



Investor Presentation

January 2019

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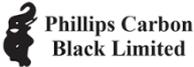
#3 Key Differentiators

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RP- Sanjiv Goenka Group

Diversified Business House



		FY18 Operating Revenue (INR Cr.)
	Fully integrated private power utility company engaged in coal mining, generation and distribution of electricity to city of Kolkata	16,161
	One of top 3 BPO players in India	3,535
	Largest Indian & 7 th largest global carbon black manufacturer with capacity of 472,000 MT p.a. across India	2,600
	India's premier organised food based multi-format retailer	2,073
	Largest natural rubber producer in India & 2 nd largest tea producer in south India	383
	India's largest music company with an archive of over 300,000 tracks	357
	Latest venture in FMCG industry	NA

The Board of Directors of Spencer's Retail Limited (SRL) at its meeting held on 22nd May, 2017 approved, subject to necessary approvals, a composite scheme of arrangement (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 (NCLT), being the appropriate 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 give effect to the Scheme in terms of NCLT Order from the appointed date 1st October 2017.

Business Snapshot: Spencer's

India's oldest retailer since 1863

INR 2,073 Cr.



FY18 Operating Revenue

146



of stores*

36



of Cities Present in*

~1.3 mn sq. ft.



Retail Business Area*

~80%



FY18 Share of Food & Grocery in Revenue

~21%



FY18 Gross Margin

INR 723



FY18 Average Bill Value

~30.2 mn



FY18 Total Bill Cuts

8



of Cities Present in through online channel

Company has achieved Breakeven on Corporate EBITDA Level in FY18

Spencer's Retail: Evolution of the Business

1989-2005: Introduced Modern Retail to India

2006-2009: Spencer's brand launch and rapid expansion

2009 -2016: Consolidation by shutting down non-performing stores

2016 onwards: Focus on profitable growth

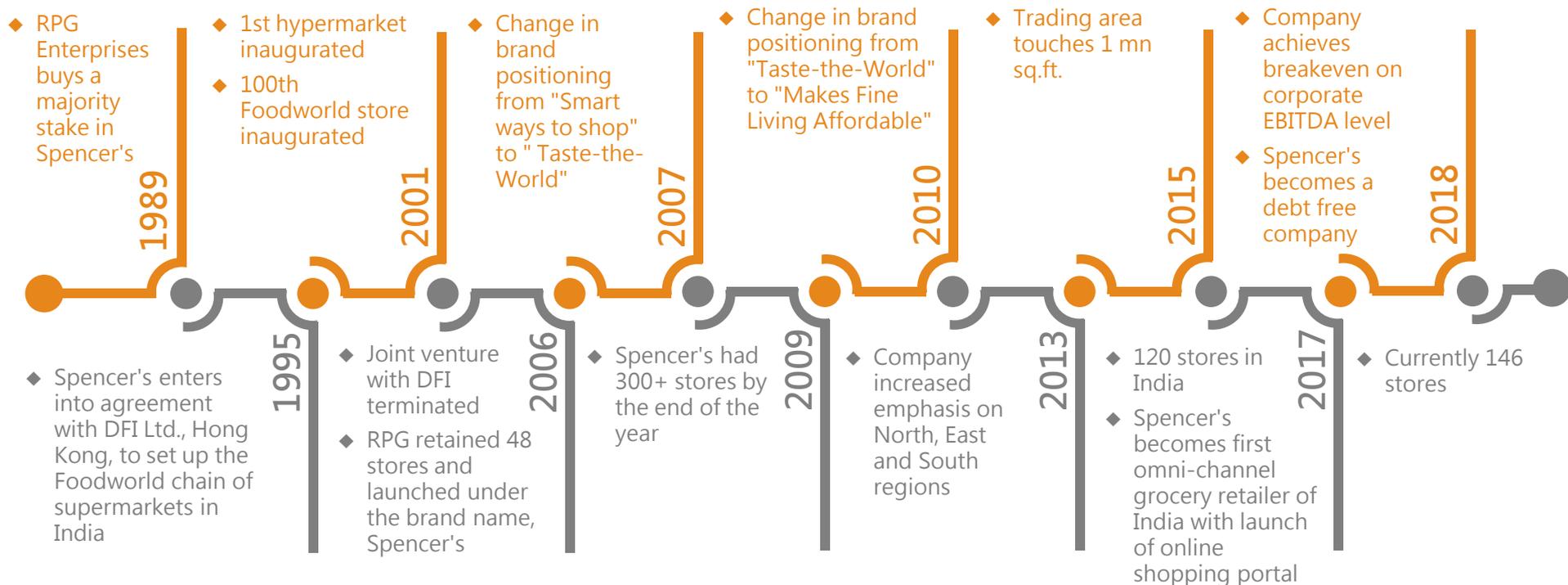


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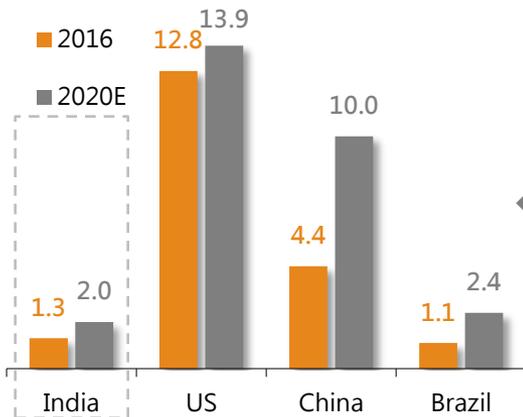
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Retail Industry in India

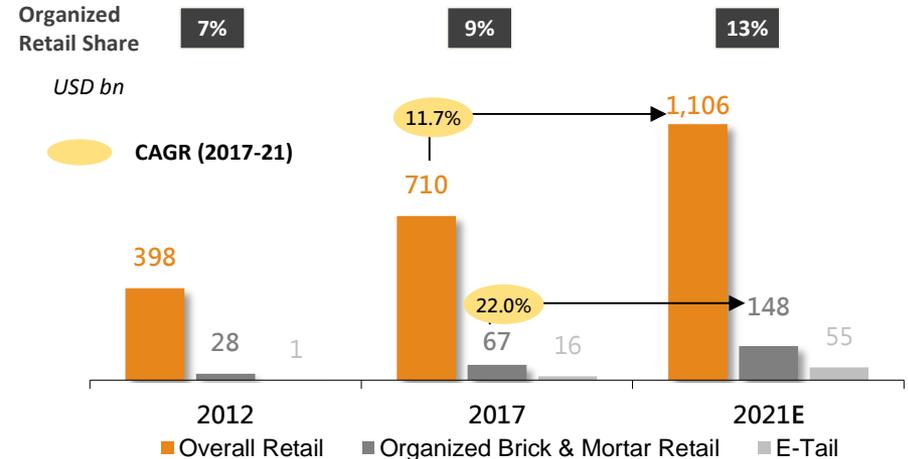
India is a consumption-led economy with private consumption forming ~60% of the GDP

Private Consumption (USD tn)

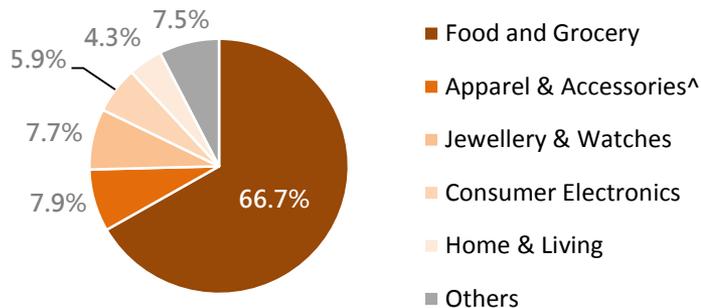


- ◆ India's GDP grew at 7.1% in FY17 and is expected to grow at same pace in medium term
- ◆ India's per capita consumption p.a. is USD 1.0 vis-a-vis USD 39.6 for US implying huge potential for growth

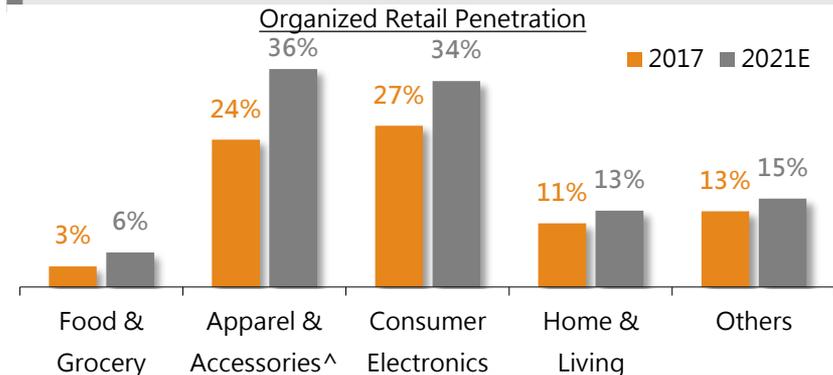
Retail forms ~55% of private consumption in India



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



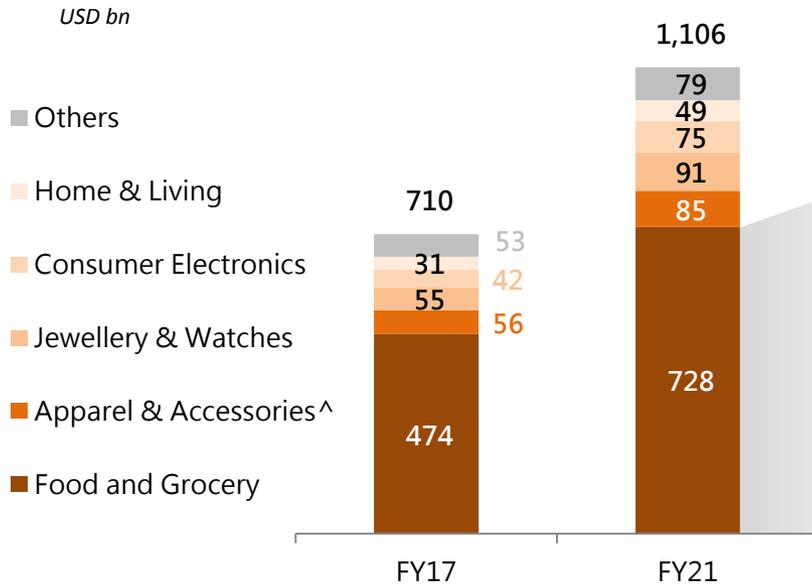
Low organized penetration across segments



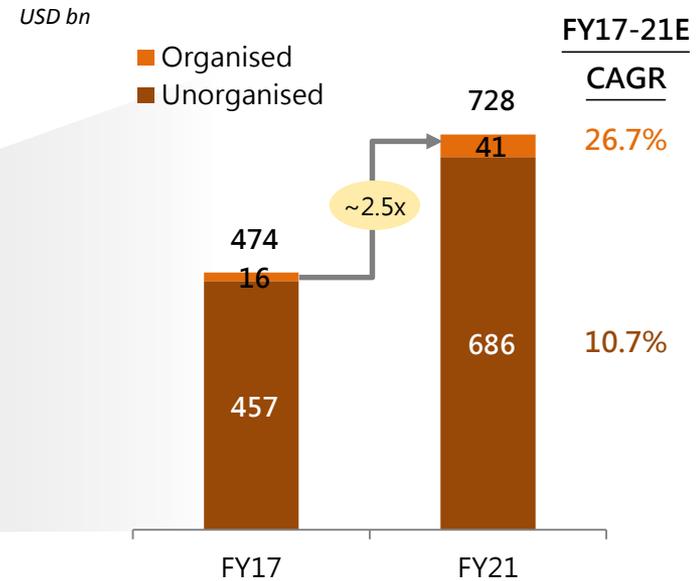
Large, fast growing, underpenetrated sector = Huge growth opportunity (Retail forms ~30% of GDP)

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

Food & grocery to lead the growth in overall retail

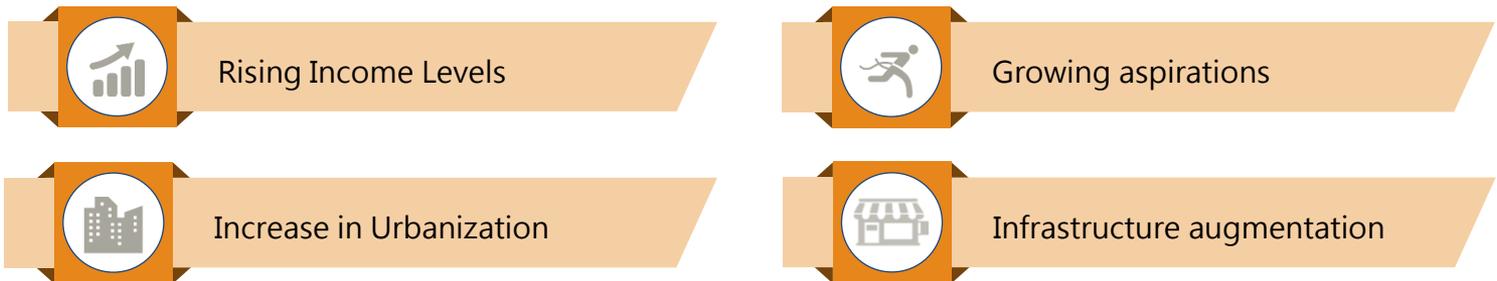


Organised food & grocery market to grow ~2.5x in 4 years



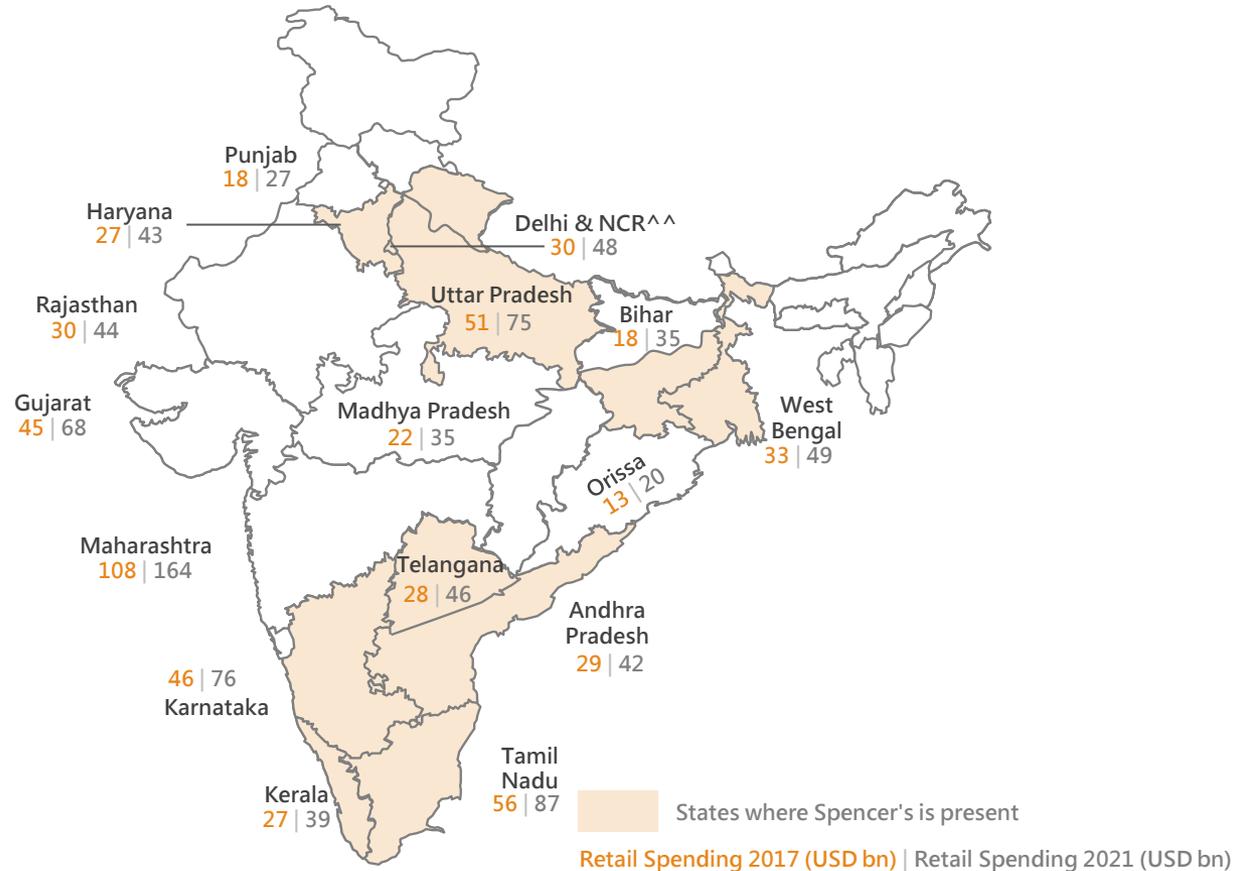
Low penetration in food and grocery market provides retail players huge headroom for growth

Key Growth Drivers



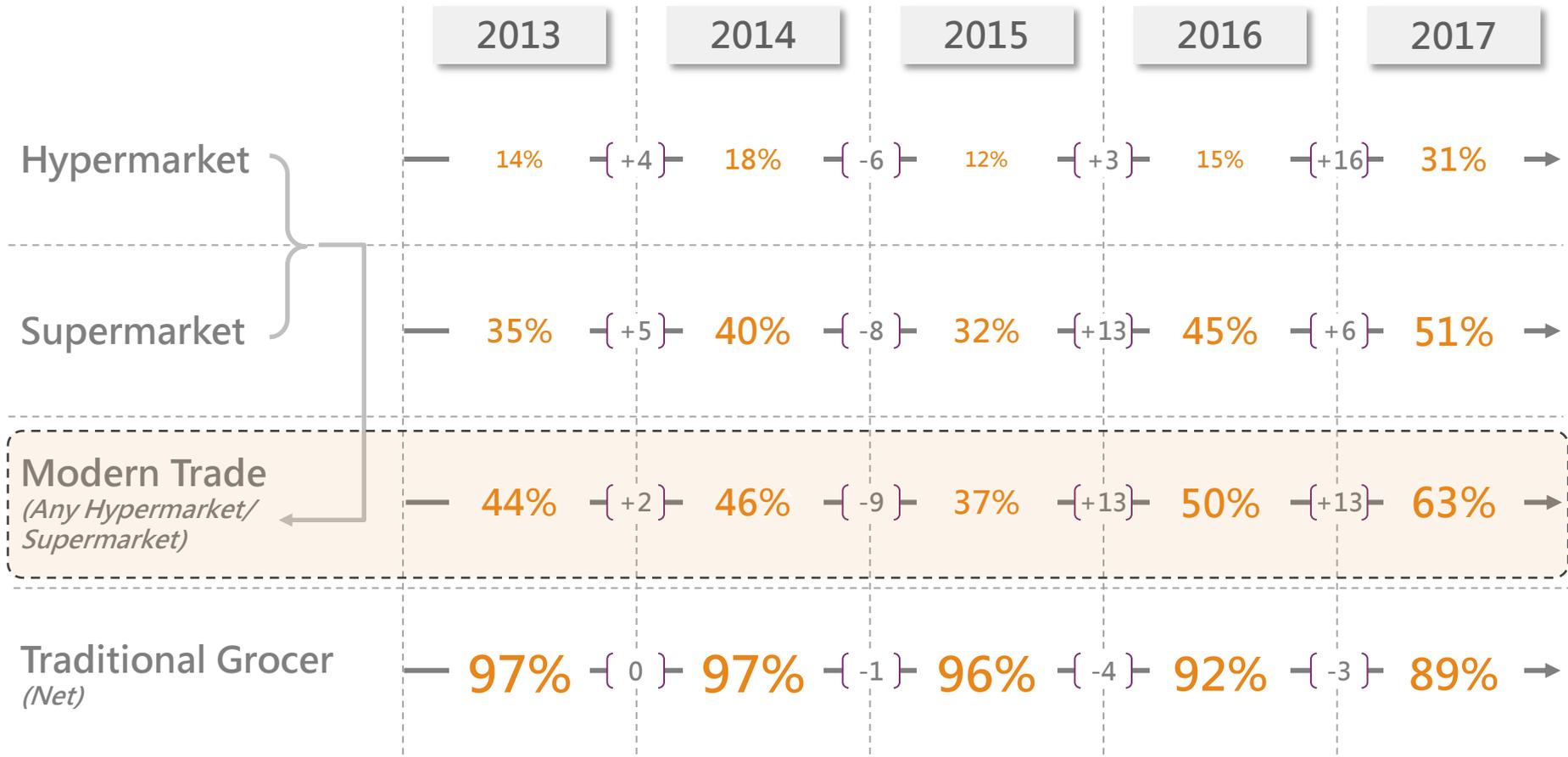
Top 10 States, Contributing ~64% to India's Retail, are Expected to Grow at 11.3% CAGR

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 respective trade sectors in past 4 weeks prior to survey

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Key Strategic Pillars

- #1** Profitable Growth in Geographies with High Retail Spend
- #2** Targeting a Well-Defined Customer-Base Through Diverse and Differentiated Product Offerings & Superior Customer Experience
- #3** Robust Private Label Program
- #4** Continued Focus on Growth and Margin Improvement Through Optimal Product Mix
- #5** Efficient Operations Ensuring a Lean Cost Structure
- #6** Growing Omni Channel Presence

Profitable Growth in Chosen Geographies

Distribution & Collection Centers Located in Critical Geographies

Pan-India Network

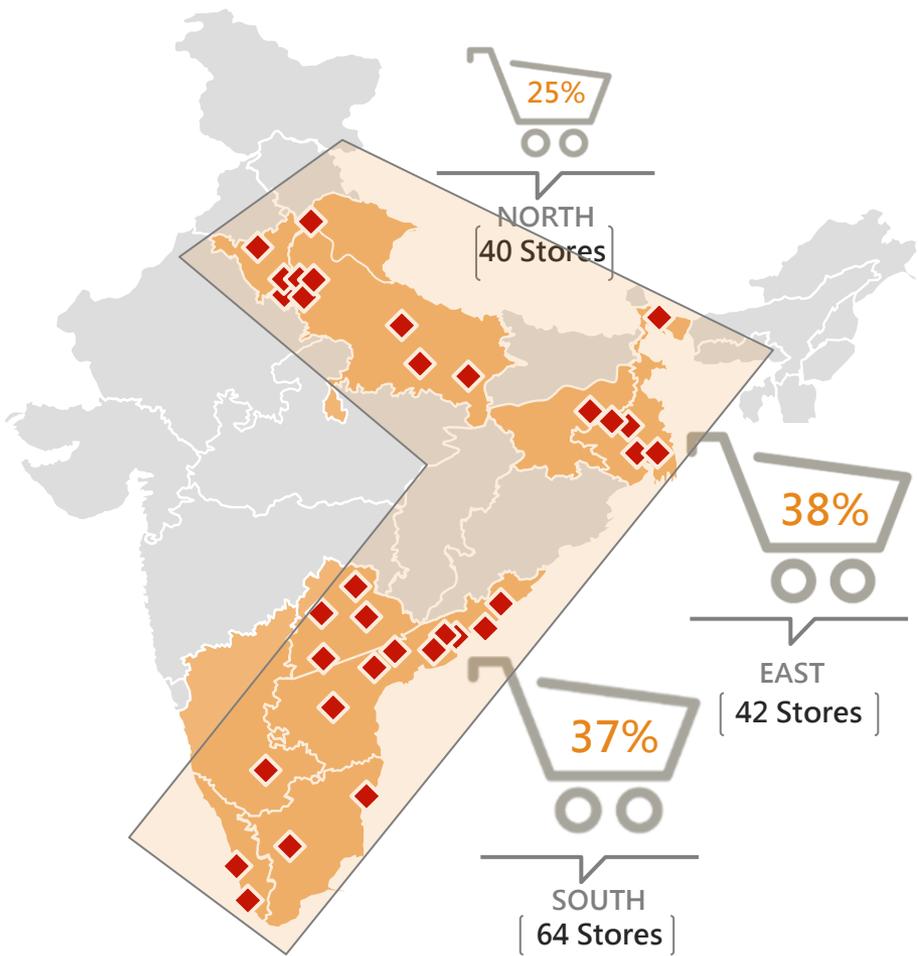
Target Customer

Private Label

Category Mix

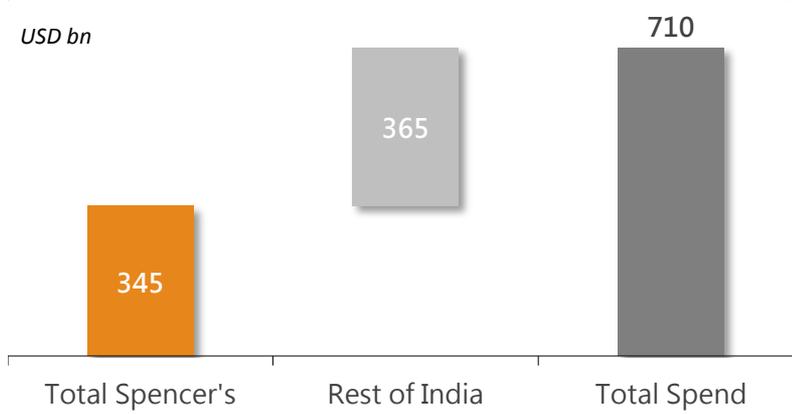
Operations

Omni-Channel

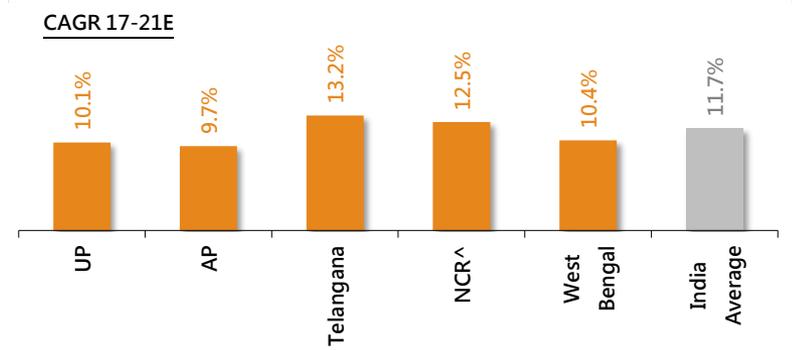


Contribution of individual regions towards Company's Revenue from Sales (FY18)

Break-up of Retail Spending by States* (2017)



Growth in Retail Spending across Spencer's Top 5 States*



Spencer's Presence across All Formats to Help Achieve Profitable Growth and Improve Margins



of Stores



of Cities Present in



Store Area



FY18 Revenue Share



Typical Mix of Assortment



Key Differentiators

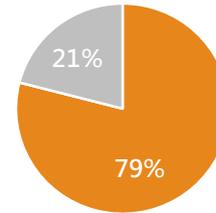
Large Format

67

30

> 5,000 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

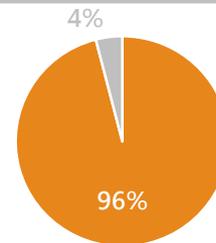
Small Format

79

16

< 5,000 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

Targeting a Well-Defined Customer-Base...

Pan-India Network

Target Customer

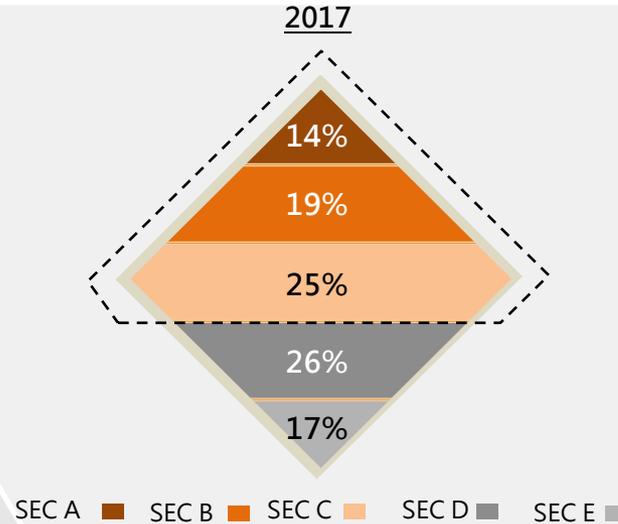
Private Label

Category Mix

Operations

Omni-Channel

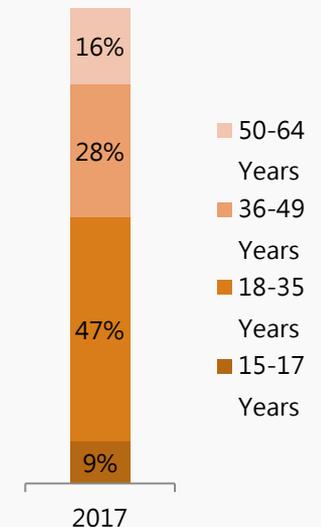
- ◆ The proportion of nuclear households has reached 70% and is projected to increase to 74% by 2025
- ◆ Nuclear families spend 20% to 30% more per capita than joint families
- ◆ Increasing urbanization and interstate migration further fueling consumption
- ◆ About 40% of India's population will be living 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 for all their needs (one-stop-shop)



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



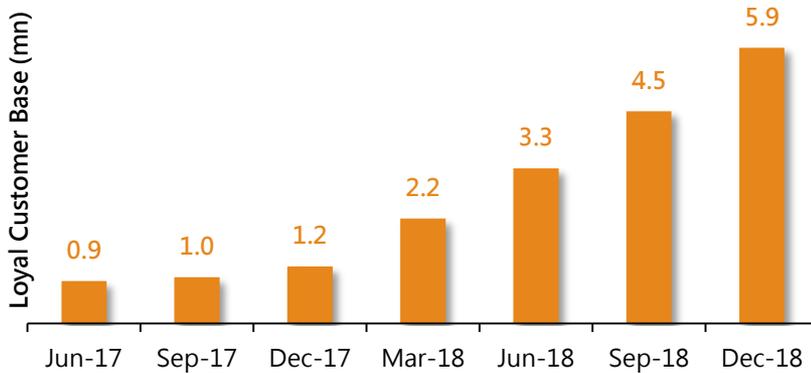
Share of Working Age Population



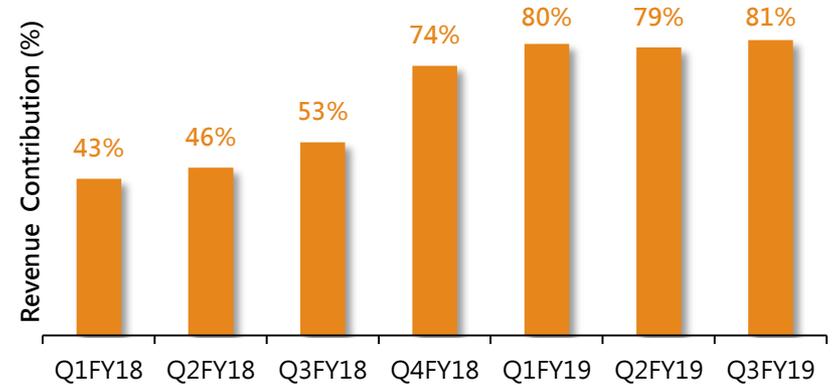
- ◆ Millennial (18-35 Years) account for ~71% of household income
- ◆ With only ~10% savings, millennial are driving a shift towards consumption economy

...And Increasing Customer Stickiness...

Steadily increasing base of loyal customers...



... with high contribution to sales



Activities ensuring high cross sell to loyal customers



Spencer's loyal customers visit the store once every fortnight

...Through a Robust Private Label Program

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

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

Portfolio of Private Labels

Apparel



FMCG



Staples



HWP



E & E



Key Highlights



1,400+

of SKUs across categories



13%

Contribution to company sales



INR 200Cr.

FY18 Private Label Food Sales

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

Note: E&E and HWP are part of General Merchandise; E&E: Electrical and Electronics; HWP: Home-Work-Play

...And Diverse and Differentiated Product Offerings

Diverse Product Categories Offered

Pan-India Network

Target Customer

Private Label

Category Mix

Operations

Omni-Channel

Foods

Share of FY18 Revenue

63%



Snacks



Groceries



Staples



Dairy



Processed Foods



Liquor



Fruits & Vegetables



Frozen Products



Confectionery



Beverages

Non-Foods (FMCG)

Share of FY18 Revenue

19%



Personal Care



Health & Wellness



Toiletries



Home Care



Baby Care

General Merchandise, Apparel and Electrical & Electronics

Share of FY18 Revenue

18%



Bed & Bath



Footwear



Crockery



Toys & Games



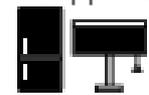
Plastic Goods



Home Appliances



Garments



Electrical & Electronics

...And Diverse and Differentiated Product Offerings

Differentiated Offerings Separates Spencer's from Other Retailers



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

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



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

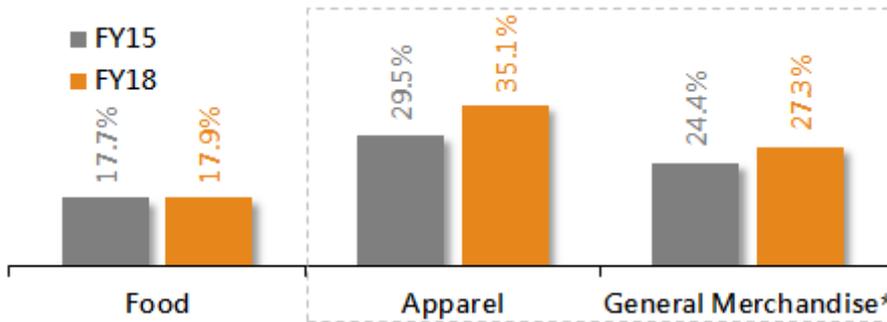
"Spencer's Wine and Liquor": Shop-in-shop outlet inside the large format stores offering a wide repertoire of wines and spirits from around the world



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

Continued Focus on Growth and Margin Improvement Through Optimal Product Mix...

Improving margins of Non-Food Categories



Increasing share of Non-Food Categories



Boost the overall margin

- ◆ Increasing strength in Non-Food categories especially Apparels
 - Introduced international trends and quality at affordable prices
 - Offer fresh fashion that drives 'association' and 'aspiration'
 - Changing fashion merchandise every 3 weeks to maintain fresh look
- ◆ Carefully articulated store design gives prominence to non-food categories, enhances customer experience and increases cross selling

Note: *General Merchandise excludes E&E

...And Efficient Operations

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

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



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

E-Commerce Presence



~**130,000** customers base, increasing rapidly on month on month basis



Higher average bill value than average of offline Spencer's shopper

Retention rate of ~**50%**



More than **15,000** products added to catalogue from the store assortment

~**60,000** orders per month



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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-SG group comprising of Spencer's Retail Ltd, Omnipresent Retail India Pvt Ltd. & Guiltfree Industries Ltd.
- ◆ Worked on different projects across sectors including Power, Manufacturing, Media & Entertainment
- ◆ President - Indian Chamber of Commerce (2017-18)
- ◆ Chairman - CII National Committee on Retail
- ◆ Co-Chair - FICCI Retail & Internal Trade Committee



Vipin Bhandari
Deputy CEO

- ◆ CA and B.Com(Hons.)
- ◆ 20+ years of experience in Retail
- ◆ Responsible for Strategy, General Management & Organic and In Organic profitable business growth



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.