

# Spencer's Retail hopeful of turning profitable this year: Shashwat Goenka

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Will focus on high margin offerings like apparels, homeware

Shashwat Goenka, Sector Head, Spencer's Retail

## **Kolkata, August 23:**

Spencer's Retail, the retail arm of RP-Sanjiv Goenka Group flagship CESC Ltd, is hopeful of turning profitable by becoming Ebitda-positive this fiscal.

Ebitda refers to earnings before interest, tax, depreciation and amortisation.

CESC Ltd in its annual report maintains that for FY-17, Spencer's improved its performance and achieved a positive Ebitda for seven consecutive months. As a result, the Ebitda loss for the year was contained to Rs. 17.10 crore against Rs. 52.80 crore in the previous year (FY-16).

According to Shashwat Goenka, Sector Head, Spencer's Retail will focus on higher margin

offerings such as apparels, general merchandise and homeware. It will also explore private labels as a strategy in segments where a gap exists. (Typically, private labels are said to have better margins.)

"We are hopeful of turning profitable this year. By profits, I mean we should be Ebitda-positive. The jump for us between operating profit and PBT will not take very long. We will continue to focus on top-line growth and improve margins," Goenka told *BusinessLine*.

"Operating margins have also improved and we have been able to curtail a lot of costs," he added.

## **Improved show**

Spencer's, since Goenka took over the reins, has seen improved performance with an increase in its top-line and reduction in losses.

In FY-17, its top-line moved up by 12 per cent year-on-year to over Rs. 2,021 crore (from Rs. 1,805 crore in FY-16). The net loss came down by 9 per cent to Rs. 129 crore, down from Rs. 142 crore in the year-ago period.

For Spencer's, the ratio of food and FMCG to apparel, electronics and general merchandise now stands at 79:21. Previously, it was 83:17.

During 2016-17, Spencer's registered a same store sales growth of around 9 per cent, with average revenue per square feet of Rs. 1,576 per month against Rs. 1,452 per month in FY-15.

Over a 4 year period the average revenue per square feet, per month, moved up by nearly 30 per cent (from Rs. 1,226 in FY13). Gross margins over this 4-year-period has also improved to around 19.5 per cent (from 18.4 per cent), Goenka said.

### **Omni-channel presence**

The other major bet for Spencer's is its omni-channel presence. This means, the retailer has its own e-commerce platform - through a 100 per cent subsidiary, Omnipresent Retail India Pvt Ltd (ORIPL) – to ensure ordering and delivery of groceries and other items.

Apart from servicing all pin-codes in Kolkata, the online services are available in Delhi, Gurgaon, Noida, Chennai, Hyderabad, Lucknow and Vizag.

“We intend to start deliveries in two more cities within this year, apart from consolidating our presence in the existing ones,” Goenka added.