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P&G to buy stake in Merck India worth Rs 1,300Cr

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Global consumer products major, The Procter & Gamble Company (P&G), will acquire a nearly 52% stake in drug firm Merck India for Rs 1,300 crore as part of a global deal under which it will take over the international consumer health business of Germany's Merck KGaA.

According to a public announcement, Procter & Gamble Overseas India BV along with P&G will make a mandatory offer to acquire 26% from public shareholders for up to Rs 648 crore, taking the total cost of acquisition in India to Rs 1,948 crore.

After the transaction, the Rs 1,119-crore Merck will become the fourth legal entity in India for the Cincinnati-based P&G.

The current three companies in India that represent P&G are Procter & Gamble Hygiene And Health Care (PGHH), in which the promoter group holds about 70%, Procter & Gamble Home Products (PGHP), a wholly owned subsidiary, and Gillette India, in which it has 75% shareholding.

The P&G Group has a combined turnover of over $1.5 billion in India and is present in laundry, feminine hygiene, cold relief products, hair care, shaving products and diapers.

The global all-cash deal of about 3.4 billion euros will add vitamins and food supplements to P&G's lineup of overthe-counter (OTC) products.

Merck's consumer health unit includes brands such as Femibion, Neurobion, Nasivin and Seven Seas. Edelweiss Securities senior VP (institutional equities - research) Abneesh Roy said the move will help P&G in scaling up distribution at chemist shops in India, as it will now have a wider portfolio of OTC brands.