

Birlas appoint new CEO for retail venture

Thomas Varghese To Replace Current CEO Sumant Sinha; Move In Line With Co's Organisational Recast Plans

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IN A major organisational reshuffle on Tuesday, the Aditya Birla group appointed Thomas Varghese as the new chief executive officer (CEO) of Aditya Birla Retail, replacing Sumant Sinha, who will move out after spending six-and-a-half years with the group. Thomas Varghese is currently senior executive president and head of Grasim's pulp division.

The move comes at a time when the retail sector has slowed down due to high real estate costs and lesser purchasing power. Other large players including the Reliance, Future group and the Tatas, being hit by the slowdown.

When contacted, Mr Sinha told ET that he was moving out. "I've got another challenging opportunity outside the



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group. But it has been an extremely tough decision for me with the (retail) business doing extremely well and very well positioned," he said.

Mr Sinha was handpicked by group chairman Kumar Mangalam Birla in 2001, when the former was a capital markets specialist with ING Barings at New York. Mr Sinha headed various divisions in the group, mostly in finance, before being elevated to head the group's retail

business, which was started in 2006.

Mr Sinha said he will continue to be based in Mumbai, although his new appointment wouldn't be in retail. An Aditya Birla group spokesperson said: "The move is in line with the talent development and the career progression process that have been institutionalised in the group." Mr Varghese will report to the chairman and will be based in Mumbai.

In April, ET had reported that Aditya

Birla Retail was grappling with the challenge of retaining its top talent in the face of slowing growth and a competitive business environment. Mr Sinha's exit comes barely two months after the expat CEO of Aditya Birla Retail's supermarket business, Andrew Denby, left the company, amid talk of underperformance. The retail company's CIO, Parakh Dave, also put in his papers during the same time. Aditya Birla group director Santrupt Mishra had then said that the conglomerate was reviewing its organisational structure.

Although, it started little late, the Aditya Birla group has said it has been able to move up rapidly to the No 3 position by revenue, within 18 months. "We have seen issues such as high real estate and other concerns, but that has affected other players also," said Mr Sinha.

Reliance Retail, the Future Group and

other large players in the Indian retail sector have also been forced to review their formats as the still-nascent sector in India has encountered hurdles with the average Indian consumer being slow in changing his shopping behaviour. Aditya Birla Retail initially built its presence through an aggressive expansion spree in southern India that included acquisition of the Trinethra retail chain that gave it access to over 500,000 square feet of retail space, through 170 stores.

Group chairman Kumar Mangalam Birla has plans to spend nearly Rs 8,000 crore to Rs 9,000 crore for the retail business. The group already has expertise in apparel retail through group company Madura Garments, which owns and markets brands such as Louis Philippe, Van Heusen, Allen Solly and Peter England.

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