



FROM INNER TO OUTER — COMING A FULL CIRCLE

*Maxwell Industries, (part of the VIP Group) engaged in the manufacturing and marketing of innerwear, lingerie, readymade garments, socks and other accessories, is now looking to establish itself as an apparel brand. The company entered the lounge and leisure wear category in 2014 and is working towards consolidating its position in this segment. Recently the company launched exclusive stores called Inners which will bring all its brands under one roof. **Nivedita Javaram Pawar** spoke to **KAPIL PATHARE**, Director, Maxwell Industries on the shift in strategy and the road ahead.*



Kapil Pathare, Director-Maxwell Industries

What's the ethos behind launching exclusive innerwear store called 'Inners'? How many outlets of Inners are there presently and how many more are you planning to launch and where?

Inners is basically Maxwell's retail division to showcase and sell the complete range of Maxwell under one roof. The first store was launched 6-7 months ago. On an average an Inners store will span 350-550 sq ft. Our target is the tier II and tier III cities as we see a big scope there. We started with two company-owned outlets at Navi Mumbai and Thane and 5 franchise outlets in Mumbai, Bangalore and Mangalore. The plan is to open at least 100 franchise outlets of Inners in the next three years. We are opening stores in Hyderabad, Goa and Bangalore. Our major target areas for



Cotton Lycra which was earlier termed as premium vis-à-vis cotton has now become a must in the women's innerwear segment. In the premium segment Lyocel, Micromodal Lycra, Tencel Lycra, Modal Lycra, etc are definitely in demand with the young generation.

Inners are the southern parts of India. The location strategy for Inners is stand alone stores in mall, high street and large residential areas.

How large is the innerwear market in India and at what rate is it growing? What are the factors contributing to this growth?

Innerwear retail in India stands at around ₹18,000 crore and is expected to grow at CAGR of 13 per cent. Fashion has been a major influencer so much so that today innerwear can be defined as the 'fashion inside'. Showcasing the elastic band of the innerwear has become commonplace for men. So brand is very much important for this generation.

And, the organised retail environment has given a new impetus to innerwear shopping in this country. Now it's not just men buying for men but women too buying for men.

Maxwell has been a pioneer in its segment. What are some of the significant changes you have seen in the industry? How has the industry evolved?

The innerwear segment was basically considered a shy segment. But it has changed in the last few years largely driven by youth who are the driving force of this category. High quality fabrics like Lyocell, Micromodal Lycra, Tencel Lycra, Modal Lycra, etc have become an intrinsic part of the segment. The industry has now moved from being a necessity product to a fashion product. While the innerwear market has been growing rapidly since the last five years, the manufacturing capacities with latest technologies have not kept pace with this development. The result is that the

market is flooded with substandard products. Brands with no manufacturing capacities are outsourcing and supplying substandard products backed with a flurry of marketing.

You entered the loungewear segment recently. Tell us about the move.

We wanted to take Maxwell from a purely innerwear category to include apparel as well. So we entered the loungewear and leisurewear segment in 2014. This range comprises t-shirts, track pants and bermudas for men and leggings, tops, capris and t-shirts for women. We are now looking to enhance this segment with better products and a wider range. The year 2015-16 will be all about consolidating our position in this segment and taking it ahead.

What's the contribution of this new segment to the overall growth of the brand?

We closed at ₹260 crore in March. We are pushing to ₹300 crore in 2015-16 out of which outerwear segment will contribute ₹10-12 crore.

How is e-commerce adding to the growth?

I personally foresee e-commerce as being a game changer for the innerwear industry in the near future. This is largely due to the influence of social media on the youth. Currently, we are present on the sites of various e-commerce giants like Flipkart, Amazon, etc. We are currently working towards building our own e-commerce site and it should be live before the end of 2015.

MAXWELL INDUSTRIES

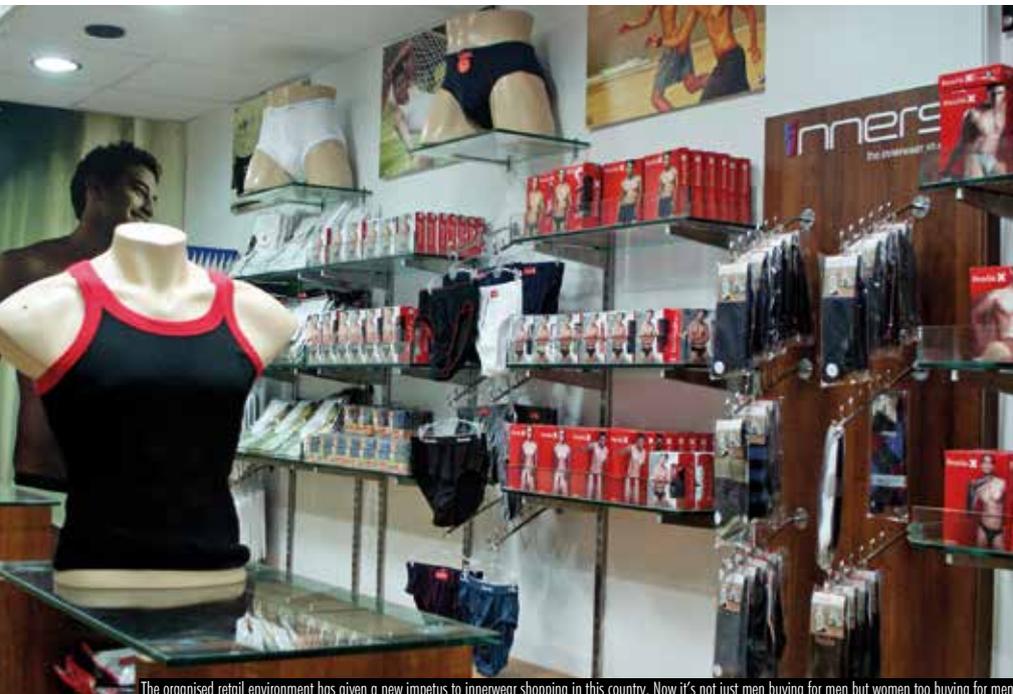
Group turnover: ₹260 crore

Retail outlets: 1,10,000

No. of dealers: 550



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What changes have you seen in consumer behaviour and demand?

Consumers are very conscious for the value they pay and more educated towards quality and use of products. Though Maxwell is largely present in the mass segment we are noticing that consumers are willing to try and pay for new products which are in premium category. Also, consumers are looking for better deal on the e-commerce space.

Tell us something about the trends in fabrics as far as innerwear is concerned?

Cotton Lycra which was earlier termed as premium vis-à-vis cotton has now become a must in the women's innerwear segment. In the premium segment Lyocel, Micromodal Lycra, Tencil Lycra, Modal Lycra, etc are definitely in demand with the young generation. With the use of these fabrics and with some development in elastic the price of the product could go to ₹350 from ₹195 for a cotton Lycra product. I see a strong demand for this range among the youth at least for the next one year.

What kind of R&D are you involved in at your factories in Umbergaon and Thingalur?

We have a fully developed state-of-the-art R&D centre at both our factories. We have integrated technology solutions as well. We have already invested about ₹4 crore in automatic cutting solution in both the plants in Umbergaon and Thingalur. It's our effort to stay in tune with consumer preferences and expectations. We have a manufacturing capacity of 70 lakh pieces a month and will look at capacity enhancements when we start exporting to African markets. Right now we export to the Middle East.

Maxwell tied-up with French premium brand – Eminence. How is that doing? Are you looking at more international brands into your kitty?

Eminence has been clocking a turnover of ₹5 crore and we expect to close at ₹7 crore in 2016. We launched Eminence ladies panties segment this year.

You are present in all the category segments – lower, medium and premium. Which is the fastest growing?

VIP, which is our mass segment, is growing the fastest with a contribution of 46 per cent. Frenchie, in the youth segment, has a 23 per cent contribution. But we expect Frenchie to grow from here onwards. Looking at the market I feel this brand has the potential to grow and increase its contribution to at least 30 per cent. Feelings, which presently contributes 9 per cent to the company's turnover, has the potential to grow to 15 per cent. The women's segment as a whole is growing at 30 per cent. Our brand Leader contributes 9 per cent whereas Eminence stands at 3 per cent. At present, the fastest growing segment is the mid-segment but we expect the premium segment will contribute in value soon.

What kind of competition are you seeing from the domestic market as well as some of the international players in the market?

Yes, there is competition through the domestic channel as well as international brands. Our strategy is to position ourselves in the premium bracket in the domestic market. We have our international brand Eminence to combat competition from the foreign brands. It's a French brand that we have launched in India in the menswear category. We launched Eminence in women's line too this year. We anticipate the premium segment to grow rapidly.

Where exactly do you get majority of your revenues from geographically and could you just paint a bit of a demand scenario for us?

South region is our strongest region to generate revenues where brand recall is very strong followed by the West zone.

What are your future plans?

We are looking forward to launching Eminence range of panties. Scaling up our loungewear segment which was launched in the southern part of India is also in the pipeline. We are also planning to launch a theme-based tee shirt line for men, women and kids, early next year. This range will be priced between ₹270-700 and retailed through the online space and Inners exclusive stores. 



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