

Munjals bet on diversification for growth

The third generation of the Munjals is leading a diversification drive at the \$5.5 billion Hero group. Rahul Munjal, son of late Raman Kant Munjal, has recently setup a renewable energy venture - Hero Future Energies Pvt. Ltd. Rahul's younger brother Abhimanyu founded the group's financial services business - Hero FinCorp Ltd., earlier this year. Both the brothers are aiming for aggressive growth for these ventures. While Hero FinCorp aims at creating a Rs. 5000 crore lending business by 2016-17, Hero Future Energies aims to produce 1 GW power by 2016-17. Rahul's cousin Akshay, son of Suman Kant Munjal, is setting up a University in Rajasthan. Vasudha, the elder daughter of Pawan Munjal, runs Chokola - a chocolate boutique and her younger sister Supriya has launched her own clothing line.

Explaining the diversification strategy Rahul said, *"The idea is if we can start in our generation, three or four large companies and some of them can go up to become the size and scale of Hero MotoCorp in the next 15-20 years. Then you know, that's what the role of third generation is today. The idea is to grow the overall portfolio. We should be a truly diversified group. Not only in terms of businesses but also in terms of geographies. We need to have assets in different industries."*

"Since product life cycles are becoming shorter, and turbulence in any industry is high, it is important for them to consider new growth industries seriously," said K. Ramachandran, Thomas Schmidheiny chair professor of family business and wealth management at ISB, endorsing the group's diversification strategy.

Another driver of this diversification has been the younger generation's keenness for carving out their own identities. *"I would like to be known for something that I have done and try to make a difference,"* asserts Rahul.

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