

# Emami board okays ₹5K-cr investment plan

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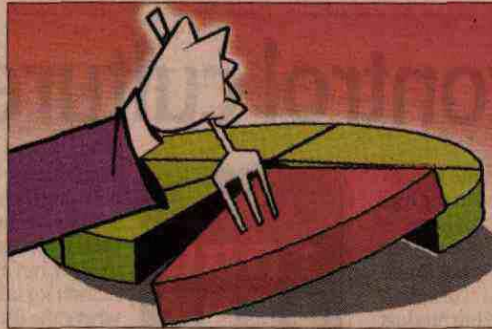
**T**HE board of Emami group has approved a plan to raise up to ₹5,000 crore through debt and equity dilution, throwing open speculations that the Kolkata-based company may still be a contender for Paras Pharmaceuticals, despite the latter's high valuation.

"We are keeping cash reserves ready, so that whenever the need arises, we don't need to delay the process of raising funds," said Aditya Agarwal, director at Emami group, which has interests in consumer products, real estate and paper.

The board has allowed the ₹3,000-crore firm to raise up to ₹2,000 crore through securities and doubled its maximum borrowing limit to ₹3,000 crore. While Emami is still keen to buy out Ahmedabad-based Paras Pharmaceuticals, it is also in talks with several players in the personal care and healthcare spaces.

"While joint bidding (for Paras) is not ruled out, as of now we are proceeding on our own," said Mr Agarwal. He said Emami is close to acquiring a personal care products manufacturing unit in Egypt for about ₹150 crore. "This will be used to service our Middle-Eastern, African as well as some European markets," he said.

The company is also considering quite a few proposals across skincare, haircare and healthcare categories, including a south-east Asian player and a couple of European brands, said Mr Agarwal. "The sizes of the prospec-



tive deals range anywhere between ₹100 crore and ₹4,000 crore," he said.

Besides giving a fillip to its foreign foothold, such buys will bring some brands that could be sold in the Indian markets, said Mr Agarwal.

Emami had evinced interest in the unlisted Paras last month, but analysts said a valuation of close to \$1 billion would make the ₹500-crore maker of brands such as Moov, Krack, D'Cold and Set Wet an expensive buy for Indian companies.

Private equity firms Actis Advisors and Sequoia Capital India Advisors jointly hold around 70% in Paras and are looking to sell their stake for around \$700 million (₹ 3,269 crore). Morgan Stanley, as investment bankers for the deal, has already sent expressions of interest to leading pharmaceutical firms.

Emami currently reaches out to over 60 countries in the Middle East, Europe, North America and Africa with a topline growth of more than 50% from these markets. The company is looking to move from its earlier export-led strategy to becoming a strong local player in these markets.

Arnab Mitra, FMCG analyst at brokerage firm Indiainfoline, said: "The funds it plans to raise could be for small domestic buys of ₹200-500 crore, as well as those in other countries."

Emami's last acquisition was in late 2008, when it acquired management control of Zandu Pharmaceuticals for ₹750 crore and had subsequently merged its herbal healthcare business with itself.

**While joint bidding (for Paras) is not ruled out, as of now we are proceeding on our own. Emami is close to acquiring a personal care products manufacturing unit in Egypt for about Rs 150 crore. This will be used to service our Middle-Eastern, African as well as some European markets**

**ADITYA AGARWAL**  
DIRECTOR, EMAMI GROUP