



Register Now

About RetailTech.Nxt

IndiaRetailing.com



Retail

## V Mart to take its own time to launch stores

By Indiaretailing Bureau | July 15, 2009 | 220 | 0

Follow Us

Delhi-based retail chain V Mart is treading cautiously on its expansion plans. V Mart does not want to rush with the opening of new stores.

The company plans to open eight new stores by the end of this financial year in tier-II and tier-III cities. The cities include Ujjain, Aligarh, Ballia, Chhapra, Arah and Patna, among others.

“We do not want to get into the mad rush of opening new stores and overstretch our finances. We would rather consolidate and stabilise our operations before exploring new geographies,” Lalit Agarwal, managing director, V Mart, told Financial Chronicle.

The company would invest around Rs 16 crore towards opening these stores. Agarwal added that V Mart bargains hard on rentals before it finalises a store in any locality.

“The average rental for our stores is around Rs 30 per square feet and it forms 5 per cent of the total sales of a store,” said Agarwal.

In fact, low rentals form a critical part of V Mart’s business strategy because high rentals have been a burden for retail players who have been paying rentals as high as 15 per cent of their sales. “A store should earn Rs 550 to Rs 650 per square feet for it to be viable,” added Agarwal.

The company, which at present operates 52 stores across the country, is targeting smaller cities for fresh expansion.

“We feel the retail market in these cities is largely untapped and prospects of growth are much better,” he said.

The average size of a V Mart store is 8,000 square feet and the company targets middle-class people with the products offered in its stores.

The company is eyeing a 60 per cent growth on its sales turnover in the present financial year.

“The growth could come either through the increased sales at each stores or through consolidated sales from the increased number of stores,” said Agarwal.

Aggarwal added that the company studies the local market carefully before selecting the product range.

“India is a diverse country with varied preferences and every one of our stores is customised as per the local market to suit local tastes,” Aggarwal added.

Source: Financial Chronicle