

Date: 09th October, 2020

To,
The Manager
Listing Department
BSE Limited
Phiroze Jee Jee Bhoy Towers
Dalal Street, Mumbai-400001

To,
The Manager
National Stock Exchange of India Limited
Exchange Plaza,
Bandra-Kurla Complex
Bandra (East), Mumbai 400051

Scrip Code: 532771
Scrip ID: JHS

Scrip Code:
Scrip ID: JHS

Subject: Outcome of the Board Meeting held today on 09th October, 2020

Disclosure under Regulation 30(2) of Securities Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015 (herein-after referred as 'SEBI(LODR) Regulations, 2015') read with Sub-Para 1.2 and 1.3 of Para A1 of Annexure I of Circular bearing number CIR/CFD/CMD/4/2015 dated 9th September, 2015 issued by SEBI.

Dear Sir,

In reference to the above captioned subject, the board in its meeting held on 09th October, 2020, starts at 12:00 Noon and concluded at 02:15 PM has considered and approved the Composite Scheme of Arrangement for Demerger of 'Retail Investment Division' ("Demerged Undertaking") of JHS Svendgaard Laboratories Limited ("Demerged Company") and vesting of the same with JHS Svendgaard Retail Ventures Private Limited ("Resulting Company") on a going concern basis and immediately thereupon, Amalgamation of JHS Svendgaard Brands Limited ("Transferor Company") with JHS Svendgaard Laboratories Limited ("Transferee Company") under Section 230 - 232 of the Companies Act, 2013 ("Composite Scheme").

The above Composite Scheme of Arrangement shall be subject to the approval of National Company Law Tribunal (NCLT) of relevant jurisdiction, Securities Exchange Board of India (SEBI), Stock Exchange (s), Shareholders and Creditors of all the Companies. The listing/ admittance to trading on the Stock Exchanges of the equity shares of the Resulting Company is subject to approval/exemption from SEBI in term of Rule 19 (7) of the Securities Contract (Regulations) Rules, 1957 read with the applicable provisions under the Circular bearing No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 issued by SEBI, as amended from time to time.



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The detailed disclosure as required under Regulation 30 of the Listing Regulations, 2015 read with Circular CIR/CFD/CMD/4/2015 dated September 9th, 2015 is enclosed as **Annexure** to this Outcome.

Request you to take the same on your records.

Thanking You,

For **JHS Svendgaard Laboratories Limited**

Ashish Goel
Chief Financial Officer



I. The first part of the Composite Scheme provides for Demerger of 'Retail Investment Division' ("Demerged Undertaking") of JHS Svendgaard Laboratories Limited ("Demerged Company") and vesting of the same with JHS Svendgaard Retail Ventures Private Limited ("Resulting Company")

a) The brief details of entities forming part of Composite Scheme of Arrangement as on March 31, 2020 are as follow:

Name of the Companies	Turnover (Rs. in Crores)	Net Worth (Rs. in Crore)
JHS Svendgaard Laboratories Limited (JSLL / Demerged Company / Transferee Company)	132.95	181.50
JHS Svendgaard Retail Ventures Private Limited (JSRVPL / Resulting Company)	2.64	5.94
JHS Svendgaard Brands Limited (JSBL /Transferor Company)	8.98	11.48

b) Areas of the Business of the Entities:

Name of the Companies	Area of Business
JHS Svendgaard Laboratories Limited (JSLL / Demerged Company / Transferee Company)	The Transferee Company is engaged in the business manufacturing and selling of Toothbrushes, Toothpastes, Mouthwash, Denture Tablets and other allied oral care product and offers Contract Manufacturing Partnership to brands in the domestic and the international market.
JHS Svendgaard Retail Ventures Private Limited (JSRVPL / Resulting Company)	The Resulting Company is carrying the Retail Business of selling the complete range of Patanjali branded products at major airports in India.



JHS Svendgaard Brands Limited (JSBL /Transferor Company)	The company is engaged in selling of toothbrushes, toothpastes, mouthwash and other allied oral care products under its proprietary brand "aquawhite" only.
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c) Whether the transaction would fall within related party transaction? If yes, whether the same done as "arm's length"

Yes, the companies involved in proposed composite scheme of arrangement are controlled by same promoters. However, the transaction is based on independent fair valuation of shares of each of the companies and subject to approval of shareholders / creditors of respective companies and Hon'ble NCLT.

Also, MCA vide its Circular No. 30/ 2014 dated July 17, 2014, has clarified the transaction arising out of compromises, arrangements and amalgamations dealt with under specific provisions of the Companies Act, 1956 / Companies Act, 2013, would not attract the requirement of Section 188 of the Companies Act, 2013.

d) This Composite Scheme of Arrangement provides:

1. Demerger of Retail Investment Division of JHS Svendgaard Laboratories Limited ("Demerged Company") and vesting of the same with JHS Svendgaard Retail Ventures Private Limited ("Resulting Company").
2. Amalgamation of JHS Svendgaard Brands Limited ("Transferor Company") with JHS Svendgaard Laboratories Limited ("Transferee Company").

The relevant details of these two parts of the scheme is detailed here in below:

1. Demerger of Retail Investment Division of JHS Svendgaard Laboratories Limited ("Demerged Company") and vesting of the same with JHS Svendgaard Retail Ventures Private Limited ("Resulting Company").

- i. Part 2 of the Draft Composite Scheme provides for specific provisions governing Demerger of Retail Investment Division of JHS Svendgaard Laboratories Limited ("Demerged Company") and vesting of the same with JHS Svendgaard Retail Ventures Private Limited ("Resulting Company") under the provisions of Section 230-232 of the Companies Act, 2013.



ii. **Brief Details and turnover of the Division to be demerged as on 31st March, 2020.**

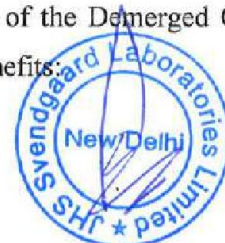
Name of the Division	Turnover (Rs. In Cr.)	Turnover of Division as percentage of Total Turnover of Listed entity	Brief Details
Retail Investment division (Demerged Undertaking)	2.64	1.83%	The Demerged Company has subsidiary company JHS Svendgaard Retail Ventures Private Limited which is engaged in Retail business of selling the complete range of Patanjali branded products at major airports in India. The Demerged Company holds 99.82% shares of the JHS Svendgaard Retail Ventures Private Limited and now management has decided to Demerge the Investment of Retail Division i.e. Retail Investment Division into JHS Svendgaard Retail Ventures Private Limited



			(Resulting Company) and Resulting Company will issue no. of shares against the holding of Demerged Company into Resulting Company to the shareholders of Demerged Company.
Remaining Business	141.93	98.17	The remaining business of the Company is manufacturing and selling of Toothbrushes, Toothpastes, Mouthwash, Denture Tablets and other allied oral care product. Apart from working on its own brands the company also offers Contract Manufacturing Partnership to brands in the domestic and the international market.

iii. **Rationale for the Scheme of Arrangement for Demerger:**

The demerger of the Retail Investment Division of the Demerged Company into the Resulting Company shall provide the following benefits:



- I. Creation of a separate, distinct and focussed entity housing the Retail Business leading to greater operational efficiencies for the Retail Business;
- II. Independent setup of each of the undertaking of the Demerged Company and the Resulting Company will ensure required depth and focus on each of the companies and adoption of strategies necessary for the growth of the respective companies. The structure shall provide independence to the management in decisions regarding the use of their respective cash flows for dividends, capital expenditure or other reinvestment in their respective businesses;
- III. Unlocking of value for shareholders of the Demerged Company by transfer of the Retail Business, which would enable optimal exploitation, monetization and development of both, Residual Undertaking and the Retail Business by attracting focused investors, joint venture partners and strategic partners having the necessary ability, experience and interests in this sector and by allowing pursuit of inorganic and organic growth opportunities in such businesses; and
- IV. Enabling the business and activities to be pursued and carried on with greater focus and attention through two separate companies each having its own separate administrative set up and dedicated management.

iv. Share Entitlement Ratio for Demerger

The Scheme provides share entitlement ratio of “1 (One) Equity Share of Rs. 10 (Rupees Ten) each at par in the Resulting Company for every 10 (Ten) Equity Share of Rs. 10 (Rupees Ten) each held by them in the Demerged Company”

v. Whether listing would be sought for the Resulting Entity

Yes, the Composite Scheme proposes that subject to the compliance of applicable provisions of the Securities Contract (Regulations) Rules, 1957, the circular issued by SEBI and the Stock Exchanges and also subject to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the shares of JHS Svendgaard Retail Ventures Private Limited (“Resulting Company”) would be listed on BSE Limited and National Stock Exchange of India Limited.

vi. Brief details of change in shareholding pattern (if any) of both the entities;

Pre and Post Demerger Shareholding Pattern of the JHS Svendgaard Laboratories Limited (Demerged Company):



Particulars	Pre-Arrangement (% Holding)	Post-Arrangement (% Holding)
Promoters	44.17	42.22
Non- Promoters	55.83	57.78
Total	100.00	100.00

Note: JHS Svendgaard Laboratories Limited had allotted 40,00,000 convertible warrants at an issue price of Rs. 20 per warrant on 22nd September, 2020, convertible into equivalent number of Equity Shares of Rs. 10/- within 18 months from the date of allotment. It has been mutually decided by the management of the Company and the warrant holder to convert the warrants on or before effectiveness of this Scheme of Arrangement or upon the order of any regulatory authority, so that no warrant holders shall have any right to take equity shares in the Resulting Entity at any future date to avail the relaxation from Rule 19(2) of Securities Contracts (Regulation) Rules, 1957. Thus the Post Arrangement shareholding pattern has been prepared after taking into consideration that the warrant holder of JHS Svendgaard Laboratories Limited will convert the warrants (40,00,000 warrants) into equity share.

Pre and Post Demerger Shareholding Pattern of the JHS Svendgaard Retail Ventures Private Limited (Resulting Company):

Particulars	Pre-arrangement (% Holding)	Post-arrangement (% Holding)
Promoters	100	42.32
Non- Promoters	-	57.68
Total	100.00	100.00

2. Amalgamation of JHS Svendgaard Brands Limited (“Transferor Company”) with JHS Svendgaard Laboratories Limited (“Transferee Company”).

- I. The draft Composite Scheme of Arrangement provides for specific provisions governing amalgamation of JHS Svendgaard Brands Limited (“Transferor Company”) with JHS Svendgaard Laboratories Limited (“Transferee Company”) under the provisions of Section 230-232 of the Companies Act, 2013.



II. Rationale and Benefits from the merger are as under:

The amalgamation of the Transferor Company into the Transferee Company shall provide the following benefits:

- i. The Transferor Company and Transferee Company are engaged in similar nature of business, i.e. Oral Care Products. Hence, the amalgamation of Transferor Company with Transferee Company shall result in the consolidation of similar line of business and result in saving of administrative costs and various other overheads.
- ii. Apart from above, the amalgamation shall result in following benefits -
 - Financial strength and flexibility for the Transferee Company, which would result in maximising overall shareholder value, and will improve the competitive position of the combined entity.
 - Achieve greater efficiencies in operations with optimum utilization of resources, better administration and reduced cost.
 - Cost savings are expected to flow from more focused operational efforts, rationalization, standardization and simplification of business processes, productivity improvements, and the elimination of duplication, and optimum rationalization of administrative expenses and utilization of human resources.
 - Improved organizational capability and leadership arising from pooling of financial, managerial and technical resources.
 - A larger growing company will mean enhanced financial and growth prospects for the people and organization connected therewith, and will be in public interest. The amalgamation will conducive for better and more efficient and economical control over the business and financial conduct of the Companies.

III. Share Exchange Ratio for Merger

Transferee Company, without further application, act or deed, shall issue and allot to each of the shareholders of "Transferor Company" shares in proportion of **150 (One Hundred and Fifty) Equity shares of face value of Rs. 10/- (Rupees Ten) each in Transferee Company for every 100 (Hundred) Equity shares of face value of Rs.10/- (Rupee Ten) each held by them in "Transferor Company" pursuant to this Scheme of Amalgamation.**



IV. Brief details of change in shareholding pattern (if any) of both the entities;

Pre and Post Merger Shareholding Pattern of the JHS Svendgaard Laboratories Limited (Transferee Company):

Particulars	Pre-Arrangement (% Holding)	Post-Arrangement (% Holding)
Promoters	44.17	37.72
Non-Promoters	55.83	62.28
Total	100.00	100.00

Note: JHS Svendgaard Laboratories Limited had allotted 40,00,000 convertible warrants at an issue price of Rs. 20 per warrant on 22nd September, 2020, convertible into equivalent number of Equity Shares of Rs. 10/- within 18 months from the date of allotment. It has been mutually decided by the management of the Company and the warrant holder to convert the warrants on or before effectiveness of this Scheme of Arrangement or upon the order of any regulatory authority, so that no warrant holders shall have any right to take equity shares in the Resulting Entity at any future date to avail the relaxation from Rule 19(2) of Securities Contracts (Regulation) Rules, 1957. Thus the Post Arrangement shareholding pattern has been prepared after taking into consideration that the warrant holder of JHS Svendgaard Laboratories Limited will convert the warrants (40,00,000 warrants) into equity share.

Pre and Post Merger Shareholding Pattern of the JHS Svendgaard Brands Limited (Transferor Company):

Particulars	Pre-Arrangement (% Holding)	Post-Arrangement (% Holding)
Promoters	51.91	-
Non- Promoters	48.09	-
Total	100.00	-

