

Jyothy Labs Acquires 14.9% Stake in Henkel India

Move will make Jyothy Labs largest Indian shareholder in Henkel. Deal valued at ₹61 cr

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Mumbai-based Jyothy Laboratories (JLL), maker of the popular Ujala fabric whitener, has acquired 14.9% stake in Henkel India. The move will make JLL the single largest Indian shareholder in the Indian arm of the struggling Chennai-based maker of Henko detergent and Fa deodorant. The acquisition will help JLL ramp up its share in the fast-growing detergents market, dominated by deep-pocket multinational giants Hindustan Unilever (HUL) and Procter & Gamble (P&G).

JLL has bought 14.9%, or 1,73,51,686 shares at ₹35 each, of Henkel India from Tamil

Nadu Petro Products (TNPL). The entire transaction is an all-cash deal and amounts to ₹60.73 crore. JLL will also participate in the bidding process to gain Henkel's 50.9% stake in Henkel India.

"We will aggressively bid for a controlling stake in Henkel. The acquisition helps to strengthen our urban distribution network as Henkel has a strong presence in modern retail formats. We are very

strong in rural areas," said Jyothy Labs chairman and MD, MP Ramachandran.

Mape Advisory group advised Jyothy Labs on the deal. Both JLL and Henkel have synergies in categories such as home and household care and personal care brands.

Henkel India is a joint venture between Germany's Henkel & Co and Spic Group's Tamil Nadu Petro products, with the German firm holding 51%

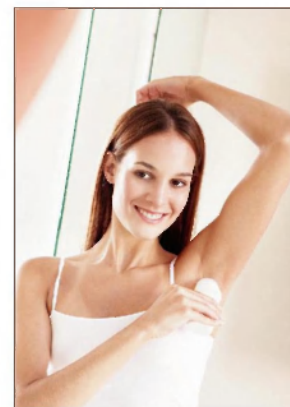
stake. Henkel operates in three categories – laundry and home care, cosmetics and toiletries and adhesives and sealants. Its key brands are Henko, Mr White, Pril, Fa, Neem, Margo.

Mr Ramachandran added in a statement: "There is synergy between the two companies and we saw a value added proposition in this stake purchase."

Set up in 1983 by Mr Ramachandran, and named after his daughter, JLL makes brands like Ujala, Maxo mosquito repellants and Exo dish washing liquid. It has 28 manufacturing facilities in 16 locations across the country.

JLL will use funds raised from its recent qualified institutional placement issue and other internal accruals to fund the acquisition.

According to an official directly involved with the developments, TNPL had approached JLL as their stake was not clubbed under competitive bidding. Earlier this month, Henkel India head Jayant Singh exited the firm two years after he took over as MD, in a move that is being



linked to the company's lukewarm performance in India over the past two years. Last year, Henkel sold off three brands — Aramusk and Moley soaps and Mahabringol hair oil — to Mumbai-based VVE, the makers of Doy and Jo soaps.

It is widely speculated that the firm's German parent, Henkel, plans to divest assets across its detergent and personal care business, with its core brands losing out to established rivals like HUL and P&G and even smaller regional brands.