

Business Standard

Spencer's expects Rs 300 cr revenue from new apparel brand in 4 years

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Unveiling the new brand '2Bme' for apparels, the Spencer's Retail Limited, a part of the Rs 19,000 crore RP-Sanjiv Goenka Group, expects to garner Rs 300 crore revenue from the brand in the next four years, a company official said on Tuesday.

"Hitherto food and staples was the main pillar of the group's retail business, but from now on, there will also be accent of on apparel for children, women and men. We expect the brand to contribute revenue of Rs 300 crore in the next 3-4 years," said group's Retail Sector Head Shashwat Goenka.

Currently, fashion contributes less than 4 per cent of the retailer's revenue and with the launch of the new brand, it expects the segment will contribute over 5.5 per cent in the first year (after the new launch), he said.

The firm's gross revenue stood at Rs 1,865 crore at the end of last financial year while Ebitda was at negative Rs 53 crore.

Apparel contributes much higher margin than foods.

"Apparel business contributes about 7 per cent of the retailer's margin and we expect the contribution to go up to 10 per cent with the launch of the new brand," Goenka said.

The average revenue per sq ft per month is about Rs 1,600, which is higher than the industry average, he said.

"We had apparel but if we look at Spencer's apparel in the past, which was cater to different customers than our food. The idea was to create a new brand for apparel which matches our food brands. We will be competing with anyone and everyone," Goenka said while explaining why the group conceived new brand for apparel.

It invested about Rs 30-40 crore to revamp its stores to integrate the new range of apparels, Goenka said.

"We have in house team of 10 designers. As the brand develops, we are open to possible tie up with designers," he said.

The brand will change its look in every three weeks and over 60 per cent of the range will have a complete overhaul every six weeks, he said.

The new range of apparels under the brand will be unveiled on Wednesday at the eight hyperstores of the retailer in the city. The launching of the new range of apparels will also take place in the National Capital region soon, followed by another launch in Hyderabad.

The retailer has now 123 stores, of which 37 are hypermarket stores.

Group's Chairman Sanjiv Goenka had said Spencer's was ripe for listing for sure. It clocked company level Ebitda positive for six month in a row.

"The company were very optimistic about the performance of the company as we go forward," he said.