Business Intelligence unit

Emami stays rooted to property

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THE bosses at Emami, the city-based personal care products maker, have done a volte face. Emami will not quit the realty turf. An in-principal decision has been taken to de-subsidiarise flagship, Emami Limited. Plans are afoot to transfer Emami's 100% holding in Emami Realty to other group companies.

The Emami top brass, however, is yet to take a call on which group company or companies will pick up stakes in Emami Realty. Confirming the development, Emami CFO & president NH Bhansali told **ET**: "We plan to appoint a consultant to value our realty business. Based on the valuers report, a share swap ratio will be worked out so that Emami Realty's stake is fairly distributed among other group companies." For starters, the group has initiated talks with consultants including the likes of KPMG and Ernst & Young for valuation of its realty business and hopes to finalise someone soon.

Explaining the rationale behind the group's decision to de-subsidiarise its flagship Emami, Mr Bhansali said: "We entered the realty business in 2007 as we had surplus liquid cash then. Cash had been set aside to part finance the group's proposed acquisition in the FMCG segment." "Since acquisition talks had not fructified in 2007, the group decided to invest surplus cash in a business which would yield good returns and improve shareholders' returns. The group decided to foray into the realty business simply since it had the necessary expertise and wherewithal, including the cash needed to foray into this business," Mr Bhansali added.

Apart from helping it to deploy idle resources in a higher returns generating business, the diversification into realty space by Emami has also enabled it to de-risk itself from the cyclical nature of the FMCG industry.