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Our brand image in apparel is rubbing off on our other businesses: Sanjay Lalbhai

Interview with CMD, Arvind Ltd

Vinay Umarji | Ahmedabad
Last Updated at January 21, 2013 04:10 IST



ARVIND LTD

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Ahmedabad-based textile conglomerate Arvind Ltd, a major denim maker, is now looking to leverage its brand name in other business segments. If 2011-12 saw it consolidating on brands and retail, **Sanjay Lalbhai**, chairman and managing director, tells *Vinay Umarji* the company will do the same for its real estate segment in the coming future. Edited excerpts:

Your brands and retail business have been a major contributor to your rising bottom line. But how are each of your businesses performing?

We are pretty buoyant on our textile business because we (India) are becoming more competitive than China and China is losing market share in the world. The depreciating rupee is helping us. Our only worry is the domestic market. From high inflation to the economy slowing, there are so many worries.

Our brands and retail business grew 44 per cent last year and (this year) we might grow by 35 per cent. Our brands are outperforming the market and, hence, I am less concerned about them. I am concerned about Megamart, the retail business. Last year for Megamart, which is in the value segment, there were two problems — expensive goods coming in due to high cotton prices, coupled with excise duty being introduced. While we grew last year, we are worried if we can sustain it this year.

In textiles, we are growing at 15-20 per cent but our broad objective is to grow without creating any new assets.

After brands and retail, it is now your real estate business that seems to be gaining steam. How close are you to monetising your land bank?

You will now hear more things happening (in real estate). We have unlocked close to Rs 250 crore from sales of our Rohit Mills land. Then there are small parcels getting unlocked. Put together, Rs 400-450 crore worth of land would have been unlocked. But the present value of all our projects likely to be launched this year would be Rs 1,300 crore. Suppose we had unlocked our land bank (of 99,000 sq yds) without any development happening, we would not have got more than Rs 80-90 crore. Instead of that, in one-and-a-half years, we have been able to monetise Rs 250 crore.

That is brilliant transformation of the same piece of land by getting the right permission, joining with the right kind of partners, coming out with the right product in time and executing it. We had been talking about selling off our land bank for Rs 1,000 crore but that has changed. That can now easily become Rs 4,000 crore, so we are in no hurry.

Further plans in real estate, especially in the near future?

We have launched projects worth Rs 2,000 crore, which will crystallise next year. However, the rules say we can only book the top line and bottom line in realty when we have completed 25 per cent of construction. Our project with Tata Housing has set a benchmark in low-cost housing. Our MegaTrade commercial center has also done well. Realty is going to become an ongoing business for us. We now see some kind of corporate rub-off from Arvind's brand imagery in apparel to housing.