

'We are open to international partnerships in retail'

Shashwat Goenka, sector head of retail at the RP-Sanjiv Goenka Group, tells **Avishek Rakshit & Ishita Ayan Dutt** that Spencer's Retail, the group's flagship venture, is open to partnerships with international firms once 100 per cent foreign direct investment (FDI) in multi-brand retail becomes a reality. Goenka, recently elected as Indian Chamber of Commerce's youngest-ever president, also talks about his new role and the Horasis Asia meet that will be held in Kolkata this year. Edited excerpts:

That FDI in multi-brand retail may finally happen, how will it help Indian retail?

The expertise that will come from them (foreign investors) is in the supply chain and logistics part – how to manage cold chain and the whole farm-to-fork kind of thing – and I think, this is where the benefits of FDI will start to come in.

So, your interest for partnerships would be for the back-end.

We would be very happy to partner at the back-end, but we are not closed to the idea of partnering with them at the front-end also. At this point, I haven't thought about how and what; first we need clarity on the policy. Once that happens, we'll see. I think, competition is the best thing that can happen because it keeps you on your toes. That helps the consumer also.

How was the 2016-17 financial year for Spencer's, and what is the outlook for this year?

We didn't make an annual profit, but we had eight consecutive months of profit at the Ebitda (earnings before interest, tax, depreciation and amortisation) level, and our topline grew by 8.5 per cent at ₹2,100 crore against the year-ago topline of ₹1,890 crore.

We plan to open 9-10 stores essentially in the hypermarket category. There will be one or two supermarkets and the growth will be primarily in the eastern region, in Kolkata, and a few surrounding areas. A few stores (will be opened) in Lucknow, and the rest in south India. This year looks good and cost optimisation is a key thing. The goods and services tax (GST), of course, will be beneficial as it will lead to reduction in prices.

2bme (a new apparel brand of Spencer's) has started to pick up, and the past two months have been really good. We'll start investing on the marketing side once we have a pan-India presence which will be shortly. As an innovative thing, we are now looking at odour-free vests for men.



Do the numbers from the demonetisation period suggest a slowdown in retail?

I don't think the country is slowing down. It has a 7.5 per cent growth rate over the past many years, and it is the best growth rate any G-20 country has had over the past few years. What is good is that over the past few months, the country has been able to keep inflation low and yet post a high growth rate. With the GST, some of the unorganised players in retail are also going to come under the organised net, which will boost the retail as well as overall economy.

How is Spencer's streamlining itself in the GST regime?

A lot of initiatives, particularly at the back-end, are happening. The whole supply chain, in view of the GST, is being further streamlined, and we are looking at newer technologies we can use in our warehouses to make the whole vendor-to-warehouse and warehouse-to-store management seamless. We are looking at halving the delivery time.

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SHASHWAT GOENKA
Retail Sector Head, RP-Sanjiv Goenka Group