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INTERVIEW: ASHISH DIKSHIT, managing director, Aditya Birla Fashion and Retail

'Will add 350 stores in FY19, shut down 4% of loss-making ones'

The retail arm of Aditya Birla Group, Aditya Birla Fashion and Retail (ABFRL, formerly known as Pantaloons), will add 350 stores in FY19 across formats while it plans to shut around 3-4% of its loss-making stores to focus on profitable growth. Ashish Dikshit, managing director, Aditya Birla Fashion and Retail, told Jharna Mazumdar that with the Walmart-Flipkart deal, the omni-channel model has become a necessity for retailers in the country and increasing influence of globalisation and rising disposable incomes are fuelling growth of foreign brands. Excerpts:

What are your expansion and investment plans in FY19?

We plan to add around 300 stores under Madura and various other brands while adding around 50-60 Pantaloons stores in FY19. Investment for these stores won't be much as most of it will be done through the franchisee route. The company operates through two segments. The Madura arm includes lifestyle brands like Louis Philippe,

Van Heusen, Allen Solly and Peter England, fast fashion brands like Forever 21, People and other businesses' branded inner-wear and international brands. Pantaloons is a value-fashion business and offers medium-priced branded apparel products.

For the last couple of years, you have focused on profitable growth and shut loss-making stores to improve your performance. Would you continue with store consolidation?

Yes, we have focused on consolidation of loss-making stores and it is a continuous process. In 2017-18 we have shut around 4-5% of our stores and in 2018-19 we will look at shutting 3-4% of our loss-making stores. We have a wide range of store network. As on March 31, the company's network had 2,465 brand stores operational which includes 275 Pantaloons stores, 4,982 multi-brand outlets (MBOs) and nearly 4,054 point of sale in department stores across the country. At any given time, we keep on evaluating our performance of



the stores and as we keep adding a large number of stores, it is obvious that we shut few stores whose performance is not as per our expectations. We have added 0.2 million sq ft retail space during Q4FY18, taking the total area to 7 million sq ft.

What is your current debt? Are you looking at reducing it?

We have reduced our debt by ₹200 crore

and have ₹1,861-crore net debt as of March 31, 2018. We are comfortable at this level and are not looking at reducing further debt immediately.

You have announced fundraising of ₹1,000 crore. How do you plan to use it?

The fundraising is mainly to strengthen our balance sheet so that we are able to make investments where required and focus on growing our fast fashion business along with other businesses. The proceeds will be primarily allocated to fund the FY19 capital expenditure of about ₹270 crore for 350 outlets across all formats.

Same-store-sales growth for Pantaloons declined 6% in Q4FY18. What was the reason? How do you plan to revive growth?

We witnessed a lower same-store-sales growth of Pantaloons in the quarter as sales declined after January. However, going forward, we expect the demand to revive as businesses have settled post implementa-

tion of GST. Aditya Birla Fashion and Retail reported 413.6% year-on-year increase in its net profit to ₹113.12 crore in Q4FY18, helped by a deferred tax gain of ₹68.82 crore. ABFRL's revenue grew by 8.6% year-on-year to ₹1,754 crore in Q4FY18, aided by strong revenue growth in Madura Fashion and Lifestyle segment. Ebitda was up 33% to Rs 174 crore. The company reported Ebitda margin of 9.9% in Q4FY18, compared with 8.1% in Q4FY17.

What is your view on the Walmart-Flipkart deal? Do you expect discount levels in the online segment to drop further?

It is too early to comment on prices but the overall adoption of the omni-channel model has become a necessity. We already have our presence through own websites and are also selling on other online platforms. Increasing influence of globalisation and higher disposable incomes are fuelling the growth of foreign brands in the country. This bodes well for us in terms of achieving strong brand visibility.