

SRL:SEC:SE: 2019-20/38

20 May, 2019

Manager (Listing)
National Stock Exchange of India Limited (Symbol: **SPENCERS**)
Exchange Plaza, 5th Floor
Plot No. C/1, G-Block
Bandra-Kurla Complex
Bandra (East)
Mumbai – 400 051

The Secretary
BSE Limited (Scrip Code: **542337**)
Phiroze Jeejeebhoy Tower
Dalal Street
Mumbai – 400 001

The Secretary
The Calcutta Stock Exchange Limited
7, Lyons Range
Kolkata – 700 001

Sub: Investor Presentation

Please find enclosed a copy of the investor presentation to be made by the Company at the Investor's Conference meetings to be held in Mumbai.

Thanking you,
Yours faithfully,
For Spencer's Retail Limited


Rama Kant
(Company Secretary)
FCS-4818



Spencer's Retail Limited

(Formerly Known as RP-SG Retail Limited)

Regd. Office: Duncan House, 1st Floor, 31, Netaji Subhas Road, Kolkata-700 001

Tel: +91 33 6625 7600 Web: www.spencersretail.com

CIN: L74999WB2017PLC219355

A photograph of a Spencer's grocery store aisle. The shelves are stocked with fresh produce, including various fruits and vegetables. Price tags are visible on the shelves. The store has a clean, bright appearance with green and white accents. The Spencer's logo is overlaid in the top right corner.

spencer's

Makes fine living *affordable*

Spencer's Retail Limited Investor Presentation

May 2019

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#1 Company Snapshot



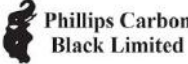




Key Differentiators

Annexure

RP- Sanjiv Goenka Group

Diversified Business House

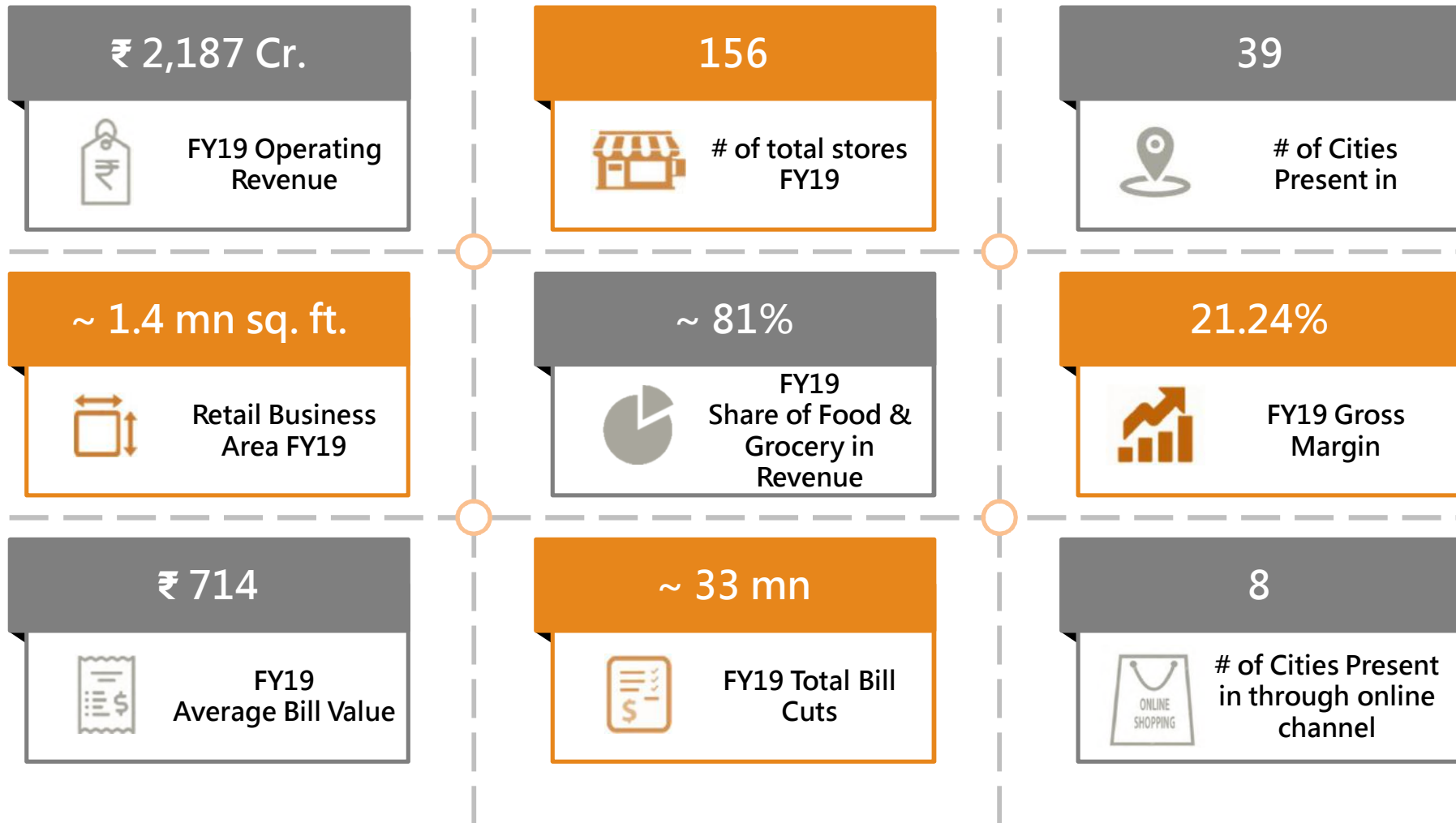


		FY 19 Operating Revenue (₹ Cr.)
	Fully integrated private power utility company engaged in coal mining, generation and distribution of electricity to city of Kolkata	10868
	One of top 3 BPO players in India	3.826
	Largest Indian & 7 th largest global carbon black manufacturer with capacity of 472,000 MT p.a. across India	2,567 _(FY18)
	India's premier organised multi-format retailer	2,187
	Largest natural rubber producer in India & 2 nd largest tea producer in south India	392 _(FY18)
	India's largest music company with an archive of over 300,000 tracks	545
	Latest venture in FMCG industry	365

The Board of Directors of Spencer's Retail Limited (SRL) at its meeting held on 22nd May, 2017 approved, subject to necessary approvals, ~~the~~ reorganisation (the Scheme) under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 involving CESC Limited, Spencer's Retail Limited (erstwhile RP-SG Retail Limited) and seven other subsidiary companies of CESC Limited as on that date. The Scheme, inter alia, provided for demerger of identified Retail Undertaking(s) of the SRL (erstwhile RP-SG Retail Limited) and CESC Limited as a going concern into RP-SG Retail Limited (to be renamed as Spencer's Retail Limited).
SRL received on 5th October, 2018 the certified copy of the order of National Company Law Tribunal (~~the~~ competent) ~~the~~ competent authority which included the approval for the above referred activities. Accordingly, the Board of Directors of SRL in its meeting held on 12th October 2018 had decided to g ~~o~~ in terms of NCLT Order from the appointed date 1st October 2017.

Business Snapshot: Spencer's

India's oldest retailer since 1863



Spencer's Retail: Evolution of the Business

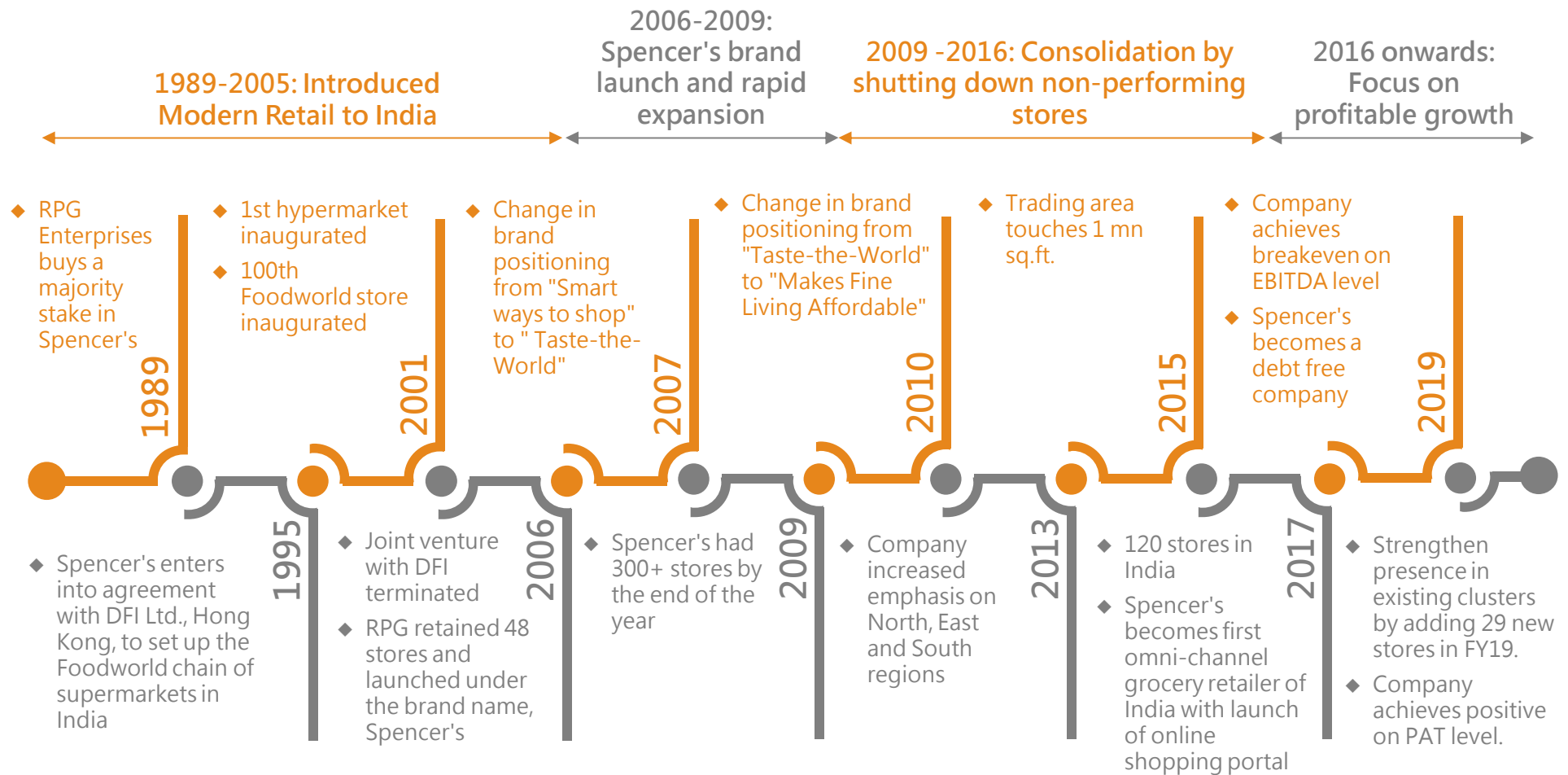


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Company Snapshot



Key Differentiators



Annexure

Key Strategic Pillars

#1 **Profitable Growth** in chosen Geographies

#2 **Optimal Product Mix** ~ Increasing share of High Margin Categories

#3 Differentiated and Diversified **Private Label Program**

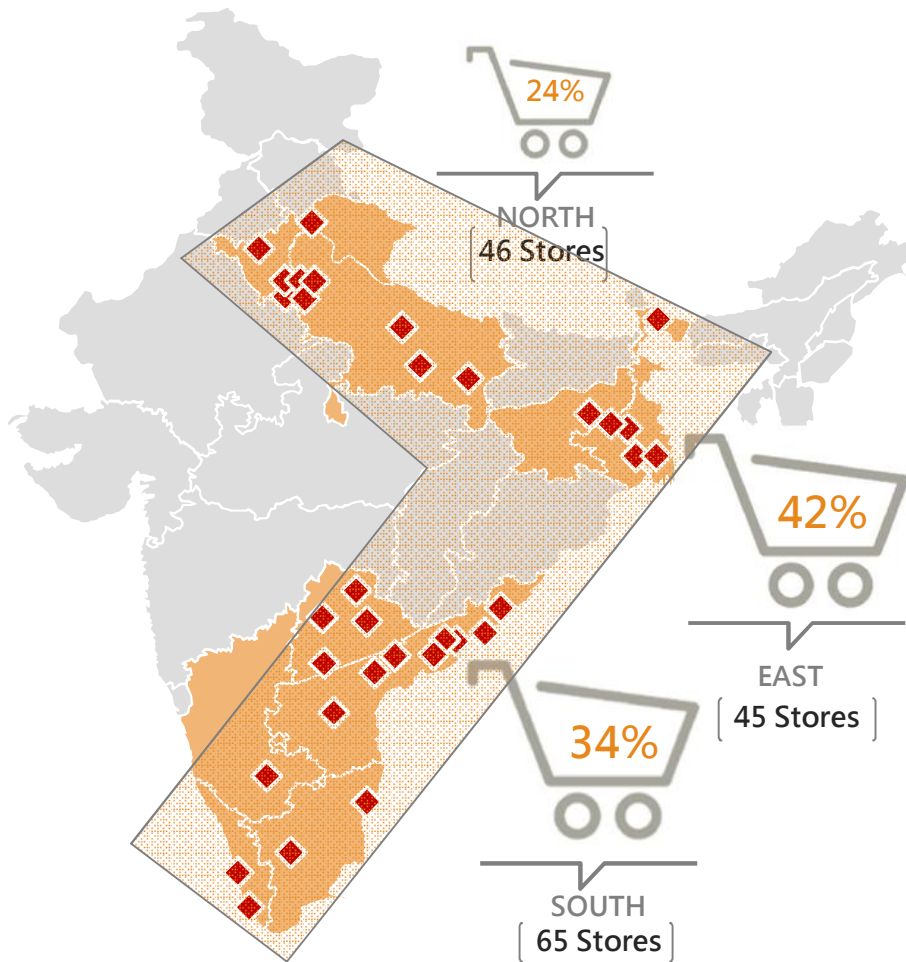
#4 Targeting a **Well-Defined Customer-Base** ~ Diverse and Differentiated Product Offerings & Superior Customer Experience

#5 **Efficient Operations** ~ Lean Cost Structure

#6 Strengthening **Omni Channel** Presence

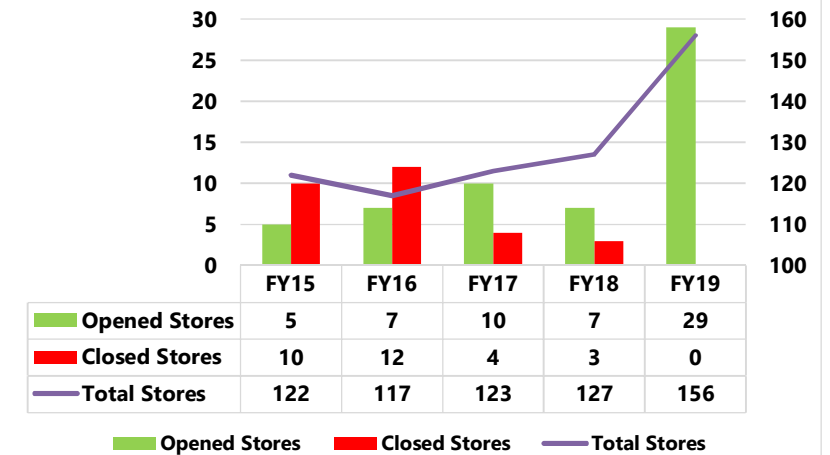
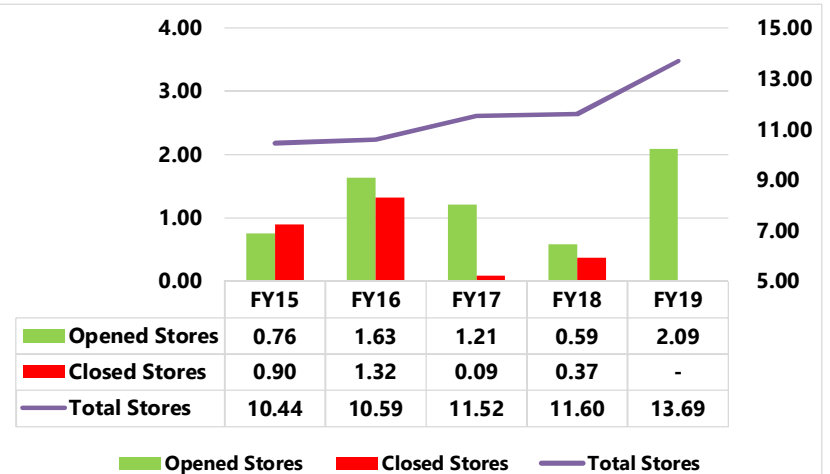
Profitable Growth in Chosen Geographies

Profitable Growth
Optimal Mix
Private Label
Customer Base
Operations
Omni-Channel



Contribution of individual regions towards Company's Revenue from Sales (FY19)

Trading Area & No. of Stores Trend



Hybrid Format Approach

Led by Large Format Stores to drive profitability and improve margins

Profitable Growth

Optimal Mix

Private Label

Customer Base

Operations

Omni-Channel



of Stores



of Cities Present in



Average Store Area



FY19 Revenue Share



Typical Mix of Assortment



Key Differentiators

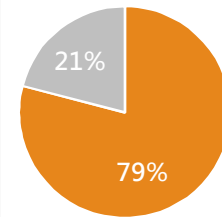
Large Format

74

32

16,000 sq. ft.

85%



■ Food, Grocery & FMCG
■ Apparel & General Merchandise

- ◆ Destination format
- ◆ Offers all categories including non-food such as apparel, general merchandise, electronics
- ◆ Focus on high volume and low cost

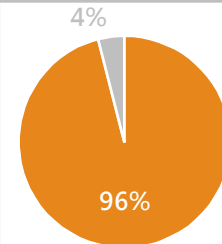
Small Format

82

18

2,260 sq. ft.

15%



■ Food, Grocery & FMCG
■ Apparel & General Merchandise

- ◆ Convenience Format
- ◆ Situated near residential area in order to be convenient to consumers
- ◆ High focus on fast moving products with emphasis on neighborhood requirements

Optimal Product Mix

Increasing share of High Margin Categories

Profitable Growth

Optimal Mix

Private Label

Customer Base

Operations

Omni-Channel

Foods

Share of FY19 Revenue

63%



Snacks



Groceries



Staples



Dairy



Processed Foods



Liquor



Fruits & Vegetables



Frozen Products



Confectionery



Beverages

Non-Foods (FMCG)

Share of FY19 Revenue

18%



Personal Care



Health & Wellness



Toiletries



Home Care



Baby Care

General Merchandise, Apparel and Electrical & Electronics

Share of FY19 Revenue

19%



Bed & Bath



Footwear



Crockery



Toys & Games



Plastic Goods



Home Appliances



Garments



Electrical & Electronics

Continued Focus on Increasing share of high margin categories

Profitable Growth

Optimal Mix

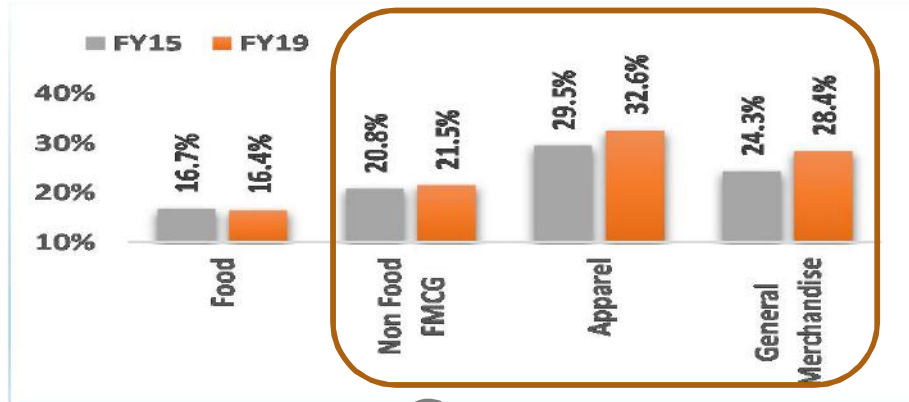
Private Label

Customer Base

Operations

Omni-Channel

Improving margins of Non-Food Categories



Increasing share of Non-Food Categories



Boost the overall margin

- ◆ Increasing strength in Non-Food categories especially Apparels
 - 2Bme Brand Ambassadors – Ranbir Kapoor and Shraddha Kapoor
 - International trends and quality at affordable prices
 - Fresh fashion that drives 'association' and 'aspiration'
 - Changing fashion merchandise every 3 weeks to maintain fresh look
- ◆ Carefully articulated store design - prominence to non-food categories, enhances customer experience and increases cross selling

#13

Note: *General Merchandise excludes E&E

spencer's

...And Diverse and Differentiated Product Offerings

Differentiated Offerings Separates Spencer's from Other Retailers

Profitable Growth



"Spencer's Gourmet" offers a wider range of assortment from different parts of the world

Optimal Mix

"Spencer's Patisserie" is an in-store live bakery offering freshly baked confectionery and breads



Private Label



"Fish & Meat": Dedicated space to sell fresh non-vegetarian items, right from live tanks in-store

Customer Base

"Spencer's Wine and Liquor": Shop-in-shop outlet inside the large format stores offering a wide repertoire of wines and spirits from around the world



Operations

Omni-Channel

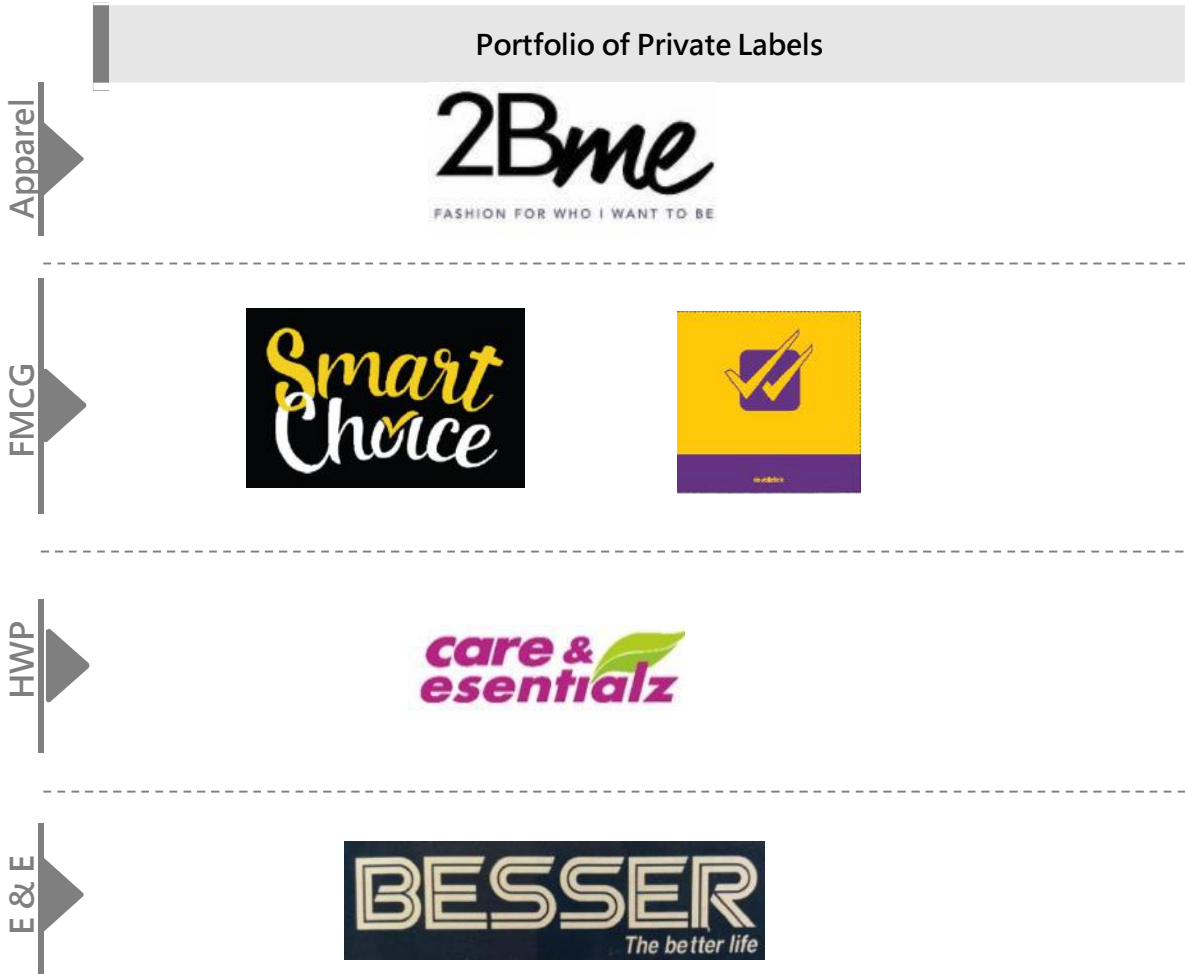


"Tobacconist": Offers a large range of Pipes, Pipe tobaccos, Pipe smokers accessories, Specialist cigarettes, Hand rolling tobacco, Cigarette holders, Snuff & Chew Tobacco


Well Differentiated and Diversified Private Label Program


Delighting customers with wide range of quality products through our own brands


Pan-India Network
Target Customer
Private Label
Category Mix
Operations
Omni-Channel



Key Highlights


1,400+
of SKUs across categories


12.5%
Contribution to company sales

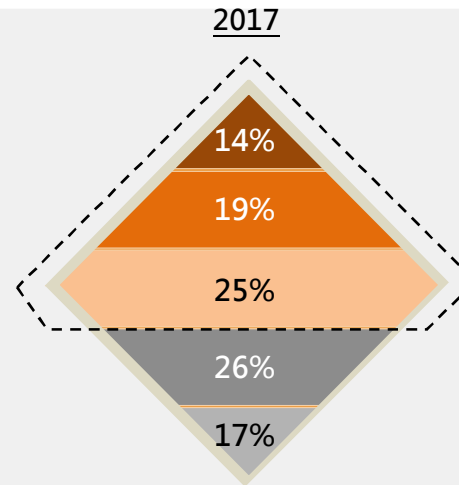

INR 288Cr.
FY19 Private Label Sales

Private label products have 5-10% higher gross margins than the branded products

Targeting a Well-Defined Customer-Base...

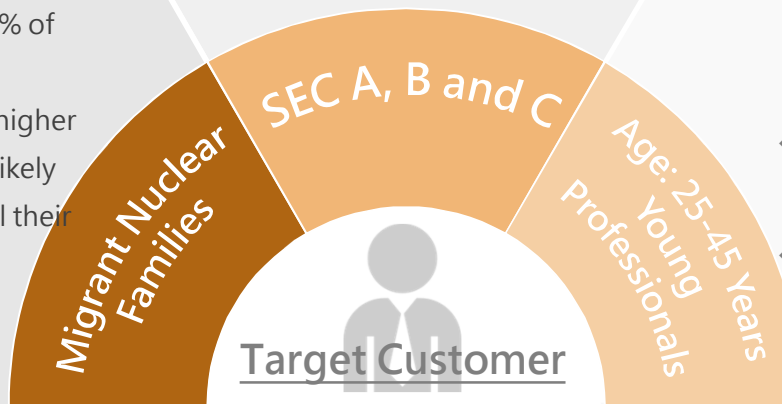
Profitable Growth
Optimal Mix
Private Label
Customer Base
Operations
Omni-Channel

- ◆ The proportion of nuclear households has reached 70% and is projected to increase to 74% by 2025
- ◆ Nuclear families spend 20% to 30% more per capita than joint families
- ◆ Increasing urbanization and interstate migration further fueling consumption
- ◆ About 40% of India's population will be living in urban areas by 2025, and these city dwellers will account for more than 60% of consumption
- ◆ Migrant families (also nuclear) have a higher propensity to consume and are more likely to shop at MT outlets and online for all their needs (one-stop-shop)

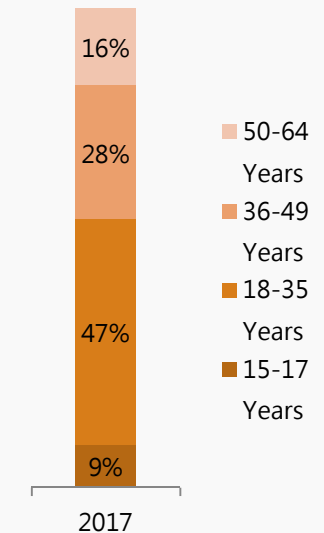


SEC A ■ SEC B ■ SEC C ■ SEC D ■ SEC E ■

Per capita consumption of SEC A, B and C Indian household is ~2x of national average



Share of Working Age Population

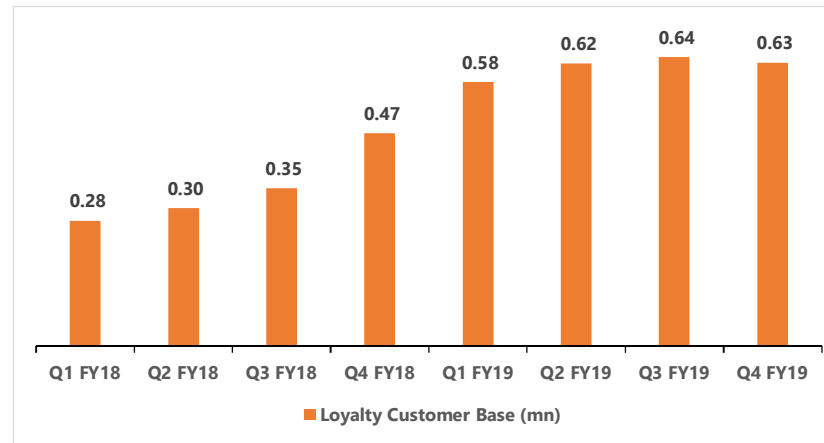


- ◆ Millennial (18-35 Years) account for ~71% of household income
- ◆ With only ~10% savings, millennial are driving a shift towards consumption economy

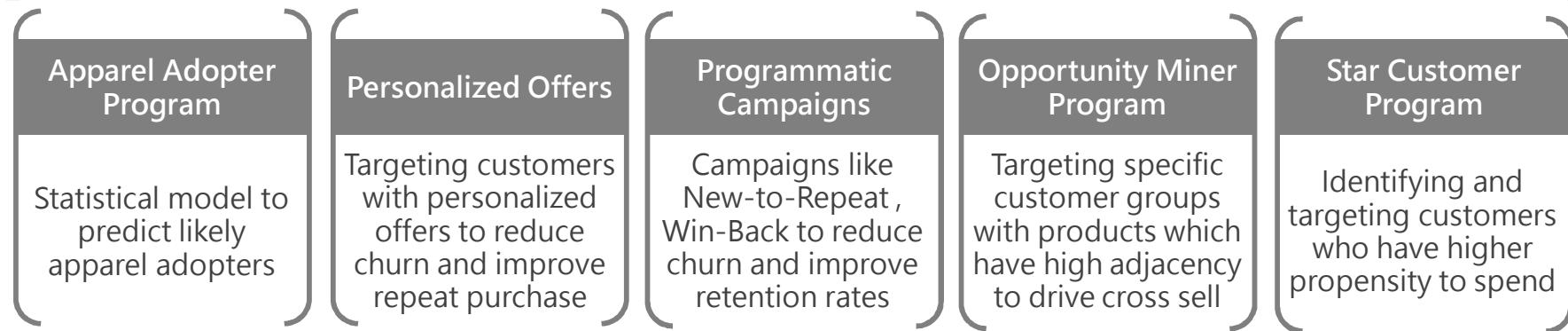
...And Increasing Customer Stickiness...

Profitable Growth
Optimal Mix
Private Label
Customer Base
Operations
Omni-Channel

Steadily increasing base of Loyal customers* ...



Activities ensuring high cross sell to customers



CRM customers ABV ~2.3X of Non-CRM customers

#17

* Customers who have purchased from Spencer's at least 3 times in 6months ending that quarter are considered to be as Loyal customers.



...And Efficient Operations

Efficient In-store Management along with Centralized Control Ensuring Lean Cost Structure

Profitable Growth

Optimal Mix

Private Label

Customer Base

Operations

Omni-Channel

In-store Management

Defined store work plan to ensure **standardization across stores**



Weekly **price benchmarking** process to ensure price competitiveness



Daily shelf **availability check** to ensure top selling lines are always available



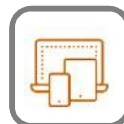
Scientific store layout and category placements to boost **cross selling**



New checkout counter is opened if queue is more than 3 trolleys – **Low Waiting time**



Deployment of innovative **energy saving** devices



Supply Chain Efficiency

- ◆ Lean cost structure with **centralized replenishment control**
- ◆ **Distribution & Collection Centers** located in all **critical geographies** functioning for
 - Local Sourcing Hub
 - Commodity Repack Centre
 - Fresh sourcing from farmlands
- ◆ **SAP enabled backend** to support scalability
- ◆ Technology usage to **reduce inventory cover** both in transit and overall inventory
- ◆ Full scale implementation of **Warehouse Management System (WMS)** for better process optimization
- ◆ **Machine learning** to handle multi-dimensional and multi variety data
 - Uses machine learning in sales forecasting and predicting optimum inventory

Growing Omni Channel Presence

Profitable Growth

Optimal Mix

Private Label

Customer Base

Operations

Omni-Channel

E-Commerce Presence



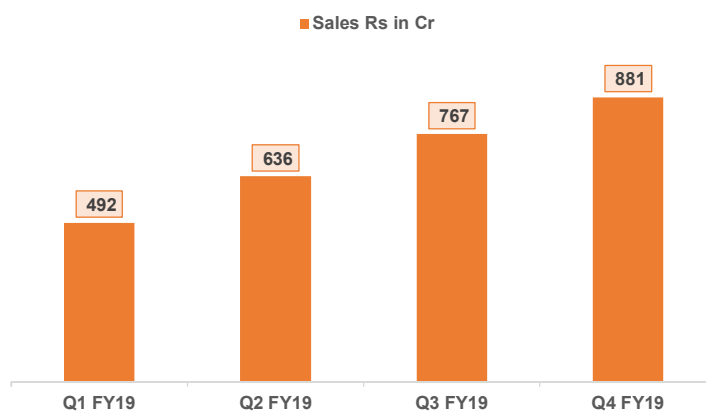
~425,000 customers base, increasing rapidly on month on month basis



Substantially low cost of customer acquisition
~ ₹ 90 per customer



E-Commerce Growth



Retention rate of ~70%



More than 30,500 products added to catalogue from the store assortment



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#3 Annexure

Standalone Financials: Spencer's Retail Limited

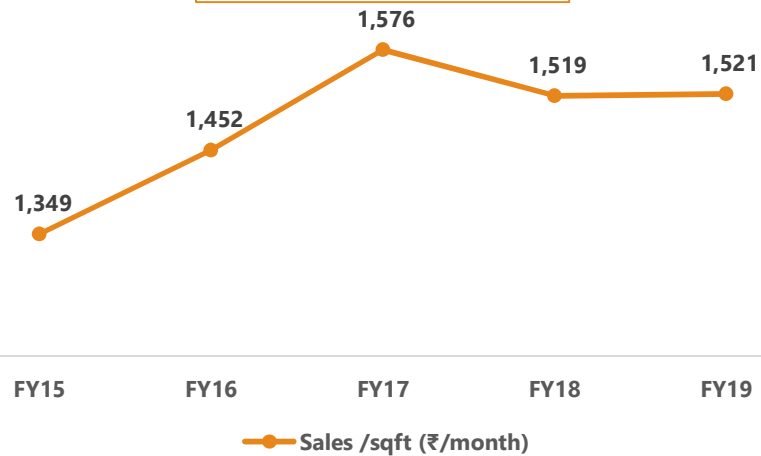
3 months ended			Growth		Standalone (₹ Cr)	12 months ended	
31-Mar-19	31-Dec-18	31-Mar-18	Y-o-Y	Q-o-Q		31-Mar-19	31-Mar-18 *
10	9	2			New Stores added	29	7
156	146	127	23%	7%	Total Store count	156	127
0.70	0.53	0.03			TA added (Lac sq.ft)	2.08	0.59
13.69	12.97	11.59	18%	6%	TA exit (Lac sq.ft)	13.69	11.59
-0.7%	2.2%	2.28%			SSG %	3.1%	-1.1%
523.5	573.5	504.9	3.7%	-8.7%	Revenue from operations	2,187.2	1,042.9
412.3	451.6	408.1	1%	-9%	Cost of Goods Sold	1,722.7	837.5
111.2	121.9	96.8	14.8%	-8.8%	Gross Margin	464.5	205.4
21.24%	21.25%	19.17%	206 bps	-1 bps	Gross Margin %	21.24%	19.70%
29.6	38.1	35.5	-17%	-22%	Employee expenses	142.1	72.1
79.1	80.2	63.8	24%	-1%	Other expenses	308.5	132.9
7.9	6.8	3.3	141%	15%	Other income	27.8	9.0
10.37	10.34	0.80			EBITDA	41.73	9.38
1.98%	1.80%	0.16%	182 bps	18 bps	EBITDA %	1.91%	0.90%
6.7	6.2	6.1	10%	7%	Depreciation	24.6	14.7
1.5	1.8	1.3	15%	-15%	Finance costs	7.5	3.8
2.18	2.34	(6.58)	133%	-7%	PBT	9.73	(9.10)
0.42%	0.41%	-1.30%	172 bps	1 bps	PBT %	0.44%	-0.87%
(0.6)	0.9	-			Tax Expenses	1.8	-
2.79	1.46	(6.58)			PAT	7.94	(9.10)
(0.5)	(0.4)	(0.1)			Other Comprehensive Income	(1.4)	(0.3)
2.34	1.09	(6.68)			Total Comprehensive Income	6.51	(9.43)

Standalone Financials: Spencer's Retail Limited

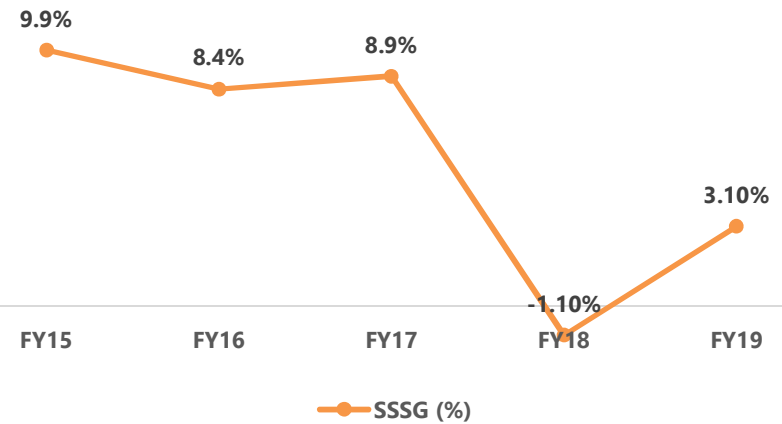
Standalone (₹ Cr)	As at	
	31-Mar-19	31-Mar-18 *
A) Assets		
Assets	646	634
Inventories	270	242
Total Assets	916	877
B) Equity & Liabilities		
Equity	596	590
Debt	-	-
Other Liabilities	53	45
Trade Payables (Net)	267	242
Total Equity & Liabilities	916	877

Operational Performance: Spencer's Retail Limited

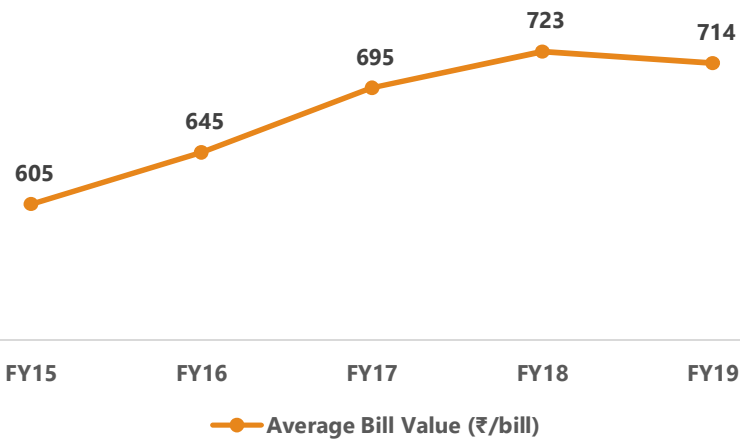
Sales /sqft (₹/month)



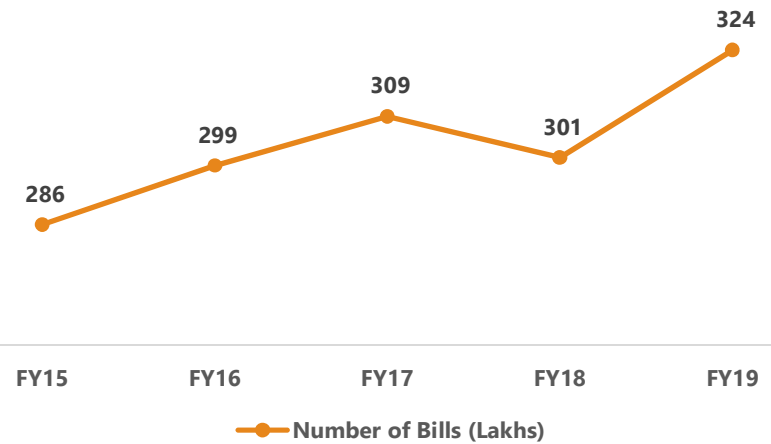
SSSG (%)



Average Bill Value (₹ /bill)



Number of Bills (Lakhs)



Corporate Governance

Diverse Board

- ◆ Balanced mix of independent and professional directors
- ◆ Board is guided by the following committees
 - Audit Committee with majority independent directors
 - NRC: Reviews performance of Directors, Management team and Committees
 - Stakeholder's Relationship Committee
 - CSR: Thrusts on voluntary corporate social contribution as a duty towards society
- ◆ Code of Conduct for ethical conduct of affairs by Directors and KMPs

High Employee Participation

- ◆ Regular appraisal and reward system for better performance & competence leading to better governance and wealth creation
- ◆ Employee participation at all levels for better communication and efficiency
- ◆ Policies in place
 - Whistle Blower Policy
 - Anti Sexual Harassment Policy
 - HR and Talent Management Policy

Robust Management Team

- ◆ Continuous review of performance of management team and guidance by Board to ensure improvement
- ◆ Appraisal of Senior management team by NRC and of other hierarchy of teams by senior management

Strong Internal Controls

- ◆ Robust Internal Control System and review by ACM
- ◆ Well equipped Internal Audit Team
- ◆ Monthly & Quarterly review of financial and operational performance



Robust Management Team



Shashwat Goenka
Non – Executive Director

- ◆ Alumni of The Wharton School of The University of Pennsylvania
- ◆ Heads retail business of RP-Sanjiv Goenka group comprising of Spencer's Retail Ltd, Omnipresent Retail India Pvt Ltd. & Guiltfree Industries Ltd.
- ◆ Chairman - CII National Committee on Retail
- ◆ Co-Chair - FICCI Retail & Internal Trade Committee



Devendra Chawla
Managing Director & CEO

- ◆ BE, MBA and Alumni of Harvard Business School
- ◆ 22+ years of experience
- ◆ Responsible for Growth & Management of the company.



Vipin Bhandari
Deputy CEO

- ◆ CA and B.Com(Hons.)
- ◆ 20+ years of experience in Retail
- ◆ Responsible for Merchandising & Operations.



Arvind Vats
CFO

- ◆ CA, ICWA and MBA (Finance)
- ◆ 24+ years of experience
- ◆ Responsible for Finance, Treasury, Legal & Taxation, Secretarial, Audit & Commercial and Licenses & Compliance.



Rahul Nayak
Whole Time Director

- ◆ PGDBA in Marketing
- ◆ 20+ years of experience in Retail
- ◆ Responsible for Operations , Customer & Network Expansion



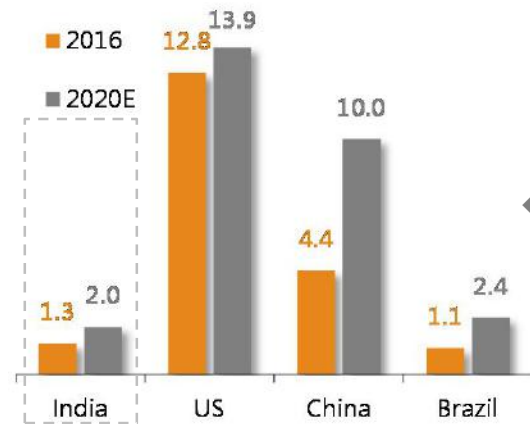
Sandeep Gautam
Executive Director– Human Resource

- ◆ MBA, MSW and LLB.
- ◆ 24+ years of experience across various business sectors.
- ◆ Responsible for developing & managing talent.

Retail Industry in India

India is a consumption-led economy with private consumption forming ~60% of the GDP

Private Consumption (USD tn)

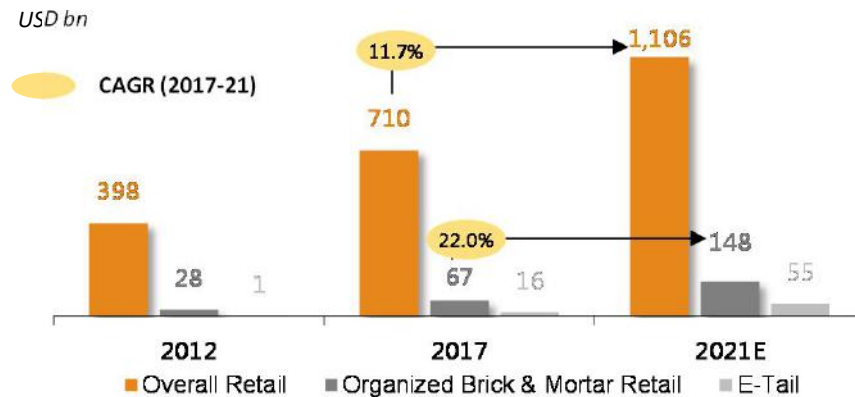


- ◆ India's GDP grew at 7.1% in FY17 and is expected to grow at same pace in medium term
- ◆ India's per capita consumption p.a. is USD 1.0 vis-a-vis USD 39.6 for US implying huge potential for growth

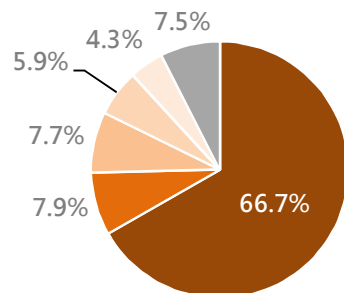
Retail forms ~55% of private consumption in India

Organized Retail Share

7% 9% 13%

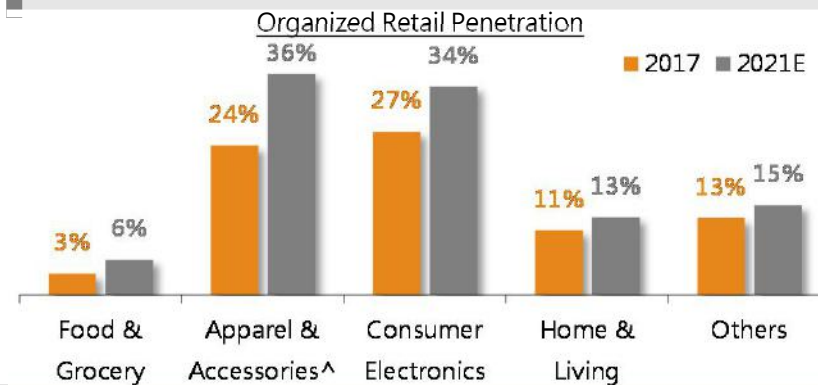


Food and Grocery is the largest segment (FY17) in India



- Food and Grocery
- Apparel & Accessories^
- Jewellery & Watches
- Consumer Electronics
- Home & Living
- Others

Low organized penetration across segments

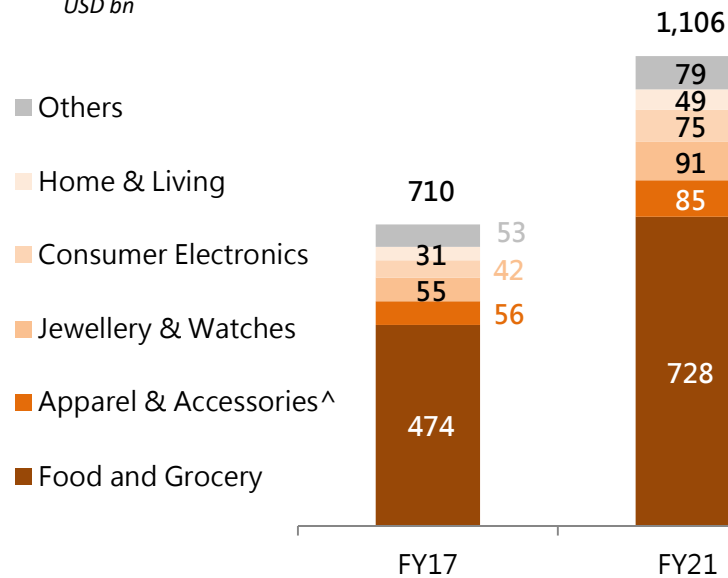


Large, fast growing, underpenetrated sector = Huge growth opportunity (Retail forms ~30% of GDP)

Indian Food & Grocery Market: US\$ 474 bn Opportunity

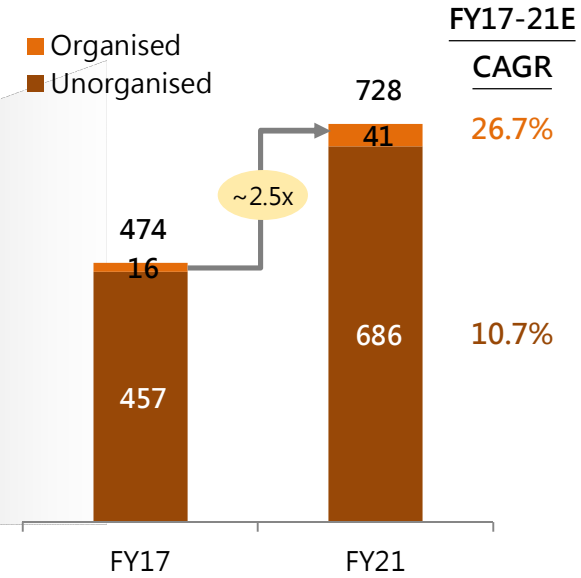
Food & grocery to lead the growth in overall retail

USD bn



Organised food & grocery market to grow ~2.5x in 4 years

USD bn



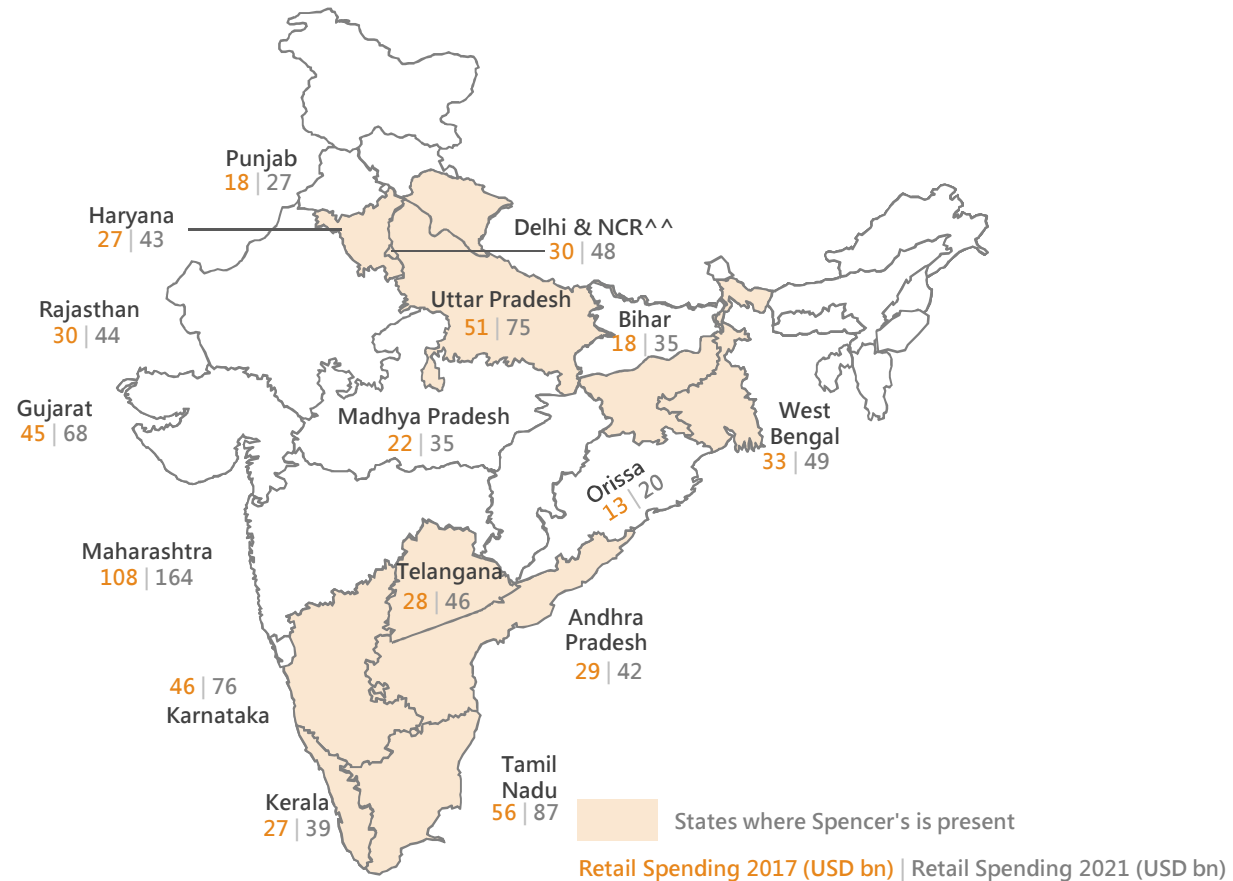
Low penetration in food and grocery market provides retail players huge headroom for growth

Key Growth Drivers



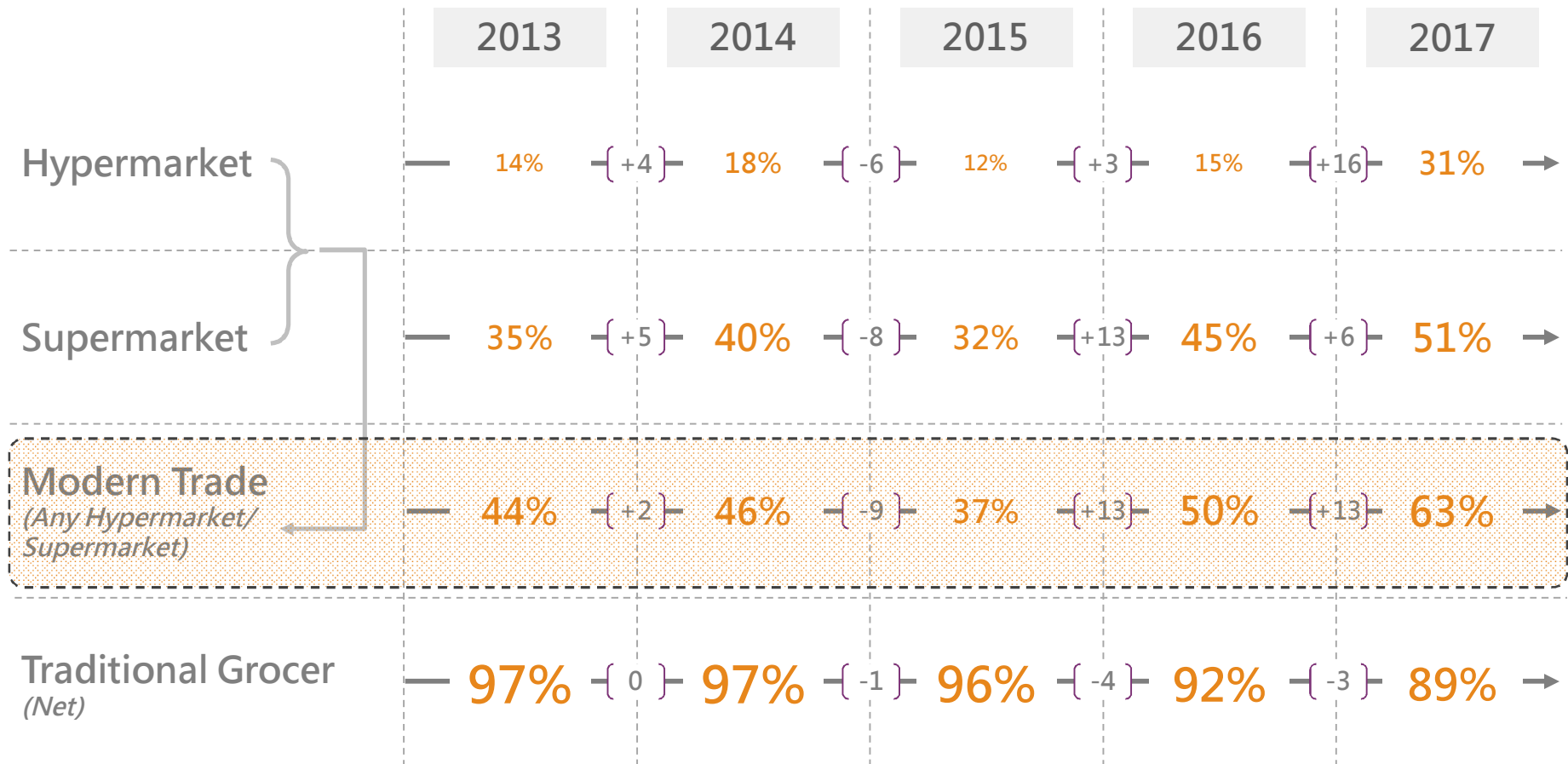
Top 10 States, Contributing ~64% to India's Retail, are Expected to Grow at 11.3% CAGR

Retail Spending in Select States



States where Spencer's is Present Account for ~49% of Total Retail Spend and will grow at CAGR of 11.3%

Modern Trade Sees Growth in Shoppers Visit Driven by Increased Visits to Hypermarkets



Note: Numbers represent the % of surveyed shoppers (total shoppers surveyed = 2701) visiting the res sectors in past 4 weeks prior to survey

A photograph of a grocery store's produce section. The shelves are filled with various fruits and vegetables, including apples, oranges, and leafy greens. Price tags are visible on the shelves. The store has a clean, modern look with green and white accents. The Spencer's logo is overlaid in the top right corner.

spencer's

Makes fine living *affordable*

Investor Presentation

Thanks