Thomas Varghese, CEO, Aditya Birla Retail. VIVEK SINHA/HT

More. AB Group plans 110 this FY

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NEW DELHI: Aided by a revival in market sentiments, the retail arm of the Aditya Birla Group plans to open 10 large format hypermarkets and 100 "smaller format" stores under the More brandname in the current fiscal year.

While the large ones will measure between 50,000 and 70,000 square feet each, the smaller ones will measure 2,500 to 5,000 square feet, Thomas Varghese, CEO of Aditya Birla Retail, told *Hindustan Times*.

"The expansion plan will entail an investment of around Rs 200 crore. The funding will take place through a mix of debt and internal accruals in equal proportion," he said.

The company currently runs 546 stores under the More brandname, including six hypermarkets. While the expansion is ambitious, it is carefully thought out.

"Each store should earn profits and support itself. Ideally a hypermarket should break even within 15 to 18 months and the smaller format should break even within 15 months," Varghese said, explaining the method of expansion.

The company has not hesitated to close losing stores, which has led to a 20 per cent fall in floor space to 1.8 million square fet.

"The guiding force for a store will be profitability and not foot falls," Varghese said.

The current expansion plans envisages a presence across 36 new cities with those with a one-million strong population being targeted for hypermarkets.

The company is also betting on its private label business and expects to derive 30 per cent of its sales from the private labels over the next three years. At present private labels contribute 19 per cent of its sales. The company already has its private label brands in the consumer goods, apparel and fruits and beverage categories.

"We plan to have our own brand of private label in the consumer durables by 2012," Varghese said.

Varghese said the idea of joint back-end operations shared by retailers had reached a dead-end as a broader consensus eludes firms. However, the retailers are sharing data on fraudulent practices and employee integrity, he said.