
Tommy Hilfiger Acquires Murjanis In India Venture (M & A)

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Murjanis selling stake in 50:50 JV with Arvind Ltd, sub-licensee of the US apparel & lifestyle products brand for India.



NYSE-listed PVH Corp, which acquired the Tommy Hilfiger Group from private equity giant Apax Partners last year, has struck a deal to buy out the licence for trademarks of the Tommy Hilfiger brand that was with the Murjani Group in India, as well as the 50 per cent stake owned by the Murjanis in Arvind Murjani Brands (AMB), a local joint venture with the Arvind Group, for an undisclosed amount.

AMB is the apparel sub-licensee of Tommy Hilfiger brand in India since it was launched in the country.

The 50:50 JV will continue between Arvind Ltd and PVH Corp, and will manage other sub-licensees of the brand in India.

The deal marks the direct presence of the Tommy Hilfiger Group in India, a strategy it has been following in other international markets for consolidating brand management. Fred Gehring, CEO of Tommy Hilfiger Group, said, "The transaction allows us to integrate India into our global platform for design and sourcing, thus ensuring consistency of the brand while providing dedicated regional expertise where needed."

The Murjanis, led by the group chairman Mohan Murjani, partnered with Tommy Hilfiger to launch the brand and the company in the USA way back in 1985. Seven years ago, the Murjanis launched the brand in India. Through the arrangement, apparel, handbags and footwear were sublicensed to AMB and other products to separate partners.

Products under the Tommy Hilfiger brand are distributed through more than 80 free-standing stores and shop-in-shops across 30 cities, such as Delhi, Mumbai, Bangalore, Chandigarh and Hyderabad.

The existing Indian JV AMB had reportedly revenues of Rs 120 crore and the deal value between Murjanis and PVH could top the Rs 500 crore mark, according to [an earlier media report](#). As per Arvind Ltd disclosures, its investment in the venture stood at Rs 12.75 crore for its holding of 8.85 million shares as of March 31, 2011.

Arvind Ltd scrip was up 2.6 per cent at Rs 84.9 a share on the BSE during mid-day trading on Thursday.

The partnership with the Arvind Group will also provide PVH with necessary domain knowledge, especially in the Indian apparel business. Arvind Group has a successful track record of running branded apparel business of its own, besides some licensed brands and joint ventures for names such as Lee and Wrangler.

PVH Corp (formerly Phillips-Van Heusen Corp), which traces its history to 1876, owns brands such as Calvin Klein, Arrow, Tommy Hilfiger, IZOD, Bass and Van Heusen. It is the world's largest shirts and neckwear company, and also holds the licence for global brands such as Timberland, DKNY and Nautica, among others.

In May 2006, Apax Partners acquired the Tommy Hilfiger Group in a public-to-private transaction for \$1.6 billion. Over the next four years, the firm made various strategic moves including the acquisition of its Japanese licensee, entering into a ground-breaking, exclusive department store distribution agreement with Macy's in the USA, selling its sourcing operations to Li & Fung, re-launching its e-commerce business in co-operation with D+S, another Apax portfolio company and consolidating its supplier base.

During this period, the firm almost doubled the number of stores from 574 to 1,002, with more than \$500 million investments for growing the business.

Apax Partners, which had earlier funded Phillips-Van Heusen's acquisition of Calvin Klein, Inc. (completed in early 2003), sold Tommy Hilfiger Group to PVH for \$3 billion including \$2.6 billion in cash and \$380 million in PVH common stock. In addition, PVH also picked some liabilities.