

# Birla Retail hopes to make profit by FY13

Sarah Jacob

BANGALORE

**A**DITYA Birla Retail, which runs the More brand supermarket and hypermarket stores, expects to start making profits in the next three years. If so, it could be the first Indian retail major to come out of the red by FY13.

In a retail environment where big players have been witnessing a degrowth, ABRL has seen fairly robust single-digit growth in the past six months. "We have grown around 3-4% month-on-month since March and will probably be the first player in this space (read organised national retail) to break even. We expect the south zone to break even this fiscal and the two formats to break even by next fiscal," CEO of ABRL, Thomas Varghese, said.

ABRL kicked off retail play with the acquisition of Hyderabad-based Trinethra Super Retail and Fabmall in 2007.

The chain is now putting in place an optimisation strategy to boost returns and for effective use of available real estate. It will nearly double the number of stock keeping units (SKUs) per square ft, from 1.25 SKUs to 2 SKUs per sq ft. Increasing the rack heights is one of the options to achieve this. This will give the customer access to more brands over the same shelf space.

"We have realised that sales turnover from a 2,000 sq ft store can be increased to match that from a 3,500 sq ft store. We will roll out this plan in 160 stores in the next 6-8 months," Mr Varghese said.

The Rs 1,130 crore ABRL operates 642 stores across 12 states and had shut down over 100 non-viable stores.

The company is negotiating new store launches at nearly half the rent targeting a rent-to-revenue ratio of under 5%.

More's hypermarket outlets (60,000-70,000 sq ft) are coming up in rapid succession in Mumbai, Mysore, Aurangabad, Indore and now Bangalore. The company plans to have eight hypermarkets and 700 supermarkets by fiscal end.