

'We Plan to Follow Big Realtors'

ET Q&A

The ₹3,700-crore diversified business conglomerate, Emami Group has been in the personal-care business since 1974. The makers of Boroplus and Zandu balm, among others have been growing at a CAGR of 27%. The group has also forayed into the real estate sector, and has drawn up big plans for it. ET's **Anuradha Himatsingka** spoke to the group joint chairman **RS Agarwal** to find out more. Edited excerpts of the interview:

Emami has slowly become very aggressive as far as its real estate business is concerned. It is doing the business on its own through its real estate company under the Orbit brand as well as jointly with the South City consortium. What was the group's objective for taking both routes for its foray into the realty business?

We are partners in Bengal NRI Complex as well as being currently in the process of developing Urbana. We have, over the years, entered into several joint ventures with other city builders to take up ambitious projects, like the South City Project on Prince Anwar Shah Road. This is not new to Emami. This apart, we have been in the real estate business independently, through group companies like Emami Realty, Emami Infrastructure, Zandu Realty and numerous other companies.

The corporate strategy of the group is clear. We want to follow the working methodology of DLF and other big realtors. At present, a new business structure and legal structure is being framed so that proper subsidiary companies can be floated or de-merged into a sep-

arate entity. The consultants, who have been roped to lend the group a helping hand, will also advise us on mergers and acquisitions in the near future.

What is the group's future strategy, going forward?

We will continue to develop both, residential as well as commercial projects, in the real estate space as it makes prudent business sense. The focus, however, is more on building premium residential complexes in and around the city under the brand umbrella Emami. We also look at mixed-use housing projects comprising of residential, hospitality, retails and commercial properties. South City Mall on Prince Anwar Shah, developed in joint venture with six other city based builders, is an integrated development with soaring residential towers, a modern school, a shopping mall with entertainment zones and multiplex, a sprawling club and acres of lush greenery which account for 80% of the space. We are also looking at IT sectors.

Is the group looking at spreading its wings outside West Bengal? Where else does Emami group intend to develop projects apart from the proposed realty project in Mumbai on Zandu Pharmaceutical land? Does the group intend to develop these projects alone or in JV with local developer?

Yes, we are. We are looking to develop properties in southern and northern India. In south, we plan to undertake real estate projects in Chennai and Bangalore. In north, we are planning to build projects in Uttar Pradesh and Jhansi. In the east, Bhubaneswar is in our radar. We have already acquired or are in the process of acquiring land in some of

these states, but cannot give details now for corporate governance issues. The group has formalised its joint-sector housing outfit with the West Bengal Housing Board and is preparing to roll out 6.5 million sq ft of built space by 2015. They will develop one million sq ft project in Rajarhat comprising of LIG, MIG and HIG apartments with Hafeez Contractor as the architect and another over 2 million sq ft housing complex on Jessore Road. As far as Zandu's Mumbai property is concerned, we are poised to team up with Sheth Developers of Mumbai to jointly develop prime real estate on Gokhale Road (south) in Dadar.

How much will the real estate business contribute to the group's total turnover over the next five years? How much will the company's FMCG business contribute to the group's turnover five years down the line?

Group turnover from the real estate business, through direct and indirect involvement in real estate projects as well as through various joint ventures it has entered into, might surge to ₹3,000-5,000 crore over the next five years, if the plans fructify. A lot will depend on the country's economic scene and the real estate business at large. We expect Emami turnover to touch ₹5,000 crore in the next few years from ₹1,300 crore now.

What are your views on the real estate prices in Kolkata and in east? What is the future outlook of this business following the entry of foreign and national players?

I am very optimistic as far as the country's real estate business is concerned. With demand for residential property growing in leaps and bounds, private sector will have to join hands to solve the country's housing problem.