

Aditya Birla Retail to open 100 supermarts

Vivek Seal. New Delhi

After 20 months of consolidation, retail firm Aditya Birla Retail, is looking to be store positive this year, as it has been able to reduce its cost to the desired level, according to a senior official.

"We are expecting to be store positive by the end of this year, which is remarkable,



On the shelf

To also open 8-10

hypermarkets

Have reduced costs by

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To spend Rs 16 cr for each

hypermarket & Rs 14 lakh

for each supermarket

as no one else has been able to achieve it. Next year we will come close to Ebitda profitability, but actual profitability would come in 2012-13," Thomas Varghese, chief executive officer, Aditya Birla Retail, told *DNA Money*.

The company has a network of 535 superstores and 6 hypermarket stores. It would open up 8-10 hypermarkets and 100 supermarkets this year. The expenditure is slated at about Rs 16 crore for each hypermarket and Rs 14 lakh for a supermarket.

The company would fund its investment plans through debt and some equity by promoters, and it is not looking for a financial investor or joint venture partner.

"We are done with all the cleaning up and consolidation for our business. We have cleaned up our network and shut all the stores which were not making money. We have reduced costs by about Rs 200 crore. There is very little for us to do on costs, so the only thing we can do is store, revenue and margin expansion," Varghese added. The company is looking to maintain the number of private labels and also launch private labels in electronics and consumer durables.

"Private label margins are about 30-35%, compared to non-private label margins at about 20%, so it is an obvious choice. But we can't fill our stores with just private labels, there should be a significant presence of each brand," Varghese said. The firm is expecting sales of Rs 1,800 crore for 2010.