

Merck Limited

April 25, 2018

Summary of rated instruments

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long term fund based	16.75	16.75	[ICRA]AA; Placed on ratings watch with positive implications
Long term non-fund based	13.50	13.50	[ICRA]AA; Placed on ratings watch with positive implications
Total	30.25	30.25	

Material Event

The Proctor and Gamble Company (P&G) announced the acquisition of Merck KGaA's global consumer health business on April 19, 2018. The global all-cash deal of about 3.4 billion euros (US\$ 4.2 billion) will add vitamins and food supplements to P&G's portfolio of over-the-counter (OTC) products. The transaction will be executed through the sale of Merck's shares in a number of legal entities as well as various asset sales and comprises the Consumer Health business across 44 countries, including more than 900 products and two Consumer Health-managed production sites in Spittal (Austria) and Goa (India). Following this, P&G acquired Merck's stake (51.8%) in Merck India at a total cost of approximately Rs. 1,289.8 crore. P&G has made an open offer for up to 26% of the shareholding at a total cost of Rs.647.5 crore, the outcome of which remains to be seen.

Impact of the Material Event

ICRA has taken note of the above event and believes that the change in shareholding from Merck KGaA (ultimate beneficiary) to P&G will have a positive impact on Merck India's credit profile, considering P&G's established market position in the global consumer goods space and strong financial profile (rated Aa3/Stable/P-1 by Moody's Investor Services). ICRA is in the process of fully understanding the implications of the acquisition including the outcome of open offer and has placed the ratings of [ICRA]AA (pronounced ICRA double A) on ratings watch with positive implications.

The previous detailed rating rationale is available on the following link: [Click here](#)

ANALYST CONTACTS

Subrata Ray

+91 22 6114 3408

subrata@icraindia.com

Gaurav Jain

+91 20 6606 9922

Gaurav.jain@icraindia.com

Gayathri Ramesh

+91 20 6606 9918

gayathri.ramesh@icraindia.com

RELATIONSHIP CONTACT

Jayanta Chatterjee

+91 80 4332 6401

jayantac@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860

naznin.prodhani@icraindia.com

Helpline for business queries:

+91-124-2866928 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

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ICRA Limited

Corporate Office

Building No. 8, 2nd Floor, Tower A; DLF Cyber City, Phase II; Gurgaon 122 002

Tel: +91 124 4545300

Email: info@icraindia.com

Website: www.icra.in

Registered Office

1105, Kailash Building, 11th Floor; 26 Kasturba Gandhi Marg; New Delhi 110001

Tel: +91 11 23357940-50

Branches

Mumbai + (91 22) 24331046/53/62/74/86/87

Chennai + (91 44) 2434 0043/9659/8080, 2433 0724/ 3293/3294,

Kolkata + (91 33) 2287 8839 /2287 6617/ 2283 1411/ 2280 0008,

Bangalore + (91 80) 2559 7401/4049

Ahmedabad+ (91 79) 2658 4924/5049/2008

Hyderabad + (91 40) 2373 5061/7251

Pune + (91 20) 6606 9999

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