

# Shoppers Stop plans expansion to catch up with competitors

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**S**hoppers' Stop Ltd, the 18-year-old retail chain promoted by K Raheja Corp, is plans to expand over the next three years to catch up with competition.

Though the company was among the first movers in the country's organised retail market, it has about 1.9 million (sq ft of retail space today. It is considered a slow mover compared to competitors such as Kishore Biyani's Pantaloon Retail, which has over 10 million sq ft of space, or Reliance Retail, which has over 950 stores covering 4 million sq ft. Aditya Birla Retail has 700 stores with over 2 million sq ft space. Both Reliance and Aditya Birla started operations in 2006.

Shoppers' Stop plans to add 1 million sq ft over the next three years. This would mean 18 new department stores by 2013, the highest addition in the company's history. Currently it has 29 department stores and five

*Hypercity outlets, apart from Crossword bookstore, and speciality store MAC, among others.*

"From being steady, we are increasing the pace now. We are focusing on rolling our formats faster than earlier," Shoppers' Stop Chief Executive Govind Shrikhande said. The company will invest Rs 250-300 crore. It plans to raise Rs 350 crore through the *qualified institutional placement (QIP)* route and other means by March 2011 to fund its expansion. "The fall in rents is helping us. The delivery of properties is (also) much faster as any delay is creating problems for developers, too," said Shrikhande. According to him, retail rents in some cities have fallen 20-30 per cent from their peak. "Our performance in the last few quarters is giving us the confidence to open more stores," said B S Nagesh, vice-chairman of Shoppers' Stop. The company turned around in the first quarter of 2009-10, after losses in couple of quarters. It posted a net profit of Rs 19.2

crore in the December quarter, against a loss of Rs 20.5 crore in the previous year. Gross turnover during the period grew 15 per cent to Rs 427.4 crore. During the slowdown, retailers had either closed down several loss-making stores or put expansion on the backburner to save cash. Shoppers' Stop, too, pulled out from unviable ventures. It closed a couple of Crosswords and airport retail store Stop & Go in Mumbai. It pulled out of a catalogue retailing venture with UK's Argos Group and moved out from food business. It also made UK's Mothercare store a shop-in-shops instead of a standalone property. "Though they are the slowest, they are one of the oldest retailers in the country who have a lot of learning with them. They made their mistakes and understood that mostly Hypercity and Shoppers' Stop will work," said Susil Dugarwal, a former employee of Shoppers' Stop and founder of Beyond Squarefeet, a mall management firm.