

## Emami merges Zandu Pharma's FMCG business

BS REPORTER  
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Kolkata-based Emami Ltd, which acquired Zandu Pharmaceuticals in October 2008 for Rs 750 crore, has decided to merge the fast moving consumer goods (FMCG) business of Zandu Pharmaceuticals with its counterpart in Emami.

Simultaneously, the real estate undertaking of Emami, that includes Emami Realty Ltd and Emami's inter-

ests in Zandu's non-core business, including real estate, will be merged into a separate company, Slick Properties Pvt Ltd (SPL), to be then renamed Emami Infrastructure Ltd.

The board of directors of Emami and Zandu met today to approve a 'scheme of arrangement', subject to necessary approvals.

The scheme, according to Emami, will unlock value for all the stakeholders of Emami and Zandu. It will lead to

### SHARE SWAP DETAILS

- Shareholders of Emami will receive one share of Rs 2 each of Emami Infrastructure Ltd for every three shares held by them in Emami Ltd
- Existing Emami shareholders will continue to hold shares in Emami of Rs 2
- Shareholders of Zandu will receive 14 shares of Emami Ltd of Rs 2 each for every one share of Rs 100 each held by them in Zandu
- Existing Zandu shareholders shall continue to hold shares in Zandu, to be renamed as Zandu Realty Ltd, of Rs 100

consolidation of the FMCG business and separate the real estate business under a different entity.

With the consolidation of the FMCG business under one company, common business objectives can be achieved with a clear focus on the core FMCG business.

The combined FMCG business will be earnings per share (EPS) accretive for the shareholders of Emami and Zandu.

Moreover, goes the hope,

it would help to ensure various operational synergies, like business, cost and margin synergies, improved research and development base, provide a bigger basket of power brands and entry into new segments, optimum utilisation of the existing manufacturing facilities, integration of sales and distribution channels of both the companies, better return ratios, focus on improvement in profitability and balance-sheet.