

News monitored for: Emami Group

# 'Promoters' pledge will be down to 0'



A day after Emami Group announced it would sell its cement business to Nuvoco Vistas, the group's director **MOHAN GOENKA**, tells Ishita Ayan Dutt & Avishek Rakshit that the firm will focus on FMCG, agro paper and real estate sectors. Edited excerpts:

## What is the promoters' pledge now in Emami and by when will it come down?

Currently, the pledge is around 70 per cent. After we receive the money, post-regulatory approvals, which is expected by May-June, we would receive a total of ₹3,300 crore. This is a 100 per cent cash deal.

The promoters' debt, that is loan against shares, is ₹3,000 crore. What we are getting is ₹3,300 crore, but we have to keep aside roughly ₹800 crore for taxes and other requirements. So, there would be a debt of ₹500-600 crore. Otherwise, we would have fully paid.

For that, the pledge would be anywhere between 15-18 per cent. Besides, we are giving a pledge of 8 per cent to the buyer, Nuvoco, which is against some warranties. So, 8 per cent will be lying with Nuvoco and 15-18 per cent is another pledge; the total pledge would be around 25 per cent.

## Is the 8 per cent pledge to Nuvoco for the transaction to go through?

In due diligence, there were some observations, on that basis they had requested some security from us. We had an option to reduce the money. But we decided to give Emami shares as security. Once regulatory approvals are through, and we are confident that we will get it freed by March 2021. It could be even earlier, but the matter is sub-judice.



## Is there a case?

Yes, there is clarification that we need from lawyers, but we wanted to conclude the deal. So we said, let us settle it and as things progress, if it happens in six months, we will free our shares.

## Do you think, in hindsight, Emami Group had diversified too much?

From a business

## EMAMI Q3 PBT RISES BY 5%

- In line with Street estimates, Emami on Friday reported flat revenue growth at ₹ 813 crore for the December quarter, even as its pre-tax profit increased by 5 per cent to ₹184 crore.
- The same in the third quarter (Q3) of the last financial year stood at ₹ 811 crore and ₹176 crore, respectively.
- Net profit also rose by 5 per cent at ₹144 crore, as against ₹138 crore in Q3 of the last financial year.

perspective, say for example, I invested around ₹1,000 crore in cement in the last four years. If I am making ₹2,500 crore on ₹1,000 crore, is it a bad deal? What more returns can one expect?

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