

June 27, 2019

Procter & Gamble Health Limited (erstwhile Merck Limited): Rating withdrawn

Summary of rated instruments

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term, Fund-based Facilities	16.75	16.75	[ICRA]AA% (on watch with positive implications); withdrawn
Long-term, Non-fund Based Facilities	13.50	13.50	[ICRA]AA% (on watch with positive implications); withdrawn
Total	30.25	30.25	

*Instrument details are provided in Annexure-1

Rationale

The rating has been withdrawn at the request of the company and upon receipt of the no objection certificates from the bankers, in accordance with ICRA's policy on withdrawal and suspension of credit rating.

Key rating drivers

Key rating drivers have not been captured since the ratings have been withdrawn.

Liquidity position

Liquidity position has not been captured since the ratings have been withdrawn.

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	ICRA Policy on Withdrawal and Suspension of Credit rating Corporate Credit Rating Methodology
Parent / Group Support	Not applicable
Consolidation / Standalone	Not applicable

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 held 51.8% of the share capital of Merck Limited, while the remaining 48.2% is publicly traded on the Bombay Stock Exchange and National stock Exchange. The company had 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.

In April 2018, the Procter and Gamble Company (P&G) announced the acquisition of Merck KGaA's global consumer health business. 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. Following the announcement, P&G acquired Merck's stake (51.8%) in Merck India at a total cost of approximately Rs. 1,289.8 crore. Subsequently, the name of the company has changed from Merck Limited to Procter & Gamble Health Limited with effect from May 6, 2019.

The company has also transferred biopharma ("BP"), performance materials ("PM") and life science ("LS") businesses to Merck Life Science Private Limited MLSPL and/or its affiliates in a business transfer agreement (BTA) for a consideration of Rs. 1052 crore.

In CY2018, on a standalone basis, the company reported a profit after tax (PAT) of Rs. 838.7 crore (including an after tax profit of Rs. 736.9 crore from discontinued operations) on an operating income (OI) of Rs. 849.0 crore, as compared to a PAT of Rs. 93.9 crore on an OI of Rs. 698.1 crore in CY2017.

Key financial indicators (audited, standalone)

	CY2017*	CY2018*
Operating Income (Rs. crore)	698.1	849.0
PAT (Rs. crore)	93.9	838.7
OPBDIT/ OI (%)	13.5%	17.4%
RoCE (%)	19.7%	79.6%
Total Debt/ TNW (times)	0.0	0.0
Total Debt/ OPBDIT (times)	0.0	0.0
Interest Coverage (times)	-	-

* based on the financials published on BSE India Limited

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for last three years:

Sr. No.	Instrument	Current Rating (FY2020)			Chronology of Rating History for the Past 3 Years			
		Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs Crore)	Date & Rating in Jun-19	Date & Rating in FY2019 Apr-18	Date & Rating in FY2018 Feb-18	Date & Rating in FY2017 Dec-16
1	Fund-based Limits	Long-term	16.75	NA	[ICRA]AA% (on watch with positive implications); withdrawn	[ICRA]AA%; on watch with positive implications	[ICRA]AA (Stable)	[ICRA]AA (Stable)
2	Non-fund Based Limits	Long-term	13.50	NA	[ICRA]AA% (on watch with positive implications); withdrawn	[ICRA]AA%; on watch with positive implications	[ICRA]AA (Stable)	[ICRA]AA (Stable)

Complexity level of the rated instrument:

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

Annexure-1: Instrument Details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Fund-based Facilities	NA	NA	NA	16.75	[ICRA]AA% (on watch with positive implications); withdrawn
NA	Non-fund Based Facilities	NA	NA	NA	13.50	[ICRA]AA% (on watch with positive implications); withdrawn

Source: Procter & Gamble Health Limited (erstwhile Merck Limited)

ANALYST CONTACTS

Subrata Ray

+91 22 6114 3408

subrata@icraindia.com

Kinjal Shah

+91 22 6114 3442

kinjal.shah@icraindia.com

Abhilash Mishra

+91 22 6114 3421

abhilash.mishra@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar

+91 22 6114 3406

shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860

communications@icraindia.com

Helpline for business queries:

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

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) 2556 0194/ 6606 9999

© Copyright, 2019 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents