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Aims for 125% rise in revenues to Rs 1,800 crore in this financial year

Spencer's to invest Rs 2,500 cr on expanding retail network

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Spencer's Retail, a part of the RPG group and a wholly owned subsidiary of the Kolkata-headquartered CESC, is planning to invest Rs 2,500 over the next two years to expand its retail network, a senior company official said. The company is also close to finalising three international tie ups — with a café-bakery chain, a children's garment brand and a fashion brand.

From five retail formats earlier, Spencer's has now reorganised its business into two chains — Spencer's hyper and Spencer's.

The hypermarket is a large-scale format, which is spread over around 25,000 sq feet. Spencer's is a neighbourhood store chain.

Samar Singh Shekhawat, vice-president, marketing, Spencer's Retail, said by March, the company plans to increase the number of its hyper stores to 75 from

30 currently. The count of Spencer's stores will also be increased to 800-900 from 370. Trading area is expected to go up to 2.5 million square feet from 1.5 million.

"From 66 cities, we hope to be present in 85 cities by the end of the year," he said.

Spencer's Retail was earlier held by RPG group's Pathink Retail. It was last year merged with the group's listed entity CESC in a share swap deal. The deal saw promoter's stake in CESC rise past 50% from 40% and also gave its shareholders a foothold in the fast growing retail space.

During the current fiscal, Spencer's will be investing Rs 1,500 crore from its internal accruals. Shekhawat said the company has no immediate plans of raising funds through equity.

He said the company was aiming to garner revenues of Rs 1,800 crore this year against Rs 800 crore last year. "Rev-

Plans in store

The company is also close to finalising three international tie ups — with a café-bakery chain, a children's garment brand and a fashion brand.

Spencer's is expected to break even by 2010.

It plans to have a network of 2,000 stores and revenues of Rs 3,500 crore by the same period.

The company garnered revenues of Rs 800 cr in the last fiscal



enue growth will be faster than the trading area growth because of increased thrust on large-format stores, where conversions and ticket size (average spend) is larger," he said.

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stores and revenues of Rs 3,500 crore by the same period.

Earlier this month, Spencer's tied up with the UK-based retail chain Woolworth's Plc for exclusive marketing of its Chad Valley toys in India.

Shekhawat said the company would

close at least three more international tie ups by March.

"Although all the three deals are in similar stage of progress. The café bakery chain tie-up would be towards the end of the year because we are ironing out procedural issues specific to the country.

The other two, with a children's garment brand and a casual fashion brand, would be completed sooner," he said.

India's booming retail market, estimated at about \$300 billion, is growing at a brisk pace of 30% annum, driven by rising middle-class incomes and an increase in demand for branded products.

Largely dominated by more than 15 million unorganised retail stores across the nation, organised retailing or selling through company-owned network stores remains a rarity, currently totalling about \$8 billion or less than 5% of trade in the country.

However, according to AT Kearney, revenues from organised retail are expected to triple to about \$24 billion by 2010, a reason why retail giants like US-based Wal-Mart Stores Inc, Germany's Metro AG, France's Carrefour and UK's Tesco Inc are exploring ways of entering the fast-growing market.

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