

Sunil Munjal's new firm to focus on insurance, aerospace manufacturing

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NEW DELHI

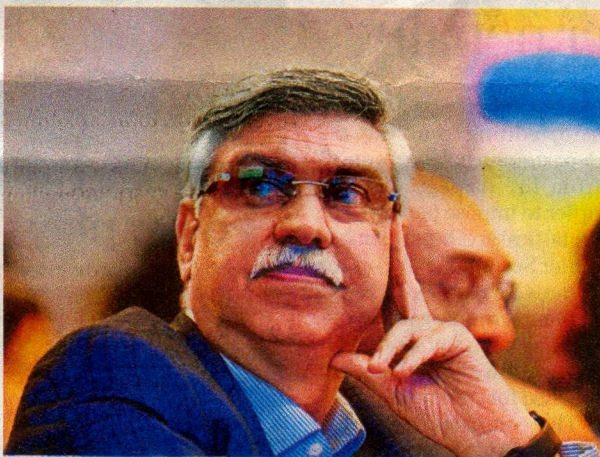
Sunil Munjal, who separated from his brothers in 2016 to carve an independent identity, has formed a new group company called Hero Enterprise that has started selling life and health insurance policies and plans to venture into aerospace parts.

Hero Enterprise will, however, continue to focus on its existing real estate and steel businesses even as the group holding company consolidates its businesses and exits smaller ones such as Hero BPO.

Sunil Munjal already sold motor insurance for Hero MotoCorp Ltd while he was still a part of the Pawan Munjal-led Hero Group. In an interview on Thursday, Sunil Munjal said his insurance distribution firm, Ensure Plus, is also into non-motor insurance such as assets, buildings and aircraft. It has also started selling life insurance and health insurance policies.

For life insurance, the company has a partnership with ICICI Prudential Life Insurance Company Ltd, while for general insurance, it has tied up with National Insurance Company Ltd and Tata AIG General Insurance Company Ltd. "We are the largest distributor of insurance in India... probably in the world. We wrote 10 million policies last year. Nobody does even half of it," Munjal said.

"Distribution is where the



Sunil Munjal's Hero Enterprise is planning to exit smaller businesses such as Hero BPO.

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margin is. For us, to step back and put up an insurance company is nothing... It takes around Rs100 crore to get a licence. We have looked at that a few times but distribution is where the main margin is and relationships are. That's where market connect is and we are very good at it," he said.

Hero FinCorp Ltd, a two-wheeler financing company run by Sunil Munjal's nephew Abhimanyu, also plans to get into insurance distribution and that means a larger chunk of Sunil Munjal's motor insurance business that used to come from Hero MotoCorp will get affected.

"They will compete like any other entity. Within our group, we always had this system. We could buy and sell from our companies as well as outside. So, that ensures that everybody maintains quality and you are buying because of merit and not because it is

your company," he added.

Sunil Munjal, 56, stepped down as joint managing director of Hero MotoCorp Ltd, India's largest motorcycle maker, in July 2016. By exiting Hero MotoCorp, he raised around Rs3,500 crore.

Sunil Munjal's businesses were a small part of the \$6 billion Hero group founded by Brijmohan Lall Munjal, the family patriarch who died in 2015 at the age of 92.

He had five strategic businesses: insurance distribution, Hero Realty Ltd, Hero Management Service Pvt. Ltd, Ludhiana-based Hero Steels Ltd and Hero Mindmine Institute Pvt. Ltd.

Munjal has hired P.N. Gupta, a former executive from Tata group's TAL Manufacturing Solutions, to enter aerospace parts manufacturing. A person aware of Munjal's plans in the defence sector said he is scouting for manu-

facturing sites for composites.

Munjal said that new business initiatives are not an area of "public conversation" and declined to comment specifically on his diversification.

"I have never said yes or no. I would say it is a difficult but high potential area, because India is the largest known importer in terms of reported numbers of defence equipment in the world," he said. "In today's time, there is no reason for India to be (an import-dependent country). You have every capability and potential to build that capability (to manufacture) here in India."

With 60% of India's defence requirements met through imports, local defence production has emerged at the heart of the Make in India programme.

Munjal added that he is looking to exit smaller businesses such as Hero BPO. "We won't keep any small business."

In a separate development, Hero Enterprises' chairman Sunil Kant Munjal has invested about Rs100 crore in impact investment firm Aavishkaar Venture Management Services' new fund Aavishkaar Bharat Fund, according to a statement on Thursday.

Aavishkaar Venture Management is aiming to raise Rs2,000 crore for a fund that will invest in businesses that are working with the underserved population in sectors such as agriculture, financial services, healthcare, waste and sanitation, renewable energy and logistics and supply chain.