

CORPORATE NEWS



Emami has begun restructuring Zandu's operations, in talks with Parikhs to sell chemicals division. >P5

RESTRUCTURING MOVE

Emami to sell Zandu's chemicals business

The firm is in talks to sell the division to the Parikh family, which sold its controlling stake in Zandu last year

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KOLKATA

Personal care products maker **Emami Ltd** has started restructuring the business operations of **Zandu Pharmaceutical Works Ltd**, in which it acquired a 72% stake in October, by selling the latter's subsidiary **Zandu Chemicals Ltd**.

The unit is being taken over by the Parikh family, which sold its controlling stake in Zandu.

"We have reached an agreement with the Parikhs for sale of the chemicals division, but the transaction has not ended yet," Emami chairman R.S. Agarwal, who is also a director of Zandu, said in an interview.

He declined to disclose the price at which the loss-making unit was being sold.

Zandu Chemicals, which manufactures chemical inter-



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Realizing synergies: Emami chairman R.S. Agarwal.

mediates mainly for use in the pharmaceutical industry, had a turnover of Rs32 crore in 2007-08.

Kolkata-based Emami, maker of products such as Boroplus antiseptic cream, Navratna oil and Himani Fast Relief pain reliever, spent around Rs750 crore to buy the 72% stake in Zandu, completing the acquisition after a protracted takeover battle.

"The chemical business was not adding value to Zandu's core business, which is Ayurveda (herbal health care). So

we are selling it," said Harsh Vardhan Agarwal, an Emami director who led the takeover battle.

Girish G. Parikh, former managing director of Zandu, whose family will be taking over Zandu Chemicals, refused to comment on the deal.

Over the next one month, the management of Emami will prepare a road map for integration of the consumer goods businesses of the two companies.

On Monday, Zandu and Emami said in separate stock market filings that their consumer goods businesses could be merged.

Emami had said its real estate subsidiary **Emami Realty Ltd** could be carved out and integrated with Zandu's properties.

"Zandu and Emami would probably be divisions within the same company...both have equal growth potential," said Agarwal.

Emami could derive substantial tax benefits by merging Zandu with itself, he said, but added that the point of restructuring the businesses of the two companies was to "realize the synergies".