



Thai chain to open two wholesale cash-and-carry outlets in NCR (Reuters)

Lots Wholesale Solutions is all set to launch its initial two wholesale cash-and-carry outlets in Delhi-NCR within 2018, the first of which will be launched in July. The chain is based in Thailand and housed in a company called Siam Makro. The company will invest `1,000 crore in the next five years and has plans to open 15 wholesale distribution centres in north India.

Sameer Singh, director (business development), LOTS Wholesale Solutions, said with a view to keeping costs low, it was trying to source directly from the farmers or large local markets located near the sourcing centres. “We will keep the hiring, logistics and real estate costs low,” Singh said, adding that it was important to stock the right products.

Singh said the stores would be around 40,000-50,000 sq ft, smaller than those in Thailand where they were 100,000 sq ft. Although players in the wholesale space such as Walmart India and Metro Cash & Carry India continue to remain loss-making, Pinakiranjan Mishra, partner and sector leader (consumer products and retail), Ernst & Young, said the cash-and-carry model makes good business sense in India. “If the foreign players can build scale the way they have done abroad, the market opportunity is huge. I believe the key will be in execution and building supply chains, more than getting market share,” he said.

Walmart India which has presence in India since 2009 narrowed its losses by almost 27% during FY17 to `75 crore, according to the ministry of corporate affairs data. The company reported a 10% revenue growth in FY17 at `3,641 crore. The Indian unit of Germany's Metro Cash & Carry, which entered the country almost 16 years ago in 2003, reported a loss of `139.4 crore in FY17, up 24%, on the back of an increase in revenues from operations of 22.14% to `5,632 crore.

Metro plans to have 50 wholesale outlets operational in the country by 2020 (it has 24 stores at present). It said in an RoC filing that it is confident of increasing the turnover in the coming years and plans new stores. While Walmart India and Metro Cash & Carry India have taken their time to settle down, Singh said his firm hoped to be profitable within the next five years, driven by cautious expansion, focus on low-cost real estate.

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