

Bombay Dyeing eyes big retail push in FY18

ABHISHEK LAW

Kolkata, January 3

Wadia Group-owned Bombay Dyeing & Manufacturing Company expects its retail business to turn profitable in 2017-18.

“At an operating level, we expect (the retail division) to turn cash positive this fiscal. And we believe the retail business will turn profitable in 2017-18,” said CEO (Retail) Nagesh Rajanna. For the first six months of the fiscal (April to September 2016), the retail/textile business reported a turnover of ₹191 crore and a profit before tax of ₹4 crore. (The company’s other two segments are polyester and real estate.)

Rajanna expects an organisational restructuring – with young blood from a variety of other sectors coming in – coupled with ₹100-crore spends on a “brand-refreshment” (and re-branding) exercise to help the division get back on track.

Bombay Dyeing has already decided to exit textile manufacturing, which will now be outsourced.

Targeting the millennials and youth, the company is



Upbeat Nagesh Rajanna, CEO (Retail) of Bombay Dyeing

ASHOKE CHAKRABARTY

also setting up an in-house design studio for its range of bed, bath and other offerings surrounding these two categories. Designers, exclusive to Bombay Dyeing, have been

taken on board. Apart from the brand refreshment exercise, plans are afoot to shore up its retail presence.

The plan is to increase the number of franchise stores to 500 (from 200-odd) and double the number of traditional multi-brand outlets to 10,000. Nearly ₹50 lakh will be spent towards setting up each of the 300 new franchisee stores.

Bombay Dyeing also plans to rev up the 30-odd company-owned stores across the country as “experience centres”.

This apart, it has a substantial presence in the modern multi-brand retail outlets. Currently, nearly 50 per cent of the company’s retail sales are from these outlets.

E-commerce thrust

The other major thrust area that Rajanna foresees is e-commerce. By March, the company is planning to put in place its own online portal. This portal will compliment the tie-ups that Bombay Dyeing has with marketplace e-tailers such as Flipkart, Amazon and Snapdeal.

Currently 2-3 per cent of the

company’s sales are from e-commerce. This is projected to reach around 10 per cent in four years.

“In the coming days modern retail outlets and e-commerce will lead the growth story,” maintained Rajanna.

Cash ban gains

Interestingly, he claims demonetisation may benefit the segment.

The cost of Chinese imports that have been eating into the market (bed, bath and allied segment) should go up. And, this will benefit domestic players in the ₹1,000-crore organised market in India.

“With a strong control by the government (over the unorganised sector) Chinese imports will either become expensive or Indian players will have a level playing field,” he said.

While November sales for Bombay Dyeing dipped 50 per cent YoY, December saw a 30 per cent YoY growth in revenues. “Between November and December we saw 80 per cent growth in sales. This shows demonetisation is fading out. A recovery in consumer sentiment is visible,” the CEO said.