



## Merck Limited

Instrument	Amount (in Rs. Crore)	Rating Action – September 2015
Fund based Limits	Revised from 30.75 to 16.75	[ICRA]AA reaffirmed; stable outlook
Non Fund based Limits	13.50	[ICRA]AA reaffirmed; stable outlook

ICRA has reaffirmed [ICRA]AA (pronounced as ICRA double A) to the revised Rs. 16.75 crore fund based and Rs. 13.50 crore non-fund based bank limits of Merck Limited (Merck). The outlook on the long-term rating is stable.

The existing rating takes into account Merck's strong parentage, strong presence in Vitamin Therapeutic area and product portfolio, robust brand image, increasing presence of chemical business bringing diversity to revenues, strong financial profile characterised by profitable operations and moderately high return on capital employed and strong liquidity. There has been some downward pressure on profitability in CY2014 and H1CY2015 due to impact of DPCO 2013 and one-time write-offs though ICRA expects Merck to enjoy healthy profitability going forward. However, the rating is constrained by modest scale of operations, high product concentration on Vitamins and price control on Pharma portfolio generating margin pressure and affecting sales growth.

### About the company:

Merck Limited (Formerly E. Merck Limited) was set up in India in 1967; the first Merck Group company in Asia. Merck Limited went public in 1981 and was the first company to do so. The Merck Group now holds 51.8% of the share capital of Merck Limited, while the remaining 49% is publicly traded on the Bombay Stock Exchange and National stock Exchange. The company has nearly 1800 employees and has two lines of business mainly – Pharmaceuticals and Chemicals. In the Pharmaceutical segment major products include Vitamins, Nutritional supplement, Cardio Vascular, Respiratory, Hematinics, Cough and Cold, Non-Steroidal Anti Inflammatory (NSAID), Antibiotics, Oral Rehydration Salts and Encephalotropics.

### Recent Results:

Merck Limited reported Operating Income of Rs. 863.46 crore and Rs. 446.03 crore for CY2014 and H1CY2015 respectively. It reported Profit after Tax of Rs. 43.22 crore and Rs. 26.38 crore for CY2014 and H1CY2015 respectively.

**September 2015**

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