



Models enhancing colour to the collection

## Nishat Group uses UAE as springboard for expansion

Retail is the logical vehicle that the Nishat Group is using to leverage its multi-pronged expansion strategy, the primary focus being in marketing its branded linen and textiles through its own signature stores. **Lawrence Pinto** traces the global journey Pakistan's foremost and largest business conglomerate has chalked out for itself...

**P**akistan-based Nishat Group opened its first Nishat Linen home lifestyle store at Dubai Festival City on May 11 to launch its international expansion, which will see six retail stores set up across the UAE by the year end, to be followed by ventures across the Middle East, India, Far East and Europe.

The \$5 billion group, with interests in textiles, retail, cement, power generation, hospitality and financial services, is adopting a multi-pronged strategy that will see it widening its global footprint with its own signature retail stores while also venturing into commercial real estate with two warehouses in Dubai and raising its profile in financial services.

The first warehouse in the Al Quoz industrial area has already been set up, with the second to follow in Jebel Ali Free Zone to create a logistics base to support its global retail expansion.

The 2500 sq ft high profile Nishat Linen outlet, the retail brand's first foray outside its home market, is a specialty store featuring



Naaz Mansha opening the store

a classy range of high-end linen and accessories for fashion-conscious consumers in the UAE. New outlets will follow in Lamcy Plaza and Dubai Outlet Mall over the next two months.

According to Ahmed Jahangir, executive director of Nishat Textile Mills, the group's 60-year-old flagship company founded in 1951, retail is a logical vehicle for the com-



Ahmed Jahangir

pany's textile operations and the Dubai opening underlines its intentions of becoming a leading player in the global textile industry.

"We have been exploring effective ways to expand our international presence for some time now and this is a landmark achievement for the group. Our immediate plan is to launch six Nishat Linen concept stores in the UAE by the end of the year and we are already in advanced talks with major malls in Dubai, including Mirdiff City Centre. After Dubai, we see Abu Dhabi

with a potential that will create more openings for us. We will open three stores there, including the first one at Abu Dhabi Mall, before expanding into other countries of the region," he elaborates.

According to Jahangir, the group plans to open 25 Nishat Linen outlets in GCC countries over next two years to market its famous brand, beginning with Oman and Qatar once it covers the rest of the UAE emirates.

“Not only will these stores give us reach across all geographical areas, they will provide us with economic volume to pay for the support staff and services such as warehousing and logistics that we need to do justice to this venture,” Jahangir explains, pointing out that a single store will not give the flexibility to test market various product ideas simultaneously, which is essential to develop a long term global strategy.

Having set its sights on capturing a significant share of the bed linen and home textile market in the Mena region, the group is offering retailers as well as the regional hospitality and institutional industry the convenience of sourcing Nishat’s in-stock range locally at short notice.

“We already export our products to North African countries through Pakistan, but once we establish our base in Dubai we may launch an aggressive marketing strategy to expand into the continent,” says Jahangir.

He points out that although the group has a limited presence in Europe, the immediate focus will remain the Mena region, India and the Far East. “The epicentre of the world is changing and it’s going to be decided by growth in India, China and countries to the north such as Afghanistan and Uzbekistan. We are located in an area which is going to be the focus of development in the world. We have plans to expand the textile business to India, China and western countries during the next three to five years,” Jahangir explains.

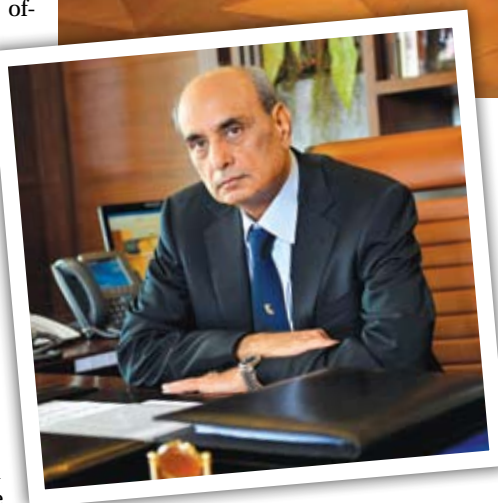
Nishat Linen, which has more than 25

### Nishat Group

Nishat Group is one of the leading and most diversified business groups in South East Asia, with fixed/ current assets of over US\$5 billion. Ranked among the top five business houses of Pakistan, the group has strong presence in three most important business sectors of the region namely textiles (Nishat Mills), cement (D.G. Khan Cement Company Limited) and financial services (Muslim Commercial Bank). In addition, the Group also has reasonable market share in Insurance (Adamjee and Security General), Power Generation, Paper products (Nishat Shoiba Paper Mills) and Aviation (Phoenix Aviation). The owner of the group Mian Muhammed Mansha has been voted by Forbes magazine in 2010 as the richest Pakistani with a net worth of over \$6 billion.



Nishat Linen Interiors



Mian Mohammed Mansha

outlets excluding the franchises and fair price shops in its home country, has emerged as Pakistan’s largest supplier to international brands such as Tommy Hilfiger, NEXT, Chaps, GAP and Hugo Boss, among others.

But Jahangir does admit that the group’s entry into the Middle East is rather late. “We could have started a couple years earlier, but the uncertainties after 2008 saw our plans get into a wait-and-watch approach. Entry into other countries requires careful assessment of those markets and finding the right local partners who can understand our business philosophy,” he points out.

“We zeroed in on Dubai and the UAE because the country is not totally unknown to us. Our financial services division has been active here for some time, with the insurance arm – Adamjee – functioning for more than 30 years. In our opinion, the UAE is a great place to start and build a business in comparison to other markets. Dubai has an impressive business model and is the ideal location to launch and exponentially grow our business in the region,” observes Jahangir.

In addition to Nishat Textile Mills, which has an annual turnover of \$600 million and makes everything to feed its own stores, the group controls the most profitable bank in

Pakistan (Muslim Commercial Bank) as well as Adamjee Insurance (one of the largest insurance companies) and DGK Cement (also Pakistan’s largest cement manufacturer). Furthermore, through its various power plants, it generates nearly 10% of the country’s power requirements and also has a reasonable market share in the hospitality sector, paper products and aviation.

The group, founded and headed by well-known industrialist and entrepreneur Mian Muhammad Mansha, who was named Pakistan’s first billionaire by Forbes magazine last year, employs more than 40,000 people, 15,000 of them in textiles, and is the country’s foremost and largest business conglomerate.

But creating a manufacturing base in Dubai is not on the cards, although the group runs its enterprise with an assets allocation mindset. “If there are returns in manufacturing or any other business that yields better for our investments compared to other opportunities that may exist for it, we will surely look at it,” Jahangir points out.

The insurance side is now being leveraged for a greater local presence with expansion into Abu Dhabi, while Muslim Commercial Bank, which has an office in DIFC, also operates in Bahrain. The largest bank in Pakistan with 1200 branches countrywide, it has a deposit base of \$3.8 billion and is listed on the London Stock Exchange.

“We have our banking representatives in the region and now our asset management division is also exploring options to enter the GCC,” says Jahangir, who is on the board of MCB Asset Management Company, one of the largest mutual fund managers in Pakistan. The group already has a local presence through Adamjee Insurance.

But it’s from its retail interests that Nishat expects the greatest short- and mid-term gains. ■