

Dated: 21st September 2023

To,
M/s Ajay Kumar Siwach
Registered Valuer – Securities or Financial Assets
Registration No.: IBBI/RV/05/2019/11412

Kind Attn. M/s Ajay Kumar Siwach

Sub: Recommendation of Equity Share Exchange Ratio pursuant to the proposed Scheme of Arrangement for Amalgamation of JHS Svendgaard Laboratories Limited (Transferor Company/ "JHS") with Vedic Cosmeceuticals Private Limited ("Transferee Company"/ "Vedic")

- JHS Svendgaard Laboratories Limited (herein after also referred to as 'JHS' or 'Transferor Company'), bearing CIN L74110HP2004PLC027558 was incorporated on 08th October 2004, under the provisions of Companies Act, 1956, with the name and style of JHS Svendgaard Laboratories Limited. The registered office of the Transferor Company is situated at Trilokpur Road, Kheri (Kala Amb), Tehsil - Nahan, Distt. Sirmour, Himachal Pradesh – 173 030, India.
- The Limited Review Consolidated Profit and Loss statement for the period ended 30th June 2023, and the Limited Review Consolidated Balance Sheet as of 30th June 2023, are annexed herewith to be used for the purpose of Valuation.
- Management-certified future projections of the Company for a period beginning July 01, 2023, and ending March 31, 2029, are annexed herewith to be used for the purpose of Valuation.
- The diluted number of shares as of the valuation date is **78,396,759**.
- We confirm that the cash and cash equivalents balance, as of 30th June 2023, is **INR 81.01 Mn**
- We confirm that the Deferred Tax Assets, as of 30th June 2023, are **INR 118.09 Mn**
- We confirm that the Interest Receivable, as of 30th June 2023, is **INR 2.58 Mn**
- We confirm that the Interest Payable, as of 30th June 2023, is **INR 0.02 Mn**
- We confirm that as of 30th June 2023, the total debt is **INR 3.50 Mn**.
- We confirm that as of 30th June 2023, the total lease liability is **INR 21.05 Mn**.
- We confirm that as of 30th June 2023, the Fair Value of the Investment property is **INR 60.00 Mn**.
- We confirm that as of 30th June 2023, the surplus investments, are annexed at the end.
- We confirm that it is the current intention to run the business operation as a going concern.
- All documents, records, and information relevant to your review of the financial outlooks have been disclosed to you and are complete and accurate in relation to the Valuation of the Company as of the Valuation date.
- By this letter of representation, we confirm that, to the best of our knowledge, we are not aware of any material Misstatement of fact or any other information that should be disclosed in your preparation of valuation. We agree that we shall indemnify and hold harmless your firm and employees from any claims by parties for whom the valuation is prepared arising out of any material Misstatement or omission in any material or information supplied by us.

For M/s JHS Svendgaard Laboratories Limited



Vinay Mittal
Director
DIN: 08232559

Annexure 1:

Limited Review Consolidated Balance Sheet as on 30th June 2023:

Particulars	Amount in INR Million
Share Capital	783.97
Reserves and Surplus	1,058.31
Non-Current Liabilities	44.87
Current liabilities and provisions	92.09
Equity & Liabilities	1,979.23
Non-Current Assets	1,287.43
Current Assets	691.80
Total Assets	1,979.23

Limited Review Consolidated Statement of Profit & Loss for the 3 Months period ended 30th June 2023:

Particulars	Amount in INR Million
Revenue from Operations	159.04
Other Income	4.06
Total Revenue	163.10
Operating Expenses	176.62
EBITDA	(13.52)
Depreciation & Amortization	13.20
Finance Cost	1.28
Profit before Tax (PBT)	(28.00)



Annexure 2:
Investments as on 30th June 2023:

Particular	Non-Current Investments	
	Book Value	Fair Value
Investment in body corporates	75.14	75.14
Investment in mutual funds	20.92	20.92
Total	96.06	96.06

Annexure 3:
Future projections of the Company for a period beginning from July 01, 2023, and ending March 31, 2029

FY	2024 (9 Months)	2025	2026	2027	2028	2029
Particulars						
Revenue from Operation	1,975.96	2,834.21	3,558.94	3,946.52	4,341.18	4,775.29
Other Income	234.28	221.47	222.48	197.37	173.68	152.84
PBT (Excluding other income)	179.09	273.41	387.13	432.90	479.64	531.86
PAT (Excluding other income)	142.08	204.60	289.69	323.94	358.93	398.00
Depreciation	50.93	70.03	75.93	81.83	87.73	93.63
Capital Expenditure	75.00	100.00	100.00	100.00	100.00	100.00
Interest on Borrowings (Post Tax)	2.16	2.99	2.99	2.99	2.99	2.99
Change in Non Cash Working Capital	(251.28)	(184.49)	247.85	(168.14)	252.25	(163.69)





Dated: 21st September 2023

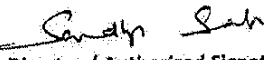
To,
M/s Ajay Kumar Siwach
Registered Valuer – Securities or Financial Assets
Registration No.: IBBI/RV/05/2019/11412

Kind Attn. M/s Ajay Kumar Siwach

Sub: Recommendation of Equity Share Exchange Ratio pursuant to the proposed Scheme of Arrangement for Amalgamation of JHS Svendgaard Laboratories Limited (Transferor Company/ "JHS") with Vedic Cosmeceuticals Private Limited ("Transferee Company"/ "Vedic")

- Vedic Cosmeceuticals Private Limited is a Private Limited Company bearing CIN U24246DL2003PTC118255. It was incorporated on 01st January 2003, under the provisions of the Companies Act, 1956, with the name of "Vedic Cosmeceuticals Private Limited" having its registered office at 21-C, Pocket-C, Gangotri Apartments, Alakananda, New Delhi – 110 019, India.
- The Audited Profit and Loss statement for the period ended 30th June 2023, and the Audited Balance Sheet as of 30th June 2023, are annexed herewith to be used for the purpose of Valuation.
- Management-certified future projections of the Company for a period beginning July 01, 2023, and ending March 31, 2029, are annexed herewith to be used for the purpose of Valuation.
- The diluted number of shares as of the valuation date is **2,18,182**.
- We confirm that the cash and cash equivalents balance, as of 30th June 2023, is **INR 205.16 Mn**
- We confirm that as of 30th June 2023, the total debt to **INR 5.30 Mn**.
- We confirm that as of 30th June 2023, the Deferred Tax Assets are **INR 6.11 Mn**.
- We confirm that it is the current intention to run the business operation as a going concern.
- All documents, records, and information relevant to your review of the financial outlooks have been disclosed to you and are complete and accurate in relation to the Valuation of the Company as of the Valuation date.
- By this letter of representation, we confirm that, to the best of our knowledge, we are not aware of any material Misstatement of fact or any other information that should be disclosed in your preparation of valuation. We agree that we shall indemnify and hold harmless your firm and employees from any claims by parties for whom the valuation is prepared arising out of any material Misstatement or omission in any material or information supplied by us.

For M/s Vedic Cosmeceuticals Private Limited


Director / Authorized Signatory

Name: Sandhya Sakhua
Designation: Director



Vedic Cosmeceuticals Pvt. Ltd. • CIN : U24246DL2003PTC118255
Registered Office: 21-C, Pocket-C Gangotri Apartments, Alakananda, New Delhi- 110019
Factory Address: B-31, Sector 85, Noida -201305
Warehouse Address: B-32, Sector 85, Noida -201305
Ph. No.: 0120 6253521 E-mail: info@vedicskincare.com
Website: www.vedicskincare.com



Ajay Kumar Siwach
FCS, LL.B, IP, RV, MBA

Registered Valuer – SFA
Insolvency Professional
Certified Independent Director
Certified Social Auditor

VALUATION **ANALYSIS**

FOR THE PROPOSED AMALGAMATION BETWEEN
JHS SVENDGAARD LABORATORIES LIMITED
(TRANSFEROR COMPANY)
AND
VEDIC COSMECEUTICALS PRIVATE LIMITED
(TRANSFeree COMPANY)
AND
THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS
(UNDER SECTION 230 TO 232 OF THE COMPANIES ACT, 2013)

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Ajay Kumar Siwach
FCS, LL.B, IP, RV, MBA

Registered Valuer – SFA
Insolvency Professional
Certified Independent Director
Certified Social Auditor

To,
The Board of Directors
JHS Svendgaard Laboratories Limited
B1/E23, Mohan Co-Operative Industrial Area, Mathura
Road New Delhi,
Delhi – 110 044, India

To,
The Board of Directors
Vedic Cosmeceuticals Private Limited
21-C, Pocket-C Gangotri Apartments,
Alaknanda New Delhi,
Delhi – 110 019, India

Dear Sir/Ma'am,

Subject: Recommendation of Equity Share Exchange Ratio pursuant to the proposed Scheme of Arrangement for Amalgamation of JHS Svendgaard Laboratories Limited (Transferor Company/ "JHS") with Vedic Cosmeceuticals Private Limited ("Transferee Company"/ "Vedic")

I, **Ajay Kumar Siwach**, refer to the engagement letter dated 10th May 2023, for recommendation of share exchange ratio for the proposed Amalgamation of **JHS Svendgaard Laboratories Limited (Transferor Company/ "JHS")** with **Vedic Cosmeceuticals Private Limited ("Transferee Company"/ "Vedic")** pursuant to a Scheme of Amalgamation under Sections 230 to 232 and other applicable clauses of the Companies Act, 2013. In accordance with the terms of the engagement, I am enclosing the Valuation Report along with this letter. In attached report, I have summarized the recommendation of equity share exchange ratio based on Limited Review Balance Sheet of Transferor Company and Audited Balance Sheet of Transferee Company as on 30th June 2023 as required by the BSE, together with the description of methodologies used and limitation on the Scope of Work.

This Valuation Analysis is confidential and has been prepared exclusively for the Management of the Companies. It should not be used, reproduced, or circulated to any other person, in whole or in part, without the prior written consent of Mr. Ajay Kumar Siwach (Registered Valuer). Such consent will only be given after full consideration of the circumstance at the time. I am however aware that the conclusion in this report may be used for the purpose of certain statutory disclosures, and I provide consent for the same.

Trust the above meets your requirements. Please feel free to contact us in case you require any additional information or clarifications.

Yours Faithfully



For **Ajay Kumar Siwach**
Registered Valuer – Securities or Financial Assets
Registration No.: IBBI/RV/05/2019/11412

Date: 21st September 2023

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SECTION I – APPOINTMENT FOR DETERMINATION OF SHARE EXCHANGE RATIO

This Valuation Report has been prepared by Mr. Ajay Kumar Siwach to determine share exchange ratio for Amalgamation of **JHS Svendgaard Laboratories Limited (Transferor Company/ “JHS”)** with **Vedic Cosmeceuticals Private Limited (“Transferee Company”/ “Vedic”)** under the provisions of Section 230-232 of the Companies Act, 2013. I have been appointed on 10th May, 2023 to issue this Valuation Report.

BRIEF OF THE COMPANIES INVOLVED UNDER THIS ARRANGEMENT

- 1. JHS Svendgaard Laboratories Limited (herein after also referred to as ‘JHS’ or ‘Transferor Company’)**, bearing CIN L74110HP2004PLC027558 was incorporated on 08th October 2004, under the provisions of Companies Act, 1956, with the name and style of JHS Svendgaard Laboratories Limited. The registered office of the Transferor Company is situated at Trilokpur Road, Kheri (Kala Amb), Tehsil - Nahan, Distt. Sirmour, Himachal Pradesh – 173 030, India.

Transferor Company is a widely held listed company having its equity shares listed on the Bombay Stock Exchange Limited (BSE) and National Stock Exchange (NSE).

The Transferor Company is engaged in the business of manufacturing and selling of Toothbrushes, Toothpastes, Mouthwash, Denture Tablets, and other allied oral care products. Apart from working on its own brands, the company also offers Contract Manufacturing partnerships to brands in the domestic and international market.

- 2. Vedic Cosmeceuticals Private Limited (hereinafter also referred to as ‘Vedic’ or ‘Transferee Company’)**, is a Private Limited Company bearing CIN U24246DL2003PTC118255. It was incorporated on 01st January 2003, under the provisions of the Companies Act, 1956, with the name of “Vedic Cosmeceuticals Private Limited” having its registered office at 21-C, Pocket-C, Gangotri Apartments, Alakananda, New Delhi – 110 019, India.

The Transferee Company is engaged in the development, manufacture, and sale of high-quality skincare products made with natural ingredients such as Sunscreens, Face Masks and packs, Face Washes, Body Washes, etc.

1. OBJECTIVES AND RATIONALE OF THE SCHEME:

The Transferor Company is engaged in the business of manufacturing, selling, and exporting Toothbrushes, Toothpastes, Mouthwash, Denture Tablets, and other health care products such as Hand Sanitizer, Room Fresheners, etc. Apart from this, the Transferor Company also offers contract Manufacturing Partnerships to Domestic and International markets. On the other hand, the Transferee Company is engaged in developing, manufacturing, and selling high-quality skincare products for Baby care, Hair Care, Body Care, Intimate Care, Pet care, Spa Products, and Grooming products. Some prominent brands with whom the Transferee Company is currently working are Unilever, Nykaa, St. Botanica, The Moms Co., Sugar, Sirona, Bombay Shaving Company, Colorban, Beardo, New U, Skinraft, Arata, and TNW.



The Transferor Company and Transferee Company belong to the Fast-Moving Consumer Goods (FMCG) Industry and have a similar line of Business and the same customer base. Further, the product base of the Transferee Company is wider in comparison to that of the Transferor Company and at the same time, has more growth potential for prospects considering the usage of advanced technology in production.

Accordingly, the management of the Transferor Company and Transferee Company believes that after this proposed merger, the Transferee Company shall be able to utilize the manufacturing infrastructure of the Transferor Company in a more efficient and better way with its modern and advanced technology.

Moreover, after the effectiveness of the Scheme, the Transferee Company shall apply for the listing of its equity shares on BSE and NSE and the same will enhance the business value of both Companies followed by the enhancement of liquidity and marketability of equity shares which will ultimately be beneficial to the public shareholders.

Furthermore, this Scheme of Arrangement for Amalgamation of the Transferor Company with the Transferee Company would result, inter-alia, in the following additional benefits:

- Enhancement of competitive strengths including financial resources;
- Enhancement of economic value addition;
- Both companies operate in the same industry, allowing for diversification of products and a stronger customer base. This can result in improved operational efficiency, economies of scale, and overall competitiveness in the market which can help mitigate risks and increase the overall resilience of shareholders' portfolios;
- Better management and focus on growing the businesses. The merger can create cross-selling opportunities between the merged entity's products. The shared customer base can be leveraged to introduce complementary products, upsell or cross-sell existing products, and maximize revenue potential;
- The combined scale and customer reach of the Merged Entity will enable it to compete effectively in the market;
- A larger growing company will mean enhanced financial and growth prospects for the people and organization connected therewith and will be in the public interest. The amalgamation will be conducive for better and more efficient and economical control over the business and financial conduct of the Companies; and;
- The merger of the Transferor Company into and with the Transferee Company will squarely result in unlocking the value of the business of both companies.

2. SCOPE OF SERVICES:

The Companies have appointed Mr. Ajay Kumar Siwach, Registered Valuer to independently analyze and undertake the valuation of **JHS Svendgaard Laboratories Limited (Transferor Company/ "JHS")** and **Vedic Cosmeceuticals Private Limited ("Transferee Company"/ "Vedic")**, companies involved in the proposed Scheme of Arrangement under Sections 230 to 232 and other applicable clauses of the Companies Act, 2013.



3. **SCOPE & LIMITATIONS:** -

SCOPE OF WORK

- **Date of Appointment:** 10th May, 2023
- **Valuation Date:** Based on 30th June 2023 Financials
- **Date of Report:** 21st September 2023
- **Base of value:** Fair value
- **Valuation Currency:** INR

THE VALUATION EXERCISE WAS CARRIED OUT UNDER THE FOLLOWING LIMITATIONS:

To arrive at the share exchange ratio under the said Proposed Scheme of Arrangement, I have relied upon:

- Limited Review Consolidated Balance Sheet as on 30th June 2023 and Limited Review Consolidated Statement of Profit and Loss for the 3-month period ended 30th June 2023 of **JHS Svendgaard Laboratories Limited (Transferor Company/ “JHS”)** and Audited Balance Sheet as of 30th June 2023 and Audited Statement of Profit and Loss for the 03 Months Period ended 30th June 2023 of **Vedic Cosmeceuticals Private Limited (“Transferee Company”/ “Vedic”)**.
- The scope of the work has been limited both in terms of the areas of the business and operations that I have reviewed and the extent to which I have reviewed them. There may be matters, other than those noted herein, which might be relevant in the context of the transaction and which a wider scope might uncover.
- Draft Scheme of Arrangement as provided by the management.

EXTENT OF INVESTIGATION UNDERTAKEN

I would like to expressly state that though I have reviewed the financial data for the limited purpose of valuation assessment, but I have not performed an Audit and have relied upon the historical financials (Statement of Profit and Loss and Balance Sheet) as prepared and submitted to me by the management of both the companies. The management has represented to me that it has taken due care in the preparation of such financial statements.



SECTION – II COMPANIES ASSESSMENT

1. **JHS Svendgaard Laboratories Limited** (hereinafter also referred to as ‘JHS’ or ‘Transferor Company’), bearing CIN L74110HP2004PLC027558 was incorporated on 08th October 2004, under the provisions of the Companies Act, 1956, with the name and style of JHS Svendgaard Laboratories Limited. The registered office of the Transferor Company is situated at Trilokpur Road, Kheri (Kala Amb), Tehsil - Nahan, Distt. Sirmour, Himachal Pradesh – 173 030, India.

Transferor Company is a widely held listed company having its equity shares listed on the Bombay Stock Exchange Limited (BSE) and National Stock Exchange (NSE).

The Transferor Company is engaged in the business of manufacturing and selling Toothbrushes, Toothpastes, Mouthwash, Denture Tablets, and other allied oral care products. Apart from working on its own brands, the company also offers Contract Manufacturing partnerships to brands in the domestic and international markets.

Limited Review Consolidated Balance Sheet as of 30th June 2023:

Particulars	Amount in INR Million
Share Capital	783.97
Reserves and Surplus	1,058.31
Non-Current Liabilities	44.87
Current liabilities and provisions	92.09
Equity & Liabilities	1,979.23
Non-Current Assets	1,287.43
Current Assets	691.80
Total Assets	1,979.23

Limited Review Consolidated Statement of Profit & Loss for the 3 Months period ended 30th June 2023:

Particulars	Amount in INR Million
Revenue from Operations	159.04
Other Income	4.06
Total Revenue	163.10
Operating Expenses	176.62
EBITDA	(13.52)
Depreciation & Amortization	13.20
Finance Cost	1.28
Profit before Tax (PBT)	(28.00)



The Capital Structure of the Company:

Particulars	Amount (INR)
Authorized Share Capital 10,10,00,000 Equity Shares of Rs.10/- each	1,01,00,00,000.00
Total	1,01,00,00,000.00
Issued, Subscribed, and Paid-Up Share Capital 7,83,96,762 Equity Shares of Rs.10/- each fully paid up	78,39,67,620.00
Total	78,39,67,620.00

2. **Vedic Cosmeceuticals Private Limited (hereinafter also referred to as ‘Vedic’ or ‘Transferee Company’)**, is a Private Limited Company bearing CIN U24246DL2003PTC118255. It was incorporated on 01st January 2003, under the provisions of the Companies Act, 1956, with the name of “Vedic Cosmeceuticals Private Limited” having its registered office at 21-C, Pocket-C, Gangotri Apartments, Alakananda, New Delhi – 110 019, India.

The Transferee Company is engaged in the development, manufacture, and sale of high-quality skincare products made with natural ingredients such as Sunscreens, Face Masks and packs, Face Washes, Body Washes, etc.

Audited Balance Sheet as on 30th June 2023:

Particulars	Amount in INR Million
Share Capital	2.18
Reserves and Surplus	340.88
Non-Current Liabilities	6.66
Current liabilities and provisions	116.36
Equity & Liabilities	466.08
Non-Current Assets	76.39
Current Assets	389.70
Total Assets	466.08

Audited Statement of Profit and Loss for the 03 Months period ended 30th June 2023:

Particulars	Amount in INR Million
Revenue from Operations	94.92
Other Income	2.05
Total Revenue	96.97
Operating Expenses	119.06
EBITDA	(22.08)
Depreciation & Amortization	4.42
EBIT	(26.51)
Finance Cost	0.02
Profit before Tax (PBT)	(26.53)



The Capital Structure of the Company:

Particulars	Amount (INR)
Authorized Share Capital	
30,10,000 Equity Shares of Rs. 10/-each	3,01,00,000.00
14,00,000 Preference Shares of Rs. 10/- each	1,40,00,000.00
Total	4,41,00,000.00
Issued, Subscribed and Paid-up Share Capital*	
30,02,000 Equity Shares of Rs. 10/-each fully paid up	3,00,20,000.00
13,61,640 Fully and Compulsorily Convertible Cumulative Preference Shares of Rs. 10/-each fully paid up	1,36,16,400.00
Total	4,36,36,400.00

*On 11th September 2023, the Company has allotted bonus share to its shareholders in the Ratio 19:1



SECTION III - METHODS OF VALUATION ADOPTED

In case of a valuation for Amalgamation, the emphasis is on arriving at the “relative” values of the shares of the merging companies to facilitate determination of the “share exchange ratio”. Hence, the purpose is not to arrive at absolute values of the shares of the companies.

Judicial Pronouncements: -

Hindustan lever Employees’ Union v/s Hindustan lever Limited and others (1995) 83 Company cases 30 (SC)

The jurisdiction of the Court in sanctioning a claim of merger is not to ascertain mathematical accuracy if the determination satisfied the arithmetical test. A company court does not exercise appellate jurisdiction. It exercises a jurisdiction founded on fairness. It is not required to interfere only because the figure arrived at by the valuer was not as good as it would have been if another method had been adopted. What is imperative is that such a determination should not have been contrary to law and that it was not unfair for the shareholders of the company which was being merged.

The Hon’ble Supreme Court held “I do not think that the internal management, business activity or institutional operation of public bodies can be subjected to inspection by the court. To do so, is incompetent and improper and, therefore, out of bounds.”

The **dominance of profits for the valuation of shares was emphasized in “McCathies case”** (Taxation, 69 CLR 1) where it was said that *“the real value of shares in a company will depend more on the profits which the company has been making and should be capable of making, having regard to the nature of its business, than upon the amount which the shares would realize on liquidation”*. This was also re-iterated by the Indian Courts in Commissioner of Wealth Tax v. **MahadeoJalan’s case (S.C.)** (86 ITR 621) and Additional Commissioner of Gift Tax v. Kusumben D. Mahadevia (S.C.) (122 ITR 38).

In the ultimate analysis, valuation will have to involve the exercise of judicious discretion and judgment considering all the relevant factors. There will always be several factors, e.g., present, and prospective competition, the yield on comparable securities, and market sentiments etc. which are not evident from the face of the balance sheets but will strongly influence the worth of a share.

Based on the facts of the case, I have valued **JHS Svendgaard Laboratories Limited (Transferor Company/ “JHS”)** and **Vedic Cosmeceuticals Private Limited (“Transferee Company”/ “Vedic”)** as per the Internationally Accepted Methodologies.



SECTION – IV VALUATION ANALYSIS

There are three approaches to Valuation namely Income, Asset, and Market Approaches.

Approach	Valuation Methodologies	Basis of Consideration
Asset	Adjusted Net Asset Value (NAV) Method	<p>The Asset-based method views the business as a set of assets and liabilities that are used as building blocks of a business value. The difference in the value of these assets and liabilities on a Book Value basis or Realizable Value basis or Replacement Cost basis is the business value.</p> <p>In the Instant case, I have deemed it suitable to apply NAV in both Companies as this method involves identifying and valuing a company's assets which is quite objective and reliable as the company has stable and predictable asset values.</p>
Market	Comparable Companies Multiples (CCM) Method	<p>This methodology uses the valuation ratio of a publicly traded company and applies that ratio to the company being valued. The valuation ratio typically expresses the valuation as a function of a measure of financial performance or Book Value (e.g., Revenue, EBITDA, EBIT, Earnings per Share, or Book Value). A key benefit of Comparable Company Market Multiple analysis is that the methodology is based on the current market stock price. The current stock price is generally viewed as one of the best valuation metrics because it is based on observable inputs.</p> <p>In the case of the transferee Company, I have not applied this methodology, as the transferee Company is engaged in the FMCG Industry in which the Comparable Multiples might not be able to reflect the true value of the Company as in this industry Brand value or Goodwill plays a critical factor for the Equity Value of the Company and the listed peers available in this space are relatively huge in contrast to the Transferee Company.</p> <p>In the case of the transferor company, the Company is listed on the Stock Exchange and is frequently traded on the National Stock Exchange (NSE). Hence, I deemed it suitable to consider the Market Price in the NSE for the valuation exercise instead of the Comparable Multiples of the Transferor Company. (90 TD-10 TD)</p>
	Market Price Method (90 Trading Days (TD) –10 Trading Days (TD))	<p>In this method, the VWAP (Volume Weighted Average Price) of the latest 90 Trading days (TD) VWAP and 10 Trading days are taken. The maximum of these two is then taken as the fair market value.</p> <p>Since JHS is listed on the Stock Exchanges and is frequently traded on the NSE, I have applied this methodology in this instant case.</p> <p>Also, the transferee company is not listed; therefore, I have deemed it appropriate to ignore this methodology for the valuation analysis of the transferee company.</p>



Income	Discounted Free Cash Flow (DFCF) Method	<p>The DFCF method expresses the present value of the business as a function of its future cash earnings capacity. This methodology works on the premise that the value of a business is measured in terms of future cash flow streams, discounted to the present time at an appropriate discount rate. The value of the firm is arrived at by estimating the Free Cash Flows (FCF) to the Firm and discounting the same with the Weighted Average cost of capital (WACC). The DFCF methodology is the most appropriate basis for determining the earning capability of a business. In the DFCF approach, the appraiser estimates the cash flows of any business after all operating expenses, taxes, and necessary investments in working capital and Capex are met.</p> <p>In the instant case, I have considered this methodology for the calculation of the equity value of both Companies based on their future net cash flows. After considering their business plan, I have calculated the Equity value by adjusting their investment and cash balance on the date of valuation.</p>
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1. JHS Svendgaard Laboratories Limited (Transferor Company)

Computation of Equity value per share of the Company based on 30th June 2023 Financials:

a) Adjusted Net Asset Value (NAV) Method

Particulars	All Amount INR Million
Equity Share Capital	783.97
Reserves and Surplus	1,058.31
Net Asset Value	1,842.27
Appreciation/ (Diminution)	68.02*
Adjusted Net worth	1,910.29

***Appreciation/ (Diminution)**

Non-Current Investments			
Particular	Book Value	Fair Value	Appreciation / (Diminution)
Investment in body corporations	75.14	75.14 [#]	-
Investment in mutual funds	20.92	20.92 [#]	-
Total	96.06	96.06	-

Investment property			
Particular	Book Value	Fair Value	Appreciation / (Diminution)
Land & Building	238.39	306.41 [#]	68.02
Total	238.39	306.41	68.02

#As represented by the Management of the Company.



b) Market Price Method (90 Trading Days (TD) –10 Trading Days (TD))

Particular	Details
Total Value of the Shares trading of 90 TD	46,15,73,127
Total No. of shares Traded in 90 TD	2,17,58,749
90 TD VWAP	21.21
Total Value of the Shares trading of 10 TD	1,52,77,408
Total of No. of Shares Traded in 10 TD	6,25,295
10 TD VWAP	24.43
Maximum price (INR)	24.43
Number of Equity Shares	7,83,96,762
Total Equity Value (INR)	1,91,54,14,866
Total Equity Value (INR Mn)	1,915.41

c) Discounted Free Cash Flow (DFCF) Method

Discounted Free Cash Flow Analysis - JHS Svendgaard Laboratories Limited							
WACC :	23.97%	Amount In INR Millions					
GROWTH RATE :	4%						
FY	2024 (9 Months)	2025	2026	2027	2028	2029	Terminal
Particulars							
Revenue from Operation	1,975.96	2,834.21	3,558.94	3,946.52	4,341.18	4,775.29	
Other Income	234.28	221.47	222.48	197.37	173.68	152.84	
PBT (Excluding other income)	179.09	273.41	387.13	432.90	479.64	531.86	
Less: Direct Taxes Paid	37.01	68.81	97.43	108.95	120.72	133.86	
PAT (Excluding other income)	142.08	204.60	289.69	323.94	358.93	398.00	
Add: Depreciation	50.93	70.03	75.93	81.83	87.73	93.63	
Less: Capital Expenditure	75.00	100.00	100.00	100.00	100.00	100.00	
Add: Interest on Borrowings (Post Tax)	2.16	2.99	2.99	2.99	2.99	2.99	
Less: Change in Non-Cash Working Capital	(251.28)	(184.49)	247.85	(168.14)	252.25	(163.69)	
Free Cash Flows to Company	371.46	362.12	207.77	476.91	97.40	558.31	1,988.37
Discounting Factor (Mid-Year)	0.92	0.76	0.62	0.50	0.40	0.32	0.32
Present value of Cash flow	342.70	276.83	12.81	237.22	39.08	180.70	643.56
Enterprise Value	1,732.91						
Add: Cash and cash equivalents	81.01						
Add: Bank Balances	18.05						
Add: Investment	96.06						
Add: Deferred Tax Assets	118.09						
Add: Interest Receivable	2.58						
Less: Borrowings	3.50						
Less: Lease Liabilities	21.05						
Less: Interest Payable	0.02						
Equity Value	2,024.14						



Note:

For the purpose of valuation of equity in this transaction through DCF methodology, I have relied upon the projections provided by the management for the period starting from 01st July 2023 and ending 31st March 2029 duly supplemented by its Terminal Value based on the Gordon Growth Model and extrapolating the adjusted free cash flows for last year at an annual growth rate of 4% to perpetuity.

DFCF Assumptions:

Particulars		Notes
Risk-free rate (Rf) as on 30.06.2023	7.11%	Considering of long-term Indian government bond rate
Market rate of return - ER(m)	15.18%	Considered the BSE Sensex for the determination of the Market Return.
Company Beta... (β)	0.88	I have taken the Beta value (B) as 0.88 since the Company's shares are listed, hence, I have taken the company's data to arrive to the beta.
Additional Company Specific (Including Small Company) Risk Premium (Unsystematic risk) (CSRP)	10%	I have given 10% additional risk premium on account of Business risk.
Cost of Equity (Ke)	24.20%	As per Modified CAPM model i.e. $[Ke = Rf + \beta(Rm - Rf) + CSRP]$
Cost of Debt	9%	As represented by the Management & Financials of the Company
Equity portion in capital structure	98.68%	
WACC	23.97%	$WACC = (Ke * \% \text{ Equity in Capital Structure}) + (\text{Cost of Debt} * \% \text{ Debt in Capital Structure} * (1 - \text{Tax Rate}))$
Growth Rate	4%	As the perpetuity growth rate assumes that the company will continue its historic business and generate Free Cash Flows at a steady state forever. Since terminal value constitutes a major proportion of the entire value of the business, while deciding the terminal growth rate have given emphasis to economic factors & financial factors like Inflation of the Country, GDP growth of the Country, Projected Financials, Historical Financial Position, Organic & Inorganic growth strategies of the Company, etc. Accordingly, for perpetuity, I have considered 4% growth rate

Computation of the Fair Value of JHS Svendgaard Laboratories Limited:

All Amount INR Millions				
Approach Applied	Methodology Applied	Weight	Equity Value	Weighted Average Equity Value
Assets	Adjusted Net Assets Value	20%	1,910.29	382.06
Market	90 Trading Days - 10 Trading Days	40%	1,915.41	766.17
Income	Discounted Cash Flow	40%	2,024.14	809.66
Weighted Average Equity Value				1,957.88
No. of Equity Shares				7,83,96,762
Value per Equity share (INR)				24.97



2. Vedic Cosmeceuticals Private Limited (Transferee Company)

Computation of Equity value per share of the Company based on 31st March 2023 Financials:

a) Adjusted Net Asset Value (NAV) Method

Particulars	All Amount INR Million
Equity Share Capital	2.18
Reserves and Surplus	340.88
Net Asset Value	343.07

b) Discounted Free Cash Flow (DFCF) Method

Discounted Free Cash Flow Analysis - VEDIC COSMECEUTICALS PRIVATE LIMITED							
WACC :	19.71%	Amount In INR Millions					
GROWTH RATE :	4%						
FY	2024 (9 Months)	2025	2026	2027	2028	2029	Terminal
Particulars							
Revenue from Operation	1,105.08	1,845.88	2,287.75	2,946.56	3,777.24	5,000.00	
Other Income	0.85	2.50	2.50	2.50	2.50	2.50	
PBT (Excluding other income)	172.27	271.33	245.13	318.36	312.67	532.92	
Less: Direct Taxes Paid	32.92	68.29	61.70	80.12	78.69	134.13	
PAT (Excluding other income)	139.35	203.04	183.44	238.23	233.98	398.79	
Add: Depreciation	10.31	14.73	27.31	27.31	41.79	41.79	
Less: Capital Expenditure	7.15	10.00	20.00	5.00	5.00	-	
Add: Interest on the lease (Post Tax)	0.32	0.03	-	-	-	-	
Less: Change in Non-Cash Working Capital	236.74	141.16	132.16	161.29	232.70	297.30	
Free Cash Flows to the Company	(93.91)	66.64	58.59	99.26	38.07	143.28	2,314.02
Discounting Factor (Mid-Year)	0.93	0.80	0.67	0.56	0.47	0.39	0.39
Present value of Cash flow	(87.79)	53.22	39.09	55.32	17.72	55.72	899.87
Enterprise Value	1,033.15						
Add: Cash and cash equivalents	205.16						
Add: Deferred tax assets (DTA)	6.11						
Less: Debt	5.30						
Equity Value	1,239.12						

Note:

For the purpose of valuation of equity in this transaction through DFCF methodology, I have relied upon the projections provided by the management for the period starting from 01st July, 2023 and ending 31st March, 2029 duly supplemented by its Terminal Value based on the Gordon Growth Model and extrapolating the adjusted free cash flows for last year at an annual growth rate of 4% to perpetuity.



DFCF Assumptions:

Particulars	Notes	
Risk free rate (Rf) as on 30.06.2023	7.11%	Considering of long-term Indian government bond rate
Market rate of return - ER(m)	15.18%	Considered the BSE Sensex for the determination of the Market Return.
Industry Beta... (β)	0.60	I have taken the Beta value (B) as 0.60 since the Company's shares are not listed, hence, I have taken the peer companies' data to arrive at the beta.
Additional Company Specific (Including Small Company) Risk Premium (Unsystematic risk) (CSRP)	8%	I have given an 8% additional risk premium on account of Business risk.
Cost of Equity (Ke)	19.92%	As per Modified CAPM model i.e. $[K_e = R_f + \beta(R_m - R_f) + CSRP]$
Cost of Debt	8.50%	As represented by the Management & Financials of the Company
Equity portion in capital structure	98.48%	
WACC	19.71%	$WACC = (K_e \times \% \text{ Equity in Capital Structure}) + (\text{Cost of Debt} \times \% \text{ Debt in Capital Structure} \times (1 - \text{Tax Rate}))$
Growth Rate	4%	As the perpetuity growth rate assumes that the company will continue its historic business and generate Free Cash Flows at a steady state forever. Since terminal value constitutes a major proportion of the entire value of the business, I while deciding the terminal growth rate have given emphasis to economic factors & financial factors like Inflation of the Country, GDP growth of the Country, Projected Financials, Historical Financial Position, Organic & Inorganic growth strategies of the Company etc. Accordingly, for perpetuity, I have considered 4% growth rate

Computation of the Fair Value of Vedic Cosmeceuticals Private Limited:

All Amount INR Millions				
Approach Applied	Methodology Applied	Weight	Equity Value	Weighted Average Equity Value
Assets	Net Assets Value (Book Value)	20%	343.07	68.61
Income	Discounted Cash Flow	80%	1,239.12	991.29
Weighted Average Equity Value				1,059.91
No. of Equity Shares				2,18,182
Value per Equity share (INR)				4,857.90
No. of Equity Shares (Post-Bonus 19:1)				43,63,640
Value per Equity share (INR)				242.90



SECTION V – SHARE EXCHANGE RATIO

SHARE EXCHANGE RATIO FOR AMALGAMATION: -

BSE Circular No. LIST/COMP/02/2017-18 dated 29 May 2017 requires the valuation report for a Scheme of Arrangement to provide certain requisite information in a specified format.

Valuation Approach	Methodology Applied	JHS Svendgaard Laboratories Limited (Transferor)			Vedic Cosmeceuticals Private Limited (Transferee)		
		Weights	Equity Value Per Share (INR)	Weighted Equity Value Per Share (INR)	Weights	Equity Value Per Share (INR)	Weighted Equity Value Per Share (INR)
Asset	Adjusted Book Value	20%	24.37	24.97	20%	78.62	242.90
Market	Comparable Companies Multiples	Nil	Nil		Nil	Nil	
	Market Price Method	40%	24.43		Nil	Nil	
Income	Discounted Cash Flow	40%	25.82		80%	283.96	

Based on above analysis, the share exchange ratio has been arrived at and accordingly the Transferee Company shall, without any further act or deed and without any further payment, issue and allot equity shares on a proportionate basis to each member of the Transferor Company whose names are recorded in the Register of Members/ List of Beneficial Owners for shares in dematerialized form of the Transferor Company on the Record Date.

Calculation Of Exchange Ratio		
Company Name	Vedic Cosmeceuticals Private Limited (Transferee Company)	JHS Svendgaard Laboratories Limited (Transferor Company)
Equity Value Per Share (INR)	242.90	24.97
Exchange Ratio	1.00	0.10
Exchange Ratio For 100 Shares	100	10

“Vedic Cosmeceuticals Private Limited” (Transferee Company) shall issue and allot 10 (Ten) Equity Shares of Face Value of INR 10.00/- (Rupees Ten Each) each to Equity Shareholders of “JHS Svendgaard Laboratories Limited” (Transferor Company) for every 100 (One Hundred) Equity Share of Face Value of INR 10.00/- (Rupees Ten Each) each held by them in the Transferor Company.



SECTION VI-CAVEATS

- This Valuation Report has been issued at the specific request of the Companies for determining the Share exchange ratio for the said proposed Scheme of Arrangement in accordance with the Companies Act, 2013 and Rules thereof. This Report is prepared exclusively for the above stated purpose and must not be copied, disclosed, or circulated or referred to in correspondence or discussion with any other party. Neither this report nor its content may be used for any other purpose without your prior written consent.
- No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in accounts. Therefore, no responsibility is assumed for matters of a legal nature.
- In accordance with the customary approach adopted in Valuation exercise, I have summarized the Share exchange ratio of equity shares of the company based on the information as was provided to us by the management of the Company both written, verbal, and other publicly available information. I do not assume any responsibility for the accuracy or reliability of such documents on which I have relied upon in forming the opinion.
- This Report does not investigate the business/commercial reasons behind the transaction nor the likely benefits arising out of the same. In addition, I express no opinion or recommendation, and the shareholders are expected to exercise their own discretion.
- I have no present or planned future interest in the Company and the fee for this Valuation analysis is not contingent upon the values reported herein. The Valuation Analysis contained herein is not intended to represent the value at any time other than the date that is specifically stated in this Report.
- The report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein.
- In no circumstances shall the liability of a valuer, its partners, directors, or employees, relating to the services provided in connection with the engagement set out in this Valuation report shall exceed the amount paid to such valuer in respect of the fees charged by it for these services.
- The valuation report should not be construed as investment advice; specifically, I do not express any opinion on the suitability or otherwise of entering into the proposed transaction.