

# Wadia bids tata to textile manufacturing

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**MUMBAI:** Even as Wadia Group patriarch Nusli Wadia extends his legal tussle with the Tatas, Bombay Dyeing, the group flagship, has embarked on a high-end revamp, which will see a gradual shutdown of the decade-old textile business, and move full scale into pure play retail.

Bombay Dyeing, the vintage brand synonymous with glamour and style, will no longer make suits and towels itself. Over the next four years, the company will build a franchisee-driven retail network in 500 towns, while textile making will be outsourced to contract manufacturers, CEO Nagesh Rajanna, told HT.

“As a manufacturer, your focus remains back-end, whereas to be customer-centric, it’s important to invest in the market place, in the product, the brand and in customer-facing technology,” said the 51-year old Rajanna, who joined the company in April. “The idea is to invest in the front-end. We don’t want to live in the laurels of aged loyal customers, but also attract millennials. For that we have to invest in customer-facing areas.”

The change at the 137-year-old Bombay Dyeing, spearheaded by Wadia’s son Jehangir (Jeh), will see the company enter contract manufacturing, change 30 owned stores into experience centres, and open 300 more franchisee stores by 2020. It currently has 200 franchisees.



## ■ Wadia: New plans

Over ₹100 crore will be spent on brand building. The company has set a target of ₹1,000 crore in sales from retail by 2020, at a compounded annual growth rate of 25%; the market itself expected to grow around 10%.

Its earnings have also been under pressure. For 2015-16, revenue fell to ₹1,984 crore, from ₹2,567 crore in the previous fiscal. The company also reported a net loss of ₹85 crore last fiscal, against a profit of ₹25 crore a year-ago.

Textile, once the key in Bombay Dyeing’s operations, has lagged in recent times as rivals Trident and Welspun scaled up businesses and supplies to global retail giants. The company has already shut its textile units and converted them into upscale real estate assets.

In 2015-16, textiles accounted for around 17% of Bombay Dyeing’s revenue, while that from realty stood at 25%. The remaining 58% was driven by polyester.