

# Business Standard

## Sanjiv Goenka forays into FMCG, to trim focus on power generation

Group is planning to reduce its dependence on power generation business by expanding in other areas

Avishek Rakshit | Kolkata April 10, 2017 Last Updated at 18:22 IST



*Sanjiv Goenka, chairman, RP - Sanjiv Goenka Group, at a press meet in Kolkata on Monday.*

*Photo: Subrata Majumder*

Diversified conglomerate RP-Sanjiv Goenka Group (RPSG) has forayed into fast-moving consumer goods (FMCG) and is eyeing \$1 billion revenue in the next five years from this business.

The group is planning to reduce its dependence on the power generation business by expanding in other areas like power distribution, FMCG and sports.

Sanjiv Goenka, group chairman, has formed a new company, Guiltfree Industries, which is likely to drive the group's FMCG business. "There will be only one FMCG entity in the group in the future," Goenka said.

RPSG has rolled out two variants of quick snacks under the Too Yumm brand name and will for the next nine months focus on increasing the snacks portfolio by 8-10 products. The group also plans to enter the premium and organic processed food verticals. Eventually, the business will cover dairy, juices, personal care and health care.

Goenka is strengthening the group's FMCG distribution channel. "In another fortnight, we will have presence in 20,000 outlets in Kolkata, Pune and Delhi-NCR. By the end of the current (financial) year, we plan to take it up to 100,000 outlets in 40 cities," he said.

Goenka is eyeing acquisitions, particularly FMCG manufacturing and distribution companies, apart from planning to set up its own manufacturing plant. The group is expected to invest Rs 10,000 crore over the next five years in this venture. Currently, it outsources manufacturing of its products to companies in Delhi-NCR, Pune and Gujarat.

"The decision of our manufacturing plant's location lies in how the GST unfolds," he said.

Goenka has plans to take the products outside India and will seek partnerships and acquisition opportunities.

RPSG had earlier appointed McKinsey to come up with a plan to drive the group's future business. It recommended RPSG venture into business process outsourcing (BPO) and FMCG.

RPSG entered the BPO space by picking up a substantial stake in Firstsource Solutions, which now has a Rs 681 crore paid-up capital.

Goenka said the future businesses of the company would be driven by non-capital intensive sectors and verticals where government regulations and control were minimal. "We will not be investing any more in power generation but will be bidding in distribution projects," he added.

The restructuring of the Rs 17,500 crore RPSG into different business verticals is likely to be announced in the third week of May. An executive said the group had asked the Securities and Exchange Board of India if it could disclose the restructuring plan along with financial results. However, Sebi it is yet to respond.

Goenka declined to comment on the expected date of the announcement.

The restructured RPSG is expected to have different companies for electricity generation and distribution. Currently, both divisions operate as a single entity under CESC. The retail division, operating under Spencer's Retail, is likely to become a separate company.

The executive said division of assets and debts had been worked out so that the two companies emerging out of the power business demerger plan would have equal asset bases and similar top lines.

CESC, on a standalone basis, had an asset base of Rs 18,200 crore on September 30, 2016, while its liabilities were over Rs 5,100 crore.

Besides, CESC's holdings in other group companies will also be bifurcated so that holdings can be distributed evenly between the power generation and distribution companies. CESC currently has 36 subsidiary companies.