

Spencer's is ripe for listing, says Goenka

Group chairman says progress is perceptible

Avishek Rakshit | Kolkata February 11, 2017 Last Updated at 01:00 IST



The RP-Sanjiv Goenka Group is focusing on ending Spencer's Retail chain's losses.

The aim is to also hasten its listing on stock

Photo: Spencer Retail website

exchanges. Sanjiv Goenka, group chairman, said for the past six months, Spencer's has seen positive underlying profit. Earnings per square foot of floor space had increased to Rs 1,741, against the previous year's Rs 1,500.

“Hopefully, this trend will continue. Spencer's is ripe for listing,” he said.

For a long time, the group has been considering an Initial Public Offering of shares to take forward Spencer's growth. Recurring losses have come in the way. In 2015-16, Spencer's saw a nearly 12 per cent increase in revenue to Rs 1,865 crore but had a Rs 142-crore loss, primarily on higher purchase of traded goods and raw materials. Net loss in 2014-15 was Rs 152 crore. Underlying loss in FY16 was Rs 53 crore, down from a loss of Rs 67 crore a year ago.

Some years earlier, the group undertook a restructuring programme at Spencer's — culling unprofitable stores, exiting Mumbai, internal restructuring of the core management team, and cost-cutting. In 2011-12, Spencer's total store count was 182. This fell to 126 in 2014-15 and to 118 in 2015-16. It currently has 120 stores in 35 cities, with 1.1 million square feet of combined space. It plans to open 50-60 hypermarket format stores in the coming four years.

Apart from managerial restructuring of the company and a decision to only increase large-format stores, Spencer's is counting on its private labels. Over the years, it had introduced private brands in the stores and this lifted its net profit. Smart Choice and Tasty Wonders were introduced in the foods section and Spencer's Finest in the gourmet section. y, Clean Home and Maroon took over the home products portfolio, and the Care and Essentials brand came in the personal care range.

Recently, after introducing apparel private labels Island Monks and Asankhya, the company is launching a third one. Goenka says the apparel business yields higher margins than food, helping counter the loss from the group's retail division. The company has recruited a team in Gurgaon to take forward the new private label. Company sources said the label would be made available in Spencer's outlets only in the initial stages and, depending on response, could be made available in fashion and garment outlets.

“Apart from food, the apparel business will become the next big thing,” says Goenka. While food business contributes 80 per cent to its revenue, the apparel division accounts for only five per cent.

CESC plans Rs 600-cr investment to raise wind energy output

This addition is likely over the next five-odd weeks

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CESC, power generation and distribution arm of RP-Sanjiv Goenka Group, has planned an investment of Rs 600 crore in Gujarat and Andhra Pradesh to raise wind energy generation from the current 130 megawatt (Mw) to 207 Mw. This addition is likely over the next five-odd weeks.

So far, the group has invested Rs 1,400 crore in the renewable energy sector, with solar power projects in Gujarat and Tamil Nadu, and wind energy in Rajasthan, Gujarat, and Madhya Pradesh. In the December quarter, CESC had a five per cent increase in net profit to Rs 152 crore, from Rs 145 crore a year before. Net sales grew three per cent over a year ago to Rs 1,574

crore.