

Tie-ups for setting up standalone stores, shop-in-shop formats

Spencer's will float arms for global alliances

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Spencer's Retail, the RPG group's retail initiative, will float a slew of subsidiaries that will forge international tie-ups.

The verticals in which the tie-ups will happen include food and apparels. In food, one tie-up could be with a coffee retail chain.

Sanjiv Goenka, vice-chairman of the RPG Group, said the international tie-ups will entail setting up standalone stores as well as shop-in-shop formats.

The retail business of RPG Enterprises is expecting to reach a turnover of Rs 1,800 crore in 2008-09. The turnover in 2007-08 was over Rs 1,000 crore.

The retail business covers 11.4 lakh square feet of trading area currently, which will move up to 22 lakh square feet by March 2009, informed Goenka.

Meanwhile, Phillips Carbon Black, an RPG group company, on Monday, reported a 280% increase in profit after tax at Rs 89.30 crore for the year ended March 31, 2008, over Rs 23.53 crore recorded in the previous fiscal.

Profit before tax (PBT) went up to Rs 112.78 crore (Rs 44.55 crore) in the period under review.

Goenka said the PBT went up



■ Sanjiv Goenka

on account of strong internal efficiencies despite the rise in carbon black feedstock prices — which have gone up from \$41 a barrel a year ago to \$70 per barrel in March. "We saved Rs 140 crore through internal efficiencies in the areas costs, product mix, interest etc," he added.

Operating profit of Rs 152.37 crore grew 58% higher than last fiscal's Rs 97.51 crore.

Because of the rise in crude prices, Goenka drew attention to the fact that the company's topline did not go up by much. The total turnover registered a 3.6% increase to Rs 1,039.31 crore from Rs 1002.71 crore.

PCBL will add an aggregate capacity of 140,000 mt at its fourth location in Mundra (Gujarat) and



a brownfield project at Kochi. Both these locations will also have co-generation power plants with aggregate capacity of 32 mw.

PCBL will invest Rs 250 crore in its Vietnam plant and another Rs 350 crore in the Kochi and Mundra units (The Kochi plant will have an investment of Rs 140 crore).

These will be funded through a debt equity ratio of 1:1, wherein the equity portion is being funded through internal accruals, Goenka said.

Demand for carbon black grew 11% while domestic production rose 7%. The company is currently ranked ninth in the world, with US' Cabot leading the charge.

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