in FY 2025. Within this, the Saree market was valued at INR 46,400 Cr in FY 2020 and is expected to reach INR 61,700 Cr by FY 2025 growing at a CAGR of 5.9%. This category, though the earliest form of apparel for women in India, with a strong

and large base, continues to grow despite the advent of different apparel for women in form of SKD, Lehenga, Dresses etc., showing that Saree continues to be the choice of apparel for majority women in India.

Exhibit 3.11: Saree Category (including Saree, Blouse, Petticoat) – FY 2015, FY 2018, FY 2020, FY 2021 & FY 2025P – Market size in INR Cr



Source: Technopak Analysis

In this market, EBO led players like Kancheepuram Vara Mahalakshmi Silks, Kalamandir, Nallis, Pothys etc. are considered fashion forward brands which lead the market with their design innovations and stay ahead of the competition, carving a niche for themselves. Their current size now signifies brand stickiness and entry barriers for others. Value segment brands also refer to them for trends and look up to them as fashion leaders.

Indian wear category offers a unique blend of comfort and fashion to the consumer making it the preferred apparel for most occasions. The category association revolves around comfort, 'contemporisation' as well as relevance of the occasion. Whilst the consumers in Tier I cities, compared to the metro-centric consumers, tended to be strongly governed by traditional usage of the saree, the Indian wear category is increasingly becoming the category sought for as it offers both conformity and style. Indian women wear in the form of Sarees, Kurtas, Mix & Match, Indian dresses etc has found a universal appeal across states as these categories are being worn by women across the country.

Indian apparel fashion is uniquely an India focused opportunity and that provides a natural and sustainable advantage to homegrown players to seize it. This advantage is reflected in structure of the Indian wear category that comprises of home-grown entities.

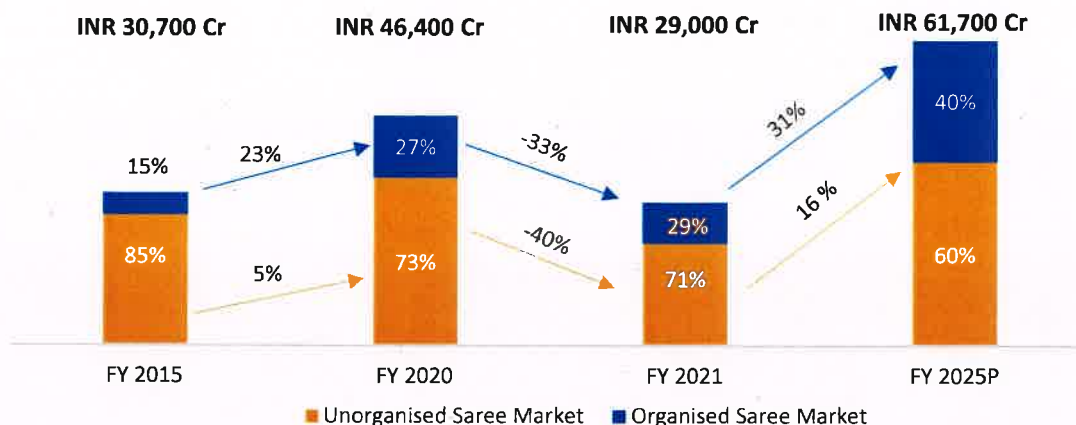
Organised Saree Market

Historically, the ethnic retail trade of sarees was dominated by unorganized players in small format stores with a very few organized players. However, over the years, the organised market for sarees has flourished with entry and growth of multiple players, especially in South India. In order to narrow this gap between organised and unorganised markets, Sai Silks Kalamandir was among the first few organized players in the market with a large retail presence which provided customers a wide variety of options in ethnic wear at an affordable price point.

The overall organized Saree Market was valued at INR 12,500 Cr for FY 2020 and is expected to reach INR 24,700 Cr by FY 2025 growing at a CAGR of 14.5%. The growth of the organized channel out paces the growth of the unorganized market which is expected to grow at a CAGR of 1.8% in the same period.

This growth of the organized market is led by players like Sai Silks Kalamandir, Pothys, Nalli etc which are expanding their footprint and depth in market and leading the growth. Unorganised market was also greater impacted due to COVID with smaller businesses facing closure, and reduced revenue.

Exhibit 3.12: Organised & Unorganised Saree Market – FY 2015, FY 2020 & FY 2025P



Source: Technopak Analysis

Within the organised saree market, the share of MT was 90% in FY 2020, with Ecommerce being at 10%. The share of online channel in saree market is much lower compared to other apparel categories, as consumers prefer to buy sarees through touch and feel, and for wedding and festive market, saree shopping with family is a part of wedding preparations. However, brands are now trying to reach consumers through all channels and the share of Ecommerce in Organised saree market is expected to go up to 25% by FY 2025, with MT still holding majority share at 75%.

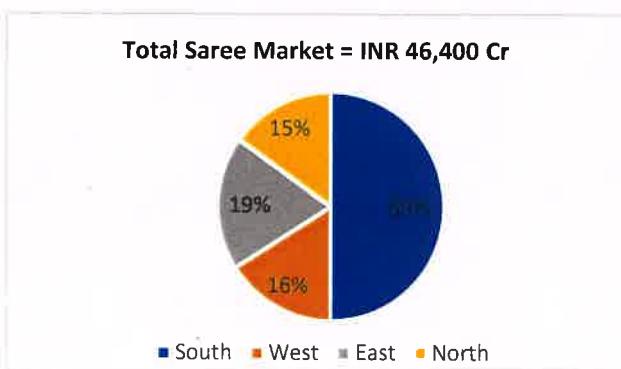
And while the overall organised saree market was 27% of total saree market, the share of organised in South India was valued at a much higher 38% amounting to INR 8800 Cr for FY 2020. This was also ~70% of the national organised saree market. This is due to presence of large format chains and standalone saree stores in South India like Kalamandir, Pothys, RS Brothers etc. Other regions of the country don't have such a prominent organised play in sarees.

Saree Market- Regionwise

The South Indian region was the top contributor to the saree market in India in FY 2020 with 50% of saree sales being accrued to this region. It was followed by East which contributed to 19% of saree sales, closely followed by West and North regions contributing 16% and 15% to the sale of sarees respectively.

The South India saree market, which was valued at INR 23,200 Cr in FY 2020 and contributes 50% to the overall India saree market, is expected to reach INR 30,800 Cr by FY 2025 growing at a CAGR of 6%.

Exhibit 3.13: Region wise share of Saree Market (FY 2020) (in INR Cr)



Source: Technopak Analysis

South India Saree Market: State wise

The South India saree market, which was valued at INR 23,200 Cr in FY 2020 and contributes 50% to the overall India saree market, is expected to reach INR 30,800 Cr by FY 2025 growing at a CAGR of 6%. The organised south saree market valued at INR 8800 Cr for FY 2020, however, is expected to grow at a higher CAGR of 14%, and is expected to reach INR 17,000 Cr by FY 2025.

The South saree market is split into the states of Tamil Nadu, Karnataka, Andhra Pradesh, Telangana & Kerala. Tamil Nadu leads the South India saree market with an approximate 32% share and valuation of ~INR 7400 Cr for FY 2020. This is followed by Karnataka valued ~INR 5600 Cr for the same time period.

Exhibit 3.14: State wise share & size of South India Saree Market (FY 2020) (in INR Cr)

State	Share of South India Saree Market	Approximate Size of Saree Industry (in INR Cr)
Tamil Nadu	32%	7400
Karnataka	24%	5600
Andhra Pradesh	20%	4600
Telangana	13%	3000
Kerala	11%	2600

Source: Technopak Analysis

Key Players in South India

South India region is the leading region for sarees in India and home to majority of the leading players in this industry. Players like Sai Silks Kalamandir, Pothys, Nalli etc all have their origin in South India.

The key organised players and their share in the South India saree market are given as below:

Exhibit 3.15: Key Players and market share in South India Saree Market (FY 2020)

Players	Revenue FY 2020 (INR Cr)	Approx. Share of saree in revenue of the company	% Market Share in South India Saree market
Pothys	1599	75%	5%
RS Brothers	1360	60%	4%
Kalyan Silks	1152	70%	3%
Sai Silks Kalamandir	1178	65%	3%
Nalli	573	90%	2%
VRK Silks (Kalanikethan)	420	85%	2%
The Chennai Silk	384	75%	1%
Cooptex	300	75%	1%
Kankatala	174	80%	1%

Source: Technopak Analysis

Key Developments in Saree Market and Reasons for Growth

Sarees have been a part of Indian attire for a long time and are one of the oldest clothing items in Indian apparel. However, sarees have undergone transformation in various aspects of design, material, print and style to cater

to contemporary needs. With over 80 ways of draping a saree varying across regions and cultures, sarees are hugely popular among Indian women.

Indian clothing market is dominated by the sarees as the choice of consumption and is one of the most common apparels for women. Cotton used to be the most popular material for sarees, but blended materials have now taken over the market. Various reasons for growth have been-

Indian female population

There are estimated to be 37.6 Cr women in India who are above 25 years of age. The women in this age group are the target consumers of sarees who continue to buy sarees for both daily wear and celebration wear. The number of women above age 25 years are expected to reach 45.5 Cr by 2031 and ~49 Cr by 2036.

Exhibit 3.16: Number of females in different age groups in India (2021)

Age Group	No. of Females in 2021 (in Cr)	No. of Females in 2031P (in Cr)	No. of Females in 2036P (in Cr)
25-29	5.7	5.83	5.6
30-34	5.3	5.97	5.84
35-39	4.88	5.62	5.93
40-44	4.43	5.21	5.57
45-49	3.99	4.77	5.15
50-54	3.43	4.29	4.69
55-59	2.81	3.8	4.17
60-64	2.21	3.18	3.64
65-69	1.76	2.47	2.96
70-74	1.39	1.8	2.21
75-79	0.93	1.27	1.51
80+	0.8	1.31	1.59

Source: Census Estimates

Wedding & Festive Market

The wedding and festive wear market is a continuous source of demand for sarees and adjacent categories. This market is driven by cultural significances which make saree an important piece of wearing and gifting, thus driving its growth. India is a diverse nation with respect to cultures and traditions, and there are year-round festivities in various regions of India. Women prefer to wear traditional attire like sarees on such festive occasions. Indian wedding in all regions is incomplete without sarees, with this being most prevalent in South India.

Universal Appeal of Saree

Saree is an evergreen piece of attire with other forms of apparel going in and out of fashion, however, sarees have remained as a constant. Sarees are not restricted by the occasion or event and are available for every kind of event- be it casual, festive or formal. The wide range of fabrics that a saree is available in is useful to be worn in all kinds of weathers. There are over 80 ways of draping a saree varying across regions and cultures providing a multitude of variations in this classic attire. Saree is widely popular attire in South India with all states in South India having more than 90% households that purchased at least one saree in a year.

Shift from unorganised to organised market

Organized retailing share of Apparel has increased from 14% in FY 2007 to 32% in FY 2020. Organized retail has led to shift of demand away from unorganized apparel retail in its favour. Given the fact that organized retail sells branded apparel, the growth of organized retail is poised to be a key growth enabler for the growth of branded apparel. Organised saree players like Kalamandir, Pothys etc have expanded their footprint to various cities, and continue to do so thereby growing the organised market.

Smart Blends

Brands incorporate smart blends in the materials used to make a saree or the design of the saree in order to increase cost efficiency. For example, zari used to weave intricate patterns or designs is traditionally in its pure form made from silver wound on a base yarn of silk and then electroplated with pure gold. However, use of a mix of materials to achieve the desired results at affordable costs by using a blend of materials and altering the proportion of gold and silver used to make zari is being used for cost efficiency.

The proportion can be checked by XRF Analyser machines to avoid any false claims or fraud. This has helped preserve the authenticity of saree brands. For example, the Kancheepuram saree was recognised as a Geographical Indication (GI) by Govt. of India under the GI Act in FY 2006, which meant that all Kancheepuram sarees would have to follow a prescribed weight, quality and zari norms and should be woven in the particular district only, and failing to follow any of these conditions, the seller can be booked under the GI Act.

Fancy/ Fusion Sarees

For less formal occasions, consumers are opting for fancier sarees in addition to traditional sarees. These sarees are 6 yards long instead of 9 yards and have innovative designs or silhouettes like ruffled sarees, pre-draped saree, etc. The pre-draped saree comes in various forms as nivi-style drape, dhoti style saree, pant style saree, sarees paired with pallazos or crop tops. Such sarees may also come with pockets, belts and other accessories.

Evergreen Trends

Traditional sarees which are 9 yards long are evergreen in terms of trend with modifications in fabric and design like modal silk innovation and weaver-innovation like Banarasi design appearing on Kancheepuram sarees or linen sarees with Kancheepuram silk border and pallu.

Sustainability

The saree is one of the most sustainable pieces of garments where one-size fits all and is used across all age groups and body types. Sarees are also being manufactured using yarns of natural fibres like jute, banana, hemp, bamboo, etc. These fibres are eco-friendly that do not harm the environment and are usually 100% biodegradable. Using natural dyes to make sarees also helps reduce the environmental damage to an extent.

Key Cities for Saree workmanship:

i. Kancheepuram

Kancheepuram in Tamil Nadu is the hub for the Kancheepuram/kanjivaram saree with fine weaves of mulberry silk with coarse threads dipped in silver or gold (zari). The Kancheepuram saree comes under the Geographical Indication Act, whereby the sellers have to maintain certain quality and weight in all aspects in order to label their saree as Kancheepuram while selling.

ii. Mysore

Mysore in Karnataka is the largest producer of mulberry silk in the country, ~70%. There is a Government Silk Factory in Mysore named KSIC (Karnataka Silk Industries Corporation Limited) that was established in 1912, which produces 100% pure silk and zari sarees.

iii. Benaras/ Varanasi

The sarees made in Banaras called Banarasi sarees have highly intricate brocade work using silk and zari and is a mixture of Persian and Indian designs.

iv. Kota

Kota doria sarees are lightweight and easy to drape, made in Kota city of Rajasthan. These have square patterns called khats and fall in the affordable price range.

v. Bishnupur

The Baluchari saree that was first made in Murshidabad in West Bengal is now made in Bishnupur. The sarees are made from silk with scenes from Mahabharata or Ramayana being depicted on the pallus in two different threads and the saree takes nearly a week to manufacture.

vi. Chanderi

Chanderi in Madhya Pradesh is the hub for chanderi sarees which began in the 13th century. The sarees can be produced from three kinds of fabrics- pure silk, chanderi cotton and silk cotton. The sarees are light weight and marked by luminescent gold on them. Traditional coins, floral art, peacocks, and modern geometric patterns are woven into different Chanderi patterns.

vii. Maheshwar

Maheshwar in Madhya Pradesh has been a handloom production centre since the 5th century. The saree is made from cotton and has vibrant and contrasting colours, and feature narrow coloured borders, checks and stripes with a solid coloured body. The speciality of Maheshwari sarees is the reversible border on them which can be worn on both sides.

viii. Bangalore and Mysore

Bangalore is famous for its soft silk weaves. Bangalore silk sarees are liked by women- both young and elder for their sophisticated look with intricate weaves made using pure silks. The Mysore silk crepe from the Mysore city of Karnataka can be traced back to 1785 AD and is woven from hardspun silk yarn and is one of the most widely used form of silk across India.

ix. Surat and Rajkot

Surat has a large number of textile mills where different kinds of textiles with different printing and weaving styles are produced. The sarees that are famous from Surat are brocade, gharchola, panetar, and tanchoi. The Patola saree from Rajkot known as Rajkot Patola is widespread and famous. In this saree, yarn is resist dyed before being woven into fine fabrics and since motifs are created out of dyed yarn, both sides have the same and equally prominent designs.

x. Venkatagiri

Venkatagiri saree is a style of saree woven in the Nellore district of Andhra Pradesh, known for the fine weaving dating back to early 1700s. These sarees have various kinds of varieties like Venkatagiri 100, Venkatagiri-putta and Venkatagiri- silk. Venkatagiri-100 made from fine cotton with significant use of zari is most popular amongst these being extremely light weight. Venkatagiri silk is made up from fine silk using the Jamdani technique where the edge is woven with golden border and pallu contains heavy work of brocade and motifs in gold.

xi. Mangalagiri

Mangalagiri which is a town in Andhra Pradesh is a hub of saree and dyed handloom fabric production since 1500s. Mangalagiri sarees have been given the Geographical Indication (GI) status and are woven with minimal designs on the body of the saree and has zari stripes and checks on borders and pallus. The Mangalagiri handloom sarees are often produced on cotton fabric.

4. Competitive Landscape of Women Indian Wear in the Organized space

The organised Indian wear segment is made of the four types of player segments:

- 1. Retail Led Brands:** Retail led brands comprise saree dominant players like Nalli, Kalamandir etc. and SKD dominant players like Fabindia, Biba, Neerus etc. These players can be region specific or have a pan-India footprint in terms of the presence of their EBOs and / or through partnerships with LFS and MBOs and through online channels. Saree dominant retail led regional brands like Kancheepuram Vara Mahalakshmi Silks (VKS), Mandir, Pothys, Kalanjali, Kankatala, The Chennai Silk, Rangoli etc. are dominant in South India region and sell through their Exclusive Brand Outlets (EBOs) and also sell through Large Format Stores (LFS) and Online channels comprising of own websites and Apps & marketplace listings.
- 2. Multi Brand Outlets & Large Format Stores (MBO & LFS):** Large Format store include players like Pantaloons, Shoppers Stop, Reliance Trends etc. MBOs include players like Vama, Iconic etc that are primarily fashion & lifestyle focussed. These formats keep extensive range of Women Indian wear (along with other categories) with multiple brands (both Pan-India & Regional retail led brands) and their own private labels viz. Melange is a private label of Lifestyle; Rangmanch, Akkriti, Trishaa & Indus Route (Pantaloons) & Avaasa (Reliance Trends). However, LFS players like Max and Westside retail only their private labels and don't offer external labels or brands.
- 3. Value Focused Retailers:** Retailers like KLM Fashion, Vishal Mega Mart, V Mart etc. sell multiple product categories ranging from ethnic to western wear for every individual. In this context, value fashion retailers are primarily focussed on their own private labels or on other smaller trade-labels for Women Indian Wear (and for other fashion categories).
- 4. Online Focused Brands/Retailers:** Online focussed retailers include E-commerce marketplaces like Amazon, Flipkart etc, and vertical specialist websites like Myntra, Ajio etc. While marketplaces deal in multiple product categories; vertical specialists, as the term suggests are fashion & lifestyle focussed. However, both retail types offer various brands, for eg. retail led brands, smaller brands/labels, private labels (like Myx for Amazon, and Anouk for Myntra). There is also an emerging third group of '**online focussed/online-first**' Women Indian wear brands that are only or primarily available online. Brands such as Jaypore, Pinklay, Okhai, Karagiri are examples of such online focussed/online-first brands.
- 5. Retail led by Cooperative/ State Govt.:** The Indian market also has saree brands which are totally driven by cooperative or State Govt. such as Tantuja from West Bengal, Co-optex from Tamilnadu, APCO from Andhra Pradesh etc. These players are selling their products through their exclusive brand outlets (EBOs) as well as their own websites.

Exhibit 4.1: Leading Players across Four Segments of Women Indian Wear

Key Players	Year of Inception	Operating Company	No. of Stores	# Cities where stores present
1. Retail Led Brands				
Kancheepuram Vara Mahalakshmi Silk	2012	Sai Silks Kalamandir Ltd.	17	8
Kalamandir	2005	Sai Silks Kalamandir Ltd.	8	7
Mandir	2011	Sai Silks Kalamandir Ltd.	3	1
Nalli	1928	Nalli Silk Sarees Pvt. Ltd.	32	14
Pothys	1923	Pothys Pvt. Ltd.	16	12
The Chennai Silk	1991	SCM Silks Pvt. Ltd.	24	21

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Kankatala	1943	Kankatala Textiles Private Limited	12	7
Rangoli	1990	Rangoli Sarees Ltd.	7	5
Neerus	2005	Neerus Ensembles Private Limited	43	16
Meena Bazaar	1971	Meena Bazar Department Stores Private Limited	68	31
FabIndia	1960	FabIndia Overseas Pvt. Ltd.	317	117
Soch	2005	Soch Apparels Private Limited	191*	54
2. Large Format Stores & Multi Brand Outlets				
Lifestyle	1999	Landmark Group	80	41
Pantaloons	1997	Aditya Birla Fashion and Retail Ltd.	347#	78
Shoppers Stop	1991	K Raheja Group	104	33
Central	2004	Future Lifestyle Fashion	48	27
Reliance Trends	2007	Reliance Retail Ltd.	378#	100+
Max	2006	Landmark Group	360	143
Westside	1998	Trent Ltd.	169	88
3. Value Focused Retailers				
KLM Fashion	2017	Sai Silks Kalamandir Ltd.	18	6
Vishal Mega Mart	2001	Vishal Mega Mart Pvt. Ltd.	400+	150+
V Mart	2003	V Mart Retail Ltd.	371	228
V2 Retail	2002	V2 Retail Ltd.	85	65
4. Online Focused Retailers & Brands				
Online Marketplaces/ Vertical Specialists				
Myntra	2007	Walmart India Pvt. Ltd.	NA	NA
Ajo	2016	Reliance Retail Ventures Limited	NA	NA
Online First Brands				
Jaypore	2012	Jaypore E-commerce Pvt. Ltd.	3	2
Okhai	2015	Okhai Enterprises Pvt. Ltd.	NA	NA
Pinklay	2015	Pinklay Retail Pvt. Ltd.	NA	NA
5. Retail led Cooperative/ State Govt.				
Tantuja	1984	Department of Handlooms and Textiles of Government of West Bengal	30	8
Co-optex	1935	Department of Handlooms and Textiles of Government of Tamil Nadu	156	69
APCO	1976	Department of Handlooms and Textiles of Government of Andhra Pradesh	8	7

Source: Company Websites, Secondary Research. Store counts as of Mar 2022. *Indicates stores counts on June 2021. #Indicates stores count on Sept 2021.

Women Indian Wear Offerings across Player Groups

Retail led brands like FabIndia, Biba, Soch, Neerus etc. are more focussed on Indian wear which comprises of SKD (which consists of SKD (Salwar Kurta & Dupatta), SK (Salwar & Kurta) Sets, Mix & Match (Tops, Bottoms, Dupattas)) as their core product offering, and within these, Fabindia & Soch are more saree centric compared to other SKD dominant peers. However, brands like Nalli, The Chennai Silk, Kalamandir, Kancheepuram Vara Mahalakshmi Silks, Pothys etc. are focussed pre-dominantly on Sarees as their core product offering. The design play within this can range from daily wear to occasion wear capturing various fabric types and price points, or from traditional to fusion wear, dependent on an individual brand's overall pitch and positioning in the market.

Large format stores (LFS), Multi Brand Outlets (MBO) and the Value Focussed Retailers keeps extensive range of Women Indian wear (along with other product categories) with multiple brands (both Pan-India & Regional retail led brands) and their own private labels. The idea to keep extensive range of product categories to cater the taste of every individual.

Product offers by leading brands within sub-categories (SKD, sarees etc.) differ depending upon their respective business strategy focus. Saree dominant brands like Nalli, Taneira, Pothys & Kalamandir offer one of the widest portfolios of saree SKUs among women's apparel brands in India. LFS players like Lifestyle, Pantaloons etc keep SKUs across categories with dominance of SKD. Value Retailers like KLM, VMart etc also keep SKUs across categories and mainly in the mass-mid price range.

Exhibit 4.2: Key Product Categories offered by Key Players

Key Players	Salwar Kurta and Dupatta (SKD) and Salwar Kurta (SK) Sets	Sarees	Top wear (Separates)	Bottom wear (Separates)	Lehenga Set	Indian Dresses/ Gowns
Retail led Brands						
Kancheepuram Vara Mahalakshmi Silk	-	992	-	-	-	-
Kalamandir	242	1206	1886	652	175	125
Mandir	-	866	-	-	34	-
Nalli	-	12,658	-	-	-	-
Pothys	190	3,933	420	77	92	8
The Chennai Silk	134	1,016	191	-	29	-
Kankatala	-	2,096	-	-	-	-
Taneira	2	4,619	25	-	29	-
Soch	654	516	735	139	88	79
Fabindia	61	480	717	509	6	175
Rangoli	54	319	25	-	27	12
Neerus	404	165	343	-	1	5
Meena Bazaar	55	382	20	-	12	5
Biba	955	8	764	343	23	112
Ritu Kumar	250	30	422	75	124	360
Global Desi	153	11	543	206	-	119
MBO & LFS						
Lifestyle (Melange)	195	-	349	180	-	3
Pantaloons (Rangmanch)	92	192	745	219	23	161
Shoppers Stop (Stop, Haute Curry)	-	-	677	250	-	103
Value Focused Retailers						
KLM Fashion	356	773	2764	1448	78	218
Vishal Mega Mart (Mavie & Pink Almirah)	-	-	223	114	-	-
V Mart (Desi Mix)	128	-	750	351	-	-
Online First Brands						
Okhai	10	688	345	75	-	145
Jaypore	-	122	182	583	25	20
Karagiri	-	4,819	-	-	255	-
Kalaniketan	1,251	2,079	-	98	1,078	125
Retail led Cooperative/ State Govt.						
Tantuja	-	81	-	-	-	-
Co-optex	-	512	-	-	-	-
APCO	-	337	-	-	-	-

Source: Brand Website, Technopak Analysis. Note- SKU count for MBO, LFS, Value Retailers is total of Private Labels only. Private Labels of MBO, LFS & Value Retailers are mentioned in brackets along with the Retailer. Sai Silk Kalamandir brands SKU counts from company sources. Separate sizes not counted as separate SKUs.

Exhibit 4.3: Price points across segments for LFS, MBO and Value Retailers

	Men		Women		Kids	
	Western Wear	Ethnic Wear	Western Wear	Ethnic Wear	Boys	Girls
MBO & LFS						
Lifestyle	399-8,999	799-7,999	499-8,999	499-7,999	179-3,299	159-4,299
Pantaloons	299-7,199	324-2,299	159-4,499	239-7,999	169-1,999	141-2,999
Shoppers Stop	1199-18,394	1001-4,594	1001-8,400	1001-16,999	501-3,399	501-5,299
Value Focused Retailers						
KLM Fashion	299-5000	1499-15000	199-4999	999-55000	199-3999	199-7999
Vishal Mega Mart	200-850	230-750	79-899	100-1,200	69-699	49-749
V Mart	219-4,000	499-3,099	299-999	274-2,900	200-2,000	200-1,800

Source: Retailer Websites, Technopak Analysis. Price Ranges (in INR) giving MRP as per respective retailer websites. KLM Fashion prices from company sources.

Saree Offerings across Key Players

Within Women Indian Wear, Saree offerings are divided further basis distinct prices points which categorise the range into Mass, Mid, Premium and Luxury. Mass range is primary for consumers in the value seeking segment, Mid-premium range is positioned for both value seekers and aspirational consumers, and the Luxury segment for luxury seeking consumers.

Product offers by leading retail led national brands such as FabIndia, Soch etc. offers saree as an additional product category in addition to Indian wear product categories such as SKD & SK sets (Salwar, Kurtas and Dupatta Set & Salwar Kurta Sets), separates (tops and bottoms) etc. The total no. of sarees SKUs ranges from 160 to 500+ across price ranges. Due to vast range of product categories and depending upon their respective business strategy, these brands offer sarees in commonly preferred & widely accepted fabrics like cotton, silk, linen, cotton silk etc. with a price bracket of INR 0-10k i.e falling in the mass & mid range.

Retail led regional brands such as Nalli, Pothys, Kalamandir, Mandir, Kancheepuram Vara Mahalakhsmi Silk, The Chennai Silk etc. offers sarees as a core product and have extensive range of sarees by fabric and price range. These brands act as a shopping destination for sarees. Hence, the total no. of sarees SKUs ranges from 500-10,000 depends on their store size and the customer base. Premium retail brands like Kancheepuram Vara Mahalakhsmi Silk, Mandir, Kankatala etc. have limited SKUs on price range of < INR 5k (11-17) and highest number of SKUs in price range > INR 10k (300-1,200) whereas affordable retail brands like The Chennai Silk, Rangoli, Pothys etc. have vast range of sarees SKUs below <INR 5k (300-3,617) in comparison to price range above INR 10k. Kalamandir and Pothys have majority SKUs in mass range, while Mandir has majority SKUs in premium and luxury range.

Online artisan and Indian wear specific e-commerce platforms like Jaypore, Okhai, Kalaniketan, Karagiri etc. also offers sarees as an additional category in addition to Indian wear product category.

Exhibit 4.4: Sarees SKUs on offer across Price segments by Key Players

Key Players	Price Ranges			
	Mass INR < 5k	Mid INR 5-10k	Premium INR 10-40k	Luxury INR >40k
Retail Led Brands				
Kancheepuram Vara Mahalakhsmi Silk	17	191	294	24
Kalamandir	3,520	85	76	-
Mandir	11	65	653	137
Nalli	3,371	3,835	5,085	367
Pothys	3,617	274	42	-
Taneira	1,867	1,467	1,209	76
Kalaniketan	998	856	225	-

The Chennai Silk	987	27	2	-
Kankatala	214	660	806	416
Rangoli	246	67	5	1
Neerus	153	11	1	-
Meena Bazaar	224	130	28	-
FabIndia	205	260	15	-
Soch	324	190	2	-
Tantuja	32	49	-	-
Co-optex	313	86	113	-
APCO	254	36	47	-
Karagiri	1,666	2,676	468	9

Source: Brand Websites, Technopak Analysis.

Key Strength & Value Proposition of Retail Formats:

	Format	Key Players	Key Strengths & Propositions of these formats
1	Retail Led Brands	Kancheepuram Vara Mahalakshmi Silk, Pothys, Kankatala, Rangoli, Kalamandir, Mandir, FabIndia, Soch, Neerus, Nalli, The Chennai Silk, etc.	<ul style="list-style-type: none"> In-house product design ability that allows them to be category creators and provide differentiated product offerings in the market. This also allows them to broaden the addressable market opportunity Wide assortment of products category (specific and sub-category) catering to both daily wear and occasion wear purposes Multi-channel presence with a skew towards exclusive brand outlets and own website e-commerce that allows them an integrated route to market while offering multiple touch points to their consumers. This also enables them to activate and build an omni channel play Dedicated manufacturers / suppliers base for integrated supply chain that work with the brand & using standardized processes Strong EBO presence creates brand loyalty amongst consumers through engagement & loyalty programs Focus on EBO channel leads to higher brand visibility and efficient operations Acts as shopping destination for specific categories like sarees
2	Multiple Brand Outlets & Large Format Stores (MBO & LFS)	LFS- Pantaloons, Lifestyle, Max, Westside, Reliance Trends, Shoppers Stop MBO- Vama, Kapsons	<ul style="list-style-type: none"> All under one roof that enables the consumer to navigate across categories (Western / Indian, Gender – Men, Women and Kids) and receive a diversified product range to cater to their individual customer type Wide range of brands (retail led and private labels) and price options to choose from The wider options allow LFS to leverage cross selling categories High footfall in stores due to larger variety of brands and product offerings across price range Focused on top 50 cities
3	Value Retailers	KLM Fashion, Vishal Mega Mart, V Mart, V2 Retail	<ul style="list-style-type: none"> All under one roof that offers diversified product range across categories Value pricing targeting price conscious consumers by catering to a large and value seeking consumer base that is style conscious but not necessarily brand loyal Flexible sourcing & supply chain comprising of both aggregators/distributors and manufacturers who provide access to multiple choices and flexible order quantities High footfall due to diversified product category range which helps in cross selling Operating across city types including Tier, I, Tier II, Tier III and Tier IV cities
4	Online Retailers / Online Brands	<i>Marketplaces:</i> Amazon, Flipkart	<ul style="list-style-type: none"> Wider reach through presence in multiple city types (Amazon and Myntra deliver to more than 20,000 pin codes across India) Extensive range in terms of brand availability, product range and pricing Multiple brands and product choices across segments

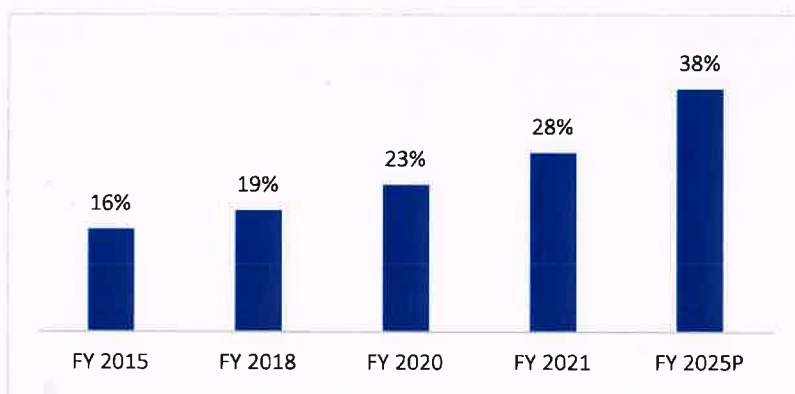
	<p><i>Vertical Specialists-</i> Myntra, Ajo, Nykaa Fashion</p> <p><i>Online Focused brands-</i> Okhai, Pinklay, Jaypore, Karagiri, Kalaniketan</p>	<ul style="list-style-type: none">• Convenience in purchase, returns, exchanges
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Source: Technopak Analysis

5. Key Trends and Success Factors Enabling the Growth of Organized Women Indian Wear Industry

The share of organised Women Indian wear market in the overall women Indian wear market has grown from 16% in FY 2015 to around 23% in FY 2020. This increase in the share of organized women apparel has also happened on an expanding base (overall growth of Women Indian wear stood at 9.4% CAGR during FY 2015 to FY 2020 period). Seven key trends outlined below have played a pivotal role in this outcome and these trends will continue to provide the growth momentum going forward (projected till FY 25).

Exhibit 5.1: Share of Organised Women Indian wear in Overall Women Indian wear – FY 2015, FY 2018, FY 2020, FY 2021, FY 2025P



Source: Technopak Analysis

Key Trends and Success Factors enabling the growth of Organized Women Indian Wear Industry

1. Consumer Demographics

The median age of India estimated to be 28.1 years for CY 2021, has had a profoundly positive implication on many merchandise and service consumption categories including Indian wear. This advantage of age makes the Indian consuming class more open to experimentation without preconditions. These factors enable them to absorb and interpret trends faster than before. India's demographic composition that is young is also more literate and digitally connected & exposed than their counterparts were in the past. This is manifested in the growth of internet habitual consumers and rise of online shopping. The growth of Indian attire can also be seen with an increasing number of young women opting for saree as their choice of attire, both for daily (including office wear) and occasion wear.

2. Heterogeneous Wardrobe of Indian Women

Heterogeneous wardrobe has been a unique feature of the Indian woman consumers that stands out in the business of fashion globally. Consumer research on Indian women wear has always shown ownership of both western wear and Indian wear apparel by Indian women. While the extent of ownership of each type may vary, the ownership of both Indian wear and western wear has been a unique feature of the Indian Women wear market. For instance, in other markets (viz. Japan, China), consumers replaced their traditional attires with western wear for daily wear purposes or restricted their use to specific occasions. However, Indian women have continued to own and use Indian wear for daily and occasion wear, while not holding them back from owning western wear (viz. Denims). This unique behaviour (partly a positive outcome of demographic profile like age as stated in point 1) has enabled the growth and rise of Indian wear industry, particularly the organised segment.

3. Growth of Fusion Wear

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Fusion wear implies an amalgamated apparel or any other lifestyle product that imbibes sensibilities of both International and Indian wear design sensibilities. It may mean a print or a combination of colours that is in vogue globally and to use such a print on a saree or a kurta. It may also mean alterations in a saree with a silhouette that gives it global appeal. For instance, sarees made from fabrics such as denim, or with innovative designs like 'dhoti saree', and 'readymade or pre-draped sarees'. Palazzos and leggings from the Indian wear segment have also emerged as a piece of clothing that women pair with both Indian and western tops.

Such innovations in designs, primarily undertaken by organised Indian Wear players have played a key role in contemporizing the Indian wear segment and made it desirable for the Indian consumer. While traditional Indian prints are being used on modern outfits, the style of Indian clothing is being altered to make it more comfortable and modern viz. dhoti sarees & pre-draped sarees which are being worn by Indian women. Retail led brands in India have managed to lead this trend by being at the forefront of product development, trend setting and brand stickiness with customers. This is an important factor to consider because it implies that the consumers' aspirations (young Indian women) were understood, and Indian wear was re-imagined by organised Indian wear players to cater it. Sarees are being paired with shirts and tops, and are being worn with leggings and pants in the form of 'Pant Sarees'. These forms of Ready to Wear (RTW) pleated sarees increase the ease of wearing and carrying the outfit for longer durations of time.

4. Broad-based Appeal to include both Daily and Occasion Indian Wear

One of the key reasons for cultural fashion trends to not hold their ground in other countries like Japan and China while up against western wear trend was their inability to broad base their appeal both for daily wear (office wear, at home, etc.) and occasion wear (celebrations like festivals and weddings) in the post-industrial world. The appeal of an apparel for daily wear is crucial for its growth because it then caters to a significantly larger opportunity pool enabled both by higher frequency purchases and acceptance by a larger section of the society. Occasion wear as the names suggests becomes restrictive for its limited appeal (weddings and festivals). Indian wear has faced no such limitations, partly for cultural and social values and partly for the design interventions by organised Indian wear and growth of multi-channel retail that ensured continued acceptance of the Indian wear both for daily wear and occasion wear purposes. Sarees are being worn by Indian women at home, as office wear, for all kinds of formal and informal occasions etc., which has ensured its growth across segments. Brands have adapted to consumers needs, and now sarees come in all kinds of fabrics, and designs (including fusion).

5. Strengthening of the design capabilities by category leaders

The growth of fusion wear and broad basing of the appeal of Indian wear (points 3 and 4 above) were greatly enabled by the significant enhancement of the product design ability of category leaders. This capacity building was a function of growth and scale. It took time for Indian wear brands to pace it accordingly, but it enabled the transition of the product design of Indian wear from individual centric / artisanal approach to an institutionalised response, involving design teams (process orientation towards prototype development & fashion forecasting, design partnerships & collaborations etc. The strengthening of design capabilities by category leaders had three positive outcomes for the growth of organised Indian wear: -

- a. The design response created products with pan India appeal and the Indian wear products that were earlier perceived to be a category with regional and local preferences transitioned to homogenised pan India appeal. This is validated by the overall growth of share of organized Indian wear in the overall Women Indian wear segment and the growth of Indian wear category leaders' retail presence to Pan India status in 2020
- b. Broad-based appeal to include both daily wear and occasion wear (point 4)
- c. Growth of fusion wear (point 3)

Indian apparel fashion in India is uniquely an India focused opportunity (catering to Indian diaspora as well) and that provides a natural and sustainable advantage to homegrown players to seize it. This advantage is reflected in structure of the Indian wear category that comprises of home-grown entities, and in it being a harder to enter category for global brands, with global brands having little to no share in this category.

Saree also has a unique universal appeal in terms of its usage and acceptance across the national with various cultures and religions. It is also not restricted to one type, viz. banarasi, chanderi etc sarees being sold and worn across the country, and exported outside India too.

Leading players like Kalamandir, Fabindia invest in Product design and development which helps them innovate.

6. Multi-channel Retail Outreach

Multi-channel retail includes various options of route to market to reach the consumer. Since early 2000, Indian retail landscape has been in a constant state of transition that has enabled activation of new points of sales and outreach. Today, multi-channel retail options include Exclusive Brand Outlets, Large Format Stores, Multi-Brand Outlets, E-commerce marketplaces, Own website commerce among others. Multi-channel retail outreach involves making the products and services available to the consumer through all these retail channels. It involves using different channels like B&M stores (EBOs, MBOs, LFSs), as well as online channels like website and marketplaces.

Exhibit 5.3: Multi channel outreach by key brands

Brand	EBOs	LFS & MBOs	Online	Online further split into-	
				Own Website	Marketplaces
Retail led Brands					
Kancheepuram Vara Mahalakshmi Silk	✓✓✓	-	✓✓	✓✓	✓
Kalamandir	✓✓✓	-	✓✓	✓✓	✓
Mandir	✓✓✓	-	✓✓	✓✓	✓
Nalli	✓✓✓	-	✓✓	✓✓	✓
Pothys	✓✓✓	-	✓✓	✓✓	✓
The Chennai Silk	✓✓✓	-	✓✓	✓✓	✓
Kankatala	✓✓✓	-	✓✓	✓✓	✓
Rangoli	✓✓✓	-	✓✓	✓✓	✓
Meena Bazaar	✓✓✓	✓✓	✓	✓	✓✓
Neerus	✓✓✓	✓✓	✓	✓	✓✓
Fabindia	✓✓✓	✓✓	✓	✓✓	✓
Soch	✓✓✓	✓✓	✓	✓	✓✓
Biba	✓✓✓	✓✓	✓✓	✓	✓✓
Value Focused Retailers					
KLM Fashion	-	✓✓✓	-	✓✓	-
V Mart	-	✓✓✓	✓✓	✓✓	-
V2 Retail	-	✓✓✓	✓✓	✓✓	-

Source: Technopak Analysis

7. Role of Digital enablement and Technology

It is important to bifurcate the understanding of this trend separately into role of digital enablement and of technology on the growth of Indian wear in India. Digital enablement implies digitisation efforts across the value chain of the Indian wear segment involving supply chain, procurement, route to market, customer relationship management etc. Digital adoption of Indian wear brands has been rapid more so during and post COVID transition. Both for cost and business imperative considerations, Indian wear brands have embarked on digital adoption at rapid pace. This transition is demonstrated through the rising share of E-commerce in the total sales for the organised Women Indian wear. Prior to the pandemic, the industry's share of E-commerce in its total business stood at ~12%, post covid it has grown to 18%. Kalamandir has made significant investments in its IT infrastructure and digital capabilities since 2020, so as to capture the share of the digital pie, and to reach consumers through all possible channels to give them a multichannel experience.

Exhibit 5.4: Rise of share of E-commerce in Total Women Indian Wear Segment

E-commerce as a % share of total Sales			
	Pre COVID (FY 2020)	Post COVID (FY 2021)	Post COVID (FY 2025)
Share of Ecommerce in Total Sales of Women Indian wear	~12%	18%	21%

Source: Technopak Analysis

Role of technology implies adoption of new tools and technology advancements that enables normalisation of new ways of conducting business and of consumer engagement. Visualisation, Chat bots, Artificial Intelligence and Machine Learning are such tools that have seen wide application in the business of fashion globally. For instance, use of virtual reality within the stores through interactive digital screens is now being deployed by quite a few global fashion brands (viz. Nike) for better customer engagement and sales outcome. Indian Wear brands have initiated the adoption of such technologies in line with the emerging global trends.

Exhibit 5.5: Indian Wear and Indian Brands' Adoption of Technologies

Organization	Illustrations of Technology Adoption
Kalamandir	Chat Bot
Moda Rapido (Myntra's Private Label)	Artificial Intelligence, Machine Learning
Fabindia	Chat Bot, Artificial Intelligence, Machine Learning, Progressive Web Apps, Oracle Commerce Cloud
Soch	Chat Bot
Nalli	Chat Bot, Artificial Intelligence, Machine Learning
Vedant Fashion	Algorithm based inventory management

Source: Secondary Research, Technopak Analysis

6. Operational & Financial Benchmarking

India has a diverse consumer base across different geographies, and to serve them, the Indian market has a variety of retailer led brands (National & Regional brands) to cater to the demands of consumers in terms of specific product, brands etc.

Majority of the Indian apparel demand comes from urban market which contributes 60% of the total apparel market and rest of the demand (40%) comes from the rural market. Nearly 21% of the urban apparel demand can be attributed to the top 2 Indian cities (Delhi NCR & Mumbai) making these cities the largest clusters for apparel.

National retail led brands like Fabindia, Nalli etc. have their exclusive brand outlets (EBOs) pan India. Majority of these pan India brands have 50-80% of their exclusive brand outlets (EBOs) spread across the top 8 Indian cities which are Delhi NCR, Mumbai, Bangalore, Chennai, Hyderabad, Kolkata, Ahmedabad, Pune. However, brands are increasing their penetration in other Tier 1 and Tier 2 cities due to their high growth potential. The regional retail led brands like Kancheepuram Vara Mahalakshmi Silk, The Chennai Silk, Kalamandir, Mandir, Rangoli etc. have 50-85% of their exclusive brand outlets (EBOs) spread across Indian top 6 mini metro cities. These regional brands are limited to southern part of India which gives them advantage on being closer to the regional tastes of their consumer.

Region wise & Tier wise split of key players

Exhibit 6.1: City Type wise split of key players

Brand	Total EBOs	Split of EBOs across city type				
		Top 2 Cities	Next 6 Cities	Tier 1	Tier 2	Tier 3
Retail led Brands						
Kancheepuram Vara Mahalakshmi Silk	17	-	13	4	2	1
Kalamandir	8	-	4	2	1	1
Mandir	3	-	2	-	-	1
Nalli	32	6	19	5	2	-
Pothys	16	-	4	7	3	2
The Chennai Silk	24	-	3	5	7	9
Kankatala	12	1	3	6	1	1
Rangoli	7	-	6	1	-	-
Meena Bazaar	68	36	1	10	14	7
Neerus	43	5	29	5	3	1
Value Focused Retailers						
KLM Fashion	18	-	13	2	1	2
V Mart	371	7	32	56	111	165
V2 Retail	85	8	1	6	30	40
Saravana Selvarathnam	7	-	4	2	1	-
Subhamasthu Shopping	1	-	-	1	-	-

Top 2 Cities: Delhi NCR & Mumbai; Next 6 Cities: Bangalore, Kolkata, Chennai, Hyderabad, Ahmedabad, and Pune

Tier 1 Cities: Cities with a population in the range of 1 to 5 million; Tier 2 Cities: Cities with a population in the range of 0.3 to 1 million; Tier 3 Cities: Cities with a population less than 0.3 million.

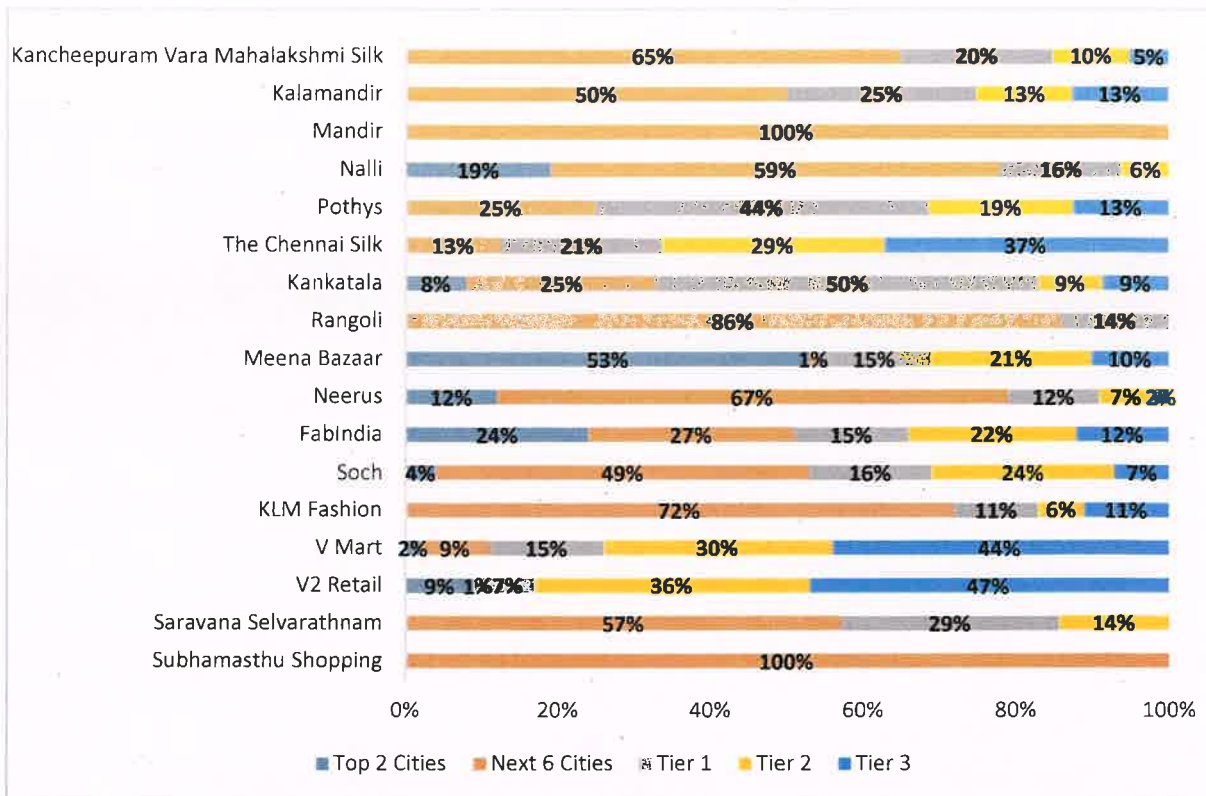
Data as of Mar'2022.

Source: Secondary sources, Brand Website, Technopak Analysis.

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Exhibit 6.2: Share of EBOs across city types for key players



Source: Secondary sources, Brand Website, Technopak Analysis.

In terms of regions, north and south dominate the Indian apparel segment in terms of store presence. Majority of the brands like Neerus, Nalli, Pothys, Kancheepuram Vara Mahalakshmi Silk, Kankatala, Kalamandir, Mandir, Rangoli etc. have 70-100% of their EBOs footprint across southern region of India.

Exhibit 6.3: Region wise split of key players

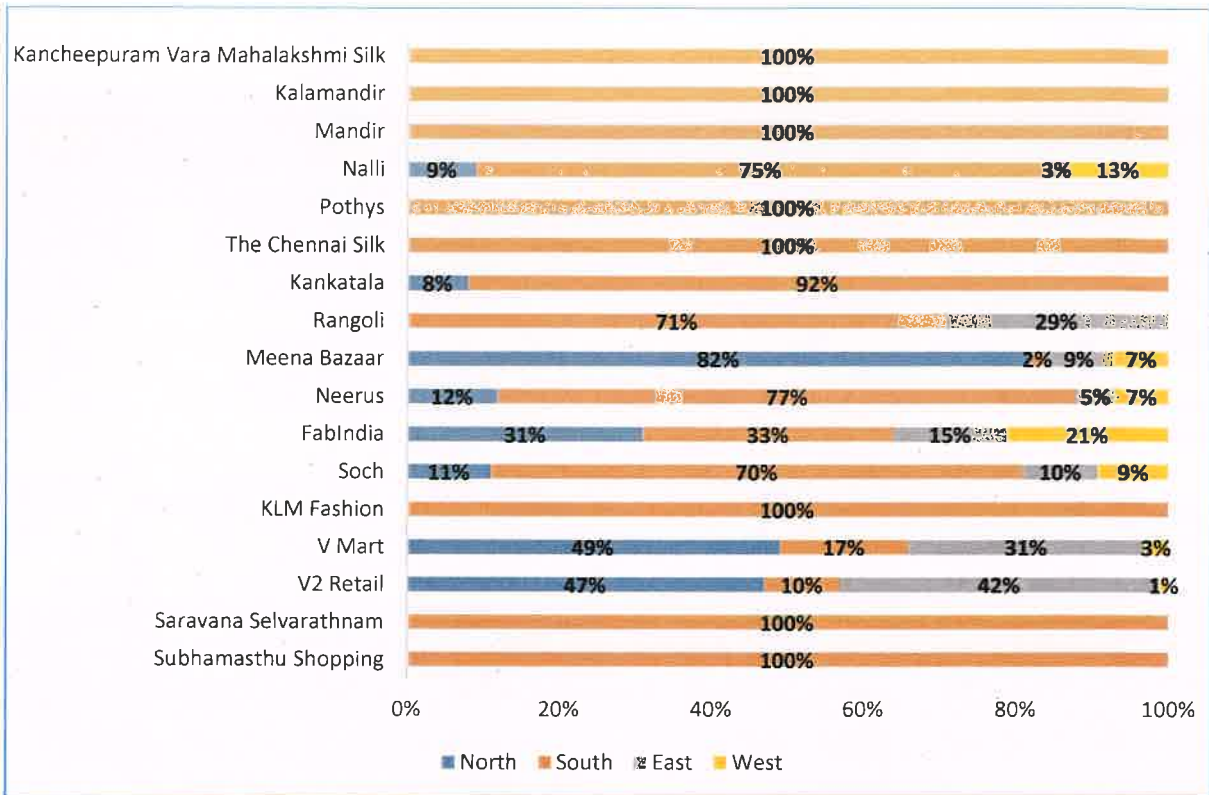
Brand	Total EBOs	Split of EBOs across region type			
		North	South	East	West
Retail led Brands					
Kancheepuram Vara Mahalakshmi Silk	17	-	17	-	-
Kalamandir	8	-	8	-	-
Mandir	3	-	3	-	-
Nalli	32	3	24	1	4
Pothys	16	-	16	-	-
The Chennai Silk	24	-	24	-	-
Kankatala	12	1	11	-	-
Rangoli	7	-	5	2	-
Meena Bazaar	68	56	1	6	5
Neerus	43	5	33	2	3
Value Focused Retailers					
KLM Fashion	18	-	18	-	-
V Mart	371	180	63	115	13
V2 Retail	85	40	8	36	1
Saravana Selvarathnam	7	-	7	-	-

Subhamasthu Shopping	1	-	1	-	-
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Data as of Mar'2022.

Source: Secondary sources, Brand Website, Technopak Analysis.

Exhibit 6.4: Share of EBOs across regions for key players



Source: Secondary sources, Brand Website, Technopak Analysis.

Price Wise Segmentation

Brands such as Meena Bazaar, Neeru's etc. are mainly focussed on mass to mid-price ranges products. In addition to sarees, these brands offer other ethnic wear product categories such as tops, bottoms, kurti, lehenga, dupattas, suit sets etc. and SKD dominates the portfolio for such brands. Saree specific players such as The Chennai Silk, Rangoli etc. are positioned as a value offering brands and have fair range of products from value to mid-price range category. On the other hand, shopping destination for saree brands like Kalamandir, Mandir, Kancheepuram Varamahalakshmi Silk, Nalli, Pothys etc. have wide range of products in every price range (Value to Luxury), with Mandir housing more premium & luxury women Indian apparel, and Kalamandir focussing more on Value and Mid to Premium segment.

Exhibit 6.5: Price positioning (Sarees) of key players

Brand	Mass/ Value	Mid	Premium	Luxury
Retail led Brands				
Kancheepuram Vara Mahalakshmi Silk	✓	✓✓	✓✓	✓
Kalamandir	✓✓✓	✓✓	✓✓	-
Mandir	✓	✓✓	✓✓✓	✓✓✓
Nalli	✓✓✓	✓✓✓	✓✓✓	✓✓✓

Pothys	✓✓✓	✓✓	✓	-
The Chennai Silk	✓✓✓	✓	✓	-
Kankatala	✓✓	✓✓✓	✓✓✓	✓✓✓
Rangoli	✓✓✓	✓	✓	-
Meena Bazaar	✓✓	✓✓	✓	-
Neerus	✓✓	✓	-	-
Value Focused Retailers				
KLM Fashion	✓✓✓	✓✓✓	-	-
V Mart	-	-	-	-
V2 Retail	-	-	-	-

Source: Company Websites, Secondary Research. No. of ticks in Product category signify intensity of presence basis SKU range
Price Range defined for Sarees: Mass/Value indicates price range from INR 0 to 4,999; Mid indicates price range from INR 4,999 to 9,999; Premium indicates price range from INR 10,000 to 39,999; Luxury indicates price range above INR 40,000

Channel Wise Segmentation

Major retail led national brands have presence across all formats in comparison to the regional brands for which exclusive brand outlets (EBOs) along with their online channel remain the mainstay for selling of their products. COVID 19 further accelerated the shift towards online for all brands such that both online and offline channels have become an essential part a brands sales and marketing story.

Exhibit 6.6: Brand presence across formats

Brand	EBOs	LFS & MBOs	Online	Online further split into-	
				Own Website	Marketplaces
Retail led Brands					
Kancheepuram Vara Mahalakshmi Silk	✓✓✓	-	✓✓	✓✓	✓
Kalamandir	✓✓✓	-	✓✓	✓✓	✓
Mandir	✓✓✓	-	✓✓	✓✓	✓
Nalli	✓✓✓	-	✓✓	✓✓	✓
Pothys	✓✓✓	-	✓✓	✓✓	✓
The Chennai Silk	✓✓✓	-	✓✓	✓✓	✓
Kankatala	✓✓✓	-	✓✓	✓✓	✓
Rangoli	✓✓✓	-	✓✓	✓✓	✓
Meena Bazaar	✓✓✓	✓✓	✓	✓	✓✓
Neerus	✓✓✓	✓✓	✓	✓	✓✓
Value Focused Retailers					
KLM Fashion	-	✓✓✓	-	✓✓	-
V Mart	-	✓✓✓	✓✓✓	✓✓	-
V2 Retail	-	✓✓✓	✓✓✓	✓✓	-

Source: Secondary sources, Technopak Analysis

Business Model, Sourcing & Segments

Key Players	Business Model & Sourcing	Segments Present within Apparel
Sai Silks	<ul style="list-style-type: none"> Sai Silks Kalamandir was established in 2005 with the first store opened in Ameerpet, Hyderabad in Telangana The company offers women Indian apparel range from value fashion to premium ethnic wear products through their own 4 retail brands (KLM Fashion, Kalamandir, Mandir and Kancheepuram Vara Mahalakshmi Silk) Operates 46 retail outlets across southern region of India 	Sarees, Lehengas, Ethnic wear, Fusion wear, Western wear

	<ul style="list-style-type: none"> • Dedicated in-house designing team which works parallelly with on-boarded manufacturers and weavers • Positioned with sarees as a core product. The brands act as a shopping destination for sarees in all price segments, fabrics and designs • Exclusivity on products to meet the demand of regional customer • Delivering their products to 19+ international countries • The company focuses on expansion through own EBO network and aims to provide an omnichannel experience to their customers • Well-designed IT infrastructure in terms of inventory management, product forecasting, pricing management etc. • Dedicated warehouses for supplying of products to their retail outlets 	
Nalli	<ul style="list-style-type: none"> • The company deals in Indian ethnic wear category from daily wear to celebration and occasional wear • Operates 39 retail outlets including 7 international stores present on London, USA, Singapore, Dubai, Canada etc. • Well-designed IT infrastructure to manage inventory, pricing and trend forecasting • Dedicated manufacturers and weavers for supply of products • Managing inventory at store level through dedicated warehouses 	Ethnic wear including kurta, sarees, lehengas, dhoti etc., home furnishing and accessories (bags, handbags etc.)
Pothys	<ul style="list-style-type: none"> • The company offers a vast range of ethnic wear, accessories and casual wear for every occasion • The company operates 16 retail outlets across southern region of India • Dedicated manufacturers and weavers for supplying of products • Managing inventory at store level through dedicated warehouses 	Ethnic wear including kurta, sarees, tops, gowns, bottom, suits etc., casual wear, accessories (earring, necklace, bangles, rings, anklets etc.)
The Chennai Silk	<ul style="list-style-type: none"> • The company operates 24 exclusive brand outlets across Southern India • The company offers range of products including Sarees, tops, suit sets, bottom wear, home furnishing etc. • Vertically integrated infrastructure to maintain consistency and quality of products among consumers. The facilities include spinning, knitting, dyeing, compacting, printing, embroidery, brushing, sewing, and a design studio • Dedicated IT infrastructure • Export to US, European countries 	Western wear (Skirts, Jumpsuits, Shirts, Jackets), Ethnic wear (Sarees, Salwar Kameez, lehenga choli), Home furnishing (bedsheets, towels), Jewellery
Kankatala	<ul style="list-style-type: none"> • Kankatala was established in 1943 and has expanded to 12 EBOs with 11 stores in South India and 1 store in North India • The company offers a wide range of Kanchipuram sarees and fabrics for various other kinds of sarees like Banarasi, Chanderi, Georgette, Chikakari, lehengas, dupattas, dhotis, etc. • The company has a team of in-house designers • The company launched its online store in 2017 	Saree, Lehenga, Dupatta, Dhoti, Fabrics, Festive Wear, Casual Wear, Indian Wear, Wedding Wear, Formal Wear, Party Wear

Competition Analysis on Financial & Other Metrics

Most retail brands were severely impacted due to COVID 19 which can be observed by the revenue trajectory of 2019-2021. While for FY 2019-20, players like Sai Silks, Nalli posted a strong double-digit growth. These saree specific brands such as Pothys, Sai Silks, Nalli and The Chennai Silk lead the industry in terms of revenue. Sai Silks was one of the largest retailers in South India in terms of revenue for the fiscals 2019, 2020 and 2021.

Exhibit 6.7: Revenue of Key Players

Brands	Revenue From Operations (INR Cr)			CAGR FY 2019-20	CAGR FY 2019-21
	FY 2019	FY 2020	FY 2021		
Sai Silks	1,045	1,178	678	13%	(19.50%)
Nalli	509	573	348	13%	(17.30%)
Pothys	1,654	1,599	NA	(3%)	NA
The Chennai Silk	412	384	292	(7%)	(15.80%)
Kankatala	170	174	152	2%	(5.40%)
Rangoli	68	67	26	(1%)	(38.20%)
Neerus	217	181	92	(17%)	(34.90%)
VRK Retail	-	4.9	32.4	-	-

Source: Annual Reports, Secondary Research, Technopak Analysis, Revenue for standalone businesses from MCA reports

Exhibit 6.8: Gross Profit of Key Players

Brands	Gross Profit (INR Cr)			CAGR FY 2019-20	CAGR FY 2019-21
	FY 2019	FY 2020	FY 2021		
Sai Silks	311	332	231	7%	(13.80%)
Nalli	140	169	108	21%	(12.20%)
Pothys	512	584	NA	14%	NA
The Chennai Silk	103	111	86	8%	(8.60%)
Rangoli	24	19	9	(21%)	(38.80%)
Kankatala	44	45	37	2%	(8.30%)
Neerus	125	91	37	(27%)	(45.60%)
VRK Retail	-	23	197	-	-

Source: Annual Reports, Secondary Research, Technopak Analysis, Revenue for standalone businesses from MCA reports

In FY 2021, only regional retail led brands like The Chennai Silk, Sai Silks, Nalli, Kankatala, etc. were able to manage positive EBITDA margin as compared to the national brands like Neerus. In FY 2020, regional brands Pothys, Nalli, Sai Silk, The Chennai Silk etc. led the industry in terms of EBITDA margin

Exhibit 6.9: Profitability - EBITDA (INR Cr.) and Growth

Brands	EBITDA (INR Cr.) and EBITDA Margin					
	FY 2019		FY 2020		FY 2021	
Sai Silks	96	9.2%	107	9.1%	54	8.0%
Nalli	44	8.6%	59	10.2%	25	7.1%
Pothys	201	12.1%	302	18.8%	NA	NA
The Chennai Silk	25	6.2%	34	8.9%	30	10.3%
Rangoli	12	17.9%	4	5.7%	(1)	(5.0%)
Kankatala	14	8.2%	9	5.3%	8	5.3%
Neerus	27	12.6%	11	6.1%	(8)	(8.5%)
VRK Retail	-	-	29	6.0%	(21)	(0.7%)

Source: Annual Reports, Secondary Research, Technopak Analysis, Revenue for standalone businesses from MCA reports

In FY 2021, regional retail led brands like The Chennai Silk, Nalli, Sai Silk etc. were able to maintain a positive PAT and PAT margin. Sai Silks was one of the largest retailers in South India in terms of PAT for the fiscals 2019, 2020 and 2021.

Exhibit 6.10: Profit After Tax (INR Cr.) & PAT Margin %

Brands	PAT (INR Cr.) and PAT Margin					
	FY 2019		FY 2020		FY 2021	
Sai Silks	30.3	2.9%	45.6	3.9%	8.6	1.3%
Nalli	19.5	3.8%	26.6	4.6%	5.1	1.5%
Pothys	75.2	4.5%	149	9.2%	NA	NA
The Chennai Silk	6.8	1.7%	9.6	2.5%	16.7	5.7%
Rangoli	5.2	7.6%	0.3	0.4%	(4.2)	(15.6%)
Kankatala	3.7	2.2%	0.7	0.4%	(0.03)	(0.02%)
Neerus	4.7	2.1%	(9.4)	(5.2%)	(27.1)	(29.4%)
VRK Retail	-	-	16	3.2%	(21)	(0.66%)

Source: Annual Reports, Secondary Research, Technopak Analysis, Revenue for standalone businesses from MCA reports

In FY 2020, all the retail led brands except Neerus were able to maintain a positive Return on Equity (ROE). However, in FY 2021 due to COVID 19, only regional brands like The Chennai Silk, Nalli, Sai Silk were the few brands to maintain a positive Return on Equity (ROE).

As of FY 2021, retail brand Kankatala has high Return on Capital Employed (ROCE) followed by Sai Silks, Nalli and The Chennai Silk. ROCE (Return on capital employed) indicates the company's efficiency because it measures the company's profitability after factoring in the capital that has been used to achieve that profitability

Exhibit 6.11: Return on Equity (ROE) and Return on Capital Employed (ROCE)

Brands	Return on Equity and Return on Capital Employed					
	FY 2019		FY 2020		FY 2021	
	ROE (%)	ROCE (%)	ROE (%)	ROCE (%)	ROE (%)	ROCE (%)
Sai Silks	16.0%	24.6%	19.4%	24.2%	3.5%	8.2%
Nalli	29.6%	31.9%	28.6%	8.8%	5.2%	8.1%
Pothys	63.1%	38.0%	43.4%	39.5%	NA	NA
The Chennai Silk	5.6%	4.5%	7.2%	7.3%	11.1%	6.0%
Rangoli	6.4%	11.3%	0.4%	1.4%	(5.2%)	(5.0%)
Kankatala	34.0%	19.0%	6.0%	11.2%	(0.3%)	10.5%
Neerus	9.7%	9.9%	(23.8%)	1.7%	(219.8%)	(8.1%)
VRK Retail	-	-	35.2%	65.3%	(90.1%)	(4.1%)

Source: Annual Reports, Secondary Research, Technopak Analysis, Revenue for standalone businesses from MCA reports

In FY 2020, Soch had highest marketing spent (% to revenue) followed by Neerus, and regional brands like Kankatala, The Chennai Silk, Pothys. In absolute terms of spend, Pothys had highest marketing spent followed by Soch and The Chennai Silk.

Exhibit 6.12: Marketing Spend of Key Players

Brands	Marketing Spend of Key Players					
	FY 2019		FY 2020		FY 2021	
	INR Cr.	% to Revenue	INR Cr.	% to Revenue	INR Cr.	% to Revenue
Sai Silks	44.3	4.2%	27.7	2.4%	8.7	1.3%
Nalli	7.7	1.5%	8.7	1.5%	4.8	1.4%
Pothys	52.6	3.2%	51.2	3.2%	NA	NA
The Chennai Silk	16.0	3.9%	16.1	4.2%	9.6	3.3%

Rangoli	NA	NA	NA	NA	NA	NA
Kankatala	6.1	3.6%	7.5	4.3%	3.7	2.5%
Neerus	16.7	7.7%	8.0	4.4%	4.3	4.7%
VRK Retail	-	-	-	-	0.38	1.2%

Source: Annual Reports, Secondary Research, Technopak Analysis, Revenue for standalone businesses from MCA reports

Exhibit 6.13: Working Capital Days of Key Players

Brands	Working Capital Days								
	Inventory Days			Receivable Days			Payable Days		
	FY 2019	FY 2020	FY 2021	FY 2019	FY 2020	FY 2021	FY 2019	FY 2020	FY 2021
Sai Silks	141	154	302	2	1	2	71	73	88
Nalli	32	61	112	3	3	8	79	61	126
Pothys	76	98	NA	2	1	NA	90	57	NA
The Chennai Silk	60	78	119	3	3	4	39	30	36
Rangoli	178	166	447	6	6	46	1	3	27
Kankatala	165	195	207	3	3	7	83	105	83
Neerus	433	495	807	46	47	116	128	155	228
VRK Retail	-	140	63	-	332	163	-	521	272

Source: Annual Reports, Secondary Research, Technopak Analysis, Revenue for standalone businesses from MCA reports

7. Value Fashion Market

Value Apparel Retailing Overview

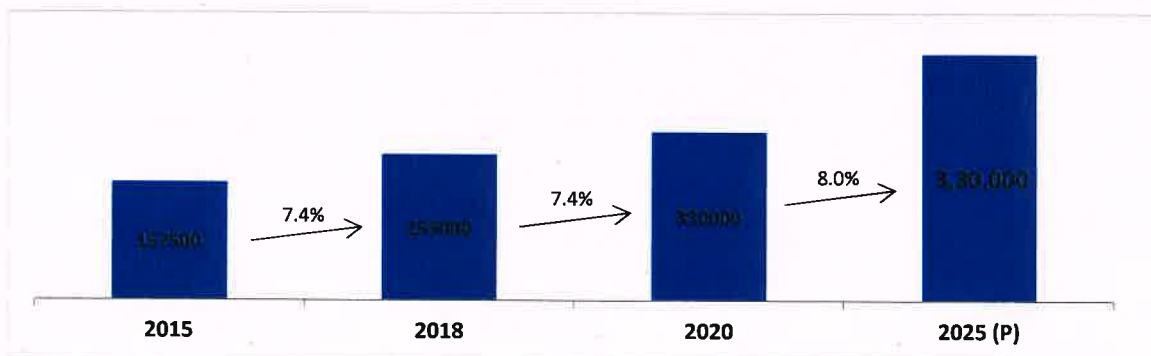
Value fashion in India was estimated to be ~INR 2,55,000 Cr (US\$ 34 Bn) in FY 2020, accounting for 57% of the overall apparel retail market (INR 4,47,666 Cr). The balance is constituted by the non-value segment. Within non-value segment, premium and super-premium segments account for almost 16% and the rest is contributed by the lower value segment. While the overall category is projected to grow at a rate of 6% in the coming 5 years, the branded value apparel and organized value apparel retail are expected to grow at CAGR of ~12.6% and ~13% respectively during the same period. In other words, growth of both branded value apparel share and organized value apparel retail share in apparel category will outpace the overall category growth.

The organized players in this segment are bringing together economy and mid-segment of fashion aiming to provide quality fashion at affordable prices in a good retail environment. These large format stores catering to the entire basket of family needs are aiming at consumers who are the first time users of branded products or at fashion conscious middle class consumers seeking quality at affordable prices. Value retail is focussed on meeting the aspirations of the consuming class in the country. There is a large addressable market for value apparel retail made up of millennials and Gen Y & Z customers (14-40 age group) and residing in tier II, III and IV cities in urban and semi-urban areas. This market comprises of households with an average annual income of US\$ 5,000 – US\$ 10,000, of fashion conscious, value and quality seeking youth and young families (newborns to 40-year-old consumers) which forms the bulk of purchasing power of the Indian population.

Exhibit 7.1: Indicative Price Ranges for Value Segment

Product	Price Range (INR)
Men's Shirt	300-1300
Men's Trousers	400-1700
Women's Ethnic Wear	200-3000
Kids' Wear	150-1200

Exhibit 7.2: Value Apparel Market Size in India (in INR Cr)- FY 2015, FY 2018, FY 2020, FY 2025P



Source: Technopak Analysis


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Exhibit 7.3: Share of Branded Value Apparel and Organized Value Apparel Retail

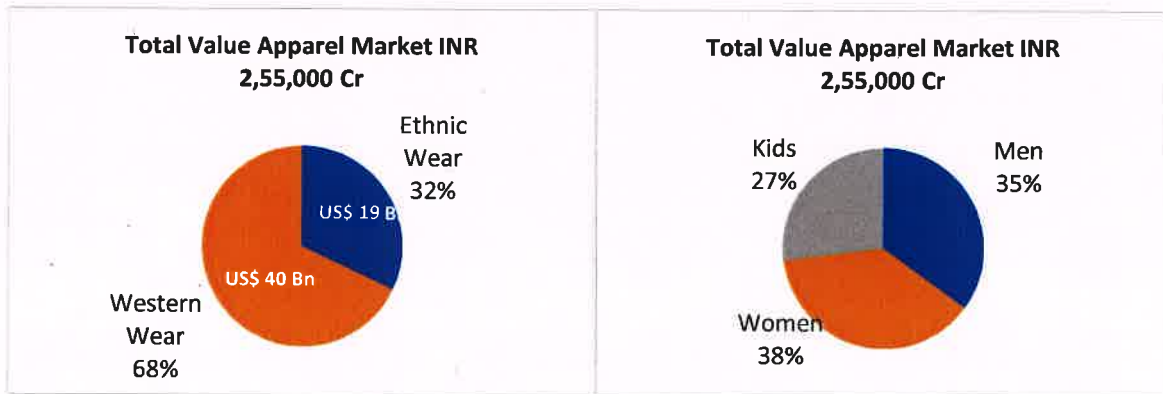


Source: Technopak Analysis

Branded apparel signifies registered trademarks that are regularly patronized by customers and that are sold through both organized retail and trade channels. Organized retail signifies formal retail channels of Exclusive Brand Outlets (EBOs), Large Format Stores (LFS), E-commerce etc. Apparel retailed through these organized retail points of sales is necessarily branded. Therefore, organized share is less than the share of Branded apparel in total share

As compared to the overall apparel market, the share of menswear in value segment goes down by 6% and is compensated by the incremental share of womenswear and kidswear, with 2% and 4% respectively. This is primarily because of menswear being adequately represented in premium segment but more than 60% of the womenswear and kidswear falling only within the value segment.

Exhibit 7.4: Value Apparel Market: Segmentation – FY2020



Source: Technopak Analysis

Competitive Landscape

In early 2000s, retailers like Pantaloons, V-Mart and V2 Retail pioneered the value retail segment which was largely unorganized until then. This trend was followed by the large corporates like Reliance, Future Group, Landmark group who established value apparel retail chains to leverage this opportunity. At present, some of the organized retailers such as fbb, Max Fashion, Reliance Trends, Pantaloons, V-Mart, Brand Factory are national players with an equitable focus on all regions. However, the others are region focused such as KLM in South, Zudio in South and West, Style Bazaar and Bazaar Kolkata in East, Easy Buy in South and V2 Retail and City Kart in East and North. A large share of apparel sales of e-commerce players such as Flipkart, Amazon and others also comes from the value segment. However, they are in the process of deepening their penetration in Tier II, III cities and beyond.

The key success factors for the brick-and-mortar players have been targeted private labels, good quality shopping experience, deep understanding of customer's preferences, regular fashion freshness as well as continuous supply chain improvement.

Exhibit 7.5: Key Organised Value Apparel Retailers

Brand	Year of Launch	Number of Stores	Focus
KLM Fashion	2017	18	Regional – South
City Kart	2016	61	Regional - East & North
EasyBuy	2014	100	National
Bazaar Kolkata	2002	104	Regional – East
Brand Factory	2006	107	National
Style Bazaar	2013	108	Regional – East
V2 Retail	2001	111	Regional - East & North
Zudio	2016	241	Regional - South & West
Pantaloons	1997	344	National
Max fashion	2004	384	National
V-Mart**	2003	392	National

Note- Store counts as per the brand websites, as on June 27th, 2022

Source: Secondary research, Technopak Analysis

Growth Drivers, Trends & Success factors: Value Fashion

Rapid urbanization and increasing disposable income

At present, 34.5% of India's population is classified as urban. The trend of urbanization is expected to continue with approximately 50% of India's population expected to be living in urban centers by 2050. High population growth is expected in tier III and tier IV cities as rural population migrates to these cities in search of work opportunities. As a result, the working population is expected to rapidly increase across Tier III and IV cities supporting these cities to emerge as new growth engines for value fashion retailers as when a consumer explores branded play for the first time, value fashion acts as the entry medium for the same.

Furthermore, the rural population is also stepping up in income levels due to availability of manufacturing-based jobs, expansion of agriculture into value added farm activities and government's rural employment schemes. As a result, urban lifestyle with a price balance/value is increasingly being adopted in rural areas.

Growth in organised retail offering a better shopping experience

Entry of foreign brands, growth of organized retailers and proliferation of mall culture have conditioned the consumers to the idea of a robust shopping experience with air conditioned environment, facility of trial rooms, wider product range, price transparency, quality assurance, on-floor service assistance. This experience has been perceived to be constrained by price as most of such retailers happened to be in the premium segment. However, the value retailers have been able to bridge this gap and have been able to provide a higher shopping experience to the first time consumers of brands/organized channels.

Consistent quality at affordable prices

Focussed approach towards offering consistent quality at affordable prices has been driving growth in the value fashion segment. The consistent delivery of this promise in tier II, III & IV cities has been aiding the transition of consumers from the unorganised traditional shops to the organised value retailers.

Continuous Operations and Supply Chain Improvement

Value retailers have been exercising strong control over the retail value chain including sourcing, supply chain, merchandising, store operations and customer management. Focus on sustainable relationship with suppliers and investment in warehousing, logistics and inventory management have been key ingredients for success for these retail formats.

Expansion through Clustered approach and regional nuances

Most of the value retailers like V-Mart, KLM, Zudio and V2 Retail have strengthened their foothold regionally within clusters before foraying into other regions. Expansion through clustered approach has lent them the advantage of optimizing the supplier base, warehousing infrastructure and product offering based on the customer preferences specific to such regions given that the culture varies every 100 – 150 kilometers. Unlike the premium and super-premium segment, wherein offering is designed in agreement with the global and macro fashion trends, the value segment needs consideration for heterogeneity to accommodate the nuances of the regional requirements and sensibility. Through clustered approach, these retailers have been able to add more value to their offering. The cluster based approach also helps the retailers in exhausting the opportunity in that cluster by operating a large number of stores in that area thereby creating an entry barrier for the other competitor brands.

Also, national brands try to customize their offerings basis the region the stores are located in by offering apparel particular to the region, in addition to the regular national range. The regional value fashion players in south, however, keep a higher share of sarees in women apparel category, compared to what a national player would while operating the south India.

Growth in Tier III & IV cities

Focusing on Tier III and IV cities has aided these retailers in unlocking the consumption potential of these cities. Approximately 23% of the total demand of apparel is estimated to come from these cities, 60% of which is currently estimated to be within the value segment. The organized value retailers have led the transition of the value apparel segment in these cities from being largely unorganized to being somewhat organized. Ability to provide quality products at affordable prices in a dignified retail environment has been an important reason for the wide acceptance of these formats across Tier III & IV cities.

Focus on Private Labels

Largely all the value retailers are private label led with some national brands included to complete the retail offering. Investments in robust product design and development capabilities and focus on private labels development across categories has been the key factor that enabled the value retailers to offer fashionable products at affordable prices, along with improved margins for the retailers.

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