

FDDI NEWSLETTER

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Institution of National Importance (INI)
under FDDI Act, 2017

A Weekly Newsletter
साप्ताहिक समाचारपत्रिका



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19th June 2020

Issue No. 776



KOLKATA

FDDI Chennai student gets 'Certificate of Participation' for online 'Face Painting' competition

FDDI Chennai campus Bachelor of Design in Footwear Design and Production-2018 batch participated in the contest which was held from 23 to 27 May 2020.



ROHTAK

Mr. Dharmaseelan, a student of Footwear Design & Development Institute (FDDI) Chennai participated in the online 'Face Painting' competition which was organized by Nandha Arts and Science College, Erode-52.



Certificate of participation awarded to Mr. Dharmaseelan



CHENNAI

Started in the year 2000 to foster young minds towards excellence through education, Nandha Arts and Science College is situated in Erode - Coimbatore Road.



CHHINDWARA



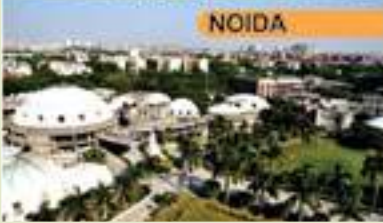
Face painting made by Mr. Dharmaseelan – a student of FDDI, Chennai campus



FURSATGANJ

Showing about the danger of COVID-19 infection, Mr. Dharmaseelan who is a student of

He submitted the scanned image of creative expressions along with all the relevant details i.e. title of



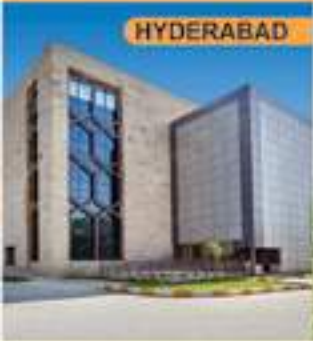
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the art work done, size and a brief description about the work done.

During the contest, more than 200 students from various colleges across South India participated. He received 'Certificate of Participation' for the same.

To tackle imports, leather industry seeks govt. help

The leather industry has made recommendations such as an image makeover, building clusters, a friendlier FDI policy, and ramping up of infrastructure to ensure a reduction in imports.

has recently named furniture, air conditioner, and leather sectors as priority ones in which imports could be reduced.

According to Commerce Ministry data, India imported leather and leather products worth \$1.01 billion in FY20. Industry estimates half of it to be finished products; retailers are increasing imports from China.

Mr. Aqeel Panaruna, Chairman of the Council for Leather Exports (CLE), said that besides raw material, India imports components like shoe sole, insole, and others that need to be manufactured locally.



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TRAILING CHINA

India is the world's second largest producer and consumer of footwear

The country's consumption has grown at a CAGR of 7.6% over the last three years

China has manufacturing volume of 13.1 billion pairs and consumption volume of 4.1 billion pairs annually

In global production, China contributed 55% (13.1 billion pairs) and India 11% with 2.57 billion pairs

India per capita consumption has improved to 2 pairs per year in 2019, from 1.7 in 2016

For every 1,000 pairs produced and sold, nearly 400 jobs are created across value chain

At present, 30-40 per cent of leather goods, mostly shoes, are imported from China. The Hon'ble Prime Minister, Mr. Narendra Modi

He added that the government should set up more leather parks and ease FDI policy. Recent

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developments like the definition of MSMEs, differing payment, and sub-intervention have given some comfort.

Reducing the import of finished products from China is another area that warrants attention, he cautioned.

Mr. Rafeeqe M Ahmed, President of the All India Hides and Skins Tanners and Merchants Association, said increasing duty alone would not reduce imports. The focus should be on developing an eco-system like that of China Price and variety are major challenges. Indian firms quote \$10, compared to \$8 by Chinese ones.

While an Indian firm offers a mere four varieties to a retailer seeking 40 varieties or designs, China has created an interesting sourcing model.

Quanzhou, dubbed as 'Shoe City', churns out more than 500 million pairs of sneakers annually, accounting for a quarter of the country's overall output.

(Source: Business Standard)

Relaxo Footwears may be better placed to ride the COVID downturn

Less is more. A case in point is Relaxo Footwears Ltd. The company's product offerings are relatively low-priced and predominantly cater to the masses. But its valuations are of the premium category, even ahead of larger competitor Bata India Ltd.

The Relaxo stock trades at about 50 times estimated earnings for financial year 2022, according to Bloomberg data. For Bata, it stands at 41 times. Relaxo has also delivered better revenue growth. In the past three years, its revenue grew at a compounded annual growth rate of 14%, while Bata India grew 7%.

Besides, some analysts said its product portfolio is better placed to ride the downturn. "We believe that, in the light of expected down-trading, Relaxo has a better product offering at the bottom of the pyramid compared to other players such as Bata," said Dolat Capital Market Pvt. Ltd analysts in a report on 8 June.

The average selling price of Bata's products are much higher than Relaxo's. In 2018-19, while the average realisation on sale of Bata's products stood at Rs. 620,

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Relaxo's average realizations were only one-fifth of it at Rs. 125.

which is essentially a retailer. "This also means that Relaxo is an asset-light business and rental costs are

much lesser compared to Bata."

The factors seemed to have a bearing on profitability. In Q4FY20, Bata's comparable operating profits adjusted for Indian Accounting Standard 116 fell by 31%, much higher than the 10.5% drop Relaxo's profit, Elara added.

Leaping ahead

Relaxo Footweares' revenue growth has consistently been ahead of Bata India until Q4FY20.



In the short term, however, the disruption owing to COVID-19 has hit Relaxo's revenue harder. Its March quarter revenue has declined by 15%, compared to the 9% drop for Bata. What gives? The answer to this lies in the business strategies.

Akhil Parekh, analyst, Elara Securities (India) Pvt. Ltd, said: "Relaxo is a distribution-led format where a good amount of March quarter sales happen towards the last few weeks of March and as such, was affected more by COVID-19 restrictions." On the other hand, this impact was not so pronounced in the case of Bata,

But while Relaxo has done better on the profitability front, and its prospects look good owing to the lower cost of its products, its rich valuations suggest they have leapt beyond the rosy expectations.

(Source: Mint)

Compiled by: Resource Centre (RCIP),
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