

Aditya Birla Retail mulls IPO

Charts out ambitious growth plan for the company over the next five-six years

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Aditya Birla Retail, the country's second biggest supermarket operator, is considering an initial public offer (IPO) and will time it as soon as the company starts spinning profits.

"We will definitely be open to an IPO but it will be closer to the time of profitability... Around 2012 or maybe even before that, when we sight profitability," Aditya Birla Retail Ltd (ABRL) CEO Thomas Varghese told PTI here.

He said the company had still not determined the amount of equity it would dilute.

"We want to get the maximum value for the equity we have and that we will get only when we are able to show profitability and demonstrate long-term growth potential," Varghese said.

The company, which operates over 650 supermarkets and three hypermarkets across the country, is also open to bringing financial investors on board.

"We are not opposed to di-



Aditya Birla Retail Ltd CEO **THOMAS VARGHESE** said, 'We will definitely be open to an IPO ...around 2012 or maybe even before that when we sight profitability'. He added, 'We are resizing the supermarket business. Our network will have 1,600 or 1,700 supermarkets by 2015-2016. And we should have 80-100 hypermarkets by then'

luting our stake marginally to give it to a private equity player, as long as his background profile meets our own aspirations. We want a passive financial investor," he said.

Varghese has charted an ambitious growth plan for the

company over the next five-six years and plans to make Aditya Birla Retail a \$2-billion entity by 2015-16.

"We are resizing the supermarket business. Our network will have 1,600 or 1,700 supermarkets by 2015-2016,

hopefully. And, we should have 80-100 hypermarkets by then," Varghese said.

The mom-and-pop store chain is present in 14 Indian states with major operations in the south — Karnataka, Andhra Pradesh, Tamil Nadu

and Kerala.

"Our strategy at this point in time is to deepen our cluster. We are hoping that most of our supermarket networks will become Ebitda-positive this year and that as a retail company, we will become Ebitda-positive in 2012, which will be our fifth year of operation," Varghese said.

ABRL has a whopping count of 160 supermarkets in Andhra Pradesh alone, while the Karnataka network boasts of 107 outlets. The company recently rolled out a hypermarket in Indore, in addition to the existing ones at Baroda and Mysore.

"We will probably close the year with 680-690 stores. Not more than that, because we are planning to wind up quite a large number of stores even now, as part of our cleaning up process," he said.

"We are already careful and not putting up stores which we think will not turn profitable within a year's time," Varghese added.

ABRL is eyeing a sales turnover of about Rs 1,600-1,700-crore in FY10, a 45 per cent jump in growth compared to the previous year.