

Growth-hungry Sanjiv bites into FMCG pie

OUR SPECIAL CORRESPONDENT

Calcutta, April 10: RP-Sanjiv Goenka Group has formally forayed into the fiercely competitive fast-moving consumer goods (FMCG) segment with the launch of packaged ready-to-eat snacks, heralding the latest diversification of the power-to-BPO conglomerate.

It plans to focus on the food segment initially, both on its own and through acquisition, and expand into the health and personal care business in the future.

Group chairman Sanjiv Goenka today said it would invest Rs 10,000 crore (\$1.55 billion) to build the business, aiming to score \$1 billion in revenue over next five years.

"This (FMCG venture) is part of our strategy to enter the non-capital intensive, non-government regulated business," Goenka said ahead of the commercial rollout on Thursday.

He said talks were on with multiple players for acquisition in the food space as it strives to gain distribution teeth and ready the plant and infrastructure. "We are hungry for acquisition but won't be foolish," Goenka added, declining to share the details.

Investment plans include acquisition, building multiple units and brand building. Guiltfree Industries Ltd, the privately held arm driving the food business of the group, is now outsourcing the snacks from plants in Pune, Gujarat and Delhi.



Sanjiv Goenka with son Shashwat in Calcutta on Monday. Picture by Sanjoy Chattopadhyay

The company, to be spearheaded by Goenka's son Shashwat, is now putting in place a team by poaching top

talents from competitors to take on food giants such as Hindustan Unilever, ITC, Marico and Dabur.

It has started with the launch of four variants of two types of snacks—fox nuts and wheat thins—under the Too Yumm! brand. The rollout will happen simultaneously in Calcutta and Pune, the home city of the group's IPL cricket franchisee, on April 13 followed by New Delhi on April 20. It will be available both in supermarkets and in neighbourhood stores.

Goenka said 8-10 products were in the pipeline which would be launched over the course of the next 9-12 months. It has brought in stand-up comedian Cyrus Broacha to promote the products.

The diversification comes ahead of the group's plans to restructure the business, especially splitting the money-

spinner CESC which holds power generation, distribution, retail (Spencer's), real estate and BPO (Firstsource Solutions). A formal announcement will take place in May.

The group, which has earned Rs 17,900 crore in revenue, also has interests in entertainment (Saregama), carbon black (Phillips Carbon Black), sports (IPL and ISL franchisees) and education (IMI).

The group's entry into new areas follows the recommendation of consulting firm McKinsey which had identified the BPO and FMCG sectors. It is also part of the group's strategy to move away from regulated sectors such as power to sectors where government interface is limited.