



Fashion retailer should look at collaborative process from PE investors beyond mere fund needs

PE and Fashion retailers deliberate on collaborative approach at India Fashion Forum

Mumbai, 14th March 2018: Fashion retailers must seek private equity investment going beyond their mere monetary needs and look at creating eco-systems and process while roping in the financial investor, as per the conclusion of a cross section of private equity players and retailers here on Wednesday.

“You better take bank debt if you (retailer) need only money. The investment fund also has a fiduciary responsibility and unless you want to be collaborative as retailer the alignment will not work,” said **Nikhil Mohta, Director – PE, ICICI Ventures**. He was participating in a panel discussion on the 2nd day of the India Fashion Forum.

So far, very few brands in India have the size and scale to attract private equity, but this scenario is likely to change in the next few years as retailer embark upon long term sustainability and franchise, Mohta said.

According to **Manu Indrayan, Co-founder & CEO, 612 League** – a pan India fashion retailer, “Investors bring in structure to the business, but the management seeking funds must have a realistic plan and an honest assessment. Firms seeking funds must bracket themselves with three categories with those having turnover below Rs 100 crore, between Rs 100-300 crore and finally between Rs 300-1000 crore so that there is alignment of goals between those seeking funds with those investing.”

Conflict between the management and the PE investors stems from the mismatch in time frame as more often investors have to exit in 5-year time frame but the product cycle may not be supportive as projections on an excel sheet are different than ground realities, said **Sanjay Vakharia, Director & COO, Spykar Lifestyles**.

According to industry sources, in the last decade, 500 transactions valued at \$13 billion took place in India of which 10% in value terms were through domestic merger and acquisitions. Around \$10 billion investments came through private equity and venture capitalists, while the rest came through inbound investments, which is a testimony to the interest and potential in the retail fashion sector.

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