

Jyothy Labs to acquire 50.97% stake in Henkel India

Our Bureau

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The board of directors of Jyothy Laboratories Ltd (JLL) has approved the buy-out of 50.97 per cent stake in Henkel India Ltd (HIL) from Henkel AG & Co. KGaA (Henkel AG).

JLL had in March acquired 14.9 per cent stake in HIL from the Indian promoter, Tamilnadu Petroproducts Ltd. In a deal structured by MAPE Advisory Group, JLL proposes to acquire 59,360,203 equity shares, constituting 50.97 per cent of Henkel India Ltd, at a price of Rs 20/share aggregating to Rs 118.7 crore, according to a release from the company.

JLL will refinance the existing debt of HIL as also buy out the redeemable cumulative preference shares in HIL held by Henkel AG. The aggregate debt owed by Henkel India Ltd to its lenders is approximately Rs 454 crore. JLL will purchase 68 million preference shares in HIL from Henkel AG for Rs 43.9 crore, subject to regulatory approvals. The per share equity consideration payable to Henkel AG is subject to customary closing adjustments based on the debt and cash position in HIL.

Further, JLL and Henkel AG have agreed that Henkel AG would have the option to acquire up to 26 per cent of the equity share capital of Jyothy Laboratories Ltd through primary and/or secondary transactions, after a period of five years, subject to terms and conditions to be mutually agreed upon.

This acquisition would trigger the mandatory 20 per cent open offer to the public shareholders of HIL in line with SEBI regulations. MAPE Advisory Group will be the manager for the public offer.

Both JLL and HIL have strong synergies in various business segments as both are present in home care, fabric care, dish wash, personal care and the household cleaning segments.